

**State of New Jersey**

**Office of the State Comptroller**

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*An Analysis of*

**Compensation Provided to  
New Jersey Community  
College Presidents**

**May 30, 2012**

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## I. Introduction

Community colleges were created, in part, to provide an accessible variety of educational programs for all students in their home counties. These colleges have long been valued as a more affordable alternative to traditional four-year universities. The notion of affordability is so fundamental to the mission of community colleges it is often specifically set forth in their mission statements and marketing materials.

Reports of questionable and excessive compensation paid to New Jersey community college presidents have raised concerns as to whether such compensation is consistent with that basic principle of affordability. For example, in early 2011, the presidents of Brookdale Community College and Gloucester County College resigned amid inquiries into the appropriateness of their compensation and their use of school funds. The resignations prompted increased public concern regarding these expenditures of taxpayer dollars.

The Office of the State Comptroller undertook this review in response to that concern. This report seeks to document the compensation provided to New Jersey community college presidents, including their base salaries as well as related benefits and reimbursed expenses. The report also makes recommendations for improving transparency and achieving greater consistency regarding that compensation to avoid inappropriate expenditures of taxpayer funds.

## II. Background and Methodology

There are 19 community colleges in New Jersey that serve nearly 260,000 students from all 21 counties. As the college's chief executive officer, the community college president manages the administration of the institution and leads its fundraising efforts. Each community college president is appointed by the college's Board of Trustees (Board).

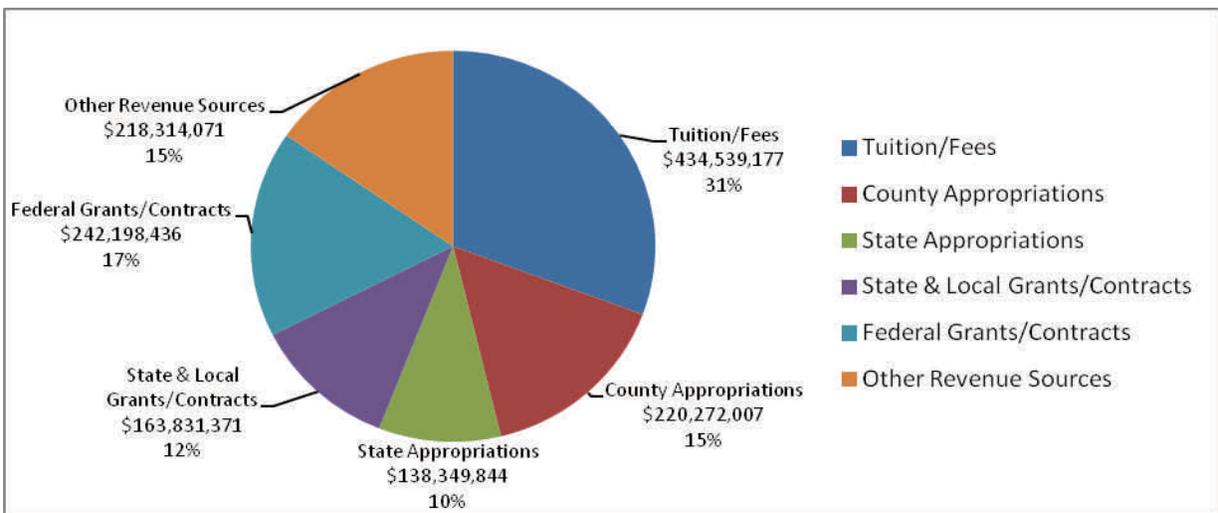
In providing higher education opportunities, each community college is governed by its Board. Under State law, each Board generally consists of 11 voting

members: 8 members appointed by the county government, 2 members appointed by the Governor of New Jersey, and the county superintendent of schools. The Board’s power includes the authority to “fix the compensation and term of office of a president of the college, who shall be the executive officer of the college.” N.J.S.A. 18A:64A-57.

The sources of revenue for the compensation provided to community college presidents include student tuition, student fees, federal grants and contracts, State aid and taxes paid by county residents.

Based on data from their Fiscal Year (FY) 2010 audited financial statements, New Jersey community colleges received that year a combined \$1.4 billion in revenue. As Figure 1 shows, tuition and student fees accounted for more than \$434 million of that amount (31 percent), with county budgets contributing over \$220 million (15 percent). State appropriations totaled approximately \$138 million (10 percent), with additional State and local grants and contracts totaling \$164 million (12 percent).

**Figure 1: Sources of Revenue for New Jersey Community Colleges**



This report examines the compensation and related benefits for community college presidents who were compensated by their college for at least six months during calendar year 2010. This includes one president from each of 18 community colleges as well as the two presidents of Union County College that met that criterion. This brought the total number of presidents in our review to 20.

