

College outlines \$2.4M in cuts

Paine plans furloughs, layoffs, salary reductions.

By Tracey McManus McClatchy Tribune Newspapers

Paine College President George C. Bradley on Friday announced that the college will implement furlough days, salary reductions and layoffs to save \$2.4 million over the next fiscal year.

The changes are part of Paine's efforts to resolve various accreditation violations and to ensure expenses do not exceed revenues, according to a news release.

Bradley also announced the formation of an advisory committee that will monitor the progress the college is making toward resolving its accreditation issues with Southern Association of Colleges and Schools Commission on Colleges.

Former Georgia Labor Commissioner Michael Thurmond, state Sen. Lester Jackson and businessman Quincy Robinson will lead the committee.

"These tough economic times are posing unprecedented challenges for colleges and universities like Paine College that have seen changes in federal aid, which include Parent Plus loans, Pell Grants and some state funding," Bradley stated in the release.

"This decision, although difficult, is the best option to protect the future of Paine College."

Paine officials did not respond to a request for comment Friday and did not indicate how many furloughs will be implemented over the next year. The college had 10 furlough days this summer, which were also attributed to cuts in federal aid programs.

Although Paine has seen a decrease in federal aid going to students, and received a nearly \$400,000 cut to its historically black college federal grant, the college also has dealt with internal financial failures that primarily led to its accreditation violations.

Independent audits from years 2012 and 2013 show severe bookkeeping failures that had been repeated over three years time, along with high credit lines and expenditures.

After two years on the less-severe warning sanction, Southern Association of Colleges and Schools Commission on Colleges placed Paine on probation in June, the most severe and final sanction possible before accreditation is revoked.

The regional body's report showed Paine was in violation of 10 standards relating to finances and management, four more than the previous year.

Paine has been under review by the U.S. Department of Education since 2012 and was notified of violations in a dozen areas of federal student financial aid regulations. As of March, the college was still in noncompliance in three areas.

Paine was cited for keeping inaccurate records on Pell Grant and Federal Direct Loans posted to student accounts, leading to a discrepancy in how much was applied to student accounts versus how much was drawn from the government.

The college had also paid student financial aid returns late or withheld them altogether.

According to the audit conducted by professional services firm BDO, Paine was operating at a loss in 2013, with expenditures exceeding revenues by almost \$300,000. Revenue fell by more than \$2 million from the previous year and Paine maxed out its nearly \$4 million line of credit with Morgan Stanley Smith Barney LLC.