

REPORT OF THE WASC SPECIAL VISIT TEAM

to

Hope International University

April 1-4, 2012

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The evaluation team in conducting its review was able to evaluate the institution under the Commission Standards and therefore submits this Report to the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges for action and to the institution for consideration.

TABLE OF CONTENTS

	Page numbers
I. OVERVIEW AND CONTEXT	1
A. Description of the Institution and Visit	1
B. The Institution’s Special Visit Report: Quality of the Report and Supporting Evidence	5
II. EVALUATION OF ISSUES UNDER THE STANDARDS	7
A. Financial Sustainability.....	7
B. Enrollment.....	13
C. Strategic Planning.....	20
D. Academic Endeavors.....	22
E. Organizational Structure and Decision-Making Processes.....	26
III. FINDINGS AND RECOMMENDATIONS	28
APPENDIX	
Credit Hour Report	

SECTION I. OVERVIEW AND CONTEXT

A. Description of the Institution and Visit

The Special Visit to Hope International University (HIU or Hope) began on April 1, 2012 when the team met to discuss key issues and review the schedule. The primary purpose of the visit was to assess Hope’s fragile financial situation, which was stressed by chronic and increasing budget deficits. Based on its evaluation of the evidence, the team was to gauge the institution’s ability to return to financial stability in the near term and its ability to sustain itself in the longer term. The team conducted approximately twenty meetings over the next two days with the president, board members, senior administrators, faculty, staff, and students. The visit concluded on April 4, 2012 with the chair describing the team’s findings first to the president and then to a meeting with the president and his cabinet.

In a letter to the HIU president dated January 4, 2012, a panel composed of members of the WASC Interim Report Committee, “found that Hope is not financially sustainable and has not taken actions since the last Interim Report that would lead it to find that Hope will become financially viable in the foreseeable future.” The panel reported that Hope had experienced significant and recurring deficits, increased borrowing from its endowment and elsewhere, and had significant declines in important financial ratios.

HIU’s recurring financial problems were serious, including Department of Education composite financial ratios of 0.6 in 2009-10 and 2010-11, and led to requests for Interim Reports in 2009, 2010, and 2011. The 2010 and 2011 Interim Reports were asked to address four interrelated issues: financial sustainability, enrollment, strategic planning, and academic

endeavors. These are the same issues that Hope was asked to address for the Spring 2012 Special Visit, and the institution was further directed to provide answers to 18 specific bulleted requests across the four categories.

The team reviewed off-campus or distance education programs only to the extent that they relate to the financial issues facing HIU. A follow-up to HIU's request for a doctoral program in Psychology in Marriage and Family Therapy, not accepted twice by the WASC Structural Change panel, is reported in the section on Academic Endeavors. The team did not conduct a compliance audit.

Hope's mission is to, "empower students through Christian higher education to serve the Church and impact the world for Christ." It is a private, non-profit, non-denominational four-year traditional liberal arts university (Carnegie Classification: Baccalaureate College—Diverse Fields) and is affiliated with Christian Churches and Churches of Christ.

HIU has been accredited by WASC since 1969 and holds concurrent professional accreditations with the Association for Biblical Higher Education and the Commission for the Accreditation of Marriage and Family Therapy Education.

Reflecting its mission, Hope specializes in undergraduate and graduate degrees in the areas of church ministry, missions, education, business, music, psychology, human development and other social sciences. It offers one associate degree, 23 bachelor's degrees and 11 master's degrees and 13 distance education programs. Non-credit certificate leadership programs are offered as a service to church and mission organizations.

Hope's main campus is located on an eleven-acre campus in Fullerton adjacent to California State University-Fullerton. A second campus for working adults and graduate students

is located five miles away in a leased facility in the city of Orange. The team visited both campuses. In addition, HIU has two education centers for working adults and graduate students: one co-located on the campus of Crossroads Christian Church in Corona; the other on the campus of Everett Community College in Everett, Washington. The Washington Higher Education Commission has granted HIU permission to offer its online programs in that state. In 2009 HIU acquired the Apostolic School of Theology (AST), based in Sacramento. AST serves the Worldwide Pentecostal Fellowship and offers online ministry and theological education for their personnel.

For fall 2011, Hope enrolled 1213 students: 458 traditional undergraduates, 379 online undergraduates, and 376 graduates. An additional 1,000 students are enrolled in non-credit certificate leadership programs for church and mission organizations. Since October 2010 HIU has also been receiving up to 100 students a year from Dongseo University (South Korea) who study English as a second language at the Fullerton campus.

Partially as a reflection of their mission, Hope pursues an admissions process with low selectivity; the median SAT for first-time freshmen falls in the 30th percentile of all SAT takers. The student body is moderately diverse; the ethnicity/race composition of the 85 new first-time full-time freshmen cohort is: 18% Hispanic, 10% Black, and 2% Asian, 44% White, with 15% selecting two or more races.

HIU has 34 full-time faculty, 69% of whom have terminal degrees, and 155 part-time faculty. There are 78 full-time and 39 part-time staff including administrators.

Programs are offered through onsite, online, and hybrid modalities. Associate, bachelor's, and master's degree programs are available in a traditional classroom format and via distance

learning. HIU offers ten fully online degree programs at the associate, bachelor, and master's levels.