We began our review by collecting the FY 2010 audited financial statements for each community college, as well as the employment contract for each of the 20 presidents. We then distributed to each of the colleges an electronic survey concerning the presidents, which sought information about salary structure, expense accounts and other benefits. We contacted officials from several of the colleges to obtain additional information concerning their survey responses.

We later interviewed the president and Board chair at Burlington, Cumberland and Essex county colleges. We chose these three schools for this additional review because of the unique contractual benefits provided to their presidents and because

together they represented a diverse group of institutions in terms of enrollment size and geographic location.

Our findings are set forth in the sections of this report that follow.<sup>1</sup> We provided a draft copy of this report to each community college Board chair, current president and any other individuals who held the office of college president during our review period. We received responses from most of these recipients. In preparing this final report, we considered the responses we received and incorporated them herein where appropriate.

We also provided a draft copy of this report to the State's Secretary of Higher Education. The Secretary had no objections to our conclusions and endorsed our recommendations.

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<sup>1</sup>For ease of reference, we frequently refer to each community college in this report by the first word or first two words in its name only, thereby avoiding repetition of "Community College" or "County College."

### III. Salaries and Related Sources of Compensation

#### Base Salaries

We found significant variation in the base salaries received by the 20 community college presidents we reviewed. Some of this variation was not unexpected in view of cost of living and other differences among the counties in which the community colleges are located. Figure 2 sets forth

those base salaries as stated in the presidents' employment contracts, along with each college's student enrollment as set forth by the office of the Secretary of Higher Education. Figure 2 also includes the length of time each individual has served as the college's president, as stated in the responses to our survey.

**Figure 2: Community College Presidents' 2010 Base Salaries**

Community College	Base Salary	Student Enrollment	Length of Time as President (as of May 2011)
Union County College (former president)	\$259,969	18,272	19 years, 5 months
Essex County College	\$245,250*	18,087	1 year, 1 month
Ocean County College	\$222,200	15,653	10 years, 9 months
Union County College	\$220,000	18,272	10 months
Raritan Valley Community College	\$219,348	11,666	4 years, 9 months
Brookdale Community College	\$216,016	22,830	19 years, 9 months
Passaic County Community College	\$203,192	12,588	13 years, 9 months
Hudson County Community College	\$194,550	12,192	18 years, 9 months
County College of Morris	\$192,655	13,901	24 years, 9 months
Bergen Community College	\$192,400	23,625	4 years
Camden County College	\$188,151	23,379	4 years, 3 months
Middlesex County College	\$187,200	18,657	6 years, 4 months
Burlington County College	\$185,050	16,705	24 years, 5 months
Gloucester County College	\$180,000	9,863	2 years, 10 months
Atlantic Cape Community College	\$179,571	11,053	5 years, 11 months
Sussex County Community College	\$173,868	5,511	2 years, 11 months
Mercer County Community College	\$168,324	13,731	4 years
Cumberland County College	\$156,750	5,828	1 year, 2 months
Salem Community College	\$156,369	2,037	13 years, 11 months
Warren County Community College	\$134,990	2,767	7 years, 7 months

\* Per contract, salary effective as of October 1, 2010

We found a general, but not absolute, correlation between the amounts of these base salaries and the student enrollment at each college. A similar correlation does not exist between each president's base salary and their length of service as president.

The largest base salary of the community college presidents was \$259,969 for the former president of Union County College. Union has the fifth largest student enrollment of the community colleges. The smallest base salary of the 20 presidents was \$134,990 for the president of Warren County Community College. Warren had the second smallest student enrollment during the time period we reviewed.

Among current presidents, the largest base salary is \$245,250, which is received by the president of Essex County College. Essex has the sixth largest student enrollment.

Practices vary in terms of how base salary is determined at each of the community colleges. Our review did not identify any standards or guidelines used by college Boards when setting college presidents' salaries. Instead, we found that Boards

generally consider a variety of factors in determining their college president's salary, and that different Boards consider different factors. This variety contributes to the range in base salaries demonstrated in Figure 2.

### Bonuses

Two community colleges reported that they paid their presidents bonuses in addition to their base salary in 2010.

Specifically, Brookdale Community College paid its president a "performance bonus" of \$9,926. An attorney for Brookdale informed us that the bonus was based on the results of a questionnaire completed annually by the 11 members of its Board, in which they rated the performance of the president.

Bergen Community College paid its president two separate bonuses in 2010. The first was an \$1,800 payment that was made in accordance with a payment schedule set forth in the president's contract. The contract describes these payments simply as "additional compensation." When we asked the college the basis for the payments, they

similarly responded that the payments were “additional compensation” and “not based on any performance criteria.”

Bergen separately paid its president an additional \$4,000 bonus in 2010. This payment was not provided for or referenced anywhere in the president’s contract. The college itself was unable to provide us with any explanation or further documentation concerning the payment, other than to note that the payment was negotiated by the president and the Board chair at the time. In response to the draft version of this report, the now-former president stated that this bonus was intended to provide him with the same 4 percent compensation increase that had been granted to other college employees at that time.

