

**REPORT OF THE WSCUC TEAM
SPECIAL VISIT**

To: San Diego Christian College

September 9, 2020 (on-site)
September 16-18, 2020 (virtual)

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The team evaluated the institution under the 2013 Standards of Accreditation and prepared this report containing its collective evaluation for consideration and action by the institution and by the WASC Senior College and University Commission (WSCUC). The formal action concerning the institution's status is taken by the Commission and is described in a letter from the Commission to the institution. This report and the Commission letter are made available to the public by publication on the WSCUC website.

Contents

SECTION I – OVERVIEW AND CONTEXT.....	3
A. Description of Institution, Accreditation History, and Visit.....	3
B. Description of Team’s Review Process	4
C. Institution’s Special Report: Quality and Rigor of the Report and Supporting Evidence .	5
SECTION II – EVALUATION OF ISSUES UNDER THE STANDARDS	5
Issue 1: Standard 3; CFR 3.4 [<i>Financial Sustainability</i>].....	5
Issue 2 CFRs 2.7; 2.10; 2.11; 3.1; 4.1; 4.2 [<i>Assessment of co-curricular programs, planning, and use of data</i>]	15
Issue 3 CFR 3.6; Standard 3 [<i>Leadership</i>]	17
SECTION III – OTHER TOPICS, AS APPROPRIATE.....	20
SECTION IV – COMMENDATIONS AND RECOMMENDATIONS.....	20
Commendations	21
Recommendations.....	21

SECTION I – OVERVIEW AND CONTEXT

A. Description of Institution, Accreditation History, and Visit

San Diego Christian College (SDCC) is a private, non-profit college located in Santee, California in the greater San Diego metropolitan area. SDCC was founded as Christian Heritage College in 1970 by what is now Shadow Mountain Community Church in El Cajon, CA. In 2005 the College changed its name to San Diego Christian College as part of a commitment to establish its identity as an independent, faith-based liberal arts college. In January 2014 the SDCC completed an additional step in establishing its identity, moving from its original, church-owned facilities in El Cajon, California to a new campus developed in nearby Santee.

The College had its initial visit by the Western Association of Schools and Colleges Senior College and University Commission (WSCUC) in 1975 and was granted Candidacy in 1976. Accreditation was granted in 1984 and was followed by numerous challenges and Commission actions requiring several focused and special visits to the College. SDCC has been placed on Probation twice and was under Show Cause by the Commission in 2006.

In 2007, changes to the Board of Trustees and the hiring of a full-time president provided a foundation to address the issues identified by the Commission in its 2006 Show Cause action. SDCC had a Comprehensive Visit in 2008, followed by Special Visits in 2012 and 2014. Both special visits focused on concerns about SDCC's financial sustainability (CFR 3.4), strategic planning (CFR 4.6), and continued progress on assessment of student learning. (CFRs 2.3-2.7, 4.1)

The WSCUC Action Letter following the 2014 Special Visit included five recommendations relating to: (1) attention to graduation and retention efforts; (2) framing a unified vision for traditional and Adult and Professional Studies (APS) academic programs; (3) expanding assessment efforts to provide for educational quality comparisons; (4) defining assessment of co-curricular programs; and (5) enhancing & integrating technology systems.

Since the 2014 Special Visit, SDCC developed the new Santee campus, and expanded its degree program offerings. SDCC received WSCUC substantive change approvals to offer four new online degree programs (BA in Communication, BA in Psychology, BS in Aviation Management, and BA in Leadership and Justice), as well as a Master of Arts in Teaching and a Master of Science in Leadership. Despite the addition of these new programs, the fall 2015 enrollment totaled 917 students which included 483 in traditional programs, 397 in APS Face to Face (F2F),

and 37 in Education-related programs. This was a decrease from the fall 2014 total enrollment of 966 students. Enrollment has continued to decline.

In 2016, SDCC had its most recent reaffirmation for accreditation visit. The WSCUC Action Letter following the 2016 visit called for a Special Visit in 2019 to address five recommendations: (1) completion of all co-curricular reviews and establishment of a regular cycle of assessment (CFRs 2.7, 2.11); (2) integration of administrative technology systems (CFRs 3.5, 4.2); (3) efforts to track diverse students and to identify strategies for engagement and intervention to promote retention, persistence and graduation (CFRs 1.4, 2.2a, 2.10); (4) tracking of financial health and the application of the five-year budget forecasting tool; oversight of the admissions and financial aid functions (CFRs 3.4, 3.6, 3.7); and (5) balancing resource needs for established programs with resource needs for planned growth in programs; resourcing of existing academic and student service programs (CFRs 3.3, 3.5, 3.7). These are addressed in Section II below.

After the Special Visit in 2019, the Commission found SDCC to be out of compliance with Standard 3, CFRs 3.4 and 3.6, and acted to impose probation and request a special visit in spring 2020 to address the areas of (1) financial sustainability and stability; (2) retention and graduation rates; (3) co-curricular assessment; (4) use of data in decision-making. The special visit was postponed to fall 2020 because in March 2020, in the wake of the COVID-19 pandemic, the state of California implemented a stay-at-home order for all but essential businesses across the state. As a response, SDCC closed its doors to face-to-face classes for the remainder of the spring semester. Fall classes remain primarily online, although SDCC reported the residence halls are at capacity.