In FY10-11, HIU had a budget deficit with expenses of \$17,053,162 and revenues of \$15,225,590. The value of the endowment was \$6,491,032 at May 31, 2011. Annual tuition for a traditional undergraduate student is \$22,890 with an overall 48% discount rate (projected to be 43% for 2011-12), graduate students pay \$385-\$580 per unit depending on the program, and online undergraduate students pay \$445 per unit (AY 2010-2011).

Grasping at Straws? Based only on the Interim Report and supporting documents supplied in advance of the visit, it would be reasonable to conclude that HIU is and has been grasping at straws to solve its chronic financial difficulties. HIU spent a substantial amount of time, energy, and money over the past decade exploring opportunistic options including: relocating to other sites in Orange County, transitioning to a commuter campus structure with greater emphasis on online programs, merging with another school in the Christian Church fellowship, becoming a for-profit school, selling the entire campus property to CSU Fullerton, selling some property to a developer (which it did), contracting to take 100 students per year from Dongseo University to teach ESL (which it did), submitting to WASC a very weak proposal for a doctoral program in Psychology, and entering the silent phase of a new \$15 million capital campaign.

2010 Watershed Year. In summer 2010, HIU planted a flag in the ground and committed to remain at its Fullerton campus. Simultaneously, it began a new cycle of strategic planning. The decision to remain in Fullerton led to a sharpened focus on improving enrollment and retention, a significant organizational restructuring, the hiring of outside professionals at the vice presidential level, and the reassignment of experienced personnel to key leadership positions.

The President’s Cabinet, composed of the vice presidents, was reorganized to improve operations. The two new vice presidents in Finance and Enrollment Management have instituted policies and procedures that directly have led to improved financial performance (see below, Section A. Financial Sustainability).

Within academic affairs, five new colleges based on academic disciplines were created to use faculty more effectively in undergraduate, graduate, and online instruction. The deans of these colleges were appointed in May 2010 and the restructure implemented in June 2011. The five colleges under the new structure are: the College of Arts and Sciences, the College of Business and Management, the College of Education, the College of Ministry and Biblical Studies, and the College of Psychology and Counseling. This restructuring provides for much greater efficiency and synergy among similar degree groupings. It also allows for seamless recruitment into graduate programs.

The renewed focus also led to the creation of aligned marketing and branding efforts that emphasize the physical appearance of the Fullerton campus as a key identifying feature and are exemplified by a new logo unveiled in June 2011.

B. The Institution’s Special Visit Report: Quality of the Report and Supporting Evidence

The president and the vice presidents wrote the Interim Report, with the data collection and reporting coordinated by the associate vice president for educational effectiveness and by the Institutional Research and Effectiveness Work Group. This group and other members of the Hope community were responsive and helpful when asked to supply additional documentation or provide further explanation of data, programs, and processes.

While the Interim Report and supporting documents did address the issues of financial

sustainability, enrollment, strategic planning, and academic endeavors, it did not effectively use or analyze the evidence to produce a clear picture of the institution with respect to these issues. The team found that the low quality of the report made it impossible to construct a thoughtful and useful pre-visit narrative. This then was compounded by the arrival the night before the visit began of a supplemental thumb-drive containing replacement documents and additional documents and data for the team to review. The additional information, though helpful, still left many questions unresolved and resulted in the request for even more information during the visit. This additional data, combined with the many face-to-face meetings, ultimately produced a clear and objective picture surrounding Hope's financial sustainability, enrollment, strategic planning, and academic endeavors.

SECTION II. EVALUATION OF ISSUES UNDER THE STANDARDS

A. Financial Sustainability (CFRs 3.5, 3.9, 4.2, 4.3, 4.5)

WASC submitted a letter to HIU on January 4, 2012 indicating its concern with the financial sustainability of the institution. It was noted:

“...Hope [continues] to be in a financial crisis with a significant deficit in 2011, increased borrowing from the endowment and elsewhere, and a significant decline in important financial ratios (net income, operating income, viability) that reflects a lack of institutional viability.”

During the visit, the team met with key members of the HIU business office including the Vice President of Finance. The evidence focused on the current and future prospects of financial sustainability. It was noted during the visit that Hope closed on a Master Note of \$13 million with Farmers & Merchants Bank secured by the Fullerton property which was complete in June 2011. It is worth noting the institution is paying \$46,573 per month in principal and interest on the current balance of \$6.9 million (mini note). As a part of the Master Note, a \$2 million line of credit was secured for future cash flow purposes and the Department of Education Letter of Credit of \$890,000 was re-issued. This leaves \$3.21 million HIU may borrow in the future if needed (Table 1 below).

Table 1: Allocation of the Master Note

Total Master Note:	\$13,000,000
Less:	
Mortgages (mini note)	6,900,000
Line of Credit	2,000,000
Letter of Credit (Dept. of Ed)	890,000
Total remaining borrowing capacity:	\$3,210,000

The \$6.9 million current balance of the mini note was used to refinance the previous mortgage of approximately \$4.8 million with the remaining balance of \$2.072 million being set aside for the purposes described in Table 2:

Table 2: Allocation of Mini Note (Other than Mortgage)

Dorm Renovation	\$185,000
Student Center Renovation	40,000
Advancement/Capital Campaign	246,000
Academics	17,280
Retention	15,869
Enrollment/Recruitment	354,869
Marketing	54,000
College Town	310,000
<u>Cash Shortfall Coverage</u>	<u>850,000</u>
Total	\$2,073,018