Based on the responses to our survey, no other New Jersey community college president received a bonus in 2010. The community college presidents at Warren and Hudson operate under contracts that allow their respective Boards to award bonuses of any amount at their discretion,

but neither Board exercised that discretion in 2010.

The broad discretion granted to community colleges in awarding bonuses contrasts with rules governing compensation of other senior education officials in New Jersey. For example, the New Jersey Administrative Code states that school district superintendents, assistant superintendents and business administrators may receive merit bonuses only when payment is based on specific performance criteria defined in a contract. See *N.J.A.C. 6A:23A-3.1(e)(10)*.

### Retirement Contributions

Community colleges also compensate college presidents through contributions to their retirement savings. All community college presidents in New Jersey participate in the Alternate Benefit Program (ABP), a statutory retirement program for higher education faculty. The ABP statute requires the State to contribute 8 percent of a president’s base salary to a retirement fund. See *N.J.S.A. 18A:66-174(b)*. The State reimburses community colleges for this 8 percent contribution, after receiving a

monthly employer contributions report from each college.

In addition to the required 8 percent ABP contribution, community colleges may choose to contribute additional money into other retirement funds established by the college president. College Boards set the individual contribution levels concerning any such funding.

Figure 3 on the following page sets forth the total dollar amount of retirement contributions paid by each community college to their president in 2010. Each college reported these amounts to us through their survey responses. We also calculated the required 8 percent retirement contribution from each college, as set forth in Figure 3. The far-right column in Figure 3 illustrates the difference between the actual and required retirement contribution amounts.

**Figure 3: Retirement Contributions Paid by Community Colleges in 2010**

<b>Community College</b>	<b>Total Retirement Contributions</b>	<b>Required 8 Percent Contribution</b>	<b>Difference Between Actual and Required Contributions</b>
<b>Union County College* (former president)</b>	\$154,497	\$10,399	\$144,098
<b>Brookdale Community College</b>	\$44,852	\$11,280	\$33,572
<b>Burlington County College</b>	\$43,745	\$14,804	\$28,941
<b>Middlesex County College</b>	\$43,056	\$11,280	\$31,776
<b>Hudson County Community College</b>	\$40,019	\$11,280	\$28,739
<b>Ocean County College</b>	\$38,365	\$17,776	\$20,589
<b>Mercer County Community College</b>	\$36,813	\$13,466	\$23,347
<b>Gloucester County College</b>	\$34,392	\$11,280	\$23,112
<b>Camden County College</b>	\$28,830	\$15,052	\$13,778
<b>Bergen Community College</b>	\$27,826	\$15,392	\$12,434
<b>Cumberland County College**</b>	\$27,696	\$12,540	\$15,156
<b>County College of Morris</b>	\$24,638	\$11,280	\$13,358
<b>Salem Community College</b>	\$24,000	\$12,510	\$11,490
<b>Passaic County Community College</b>	\$22,351	\$16,255	\$6,096
<b>Essex County College***</b>	\$20,355	\$13,965	\$6,390
<b>Union County College****</b>	\$19,800	\$5,640	\$14,160
<b>Atlantic Cape Community College</b>	\$17,964	\$14,366	\$3,598
<b>Raritan Valley Community College</b>	\$17,548	\$17,548	0
<b>Sussex County Community College</b>	\$13,909	\$13,909	0
<b>Warren County Community College</b>	\$12,461	\$10,799	\$1,662

\* President was on paid sabbatical during 2010

\*\* President served for only 10 months in 2010

\*\*\* President served for only 9 months in 2010

\*\*\*\* President served for only 6 months in 2010

As illustrated in Figure 3, 17 of the community colleges chose to contribute more than the required 8 percent to their president's retirement in 2010. The largest retirement contribution came from Union County College, which contributed more than \$150,000 to its then-president's retirement fund during 2010. This \$150,000 payment was more than 14 times the required contribution set by the ABP statute.

While the former president of Union was on paid sabbatical during 2010, the current Union president took office in July 2010, resulting in the college compensating two presidents for a six-month period. When Union's former president retired in December 2010, he received more than \$1 million from the college in a taxable lump-sum retirement distribution. This \$1 million distribution was the result of annual contributions paid by the college to the president's supplemental retirement plan over his 19-year employment with the college and also included corresponding investment earnings. These contributions were separate from and in addition to the

ABP payments made by the college for the president.

The presidents at Brookdale, Middlesex, Hudson and Gloucester similarly received more than triple the required 8 percent retirement contribution in 2010. The presidents at Burlington, Ocean, Mercer and Cumberland received more than double the required contribution.