B. Description of Team's Review Process

Initially, the team was scheduled to be on-site for the visit to SDCC in April of 2020. However, with the Covid-19 pandemic this visit was postponed. The new date was set for September 16-18, 2020 and conducted as a remote visit using Zoom conferencing. All normal processes of team preparations occurred twice, initially in March and again in August. Since the SDCC Special Visit report was submitted in March, the team read and reviewed all supporting documentation at that time. The team then allowed SDCC to provide any updates to the report or supporting documentation in August. The second team conference call occurred in late August, at this time a date was set for one member to visit the campus and meet with key constituents and to review certain financial documents. This on-site visit occurred on September 9, 2020. At this on-site visit the team member met with the Chief Financial Officer, the Controller, and the Chief Operating Officer and reviewed documents.

The remote visit was organized into three broad areas, structured around the various issues noted in the 2019 Commission Action Letter and the identified CFRs. The areas were Financial Sustainability, Assessment and Use of Data; and Leadership. Each team member was assigned as lead for one area. The team spent time agreeing on what questions remained outstanding for each of the areas. This set of questions formed the basis for the schedule of meetings and debriefing sessions. The focus was on the areas of noncompliance as identified in the Commission Action letter (2019).

The team conducted interviews and meetings with senior leadership, Finance (including the Audit Manager), Marketing, Enrollment, Institutional Effectiveness, Co-Curricular areas, and Academic Affairs. Open meetings were held with Faculty and staff. A list of those attending the meetings is available (if needed). Before and after meetings the team spent time in the virtual workrooms sharing findings and discovery of various issues, raising additional questions, and requesting documents and data supporting statements in the report. Additionally, the confidential email account was checked daily with no significant responses during the visit. This report is organized around the three areas. Each section begins with the issues as defined in the 2019 Action Letter.

The commendations and recommendations in this report were developed based the team's evaluation of the evidence provided.

C. Institution's Special Report: Quality and Rigor of the Report and Supporting Evidence

The institution's report was well written and organized with initial evidence for the team to review. However, the report did not give a full picture of the progress of SDCC, nor did it provide an analysis of data in many cases. It was during the visit that the team was able to really understand the progress and current status of the institution. The team asked for additional updated documents prior to the visit as well as during the visit. SDCC was responsive and provided effective evidence to assist the team in its review and ultimate report findings.

SECTION II – EVALUATION OF ISSUES UNDER THE STANDARDS

Issue 1: Standard 3; CFR 3.4 [Financial Sustainability]

Standard 3: The institution sustains its operations and supports the achievement of its educational objectives through investments in human, physical, fiscal, technological, and information resources and through an appropriate and effective set of organizational and decision-making structures. These key resources and organizational structures promote

the achievement of institutional purposes and educational objectives and create a high-quality environment for learning.

CFR 3.4: The institution is financially stable and has unqualified independent financial audits and resources sufficient to ensure long-term viability. Resource planning and development include realistic budgeting, enrollment management, and diversification of revenue sources. Resource planning is integrated with all other institutional planning. Resources are aligned with educational purposes and objectives. (Area of non-compliance.)

In April 2019, the previous Chief Finance Officer (CFO) resigned after completing the review of data and restatement of the FY 2017-18 financial statements and "...there was minimal work done on the FY 2018-19 financials" (SDCC Report, p. 6-7). This followed a period where an off-site CFO who served SDCC was discovered to have engaged in significant financial mismanagement (SDCC Financial Status – Update & Review, July 31, 2020). After parting ways with this off-site CFO and before the hire of the replacement CFO in April 2019 minimal financial data were being recorded in the accounting system which resulted a lack of reliable financial reporting and in a significant amount of back data that needed to be entered to bring the records up-to-date. In May 2019, SDCC hired the current CFO who spent the first eight months of his time ensuring that FY 2018-19 data was prepared for the auditors. In January 2020, a new Controller was hired who has made significant contributions to getting the accounting system updated and sub-ledger systems reconciled. The Controller reported that as of September 2020, the FY 2019-20 books had been closed as was July 2020, the first month in the new FY 2020-21. A new audit firm with experience with higher education was also chosen after the discovery of significant misstatement of certain assets and liabilities as of July 1, 2018. On March 30, 2020, nine months after the end of the fiscal year, the FY 2018-19 audited financial statements and management letter were issued and provided to the visit team on March 31, 2020. The CFO confirmed that the FY 2019-20 financial audit, using the same new audit firm as FY 2018-19, is in progress and is expected to be completed in December 2020 or early January 2021 (CFRs 3.4, 3.5, 3.6).