The ability of the institution to secure the additional borrowing of approximately \$2.072 million has allowed it to invest in several initiatives that could lead to future financial stability. It is worth noting the \$2 million line of credit is available but has not been drawn upon during the current fiscal year. (CFR 3.5)

The business office has undergone several positive changes beginning with the hiring of a new vice president of finance in April 2010. Cash flow has been improved with the institution of new policies for the collection of student accounts receivable. The budget process has been revised to be a bottom up modified zero-based process, which is collaborative and ties to the strategic planning process. Monthly financial statements are now presented to the Cabinet and include an analysis of financial performance. Each department head receives financials monthly so they can monitor the performance of their area of responsibility against budget. Finally, the business office is providing to the Cabinet on a weekly basis a financial dashboard of key performance indicators (KPIs). On a

monthly basis administrators use these financial reports to evaluate their revenue and expense performance against budgeted levels, to compare tuition actuals to budget, and to review updated cash flow projections and updated capital expenditures. Every item is evaluated against budgeted targets and recommendations for adjustments are discussed each month with the Budget Committee (currently the President’s Cabinet). A package with this information and analysis of ratios including the DOE Composite Financial Index and Free Cash Flow is sent to the Finance/Audit committee at the end of each fiscal quarter.

On an annual basis HIU is now tracking “Financial Sustainability KPIs,” which include: the DOE Composite Financial Index, student loan default ratio, and key financial ratios such as Primary Reserve, Viability Ratio, Debt Service Ratio, Return on Net Assets, and Net Tuition Dependence Ratio. The institution expects to expand the ratio analysis in fiscal year 2012-2013. In addition, HIU has implemented an annual financial modeling review for all existing and new proposed programs for evaluation against contribution margin goals outlined by the Budget Committee. As an outcome of HIU’s Strategic Plan 2012-17, it now closely tracks its progress toward achieving the Salary Improvement plan for faculty. The five year Business and Finance Master Plan also includes provisions for staff increases that will be measured and evaluated as well. The institution overall has become much more data driven in the area of finance with regular review of key financial ratios, financials and financial models that examine the cost and benefits and direct and indirect costs of academic programs, the colleges and cost centers. The financial reporting and oversight initiatives that have been put into place over the past year are laudable. However, none of the reporting and oversight measures are unusual in higher education. What the team found unacceptable is the extent to which the board, inconsistent with its legal and fiduciary

authority, has not been exercising appropriate oversight over institutional integrity, policies and ongoing operations, particularly given the interactions between HIU and WASC over the prior two year period. (CFR 3.9)

The institution is forecast to achieve an operating surplus of approximately \$500,000 for the fiscal year ending May 31, 2012. This would be the first surplus in several years (except for one-time events such as the sale of real estate). See Table 3 for financial results through February 29, 2012.

Table 3: Year to Date (2/29/2012) Budget & Actual Revenues & Expenses

	YTD Budget	YTD Actual	Over /(Under)
Tuition	\$8,733,218	\$9,773,817	\$1,040,599
Student Fees	484,461	527,514	43,053
Gifts	975,000	1,195,993	220,993
Investment Income	13,688	(974)	(14,662)
Other Income	246,136	218,474	(27,662)
Auxiliary Income	2,500,140	2,285,779	(214,361)
Total Revenue	12,952,643	14,000,603	1,047,960
Personnel Expenses	7,895,447	7,220,497	(674,950)
Operating Expenses	6,207,653	6,047,380	(160,273)
Total Expenses	14,103,100	13,267,877	(835,223)
Surplus/(Deficit)	(\$1,150,457)	\$732,726	\$1,883,183

The surplus is driven by increased enrollment, which has resulted in the institution currently exceeding budgeted revenue by over \$1 million (all five colleges are above budgeted revenue except the Apostolic School of Theology) and controlling expenses mostly in the area of personnel as the result of timing in hiring. Therefore, the surplus of the institution as of February 29, 2012 is better than budget by \$1.88 million.

The Board of Trustees approved the May 31, 2013 budget in March 2012 with the overall revenue of the institution projected to increase to \$24,915,969, which is a 9% increase over projected revenue for the fiscal year ending May 31, 2012. Also, HIU is budgeted to generate a surplus of \$431,423 for the fiscal year ending May 31, 2013. (CFR 3.5)

The team interviewed the audit partner at Capin Crouse LLP, the audit firm for HIU. It was determined that the institution has made great strides in resolving previous audit findings and reducing the number of findings in last year's audit. It is critical for the institution to resolve two findings in the management letter for the fiscal year ending May 31, 2011. The first is related to the Board Finance Committee exercising sufficient oversight and monitoring of internal controls. The committee needs to commit to a regular schedule of quarterly meetings and be provided with the materials necessary to understand and monitor internal controls. Next, the institution is advised to seek legal advice concerning the borrowing from the endowment and to structure such borrowing to ensure compliance with all relevant state and federal regulations. The borrowing from the endowment has stabilized and may potentially be reduced at the end of this fiscal year if the board votes to use the excess cash generated from operations to pay down the endowment loan. Currently, HIU has been reducing its interest expense on the endowment loan by making additional payments whenever there is excess cash. The fiscal year end May 31, 2011 financial aid compliance audit had no findings. (CFR 3.5, 3.9)

In the area of human resources, the institution has increased the number of employees from 118 in 2010 to 129 in 2011. New staff include three academic coaches, a director of church relations, a Korean translator, and a systems administrator. On June 1, 2009 HIU instituted a 2 %

across-the-board reduction in salaries. It is noteworthy that the approved fiscal year-end May 31, 2013 budget includes a 3% across-the-board increase in salaries.