Burlington's president also receives another retirement-type benefit, which was unlike that of other New Jersey community college presidents. Specifically, after its president retires, Burlington is responsible for providing him and his spouse with dental, life and long-term care insurance for the rest of their lives. The Burlington president began his retirement on February 29, 2012. Based on our projections, these college-paid post-employment benefits for the president and his spouse will cost Burlington more than \$110,000 during the first 10 years of the president's retirement. These benefits are in addition to State-funded lifetime prescription and health coverage for the president and his spouse, a benefit provided by the State to all public

employees who have served a minimum of 25 years and retire in good standing.

Moreover, the Burlington president was contractually entitled to a pre-retirement transition period of six months before he retired. According to the now-former president, his actual pre-retirement transition period lasted less than three months. While the president fulfilled some of his work responsibilities during this period, the college's Vice President of Financial and Administrative Services was responsible for the day-to-day management of the college. Over this time, the Burlington president continued to receive his entire base salary and all fringe benefits. Upon his retirement, his post-employment benefits commenced.

#### Vacation Days

Each of the 20 employment contracts we reviewed also included paid vacation days for the college president, ranging from 20 to 30 days each year.

The Cumberland president's contract, which became effective on March 1, 2010, initially did not identify a limit on the total

number of vacation days available to him. The Cumberland Board chair told us that the president later volunteered to limit his vacation allotment. Specifically, after the commencement of our survey in May 2011, the Cumberland president signed an amendment to his contract limiting his vacation benefit to 30 days per year.

In some instances, community colleges provide monetary compensation for unused vacation days. For example, the contract of the Essex president allows for monetary compensation for any unused vacation days each year. That contract also authorizes the Board to allow the president to carry over unused vacation days from year to year upon her request.

From 2008 through 2010, Burlington paid its president \$75,000 for such unused vacation days, separated into three annual payments. According to the then-Board chair, that amount represented negotiated compensation for 200 unused vacation days accumulated over a period of years. The Burlington president also is contractually entitled to a payout for a maximum of 20

additional unused vacation days upon his retirement.

In contrast to some of these practices, State employees are eligible for compensation for unused vacation days only upon retirement or separation from State service. In addition, State employees are limited in terms of how many vacation days they may carry over from one year to the next, rendering it impossible for those employees to exceed 50 accumulated vacation days.

#### **IV. Housing and Relocation Expenses**

Our review also revealed that most of the community college presidents in New Jersey have received compensation from their college in the form of housing or relocation expenses.

Presidents at two of the community colleges lived in a college-owned house in 2010. For example, in accordance with her employment contract, the president of Middlesex County College lives in a college-owned house at no cost to her so that she may perform her presidential

duties “efficiently and expeditiously.” Similarly, the president of Camden County College lived in a college-provided house until December 2010, when he moved into his own home. At that time, the Camden Board removed the housing provision from the president’s contract.

Instead of providing a house for their president to use, most of the community colleges pay their president a monetary allowance for housing costs. Thirteen of the 20 contracts we reviewed contained such a housing allowance, with the average amount totaling \$1,746 per month. Figure 4 on the following page sets forth the monthly housing allowances paid to community college presidents in 2010 as reported by each college. Community colleges that did not pay their president a housing allowance are not listed.

**Figure 4: Housing Allowances Paid by Community Colleges in 2010**

<b>Community College</b>	<b>Monthly Housing Allowance</b>
<b>Essex County College</b>	\$3,500
<b>Union County College (former president)</b>	\$3,000
<b>Mercer County Community College</b>	\$2,000
<b>Union County College</b>	\$2,000
<b>Passaic County Community College</b>	\$1,953
<b>Burlington County College</b>	\$1,667
<b>Raritan Valley Community College</b>	\$1,667
<b>Brookdale Community College</b>	\$1,500
<b>Warren County Community College</b>	\$1,500
<b>Ocean County College</b>	\$1,250
<b>Bergen Community College</b>	\$1,167
<b>Sussex County Community College</b>	\$1,000
<b>Cumberland County College</b>	\$500

As Figure 4 indicates, the president of Essex County College received a comparatively large housing allowance. The cost for the president to rent a three-bedroom condominium unit in Essex County in 2010 was \$3,655 per month. Of that total monthly cost, the college paid \$3,500 and the president paid \$155. In total, Essex paid its president \$31,500 for the condominium while the president herself paid \$1,395 in 2010.

Of the colleges that paid a housing allowance, Cumberland County College

paid the smallest amount at \$500 per month.

We interviewed a representative from the American Association of Community Colleges (AACC) concerning prevailing nationwide compensation practices for community college presidents. The AACC representative we interviewed estimated that one-third of community college presidents nationally receive a housing allowance.

In addition to a monthly housing allowance, some New Jersey community college presidents received reimbursements from the college for their moving expenses. Specifically, based on our survey, eight of the presidents have received such relocation assistance.

Figure 5 sets forth the relocation assistance received by each president in the year they were hired. Community colleges that did not provide their president with relocation assistance are not listed.