The FY 2018-19 audited financial statements revealed significant challenges for SDCC that were not previously apparent. As a result of the prior year financial misstatement, prior period adjustments to net assets of (\$3.4 million) were made as part of the FY 2018-19 audit report. This restatement resulted in beginning year net asset deficit of (\$377,280). The total change in net assets (total revenues, less total expenses) for FY 2018-19 was (\$2.4 million), resulting in a \$2.8 million total net asset deficit at end of year. In order to rise out of this net asset deficit SDCC must see consecutive future fiscal years with operating surpluses and provision of cash

(as opposed to a use of cash). According to SDCCs 5-year projected budget figures, if all target goals were met, the net asset deficit could be reversed by the end of FY 2021-22 (CFR 3.4). Based on the team's review of evidence to date, the team believes this shows promise for the FY 20-21-year outcome being met, and for continued positive financial results for the FY 21-22 year. SDCC's plan is based on changes made in the organizational structure, planning assumptions that have begun to show results, and flexibility in the model so that they respond to actual outcomes on a regular basis. The team recommends that SDCC carefully and regularly monitor their financial status to ensure the current and future years continue to result in an operational surplus and buildup of appropriate levels of cash reserves (CFR 3.4).

SDCC provided a multi-year statement of activities financial report showing actuals for FYs 2017-18 and 2018-19, plus for FY 2019-20 the original budget, the projected results (as of some prior date), and the preliminary close data as of July 24, 2020, along with the proposed budget for FY 2020-21. There was no accompanying explanation of variances between FY 2019-20 preliminary close data and FY 2018-19 actuals.

Important to note are the following significant variances observed by the team from FY 2019-20 (unaudited) projected actuals compared with the FY 2020-21 proposed budget:

Revenues:

- Traditional student revenues are projected to increase 14.3%
- APS & Online student revenues are projected to increase 21.9%
- Grad Program student revenues are projected to increase 15.9%
- Overall student revenues are projected to increase 15.6%
- Contributions are projected to decrease (81.5%) due to extraordinary gifts received in FY 2019-20. The budgeted amount of \$800,000 for FY 2020-21 is an increase of 126% over the total contributions and grants for FY 2018-19 of \$353,305.

SDCC indicated that they have intentionally projected growth in all areas despite the historical trend of declining enrollment over the last five years. SDCC has expressed confidence in these projections based on many changes in staffing and new strategy in both admissions and fundraising. Particularly, SDCC leadership indicated that they had an extraordinary fundraising year FY 2019-20, which they expect to continue at a level commensurate with the total less the large one-time gift, expecting continued success at cultivating new and lapsed donors. Additionally, the SDCC president indicated growth in enrollment for fall 2020, despite the challenges of the pandemic.

Expenses:

- Salaries and wages increase 6.9%
- Total departmental expenses decrease by (26.1%)
 - Overall expenses (excluding depreciation) decrease (12%)

SDCC invested significantly in the hiring of replacement and new personnel over the last year. The current year-to-year increase in personnel costs is 6.9% from FY 2019-20 to FY 2020-21 following a 17.2% increase in the prior year. Discussions with the Chief Operations Officer (COO) indicate that this significant investment in personnel is part of the “turn-around plan” that the board approved when appointing him to the position and includes the hiring of several new members of the executive leadership team and adding much needed staff to the enrollment and financial services area (CFR 3.1). The COO is convinced of the return on investment as a result of these new hires and believes the progress already achieved in both enrollment and fundraising is evidence to support this strategy.

SDCC shows the most significant expense cuts in the areas of athletics, general administration, aviation, and debt service, which the CFO confirmed to be due to the sale of the property and relocating the athletic operations from an offsite (rented) location to the main campus. The cuts to debt service resulted from the sale of the campus land and buildings to a local buyer who then leased back all of the buildings to SDCC in a ten-year lease with four, five-year options. This is projected to save an average of \$20,000 per month or \$240,000 per year compared with the previous mortgage payments. After consecutive years of departmental budget cuts across the institution in response to declining enrolments and diminishing revenues, the team recommends that SDCC prioritize the appropriate resourcing of department budgets to support the achievement of institutional purposes and educational objectives (CFR 3.4).

Net Operating Results:

SDCC provided a narrative description of “...significant variances between the FY 2018-19 actual results and the FY 2019-20 preliminary results...” with the July 2020 updated appendices. The narrative describes events and actions that have resulted in a remarkable swing from a (\$2.115 million) deficit in FY 2018-19 to a projected (unaudited) \$1.061 million surplus in FY 2019-20. This projected surplus is primarily a result of the extraordinary annual fundraising of \$4.327 million including a one-time gift of \$3.5 million (CFR 3.4). This is a very healthy finish to the fiscal year and represents solid progress towards eliminating the net asset deficit in the future.

Budget Projections:

SDCC provided a 5-year budget projections report including FYs 2019-20 through 2024-25 dated as of January 17, 2020. For the FYs 2019-20 and 2020-21 there is more current financial data on a different multi-year report dated July 24, 2020. The team notes that SDCC has developed a 5-year budget with projections and provided a description of underlying assumptions and conditions considered in development of the budget projections (see SDCC report pages 7-12). An analysis of the assumptions and conditions indicate that they primarily describe the events and actions already noted previously that have significantly impacted FY 2019-20 with ongoing impact to FY 2020-21, particularly in the areas of enrollment and contributions growth. SDCC has invested significant effort and resources in these areas and, at least in the area of contributions, has seen positive progress. While it is understandable to want to reflect and build on the investment, plans, and strategies for this planned growth in the budget projections, the team is concerned that this continues to be aspirational planning and that it is not prudent to base the operating budget solely on these. SDCC's proposed FY 2020-21 budget projects and operating surplus of \$1.2 million, which, if realized, will provide a buffer should enrollment targets not be reached. The team recommends that SDCC develop enrollment projections based on historical trends for budgeting purposes (CFR 3.4).