The College Town Project is highly dependent on the CSU System and the city of Fullerton working in concert to achieve a redevelopment project that will create a upscale central plaza where students from both institutions and Fullerton residents will gather. Given the current financial pressures on the state, the recent dissolution of redevelopment agencies throughout the state, and the ongoing budget cuts to the CSU System, the team believes that this project, however exciting, will take many years to bring to fruition. College Town does not pose a short-term solution to HIU's need to increase enrollments. Nor is there any data to support HIU assumptions that the College Town project, in and of itself would increase enrollments at HIU.

The team found the HIU capital campaign to be in the early stages of development, and given the institution's history of consistent annual fundraising with total gift income ranging between \$2.1 million and \$3.1 million for the most recent three-year period seems to make financial sense. The hiring of a vice president of advancement brings a professional with experience at other, larger institutions to the team and has allowed for a focus on the development of a capital campaign—something which has not happened at HIU in over a decade.

As with all fundraising campaigns, there is the risk that the institution will be unable to achieve the goals and targets it sets for itself. Thus, the team believes it is critical that HIU continue to focus on its enrollment and retention and not stake its financial future entirely on the College Town project and the capital campaign. Over the past year, the cabinet and institution has concentrated on creating a more personalized and robust student experience, improving student services in the areas of recruitment, retention, academic coaching and advising. The new HIU

focus on fiscal oversight, enrollment and student initiatives has yielded encouraging financial results, though it will be important to continue to assess the efficacy of these initiatives frequently and take corrective actions immediately.

B. Enrollment (CFRs 1.2, 1.7, 3.5, 4.3, 4.5)

The January 4, 2012 WASC letter to HIU expressed concern with the low enrollment, retention, and graduation rates of HIU students noting the linkage between these factors and financial sustainability. In response, the team focused on changes in personnel, organizational structure, and processes related to enrollment, retention, and graduation and on the specific items requested of HIU in the WASC letter including: (1) three-years of historic data for enrollment, retention, and graduation; (2) a five-year enrollment plan; (3) an enrollment tracking system for online students; (4) an analysis of graduation rates relative to its peers; (5) an analysis of the return on investment of marketing efforts; and (6) an analysis of the average cost to recruit students.

During the visit the team met with key members of the admission and retention staff including: the vice president of enrollment management, the academic coaches, the marketing team, the student success team, and the admissions team for traditional undergraduate students. Documents reviewed included the HIU’s Interim Report with Special Visit Documentation; the Fact Book 2012; the WASC Summary Data Form; the HIU Master Plan for Enrollment Management February 2012; the HIU Enrollment Management Marketing Cost-Benefit Analysis; and the Cost to Recruit Students at HIU.

The team confirmed that among the most significant changes in recruiting and retention efforts in the past two years have been:

- the February 2010 appointment of a vice president for enrollment management,

- the summer 2011 creation of a student success team,
- the fall 2011 appointment of a faculty member to the student Success team,
- the fall 2011 implementation of an academic coaching model to serve online undergraduates and graduate students.

These changes appear to be good first steps in stabilizing enrollment, retention and graduation efforts.

Enrollment. Table 4 shows that enrollment began to recover beginning shortly after summer 2010, the watershed period referred to in the introduction to this report. This is true for each student segment: traditional undergraduate (TUG) students, online undergraduate (OUG) students, and graduate (GRAD) students. Most importantly from a financial perspective, total enrollment has grown from 759 full-time equivalent (FTE) students in fall 2009 to 1023 FTE students in fall 2011.

Table 4: Full-Time Student Enrollment*

Fall Semester Cohort	2008	2009	2010	2011
Traditional Undergraduate Headcount	448	418	440	458
FTE for TUG	442	393	415	436
Online Undergraduate Headcount	132	334	364	379
FTE for OUG	107	222	216	317
Graduate Headcount	264	345	426	376
FTE for GRAD	201	144	277	270
Headcount Total	844	1097	1230	1213
FTE Total	725	759	908	1023

*ESL students from Dongseo University not included above

Looking ahead, the Board of Trustees approved in March 2012, HIU’s Strategic Plan 2012-17 and its complementary Enrollment Management Master Plan 2012-17. The master plan includes enrollment targets for TUG, OUG and GRAD students. Table 5 projects a steady 3% per

year growth enrollment for TUG students, capping out at nearly 500 FTE students by 2017.

Similar growth rates are projected for OUG and GRAD students. It is important that HIU and WASC monitor these enrollments in the near term.

Table 5: Five-Year Plan for Student Enrollment

Fall Semester Cohort	2013	2014	2015	2016	2017
Enrollment Headcount TUG	480	494	509	524	525
FTE for TUG	456	470	484	498	499
Enrollment Headcount OUG	444	457	471	485	490
FTE for OUG	337	348	358	369	372
Enrollment Headcount GRAD	461	485	500	515	525
FTE for GRAD	346	364	375	386	394

The five-year enrollment management plan includes comprehensive initiatives including actions steps, assignment of responsibility, deadlines, and measures of progress. The plan includes initiatives to:

1. increase enrollment to selective programs and colleges by 3 percent annually;
2. increase veteran and active duty military enrollment by 10 percent in five years;
3. increase student enrollment through church relationships and ministry contacts;
4. develop relationships with businesses, community organizations and other feeder institutions to increase brand awareness and enrollment through participation in education fairs, events, and other outreach events;
5. increase student referrals through alumni/student relationships;
6. increase enrollment in all programs using traditional and non-traditional marketing strategies.