**Figure 5: Relocation Assistance Paid by Community Colleges**

Community College	Relocation Assistance
Raritan Valley Community College	\$29,914 (in 2006)
Essex County College	\$20,176 (in 2010)
Mercer County Community College	\$12,211 (in 2007)
Brookdale Community College	\$7,000 (in 1991)
Middlesex County College	\$3,500 (in 2005)
Ocean County College	\$3,500 (in 2000)
Burlington County College	\$2,000 (in 1987)
Sussex County Community College	\$1,008 (in 2007)

The largest relocation expense was paid by Raritan Valley, which paid \$29,914 in connection with its new president moving from California to New Jersey when she was hired in 2006.

Similarly, Essex paid \$20,176 in connection with its new president relocating from Florida. The president’s contract with the college allowed for reimbursement for transitional housing, which could consist of the cost of a three-month stay at a hotel or \$5,000 per month for three months. The president ultimately received \$13,320 in such transitional housing expenses, which included \$4,250 for the cost of moving. The president separately received \$6,856 in other relocation assistance, which included \$680 to move the president’s pet to New Jersey. In addition to paying these relocation expenses, Essex offered the president “one round trip airfare in coach per month for the first six months” of her contract, which became effective on February 1, 2010. The college paid \$3,053 for these trips.

Not including Raritan Valley and Essex (which appear to be outliers), the average

relocation assistance for the college presidents was approximately \$4,900 in the year each president was hired.

The AACC representative we interviewed estimated that, nationally, more than half of all community college presidents have received some amount of relocation assistance from their college.

## V. Travel Expenses

College presidents are often required to travel when representing their college for fundraising or other activities. Consistent with standard business practice, New Jersey's community colleges generally pay for their presidents' transportation, meals and lodging expenses when they are engaging in such travel.

Based on the responses to our survey, the average cost of transportation for local and out-of-state travel for the 20 presidents in 2010 was \$2,907. The president of Burlington County College spent the most in this category. Specifically, in 2010, the Burlington president charged the college more than \$9,700 in travel expenses. According to credit card documentation

and personal expense reports he submitted to the college, this included more than \$1,500 for gasoline and approximately \$150 for car washes.

The average travel-related meal and entertainment costs for the 20 presidents were \$700 in 2010. The president of Bergen Community College spent the most money on meals when he traveled, totaling approximately \$2,000.

For example, when the Bergen president attended a conference in Toronto in October 2010 he charged approximately \$90 to the college credit card to buy lunch for himself and another Bergen college official. Later the same day, the Bergen president took two officials from his college to a steakhouse for dinner, and again charged the meal to the college. The total dinner bill was more than \$460, bringing the total amount paid by Bergen for the lunch and dinner that day to more than \$550.

Community colleges also generally pay for lodging expenses when their presidents travel for work-related reasons. The president of Morris was the only president

to report to us that he did not incur any such lodging expenses in 2010. The average lodging expense for the other 19 presidents was \$2,700, ranging from \$172 for the Salem president to \$10,574 for the Brookdale president.

Lodging costs for the Brookdale president included nearly \$900 in charges for five separate stays at a hotel in Mount Laurel in 2010. The hotel in Mount Laurel is approximately a 90-minute drive from the Brookdale campus in Lincroft. Documentation provided by the college did not indicate why the Brookdale president needed to stay at this hotel, and college officials were unable to provide any explanation.

#### Use of Vehicle

Almost all of New Jersey's community college presidents also receive compensation relating to their use of an automobile. Specifically, in 2010, 15 of the 20 presidents drove a college-provided vehicle, 3 received a pre-set monetary allowance for use of their personal car and 1 received reimbursement based on mileage driven. The president of Camden

County College is the only president who does not receive any such monetary compensation or use of a college vehicle.

College vehicles provided to the 15 presidents ranged from a Lincoln MKZ (provided by Essex) to a Ford Fusion Hybrid (provided by both Morris and Raritan Valley). Two of those vehicles also included satellite radio at an additional cost to the college.

Our review revealed varying levels of controls and limitations that the colleges placed on vehicle use. For example, the Essex president has unlimited use of the college-provided car while she serves as president, and her contract makes no reference to any limitations concerning personal use of the vehicle. The college informed us that approximately 20 percent of the president's use of the vehicle is not business-related.

Our review similarly found that the president of Ocean County College used his college-provided E-Z Pass transponder for personal use, as permitted by the president's employment contract. In 2010,

total E-Z Pass expenses for the Ocean president were approximately \$300.

Warren County Community College is the only college that provided reimbursement for (college-related) use of a personal vehicle based on mileage driven. Specifically, the Warren president received reimbursement at the Internal Revenue Service rate of 50 cents per mile. In 2010, Warren paid its president a total of \$9,648 in mileage reimbursements.