When the FYs 2021-22 through 2024-25 are analyzed, it is clear that both the revenues and expenses are simply increasing year-over-year by the same percentages and are not clearly associated with specific institutional planning. The team was not provided specific goals and assumptions for each of the years that take into account any outside planning or input and it appears this is essentially an exercise of the finance office. The assumptions and conditions do not demonstrate resource planning that is integrated with other planning across the institution (CFR 3.4). Discussions with the CFO and Controller indicate they realize this is a deficiency. Due to the immediate needs to get the finance office in shape and clean up the financial data, the FY 2020-21 budget was basically a top-down exercise drawing from the FY 2019-20 projected results. The executive team determined the basic parameters of the expense budget based on the projected actual results for FY 2019-20 and then the Controller has met with or will meet with the department heads to discuss and receive feedback. At this point there is little room for any adjustments or reallocations unless it is determined that any surplus is identified. The CFO, COO, and Controller confirm that it is their intention to ensure that the proposed "2020-2021 Plan & Budget – Planning & Budgeting Process..." be implemented as soon as possible. This proposed collaborative process is described as a "bottom-up" process designed to ensure broad input from institutional stakeholders, allow for resourcing of newly identified initiatives, and integration with the strategic plan (CFR 3.4). The Controller has been identified as the key driver in this budget development process and is committed to its implementation for FY 2021-22

budget development. The Controller has extensive experience with complex budget development and is ready to tackle this project going forward. Both faculty and staff confirmed in the open meetings that they understood this next collaborative step. They also expressed their satisfaction at having a budget, with budget reports monthly, and a Controller who engages with them on it.

Enrollment

SDCC has experienced declining total enrollment over the last five years, starting with a one-year decrease of -22% from fall 2015 to fall 2016 and continuing with decreases ranging from -5% to -15% for fall 2017 through fall 2019. For fall 2020, the decrease in total enrollment was only -1% showing that the declines may have stabilized. SDCC has begun implementing an aggressive enrollment growth plan over the last year which includes the hiring of key leadership positions and investing in more sophisticated and data-driven recruitment strategies at nearly all levels of the enrollment funnel. While the actual success of these efforts remains to be seen for FY 2021-22, early indicators such as increased applications, acceptances, deposits, and new student checklists indicate SDCC is on track to enroll 210 new students for fall 2021, which would be an increase of 9% over fall 2020. This evidence indicates that these strategies are already making a positive impact (Fall 2020 Overview/Fall 2021 Look Forward, 11a. Enrollments & Budgeting).

Most of the personnel changes and new enrollment strategies were implemented by SDCC well into the recruiting season for FY 2020-21, therefore, while there was some positive impact to fall 2020 enrollments, the full realization of their effectiveness will come in future terms. SDCC reports significant progress towards fall 2021 goals compared to fall 2020 with a 9.6% increase in “new student checklists,” an indicator of a student’s intent to enroll (Fall 2020 Overview/Fall 2021 Look Forward). This is an early sign that the new strategies are working.

As SDCC continues to make progress in data collection and analysis, particularly in the area of enrollment, it will be important to create processes that effectively identify goals, monitor progress towards those goals, and assess the effectiveness of the processes, and use the evidence to inform future projections.

During the site visit, the team received the most recent fall 2020 enrollment data (new and total student counts) as of September 15, 2020, as shown in the chart below.

SDCC Enrollments 2015-2020								
Fall of Year	Traditional UG Total	Traditional UG New	Non-Trad UG Total	Non-Trad UG New	Graduate Total	Graduate New	Teacher Credential Total	Teacher Credential New
2015-16	483	165	397	69	7	7	29	14
2016-17	427	154	246	36	19	19	22	10
2017-18	394	138	229	34	22	2	34	8
2018-19	343	133	143	14	72	23	21	7
2019-20	330	139	108	17	63	29	31	11
2020-21	340	130	105	36	49	18	35	8
Notes:	Census Data (October 1st) used for all but the 2020-21 Fall Counts							
	2020-21 Counts are as of September 15th							
	New means new to SDCC							
	Concurrent Enrollment & Non-Degree enrollments not included							

This chart shows that enrollments for fall 2020 have remained relatively stable compared to the prior year with increases in some areas (TUG total +3%, Non-Trad UG new +112%, Teacher Credential total +13%) and decreases in the others (TUG new -6%, Non-Trad UG new -3%, Grad new and Grad total -38% and -22% respectively, and Teach Credential new -27%). Total enrollments are down only -1% from 532 in fall 2019 compared to 529 in fall 2020.