These initiatives appear to be aligned with the mission and are reasonable for Hope to pursue.

Retention and Graduation Rates. Table 6 shows the low retention and graduation rates for HIU’s traditional undergraduate students. As a general statement, HIU loses about one-third of its

TUG students after only one year on campus. By any calculation, the financial impact of the loss of this number of students is significant.

Table 6: Retention and Graduation Rates for Traditional Undergraduate Students

Fall Semester Cohort	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Number of First-Time Students	119	83	125	87	66	85
Freshmen to Sophomore retention	67%	69%	70%	68%	68%	67%
4-year graduation rate	19%	12%	35%			
6-year graduation rate	31%					

Corresponding to the low first-year retention rates, the four and six-year graduation rates are low. Comparable local colleges and universities consistently report six-year graduation rates higher than the 31% reported by HIU. Biola University, for example, reports an average six-year graduation rate of 65.3%, Azusa Pacific University has a rate of 62%, and Vanguard University reports at 59%. The team found that HIU benchmarks its retention and graduation rates to the Council of Christian Colleges and Universities (CCCU) institutions and does not also include a set of WASC-accredited peer institutions in its benchmarking measures. The team recommends that HIU broaden the group of institutions against which Hope measures its progress to include comparable WASC accredited institutions if it is serious about its intentions to increase its retention and graduation rates.

HIU created the student success team in summer 2011 to monitor and analyze its retention and graduation rates. This team is comprised of the vice president for enrollment management, the associate vice president for educational effectiveness, the director of career services, and the newly created position of student success coordinator. The team reports that exit interviews with TUG students consistently show finances as a primary reason for withdrawal. Other significant areas of

concern were related to the availability of academic programs, student life issues (conduct, lack of connectedness, etc.), and issues of personal or communal wellbeing. The student success team will produce a report each spring discussing new findings and make recommendations to improve retention and graduation rates.

Similar to the low retention and graduation rates for traditional undergraduate students, online undergraduate students and graduate students fared poorly. For example, Table 7 shows that 48% of online undergraduate students who began in 2008-09 withdrew from HIU.

Table 7: Online Undergraduate and Graduate Student Retention and Graduation Rates

	2008-09		2009-10		2010-11	
Online Undergraduate Students*						
New students	46		37		42	
Currently enrolled	9	19%	21	57%	30	71%
Graduated	15	33%	3	8%	0	
Withdrawn or leave of absence	22	48%	13	35%	12	29%
Graduate Students						
New students	172		187		228	
Currently enrolled	37	22%	101	54%	192	84%
Graduated	71	41%	33	18%	2	1%
Withdrawn or leave of absence	64	37%	53	28%	34	15%

* entered with 60+ units

Based on recommendations from an outside consultant, HIU has instituted a new coaching model for retention (and enrollment) of online undergraduate students and for graduate students. The model provides academic coaches who work individually with these students from application to graduation. The academic coaches are enthusiastic about their work and the initial results look promising but need to be closely monitored.

Looking ahead, the Enrollment Management Master Plan 2012-17 includes targets for retention and graduation rates for TUG students (see Table 8). Targets for OUG and GRAD retention and graduation rates are to be established by Fall 2013 and 2014, respectively. The team finds these target rates too low and need to be more reflective of the retention and graduation rates for benchmarks schools like Biola, Azusa Pacific, and Vanguard.

Table 8: Five-Year Retention and Graduation Targets for Traditional Undergraduate Students

	2013	2014	2015	2016	2017
TUG Freshman Retention Rate	67%	68%	70%	72%	72%
TUG Graduation Rate	38%	40%	42%	44%	44%

As part of its strategic plan, HIU is pursuing five retention initiatives:

1. Increase support services for at-risk students as a means of encouraging persistence especially for students well-fitted to HIU’s mission.
2. Facilitate strong connections to the HIU community for all students as a means of encouraging persistence.
3. Improve campus facilities as a means of encouraging persistence.
4. Establish support teams that provide individualized attention to online student groups
5. Increase retention rates and student satisfaction among athletes.

These initiatives are fleshed out with assigned responsibilities, deadlines, and measures of progress. Additionally, the plan includes three graduation initiatives:

6. Increase emphasis on academic excellence as a means of encouraging persistence toward graduation, especially for students well fitted to HIU’s mission.
7. Increase use of Career Services as a means of encouraging persistence toward graduation.
8. Support financial aid policies that encourage persistence toward graduation.

These initiatives are also accompanied with assigned responsibilities, deadlines, and progress metrics. The retention and graduation initiatives are in the early phases of implementation, and it is too early for the team to draw any conclusions about their success.