Figure 6 shows the amount of the pre-set monetary allowance received by the three community college presidents who received such allowances in 2010. These three presidents received a lump sum payment for use of their personal vehicle regardless of how many miles the president drove the vehicle for business purposes. The amounts received by these three presidents averaged \$713 per month.

**Figure 6: Monetary Transportation Allowances Paid to Community College Presidents in 2010**

<b>Community College</b>	<b>Transportation Allowance</b>
<b>Mercer County Community College</b>	\$9,600
<b>Atlantic Cape Community College</b>	\$8,851
<b>Middlesex County College</b>	\$7,200

*Travel Benefits for Spouses*

At least two community colleges have compensated their presidents by paying travel expenses for the president’s spouse. For example, Cumberland County College paid for its president’s spouse to attend the AACC Convention in April 2010. The airfare for the president’s spouse to fly to Seattle, Washington for this conference was \$495. The college further paid \$140 for meals for the president and his spouse during the trip. While the president’s employment contract does not mention any such benefits for his spouse, internal Cumberland policy allows the president’s spouse to “attend at College expense, charitable, social, or civic functions which in

the opinion of the Board are appropriate and beneficial to the College.”

In its president’s contract, Burlington County College specifically refers to the president’s spouse as a “goodwill ambassador” for the college. In this role, the Burlington president’s spouse receives reimbursements for her expenses when she travels with the president to national conferences. In 2010, the president’s spouse accompanied the president to four such conferences. Burlington paid for three of the roundtrip flights for the president’s spouse, while the Burlington president reimbursed the college \$432 for his spouse’s airfare for the fourth roundtrip flight.

Specifically, in January 2010, the Burlington president and his spouse attended the AACC Workforce Development Institute in Florida. The college paid roundtrip airfare for the president’s spouse for this trip, which totaled approximately \$420. The president’s spouse also flew with the president to Seattle, Washington in April 2010 for the AACC Convention and to Toronto, Canada in October 2010 for the

Association of Community College Trustees Conference. Airfare for these two trips totaled approximately \$1,600. Thus, the total amount of airfare for the president’s spouse paid for by the college in 2010 was more than \$2,000.

In addition to reimbursements for airfare, the Burlington president’s contract allows him and his spouse to receive a daily food allowance when traveling. The college’s documentation for meal expenses when the president’s spouse traveled with the president in 2010 totaled \$311.

## **VI. Other Reimbursed Expenses and Benefits**

### Education Expenses

Five of the community colleges provided funding for their presidents’ personal education expenses in 2010. This benefit ranged from \$155 in educational books for the president of Sussex County Community College to a \$5,595 conference workshop for new college presidents attended by the Cumberland County College president. Cumberland informed us that they considered this

conference to be an “extraordinary development activity” in which the president strengthened his management and personal skills. The Cumberland president later made an oral presentation to the Board concerning his experience at the conference.

Similarly, Mercer County Community College paid \$3,572 for its president to attend various educational conferences and seminars in 2010. Brookdale Community College spent \$980 for its president to attend two conferences in Washington, DC.

Pursuant to his contract, the president of Brookdale also received payments from the college for educational expenses for his children at various universities. Specifically, in 2010, Brookdale paid \$27,382 in college tuition reimbursements to its president, as well as an additional \$13,735 to compensate the president for the income tax liability resulting from the tuition reimbursements. Over the course of the Brookdale president’s employment with the college, his two children used the tuition reimbursements to attend Rider

University, Philadelphia University, the University of Delaware and Monmouth University.

Based on the responses to our survey, no other New Jersey community college president received reimbursements for a family member’s education in 2010.

#### Communication Expenses

Most community colleges also pay communication expenses incurred by the college president. Specifically, 19 of the 20 presidents had their cell phone bills paid for by their college during our review period. In 2010, the average cost for each president’s cell phone usage was \$1,530, ranging from \$93 for the Sussex president to more than \$3,500 for the Essex president. While reviewing the Essex president’s cell phone invoices we also noted \$120 in mobile download charges over eight months in 2010. The company supplying these mobile downloads typically provides items such as mobile games and ringtones. In response to our draft report, the college stated to us that these downloads had not actually been requested by the college or its president and that the

college would be asking the telephone company to credit its account accordingly.

#### Country Club and Fitness Club Expenses

Another paid expense found in some presidents' contracts is a membership to a country club or the use of a fitness center. For example, Brookdale paid more than \$11,000 in dues and other fees for its president's membership to a local country club in 2010. In addition to these country club fees paid directly by Brookdale, the president used the college credit card to charge other golf club expenses in October of that year.

The contract for the president of Union County College includes a country club membership "in order that she may use the club for College-related purposes." In 2010, the college paid a total of \$2,800 for this membership. The college informed us that the president uses the country club only for its dining facilities to conduct business meetings.

Cumberland County College offered a fitness club membership to its president until May 2011, when the contract was

amended during the course of our review to delete this benefit. The Cumberland president reported to us that he voluntarily forfeited this provision of his contract because he never used the membership.