The original enrollment management plan included a chart of “Traditional Enrollment Projections” that reflected the funnel activity that resulted in the actual or projected enrollment from fall 2014 through fall 2024. For fall 2020 the *traditional enrollment* goal listed was 194 new students. The actual number of new traditional enrollments for fall 2020 was 130 (see “New Enrollments” chart above). In July 2020 an additional report was provided *EM.09 Goals-Actual Fall 2020 & Prospecting Forecasts Fall 2021* which indicated that “...current numbers have us pacing towards 210 new students in the Fall” referring to Fall 2021. It was unclear from this particular report whether this number refers to total new or only new traditional undergraduate. The team applauds the new efforts and particularly the data-driven nature of the strategies, however, SDCC needs to complete at least one full cycle of recruitment using the new strategies in order to assess their efficacy and reliability for future planning (CFR 3.4).

An *Enrollment Management Update for WSCUC Special Visit Team* report was provided to the team in July 2020, which detailed a significant shift in recruitment strategy led by the new VP of Operations who was hired six months ago, compared to the enrollment management plan provided with the original institutional report. The team learned that the VP of Operations, who has extensive experience from a previous institution, is leading the charge in the new recruitment efforts, primarily through a significant increased investment in targeted name purchasing and other strategies throughout the funnel designed to increase the yield of these

names. When asked about the role that the profile of the successful SDCC student plays in guiding the recruitment strategies, the team learned that this was not an explicit consideration in defining the name purchase parameters even though it was clear to the team through conversations with academic and student affairs staff that they know the profile of a successful SDCC student.

According to updated tracking reports from July 2020, the new strategies have resulted in increased applications, deposits, and new student checklists, but it is also unclear how much the new recruitment strategies will change the funnel yield, impacting the projected new enrollments, and potentially resulting in a negative impact to retention. The team recommends that SDCC define the Enrollment Management strategy with a focus on the profile of a successful SDCC student as identified by Academic Affairs, and including the desired or targeted mix of various student types, and majors that respond to community need while attracting students, carefully and continuously monitoring these assumptions and goals (CFR 3.4).

Financial status assessment:

As of September 2020, SDCC has made a significant financial turnaround from a (\$2.1 million) deficit in FY 2018-19 to a projected (unaudited) \$1.1 million surplus in FY 2019-20 (CFR 3.4). The team is encouraged by SDCC's renewed commitment and action to increase fundraising capacity, historically an untapped source of revenue, even though it is understood that the success of FY 2019-20 is primarily a result of the extraordinary annual fundraising of \$4.327 million and includes a one-time gift of \$3.5 million. The difference between the one-time gift and annual fund raising (\$800,000) forms the basis for the projected fundraising goal of the FY 2020-21 budget and subsequent budget goal increases of 10%-17% in FYs 2021-22 through 2024-25. SDCC leadership expressed their confidence in this new strategy based upon the existing and newly formed relationships by the new CEO and the COO, along with the hiring of a new vice president of development (CFRs 3.4, 3.6).

Consecutive years of net operating losses and net asset deficits have plagued SDCC since an enrollment decline in FY 2016-17. As a result of fiscal mismanagement over the course of the FYs 2017-18 and 2018-19, the deficits grew significantly without the full knowledge of the institution. A complete and thorough financial review required significant restatements to these financials. The significant (unaudited) positive finish to FY 2019-20 is projected to cut the current deficit by over 50%. According to the 5-year budget report SDCC could completely eliminate the deficit position by FY 2021-22, provided all of the projections are realized (CFR 3.4).

	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Proj FYE</u>	<u>Budget</u>	<u>Budget</u>
Net Assets	FY 15.16	FY 16.17	FY 17.18	FY 18.19	FY 19.20	FY 20.21	FY 21.22
Change	\$925,930	(\$1,143,145)	(\$4,563,043)	(\$2,403,761)	\$1,186,300	\$868,650	\$1,562,887
Beg of Year	\$4,402,978	\$5,328,908	\$4,185,763	(\$377,280)	(\$2,781,041)	(\$1,594,741)	(\$726,091)
End of Year	\$5,328,908	\$4,185,763	(\$377,280)	(\$2,781,041)	(\$1,594,741)	(\$726,091)	\$836,796

Cash flow

Facing such significant operating losses over the past three years has placed SDCC in a serious cash flow crunch. Projected cash expenditures for budgeted FY 2020-21 total approximately \$12 million. This puts the average monthly cash needs at approximately \$1 million. The FY 2018-19 saw year-end cash and cash equivalents balance at an anemic level of \$163,833 or approximately 20% of one month's expenses. The FY 2019-20 monthly cash flow report provided in March 2020 reports actual cash for the 8 months ending February 2020 and projected cash for the 4 remaining months of the FY. This report projects the FY 2019-20 ending cash balance at \$33,437.

SDCC does not have a bank-issued line of credit. In order to meet cash needs over the past year, SDCC has borrowed \$430,000 from two board members and \$350,000 from a member of the administrative leadership team. Additionally, the CFO reported that another individual has extended a short-term line of credit to SDCC of \$400,000 that is renewable every two months after it is paid down. SDCC also provided a projected cash flow summary report for FY 2020-21 which shows an ending cash balance of \$263,000 which is an improvement over the prior year. Building cash reserves must be a high-priority for SDCC to ensure financial viability. Conversations with SDCC financial leadership indicate agreement with the analysis and understanding that this is a top concern. They are committed to ensuring sufficient cash to support ongoing operations.