Cost-Benefit Analysis of Marketing. Neither the Enrollment Marketing Cost-Benefit Analysis nor the Master Plan for Advancement included a cost-benefit analysis for marketing as requested by WASC but instead were descriptive in nature and content. The vice president for enrollment management now oversees enrollment marketing in collaboration with the marketing department to ensure brand consistency. This has assisted in marketing and recruitment endeavors. All marketing and recruitment initiatives have a call to action and are measured against the call to action communicated in the advertisement. If a career night is planned, information night or preview day, all marketing efforts are coordinated in social media, radio, email, and print publications. HIU is able to measure progress faster, and make decisions to more effectively target their audiences with interest in selective programs or delivery modes. The team encourages HIU to follow-up on WASC’s request to review the costs and benefits of its various marketing strategies as a way to strengthen its enrollment prospects.

Cost to Recruit. Also in response to the WASC letter, Hope calculated the cost to recruit its students. Table 9 shows the cost to recruit TUG, OUG, and GRAD students.

Table 9: Cost to Recruit Students

Traditional Undergraduate		Online Undergraduate		Graduate	
2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
\$3,867	\$3,574	\$1,827	\$3,156	\$1,974	1,980

The team encourages Hope to continue to collect, monitor, and analyze this data to improve its operations.

Finally, the team did briefly investigate the accuracy of Hope’s marketing materials. The

marketing materials do appear to accurately estimate normal time to degree and do not make promises about jobs or salaries. The cost of a degree is revealed in the net price calculator and is advertised on HIU's website. (CFR 1.7)

C. Strategic Planning (CFRs 4.1, 4.2, 4.3, 4.5)

The January 4, 2012 WASC letter to Hope expressed a concern that strategic planning has not been used to help forecast the future needs of the institution. The WASC letter requested: (1) a board approved five-year strategic plan that aligns financial, enrollment, and academic plans; (2) plans and related documentation for the College Town development; and (3) financial and academic models with evidence of their use to help in the management of HIU.

The team reviewed evidence including: Hope's Interim Report Hope's Strategic Plan 2012-17; documents provided in the team room; minutes from the March 2012 Board meeting and other campus meetings; notes taken by team members from meetings with key Hope personnel; notes taken from open meetings involving faculty, students and staff.

The Strategic Plan 2012-17 identifies five strategic priorities:

1. Academic Excellence in Christian Higher Education
2. Meaningful Student Life Experience
3. Engagement With Church and Community
4. Financial Sustainability
5. Campus Development

The plan includes initiatives and measures of progress for each strategic priority. Within these priorities notable initiatives are:

- The College Town development
- Expansion of online delivery to students internationally
- A capital campaign of \$15 million

One example of how the strategic planning processes and the new alignment of colleges has improved instruction is the fact that, where appropriate, deans and chairs now hold adjunct faculty to the same standards that they had hold full-time faculty.

The evidence suggests that Hope has taken seriously its responsibility to plan strategically and that it has involved the appropriate constituencies in its strategic planning process. The President’s Cabinet and the faculty have been involved in developing and modifying initiatives in the new strategic plan. Through discussions with these stakeholders it is clear that they are much more aware of key financial issues such as low student enrollment and how enrollments directly impact HIU revenue streams. For its part, the Board has approved the new strategic plan. (CFR 4.1)

Hope has spent a significant amount of time preparing documentation that assists in informing its strategic plan. The plan contains many significant goals and other metrics that could help the institution to achieve its mission. More work needs to be done to pull these various segments into a comprehensive plan that clearly illustrates each unit’s contribution to HIU’s sustainability and unique mission. The change in college structure allows for a much improved financial analysis of individual programs. The development and use of Hope’s new financial model for program revenues and costs encourages the Hope community to think much more broadly about the role of program enrollment and its relationship to financial sustainability.

Ongoing calibration of the strategic plan is required to ensure that it remains aligned with the mission of the university. The plan clearly defines the future direction of the institution. However, all aspects of the plan must remain directly connected to the current day-to-day decisions facing the leadership of the institution. The team believes that strategic planning could be improved for

the president and his cabinet if the Executive Committee of the board met on a more regular basis to engage in consultation and provide oversight and direction (CFR 1.3, CFR 3.9)

Institutional research is a growing part of the structural change that began in summer 2010. There are four members of the institutional research board including an institutional research director, the ALO, the registrar and the assistant registrar. This group is working to provide the institutional research capacity that is consistent with HIU’s purposes and objectives, decision-making, and assessment of student learning. Despite the yeoman efforts of this group, however, the team believes that institutional research has yet to become the priority it must be if Hope is to become a more fully data-informed decision-making institution. The progress in financial “research and reporting” has already yielded measurable progress. This was due in large part to the leadership of the president and the support of the cabinet. By extension, a strengthened institutional research function, perhaps reporting to the president or the vice president of academic affairs, would greatly accelerate Hope’s progress in assessing current programs, developing new ones, better understanding institutional teaching and learning and achieving higher levels of overall academic achievement. In the same way that access to accurate financial data and regular reporting have improved fiscal operations and enrollment, a robust IR function would provide additional decision making data sets that would move the institution forward. (CFR 4.5)

D. Academic Endeavors (CFRs 2.1, 2.7, 3.2, 4.3 4.4)

The five general issues related to academic endeavors in the January 4, 2012 WASC letter to Hope are: (1) the need for a model to measure the academic and financial viability of new and continuing programs and evidence of its applications to all existing and proposed programs; (2) a cost/benefit analysis of the athletic programs, the online programs, and the Apostolic School of

Theology; (3) program quality and the heavy reliance on adjunct faculty; (4) the inauguration of doctoral programs; and (5) the development of an academic plan aligned with the strategic, financial and enrollment plans.