During our review period there were no other New Jersey community college presidents who received a country club or fitness membership as part of their employment contract.

#### General Expense Accounts

In addition to identifying particular categories of expenses paid by community colleges, we noted that three of the college presidents were granted broader discretion to spend college money as they saw fit.

The contract of the Essex president allows her to obtain reimbursement for up to \$25,000 per year for other expenses "relating solely to her duties and responsibilities as President." For example, in December 2010, after serving as president for nine months, the Essex president used this contract provision to send each of the 11 Essex Board members a \$40 holiday gift basket. The college thus

paid approximately \$550 to send gift baskets to its own Board members.

Two months earlier, in October 2010, the Essex president used this expense account to take members of the college's senior staff to dinner. The president charged more than \$570 on the college credit card for this meal.

Other community college presidents in New Jersey have similar access to college expense accounts or college credit cards. For example, the president of Bergen Community College used the college credit card to make more than \$28,000 in purchases during 2010, including spending \$16,600 on meals, liquor and entertainment. The only other attendees at a number of these meals were other college staff or members of the Board.

Another meal, for example, was with two representatives from a New York-based orchestra, whom the Bergen president treated to lunch. Records we obtained reflect that this lunch was arranged to discuss the possibility of the orchestra visiting the college. The total lunch bill for the three individuals was \$340.

Also included in the \$16,600 of expenses was lunch for the Bergen president and the executive director of a nonprofit organization that focuses on green energy efforts. The total lunch bill for the two individuals was approximately \$200, which the president again charged to the college. The receipt was not itemized, making it impossible to determine specifically what was purchased.

In contrast, New Jersey State Treasury Circular 11-05-OMB generally does not allow State employees to receive meal reimbursements unless they are traveling out of state. Even in instances in which such reimbursement would be permitted, State policy prescribes strict limits on the amount of the permitted meal reimbursement.

In lieu of an expense account, the president of Warren County Community College receives a lump sum annual stipend, usually in January of each year. Specifically, since 2005 the president has received \$6,000 each year for the purpose of "advancing, marketing, or fund raising for the College." The college does not require or maintain

any receipts to show how the president uses these funds. Instead, the president presents a verbal report each December to the College Operations Committee “on the appropriateness and continued benefit” of this stipend.

In general, our review revealed varying levels of expense-account documentation at the community colleges. Some receipts we reviewed included the names of each person benefitting from the expense, an itemized list of purchases and the reason for each expense. Such itemized receipts provide Boards with information as to where and why the president is spending college funds, and enable the Board to determine the president’s compliance with college policies such as, for example, restrictions concerning the purchase of alcohol. Other receipts we reviewed included little, if anything, more than the total amount charged on the college credit card.

In contrast, State employees must provide specific documentation of any expense for which they seek reimbursement. State Treasury Circular 11-09-OMB further

requires specific documentation when State employees seek to use public funds to pay for activities, events or functions for non-State employees. This includes a description of the purpose of, or justification for, the expense, how the expense relates to the goals or objectives of the public entity, and a list of all participants in the activity at issue.

#### Total Expenses

Figure 7 shows total reimbursed expenses and other expenses charged to college credit cards for each of the community college presidents in 2010, which range from \$648 for Sussex to \$45,415 for Brookdale. These expenses include the costs described previously, ranging from meals and entertainment expenses to transportation, lodging and personal education expenses for each president. Figure 7 does not include payments made for education costs for other family members, which we classify as additional compensation as opposed to reimbursement of expenses.

**Figure 7: Total Expenses Paid by Community Colleges  
for the College President in 2010**

<b>Community College</b>	<b>Total Expenses</b>
<b>Brookdale Community College</b>	\$45,415
<b>Bergen Community College</b>	\$28,634
<b>Burlington County College</b>	\$28,302
<b>Essex County College</b>	\$22,437 (for 9 months)
<b>Cumberland County College</b>	\$18,994 (for 10 months)
<b>Mercer County Community College</b>	\$16,926
<b>Gloucester County College</b>	\$16,117
<b>Union County College (former president)</b>	\$13,494
<b>Warren County Community College</b>	\$8,772
<b>Hudson County Community College</b>	\$7,806
<b>Atlantic Cape Community College</b>	\$7,675
<b>Ocean County College</b>	\$7,283
<b>Union County College</b>	\$7,241 (for 6 months)
<b>Passaic County Community College</b>	\$7,013
<b>Raritan Valley Community College</b>	\$6,315
<b>Camden County College</b>	\$3,874
<b>Salem Community College</b>	\$3,361
<b>Middlesex County College</b>	\$2,655
<b>County College of Morris</b>	\$1,576
<b>Sussex County Community College</b>	\$648

## VII. Total Compensation

Community colleges in New Jersey thus compensate their college presidents through a variety of means. Figure 8 sets forth each community college president's

total compensation in 2010. These compensation totals do not include reimbursed expenses, which are described and tabulated in the previous section of this report.