The persistent financial challenges of the past several years have resulted in SDCC being placed on Heightened Cash Monitoring (HCM) and required to remit a letter of credit (LOC) to the U.S. Department of Education (ED). According to public records and SDCC provided financial records, since FY 2016-17 SDCC has remained on a HCM payment method for receipt of Title IV Federal Student Aid funding which provides additional oversight of cash management at the institution and also requires that the institution post an irrevocable letter of credit (LOC) of not less than 10% of the *Title IV* aid the institution received during its most recently completed fiscal year. The current LOC for FY 2020-21 is secured by \$634,000 in a cash deposit account.

Fiscal Year	Financial Responsibility Composite Score	Source
2015-16	1.6	Public records
2016-17	1.5/0.1 (restatement)	Public records/SDCC records
2017-18	0.5/0.5	Public records/SDCC records
2018-19	0.2	SDCC Records
2019-20 (unaudited)	0.6	SDCC Records

Of additional concern is the length of time it is projected to take SDCC to be relieved of HCM. If an institution’s previous year has a composite score below 1.0 and the current year is not above 1.5 then a LOC will still be required. Based the current financial projections it may take SDCC until FY 2022-23 to see relief from this added financial burden. Additionally, a school that is placed on HCM for more than three complete award years may be subject to additional penalties or restrictions by the ED. SDCC should be prepared for any additional requirements that may be directed by the ED during this prolonged period. The CFO has been in regular communication with the regional ED representative who reviews SDCC and, thus far, has confidence that they will be able to manage the requirements related to this matter.

The recently completed FY 2018-19 financial audit management letter noted several findings ranging from material weakness to significant deficiency. The most significant is the finding regarding “Entity Wide Controls Over Financial Records,” identifying “...material weaknesses relating to controls over financial statement preparation in accordance with generally accepted accounting principles (GAAP) and underlying financial records for the fiscal year ending June 30, 2019.” SDCC responded affirmatively to all of the findings of the management letter with commitments to addressing each of them and, in some cases, have already taken corrective actions to mitigate these findings. The CFO confirmed their commitment and plans noting that it may take more than one year to address them all. SDCC understands that taking corrective actions on all of these findings is critical to SDCC’s financial sustainability. The team recommends that SDCC address and correct all findings detailed in the audit management letter of FY 2018-19 and that of FY 2019-20 (if any).

The team commends SDCC for the appointment and hiring of qualified and experienced financial leadership team, particularly the new CFO and Controller on the administrative level as well as the chair of the board audit committee, who have worked tirelessly to ensure the financial records of SDCC are accurate and that the systems and processes are put into place for accountability. It is clear to the team through conversations with the leadership that SDCC is

committed to ensuring and supporting regular and transparent reporting of financial matters to internal and external constituents. The team is encouraged by the progress SDCC has made over the last year. The team recommends that SDCC carefully monitor the institutional plans and the current realities of the landscape of higher education which may create unforeseen challenges to the growth plans upon which the plan for financial sustainability rest (CFRs 3.4, 3.6, 3.7, 3.8, 3.9).

Issue 2 CFRs 2.7; 2.10; 2.11; 3.1; 4.1; 4.2 [Assessment of co-curricular programs, planning, and use of data]

Retention and Graduation rates (CFRs 2.10 & 3.1)

SDCC self-reported that the College “...has only recently begun to disaggregate data...” therefore any cycles of data review, assessment, and evaluation of changes have not yet been fully documented. In the fall of 2019 SDCC began a process to update student data points using Populi, in the hopes of obtaining better student demographic data. Specifically, SDCC focused on graduation rates for first time freshman and transfer students who entered the College between 2011 and 2015. Disaggregate data collection and co-curricular programs are still in a nascent stage of data collection and analysis. Current reports only show race/ethnicity and gender. Conversations with constituents; specifically the Dean of Institutional Effectiveness, the Vice President of Academic Affairs, the Dean of Students, the Director of Athletes and Athletic Training, the Director of Student Life, and the Associate Director of Athletics provided insight that the institution knows their student profile, and has taken significant efforts in gaining a deeper understanding of the key demographics of the students they serve, and the student they wish to focus enrollment efforts on in the future. This level of understanding was not made clear in the SDCC report, however conversations showed that this data is not only collected, but is reported, analyzed, discussed, and used for driving decisions.

The report states that initial reviews indicate that the variances in data are from three elements: turnover, discontinuation of programs, and changes in scholarship funding. It is clear these assumptions are derived from the data collected and the institution is focused and making a concerted effort to address these elements in a collaborative manner.

An identified key initiative was restructuring the Multicultural Committee to form a Diversity and Inclusion Task Force. The work of this task force included initial steps to plan for programs and services that will “...strengthen understanding and promote mutual respect across all campus populations for diverse groups and varying worldviews” (pg. 25). With the intention to focus on “...providing equitable access to educational programs and learning resources in order to support an increasingly diverse student population” (pg. 25). The work of this task force is at

the early stages and there has not been enough time yet to implement, assess, and modify any changes. However, this change was derived from data and collaboration and as SDCC continues to strengthen its programs, assessing the effectiveness will be a natural process.