Program Models. Hope is in the initial stages of developing new models to measure the academic and financial viability of new and continuing programs. The team reviewed documents outlining a new cost-benefit model developed by the dean of the College of Business and interviewed the college deans and the vice president of academic affairs. The models are scheduled to run every six months after updated data are received from the Registrar's Office. The results are then reviewed and discussed by senior management in the financial, academic, and enrollment management divisions of the university.

This program was implemented in 2011 in the five colleges and the results are preliminary. The model is a simple comparison of revenue to direct instructional costs (salaries and supplies). The deans are enthusiastic that this source of data will be helpful in program operation and new program development. It is clear that the dean of the College of Business plans to elaborate and expand the template to include additional data points that will make the resulting analysis more robust and more useful.

The team encourages the evolution of this and other cost/benefit templates and encourages HIU to document ways in which the data close the loop and lead to program improvement, modification and development.

Cost/benefit analyses. HIU was asked to present cost/benefit analyses of the athletic, online, and the Apostolic School of Theology programs. The team reviewed documents detailing cost benefit analyses of each academic and athletic program for the period 2012-2017. These analyses

suggest that, on average, the TUG programs expect to produce a 17 percent surplus, and OUG programs 6 percent surplus. Both the graduate departments of education and College of Ministry and Biblical Studies have losses projected at 11 percent and 16 percent, respectively. The cost/benefit analysis of the athletic programs projects a surplus that will increase from \$817,000 in 2012-13 to \$1,645,921 in 2016-17. The Apostolic School of Theology program analysis indicates that it is running close to break-even.

The team recommends that regular use of cost-benefit analyses become a standard part of the HIU assessment culture. (CFR 4.5)

Faculty and program quality. The team investigated whether program quality was impacted due to Hope's reliance on larger numbers of adjunct faculty. The team reviewed documents related to core and adjunct teaching loads and interviewed core and adjunct faculty as well as the Council of Deans and the vice president of academic affairs. The team found that the university relies heavily on adjunct faculty and the trend towards a smaller core faculty is evident. There is some concern as to how well adjuncts are assimilated into the HIU culture.

The team found that the core full-time faculty were enthusiastic about the recent change in ethos at Hope. While they expressed that teaching loads have negatively impacted their ability to do research and publish, they were uniform in their praise for the administration and for the recent reorganization into five colleges. The faculty is aware of the institution's financial struggles but have confidence in the financial team. The faculty discussed at length the importance of personal relationship not only amongst themselves but also with students and top administration. The academic vice president acknowledged ongoing difficulties in attracting new Christian scholars to the university. The two problems that place HIU at a competitive disadvantage are its faculty pay

scale which is below average by approximately 15%, and the cost of housing in the Fullerton area. Faculty described excellent working relations with their deans whom they view as very accessible.

The team encourages Hope to take a proactive stance to plan and budget for the recruitment of core full-time faculty scholars of appropriate degree and level to support ongoing programs. This will be especially important in anticipation of the development of future doctoral programs.

Doctoral Programs. As a follow-up to two HIU submissions of a proposal to WASC for a doctoral degree in Psychology (PsyD), the team reviewed the two structural change letters from WASC, interviewed the faculty of the master's in Marriage and Family Therapy program, and reviewed the cost-benefit estimates for the PsyD Program. In addition, the vice president for academic affairs was interviewed on this matter.

WASC had noted several issues that stood in the way of approving the PsyD proposal. After the second structural change submission, HIU was asked not to submit another proposal until a thorough evaluation of needs and resources was undertaken. It was clear from the team's interviews that Hope did not appreciate the structural change implications of moving to a doctoral granting institution. In discussions with the vice president for academic affairs, it became clear that the initiative has been pulled back for at least two years. For such a structural change to take place, the team recommends that Hope study the costs and benefits of developing a doctoral culture and determine the extent to which doctoral programs will be financially viable. In addition, Hope would need to begin to budget for the hiring of the appropriate doctoral level faculty as well as securing the other primary resources required for a more rigorous curriculum. In addition, HIU must undertake the development of learning objectives and methods of assessment that differentiate a doctoral program from one at the master's level. The team applied the same critical

analysis to the College of Biblical Studies and Ministry’s proposal for a doctoral program in Ministry. The team recommends that HIU put on hold its proposals for both doctoral programs and carefully examine the complexities of institution- wide structural change involved in becoming a doctoral degree-granting institution. (CFR 3.1-3.4, 3.6)

Alignment. The 2012 WASC letter requested an academic plan aligned with the strategic, financial and enrollment plans. On the evening before the site visit was to begin, Hope supplied a comprehensive Academic Master Plan to the team to replace a previously distributed Executive Summary. Several personal reasons related to administrative and academic personnel were offered to explain these late offerings. It is important to note that the updated information was a clear improvement on the original documents and reflected a thoughtful integration of core master plans. The Academic Master Plan is comprehensive and details initiatives and objectives in several important areas including program assessment, instructional technology, new programs, faculty resources and graduate mentoring. The team finds these initiatives to be evidence of considerable development in long-range thinking and planning at HIU. The team meeting with the Vice President for Academic Affairs, inspired confidence that these new initiatives will be monitored closely.