**Figure 8: Community College Presidents' Total 2010 Compensation**

Community College	Total Compensation	Salary	Enrollment Ranking
<b>Union County College (former president)</b>	\$441,100	\$259,969	5
<b>Brookdale Community College</b>	\$329,911	\$216,016	3
<b>Ocean County College</b>	\$300,793	\$222,200	8
<b>Raritan Valley Community College</b>	\$260,696	\$219,348	13
<b>Burlington County College</b>	\$248,795	\$185,050	7
<b>Essex County College*</b>	\$245,638	\$174,563	6
<b>Passaic County Community College</b>	\$245,073	\$203,192	11
<b>Bergen Community College</b>	\$240,026	\$192,400	1
<b>Hudson County Community College</b>	\$238,069	\$194,550	12
<b>Middlesex County College</b>	\$230,256	\$187,200	4
<b>Mercer County Community College</b>	\$229,137	\$168,324	10
<b>Camden County College</b>	\$217,886	\$188,151	2
<b>County College of Morris</b>	\$217,293	\$192,655	9
<b>Gloucester County College</b>	\$214,392	\$180,000	15
<b>Sussex County Community College</b>	\$199,777	\$173,868	17
<b>Atlantic Cape Community College</b>	\$197,535	\$179,571	14
<b>Salem Community College</b>	\$180,369	\$156,369	19
<b>Warren County Community College</b>	\$174,451	\$134,990	18
<b>Union County College**</b>	\$166,726	\$110,000	5
<b>Cumberland County College***</b>	\$165,721	\$130,625	16

\* Dollar amounts are for 9 months

\*\* Dollar amounts are for 6 months

\*\*\* Dollar amounts are for 10 months

In arriving at the total compensation amounts, we added each president's salary to any bonus payments, housing allowances, college-funded retirement contributions and other benefits reported to us in response to our survey. The calculation of total compensation does not include the value of any college-provided vehicles, mileage reimbursements, car allowances or relocation expenses paid by the colleges. The calculation also does not include the value of any college-funded insurance coverage generally provided to other public employees.

As Figure 8 shows, the total compensation paid to community college presidents in some instances far exceeded the president's base salary. On average, the presidents' total compensation exceeded their base salary by \$53,730, or 22 percent.

The former president of Union, which had the fifth largest enrollment of all New Jersey community colleges in 2010, received the largest total compensation (\$441,100). Notably, Raritan Valley had the 13<sup>th</sup> largest student enrollment in 2010, but paid the fourth highest total

compensation for its president (\$260,696). In contrast, the Camden president received the 12<sup>th</sup> largest total compensation in 2010 (\$217,886) even though Camden had the second highest student enrollment. The smallest amount of total compensation for a college president who served through all of 2010 was \$174,451, received by the president of Warren.

### **VIII. Conclusions and Recommendations**

In view of the public sources of funding for New Jersey's community colleges, it is important that the colleges be transparent with regard to the compensation they are providing their college presidents. That transparency should extend to salary information as well as information regarding other forms of compensation being provided.

Adding each president's base salary, additional compensation and expenses, the average total payments to or on behalf of New Jersey community college presidents in 2010 were more than \$250,000.

We found, moreover, substantial disparity

in the amount and methods of presidential compensation and related internal controls at each of the community colleges. That disparity is not entirely unwarranted as employee compensation, including for community college presidents, frequently should correlate with a particular employee's prior experience as well as the demands of the particular position and the regional cost of living. Nonetheless, imposing some uniform guidelines and regularity in the practices associated with compensating community college presidents would promote fairness as well as transparency in the compensation process.

We recommend that:

1. Community college Boards should exercise due diligence to ensure that the terms of their college president's contract are appropriate and fair in view of the public sources of the funding at issue. Each Board should review the compensation terms of their president's contract and seek to make any appropriate adjustments in light of the findings of this report.
2. The State's Secretary of Higher Education should set forth guidelines for compensation terms in community college presidents' contracts in order to foster appropriate uniformity, fairness and transparency in the compensation process. Such guidance could be particularly helpful, for example, in areas such as housing expenses, performance bonuses and college-funded retirement benefits.
3. Community college presidents should submit itemized receipts to their college for expenses for which reimbursement is sought. Such receipts should include the names and titles of any guests, and a statement concerning how an expense on behalf of any such guest relates to the college's goals or objectives. Boards should review these expenses to ensure that they are a sound use of student and taxpayer dollars.
4. In the interest of transparency, each community college should post on the college's website its president's employment contract and annual expense information. This information

should include any allowances or stipends that are part of the president's compensation.

5. Boards should award any bonuses to college presidents only when the president has satisfied performance criteria as specified in the contract, and when the satisfaction of those criteria has been appropriately documented. Boards should regularly and formally review the performance of their college president.