SDCC is has begun to develop a robust evidence-based assessment culture. For example, the data collected is beginning to be used in meaningful ways. SDCC is encouraged to continue on this path and the team is confident that there will begin to be true cycles of assessment over the next couple of academic years that will prove beneficial to the future of SDCC (CFR 2.10). As a small, focused institution, SDCC seems to have an appropriate number of faculty and staff given limited resources. SDCC should continue to monitor, through data collection and assessment of needs, to ensure faculty are sufficient in numbers needed to uphold academic excellence, support the success of students, and achieve the mission, strategic plan and direction of the institution, especially during times of potential resource allocation (CFR 3.1).

Assessment of co-curricular programs (CFRs 2.7 & 2.11)

The assessment of co-curricular programs was first addressed in 2012 during the WSCUC visit. At this time the institution was advised to begin to address the need for appropriate assessment in all programs which possess clear learning outcomes (CFR 2.7). The 2014 and 2018 team reports continue to highlight this as an area in need of improvement. The discussion in the report consisted of the handling of the data as opposed to the analysis and use of the data for decision-making. However, again through conversations with the institution representatives, it became clear that SDCC does look at and analyze very specific measurables. Additionally, the report stated that departments were “encouraged” to develop SOPs for data collection, leading to the assumption that data collection, assessment and decision-making are not set in processes. This is not the case, as the team found that both academic program review and co-curricular review are very process and timeline based, with expected deliverables and recommendations that are reviewed and strategically implemented (CFR 2.7). Co-curricular programs support the institution well, and while the review processes are still very new, with no cycles completed, they have proven to be useful to the decision-making process at the institution (CFR 2.11).

Use of data for decision-making (CFRs 4.1 & 4.2)

Qualitative and quantitative data are being collected from various sources; however, the institution has recently implemented many new committees and review processes, therefore there are limited examples of how assessment data is tracked over time so that benchmarking, analysis, interpretation, and subsequent decisions about funding and implementation can

occur. The team believes, however that SDCC will demonstrate appropriate cycles of assessment at their next visit (CFR 4.1). Regular retention and graduation reports were provided. While still new in process cycles, SDCC showed evidence that actionable responses to data are developed, resourced, and are beginning to be tracked (CFR 4.2).

Issue 3 CFR 3.6; Standard 3 [Leadership]

CFR 3.6: The institution's leadership, at all levels, is characterized by integrity, high performance, appropriate responsibility, and accountability. (Area of non-compliance for probation determination)

- ***Institutional leadership is required to take appropriate responsibility and accountability for institutional decisions, including establishing realistic budget planning for sustaining the institutional mission.***

In spring 2019, SDCC underwent a special visit focused on five areas of concern: co-curricular review; data-driven decision-making and administrative technology; tracking students, retention, persistence and graduation rates; financial health including lack of an audit, 5-year budget projections; and balancing resources to ensure current programs and new programs receive support. There was a long-time president in place, a part time CFO, and a centralized power structure.

Following that visit in March, the then president abruptly resigned in April, surprising the team. He had indicated previously that he would stay another two years. This occurred before the Commission acted to impose probation. There was an interim president (a former member of the Board), and, following a successful search, Dr. Kevin Corsini was appointed president in October 2019.

Meanwhile, the Commission acted to impose probation, The Commission Action Letter (CAL) dated July 12, 2019, stated "...the Commission is not confident that the leadership at SDCC has a plan to address these serious financial issues and assure long-term sustainability of the institution."

The areas of non-compliance were found in Standard 3, in particular 3.4 and 3.6.

Actions taken by institution to address non-compliance with CFR 3.6:

The interim president attended the Commission meeting in June and spoke to the panel. A new president took office in October 2019, and the interim president became Chief Operating Officer. A new administrative structure was introduced with a goal of returning SDCC to fiscal

stability, increasing enrollment, and creating a “culture of accreditation.” This term was explained as meaning a shared understanding of accountability and shared responsibility for the fiscal and academic health of the institution.

The new administrative structure was an investment of about \$1M in personnel. It included a revamped enrollment management team, a new Academic Vice President, several new positions (such as COO), and a new reporting structure.

The President now has three direct reports: the COO, the VP of Academic Affairs, and the Dean of Institutional Effectiveness. The COO has responsibility for the areas of admissions and marketing, endowment, facilities, athletics, accounting and financial services, and the Dean of Students. The new Vice President for Operations (VP Ops) reports to the COO and oversees the registrar and records office. The stated goals (SDCC SV report) of the new leadership team were to:

- Develop a culture of accreditation throughout the college (explained as a culture of accountability and assessment)
- Balance the budget to achieve financial security
- Drive donations and contributions from multiple sources
- Enlarge enrollment in both traditional and non-traditional programs.

The team explored how this restructuring decision was made and what would constitute success. In particular, the team reviewed the budget planning cycle, what data and parameters were used, who was involved, how program review results were used, and how the decisions were made. Evidence indicated progress in collecting data, but analysis and use of data were at the developmental stage.

In assessing the effectiveness and integrity of the leadership team, the visiting team asked three basic questions: How well do they achieve results? (outcomes measure); How do they achieve these results? (process measure); and How is the campus engaged in these processes? (focus).