E. Organizational Structure and Decision-Making Processes (CFR3.9)

The expectations for the board of a regionally accredited institution of higher education are broad and deep and, in the areas of oversight and fiduciary obligations, often very specific. Board composition and informed engagement is directly linked to the diversity of expertise, skill sets, and experiences, and it is essential that Board members “consistent with its legal and fiduciary authority, [exercise] appropriate oversight over institutional integrity, policies, and ongoing

operations.” The team found that the HIU board needs to be more fully engaged and in particular must better understand the WASC accreditation, must exercise more fiscal oversight, must better understand federal regulations, and must be more attentive to legal issues in higher education. The team understands Hope’s desire to have members of the pastoral community on its board.

However, the knowledge base and skill sets for governing a church community do not necessarily overlap with those skill sets required to assist a university community. The team recommends that HIU assist its board with expanding their knowledge of higher education by engaging a recognized provider of board development services. (CFR 3.9)

SECTION III. FINDINGS AND RECOMMENDATIONS

Commendations

1. The team commends the Hope International University leadership for its change in approach to strategic development and planning. The development of its Strategic Plan 2012-17 and the supporting area Master Plans have moved HIU from opportunistic, and often externally generated, considerations of its future course to the development of intentional strategic initiatives and tactical actions that have been developed by HIU stakeholders.
2. The team commends HIU for the progress it has made toward financial stability. It applauds the leadership for its understanding of the seriousness of the current financial situation; the acknowledgement that the turnaround is fragile, and for its commitment to continue to implement the decisions required to achieve fiscal sustainability.
3. The team commends HIU for the progress it has made in the development and dissemination of business and financial reports and encourages Hope to continue to broaden the development and use of such reports.
4. The team commends HIU for its focus on retention and student service and in particular, the Student Success Team, the Academic Coaching initiative, and the personal approach to serving students such as the We Care program.
5. The team commends Hope for its enrollment initiatives and its aligned approach to the implementation of branding and marketing campaigns which that are cohesive and communicate more clearly the distinctiveness of the institution.

6. The team commends the HIU faculty for their continuing commitment to the institution in this time of transition, and for their dedication to supporting the mission of the university.

Recommendations

1. The team recommends a continued focus on improving financial stability through a focus on enrollment management and disciplined budgeting sufficient to eliminate debt, generate reserves, and ensure long-term viability. (CFR 3.5)
2. The team recommends that the governance structure and the composition of the Board of Trustees be strengthened. (CFR 3.9)
3. The team recommends that the HIU Board and the President engage a recognized provider of board development services, such as the Association of Governing Boards (AGB), and engage a board development consultant, participate in appropriate workshops and conferences, and attend joint development opportunities such as the Institute for Board Chairs and Presidents of Independent Colleges and Universities.(CFR 3.9)
4. The team recommends that as positions are created or openings occur HIU continue to recruit to its administrative and management ranks individuals with professional qualifications and experience in higher education. (CFR 2.10, CFR 3.10)
5. The team recommends that HIU increase its institutional research and assessment capacity consistent with its growth, strategic planning and accreditation objectives. (CFR 4.5)
6. The team recommends that HIU delay progress toward the development of doctoral programs until such time as it demonstrates consistent positive financial performance in its core programs year over year. Further, the team recommends that the institution begin a

process of study and analysis of the implications of the structural change that would be required to become a doctoral degree-granting institution. (CFR 3.1-3.4, CFR 3.6)

7. The team recommends that HIU broaden beyond the CCCU, the group of institutions against which it benchmarks itself and include institutions of similar size, and scope within the WASC region. (CFR 4.4)

APPENDIX

Team Report Appendix

CREDIT HOUR POLICIES AND PROCEDURES

Institution: Hope International University

Kind of Visit: Special

Date: April 1-4

A completed copy of this form should be appended to the team report for all CPR, EER and Initial Accreditation Visits. Teams are not required to include a narrative about this matter in the team report but may include recommendations, as appropriate, in the Findings and Recommendations section of the team report.

Material Reviewed	Questions/Comments (Please enter findings and recommendations in the comment section of this column as appropriate.)	Verified Yes/No
Policy on credit hour	Does this policy adhere to WASC policy and federal regulations?	Y
	Comments: Because this was a Special Visit and not a Comprehensive Visit the verifications described below were not carried out in depth	
Process(es)/ periodic review	Does the institution have a procedure for periodic review of credit hour assignments to ensure that they are accurate and reliable (for example, through program review, new course approval process, periodic audits)?	Y
	Does the institution adhere to this procedure?	Y
	Comments:	
Schedule of on-ground courses showing when they meet	Does this schedule show that on-ground courses meet for the prescribed number of hours?	Y
	Comments:	
Sample syllabi or equivalent for online and hybrid courses	What kind of courses (online or hybrid or both)? online How many syllabi were reviewed? 3 What degree level(s)? bachelors and masters What discipline(s)?	Y
	Does this material show that students are doing the equivalent amount of work to the prescribed hours to warrant the credit awarded?	Y
	Comments:	
Sample syllabi or equivalent for other kinds of courses that do not meet for the prescribed hours (e.g., internships, labs, clinical, independent study, accelerated)	What kinds of courses? How many syllabi were reviewed? What degree level(s)? What discipline(s)?	N
	Does this material show that students are doing the equivalent amount of work to the prescribed hours to warrant the credit awarded?	N
	Comments:	