Evidence presented and reviewed by team:

The team reviewed the new organizational charts and met with the newly hired people and teams as part of the visit. Data on enrollment management were presented and analyzed, new endowment targets and plans were explored, and the staff and faculty were asked during open meetings about how these decisions were made, how the information was communicated to them, and their feelings about the changes.

The campus community, including faculty, staff, VPs and the Board reported that transparency and communication are hallmarks of the current leadership team. The President meets weekly with the faculty leadership and is invited to meetings of the Faculty Forum (their version of a Senate, normally only attended by faculty). The trust level of this team was reported to be high. In each group meeting, the interactions with each other and the team were respectful and consistent with the SDCC values.

The outcome measures of an effective leadership team noted by the team, were:

1. The FY 18-19 audit was restated using an outside firm, giving solid information about previously opaque financials;
2. There are no longer any loan covenants, since the loan was paid off, although short term loans are in play for cash flow;
3. New accounting and reporting procedures have been introduced, resulting in budget reports to programs produced monthly with up to date information;
4. A five-year budget was presented, with parameters and rationale explained to the team, and with full understanding that this is a living document to be adjusted as actuals and the environment changes;
5. The FY 19-20 audit projects a positive result, and this appears to be realistic;
6. The six-year enrollment decline has halted, with an overall fall 2020 increase of over 20%;
7. Enrollment management plans demonstrate understanding of the market, but should be carefully linked to the profile of a successful SDCC student.
8. New revenue streams or programs are considered by reviewing alignment with mission and financial investment needed, as well as projected return on investment.

The process measures and evidence demonstrating how the leadership accomplished the results were:

1. Transparency: all members of the SDCC community reported being informed about actions taken, why they were taken, and what are the goals. Information is shared widely.
2. Integrity and trust in the leadership was mentioned in both open meeting (Faculty and Staff).
3. Faculty, staff, Board members, and the senior leadership spoke with one voice about the strategic goals, the direction SDCC was headed, and their optimism that they will not only survive, but thrive in the new economic landscape.

4. The president and his team have taken on the task of rebuilding relationships with the wider community by visiting all local Christian high schools, enlisting donors, and adding a new marketing strategy.

In addition, a recently completed strategic planning process attracted over 50% of the staff and faculty as participants. Everyone involved expressed satisfaction with the process and outcome.

And, as previous visits were often sidetracked by plans and strategies not implemented or completed because a key person had left, the team wanted to know “What has SDCC put in place to ensure that a loss of a key person does not mean the plans are shelved?” The team asked this of multiple groups and received the same answers. SDCC has put systems and processes in place that do not rely on one person. For example, the budget and accounting systems are now in use and will continue to be used. The other facet of the response was, “We have the right people in the right positions now.”

SECTION III – OTHER TOPICS, AS APPROPRIATE

The July 2019 Action Letter identified three additional areas in Standards 2 and 4 needing continued or further work. These areas are program assessment, retention and graduation rates, and analysis of data for planning and decision-making.

As noted above when addressing Area 2, the team agrees that SDCC provided evidence that they have begun to address these in a comprehensive and systematic way that is appropriate for the institution by putting systems and procedures in place. The team further notes that most processes (both academic and co-curricular) are newly implemented and there will need to be continued cycles of implementation and assessment to understand the overall effectiveness. Additionally, continued refinement of data collection and analysis is recommended so that SDCC can continue to make informed, data-driven decisions that will benefit the student experience.

SECTION IV – COMMENDATIONS AND RECOMMENDATIONS

The team found evidence to support the following commendations and recommendations.

Commendations

The Team commends San Diego Christian College for the following:

1. Creating a culture of assessment across the campus (both academic and co-curricular).
2. Involving faculty in marketing, recruitment and retention strategies, planning and implementation.
3. An energized Board with revised bylaws, restructured committees, fully embracing their fiduciary responsibilities and insisting on access to information.
4. The integrity and transparency of the financial leadership team that has led to projected positive financial turnaround for FY 2019-20.
5. The Team commends the campus leadership team for implementing and managing larger organizational change while building relationships and systems for stability, all the while incorporating transparent communication from leadership to campus constituents.

Recommendations

1. SDCC must address and correct all findings detailed in the FY 2018-19 audit management letter and the FY 2019-20 audit findings (if any) (CFR 3.4)
2. Continue momentum on the cycles of assessment (both academic and co-curricular), and use these newly implemented procedures and processes to make informed, data-driven decisions (CFRs. 2.7, 2.11)
3. Refine the Enrollment Management strategy using the profile of a successful SDCC student as identified by Academic Affairs, and including the desired or targeted mix of various student types, and majors that respond to community need while attracting students. Carefully and continuously monitor these assumptions and goals (CFR 3.4)
4. Execute the institution-wide plan for financial sustainability including the diversification of revenue based on realistic budget assumptions for enrollment and fundraising that are relevant to SDCC and the community it serves (CFR 3.4)
5. Implement the collaborative resource allocation process ensuring that all stakeholder voices are included with particular attention to significant growth projections to ensure all areas of the institution are supported (CFR 3.5)