

Report  
Of the WASC Senior College and University Commission Visiting Team  
Special Visit  
To  
Claremont School of Theology  
7-9 December 2014

John Eshelman, Chair  
Provost Emeritus and Professor of Economics Emeritus  
Seattle University

Frances M. Sweeney, Assistant Chair  
Director for First Generation Studies and Professor of Spanish  
Saint Mary's College of California

Jana Childers  
Dean of the Seminary  
San Francisco Theological Seminary

Gerald Winslow  
Vice President for Mission and Culture  
Loma Linda University

Richard Osborn, WASC Liaison

The team evaluated the institution under the WASC Senior College and University Commission 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.

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.

## **TABLE OF CONTENTS**

### **SECTION I. OVERVIEW AND CONTEXT**

- A. Description of the Institution and Visit
- B. The Institution's Special Visit Report: Quality of the Report and Evidence
- C. Description of the Team's Review Process

### **SECTION II. EVALUATION OF ISSUES UNDER THE STANDARDS**

- A. Issue: The Relationship Between CST and CLU: Impact of Separation on CST
- B. Issue: Fiscal Sustainability and Downsizing
- C. Issue: Planning and Governance: Processes and Output
- D. Issue: Enrollment, Fundraising and Sustainability

### **SECTION III. UPDATE ON THE RECOMMENDATIONS FROM SEPTEMBER 2013**

### **SECTION IV. FINDINGS AND RECOMMENDATIONS**

## **SECTION I. OVERVIEW AND CONTEXT**

### **A. Description of the Institution and Visit**

This Special Visit of the WSCUC Visiting Team was conducted on December 8 and 9, 2014 and responds to findings noted in the report of the WSCUC Visiting Team in the reaccreditation visit of September 2013. Review of the Team report and any Commission Action on reaccreditation was deferred from February 2014 to February 2015, and this Special Visit was requested with the support of the Executive Committee of the WSCUC Commission. All four of the Visiting Team members had served on the prior visit with only one not returning due to medical conditions. For a full accounting of the initial accreditation visit, the institutional context and overview of findings, the WSCUC Visiting Team refers the Commission to that comprehensive report. In this Special Visit, the WSCUC Visiting Team was asked to review four areas of concern: 1) The Relationship between CLU and CST and its impact on CST; 2) Fiscal Sustainability and Downsizing; 3) Planning and Governance: Processes and Output; and 4) Enrollment, Fundraising and Sustainability.

Claremont School of Theology (CST) is a free-standing seminary owned by the California-Pacific and Desert Southwest Annual Conferences of the United Methodist Church. It is located near the Claremont colleges and Claremont Graduate University in Claremont, CA. Claremont School of Theology was founded as Maclay College of Theology in 1885. In 1890 it moved to the campus of the University of Southern California, then a Methodist-affiliated institution. In 1956, it separated from USC and relocated to its current location in Claremont. In the same year, it was chartered as an ecumenical seminary of the Methodist Church, the first seminary so chartered. In its new location CST developed a close relationship with Claremont Graduate University and shared many courses with it. It has been accredited by WSCUC since 1971 and by the Association of Theological Schools while it was still a unit of the University of Southern California.

CST's history has been one of recurring fiscal difficulties, difficulties that still afflict the institution, and have led to various efforts to attain greater financial security. Issues of finance and institutional integrity, among others, led the WASC Commission to vote in 2006 to terminate CST's accreditation, a termination that was reversed in 2007.

Most recently, and as is fully discussed later in this report, in the year before the WSCUC site visit of September 2013, CST had been in the process of creating a new institution, Claremont Lincoln University (CLU), and spinning it off from the parent institution, in order to offer inter-religious programs apart from CST's Methodist and ecumenical Christian offerings and to generate new enrollments and revenues to absorb excess CST resources. The plans for coordination across the institutions and complementary curricular identity did not materialize, and the relationship between CLU and CST became a primary area of questions by the WSCUC team in 2013, the severity of which led to the deferral of the reaccreditation review.

## **B. The Institution's Special Visit Report: Quality of the Report and Evidence**

CST should be commended for completing an organized and thoughtful report. CST has made great effort to address each area of concern, and has organized its report in that order. Like the original institutional report for the accreditation visit, the report is notable for its logical organization and for its clarity, clarity that could easily have been lost in attempts to address all of these critical and essential institutional areas, such as institutional focus, financial stability, enrollment, and planning. Indeed, in many ways the underlying theme is one of institutional identity and resulting community ethos, given the challenges in the initial creation of a separate, companion institution in CLU, the concomitant questions regarding CST's relationship with the United Methodist Church, then the efforts at coordination between CLU and CST, and the now-necessary separation. The report is also notable for the candor with which it discusses these challenges CST has faced and the challenges remaining. The visiting team noted CST's substantial effort, despite challenging circumstances and the relatively short time since the prior visit, to provide the required exhibits and other exhibits that would assist the team. That there were gaps and inconsistencies suggests that the data/research function is not yet polished and there is work to be done in terms of organization and use of research and data across the institution.

## **C. Description of the Team's Process**

The WSCUC Special Visit Team reviewed its charge via electronic correspondence in September, and proceeded with individual review of materials and preparation of the Team Worksheet for the conference call. The conference call was held November 5. Follow-up correspondence between the Team Chair and CST ALO occurred to coordinate the visit schedule, and to secure additional data exhibits. Likewise, the Team Chair was in extensive regular communication with team members in preparing initial draft sections of the report and in online conversations about the visit and areas to address.

The WSCUC Special Visit Team met on Sunday, December 7 for an initial team meeting and conducted its visit on Monday, December 8, 2014. The exit interview was completed Tuesday, December 9, 2014.

## **SECTION II. EVALUATION OF ISSUES UNDER THE STANDARDS**

### **A. ISSUE: The Relationship between CLU and CST, and the impact on CST**

As noted in the introduction, CST completed a formal separation from CLU July 1, 2014. CLU continued to offer degrees through CST for those students completing studies in June or September, 2014, so that the degrees could be accredited through CST's WSCUC accreditation. This section endeavors to describe 1) the initial rationale for the creation of CLU, 2) the scope of the relationship, 3) the realities that led to a formal separation, and 4) the current and foreseeable impact on CST of the dissolution of the relationship.

At the time of the visit of the WSCUC Team in September 2013, CST and Claremont Lincoln University were working together largely on the basis of verbal agreements, and no Memorandum of Understanding (MOU) had yet been approved by the board of either institution. The relationship between the two institutions was quite unclear, and grew more uncertain through the course of the visit. CLU's origin had been the result of aspirations by CST to expand curricular offerings, increase enrollment, and "share" resources, thereby improving the financial outlook of CST. This "Claremont University Project," was intended to transform CST from a Christian seminary to an interfaith and intercultural institution in order to keep pace with the changing religious landscape. The board of CST decided in 2009 to incorporate the Claremont University Project as a separate-but-related institution that would be the degree-granting vehicle for an interfaith consortium. CST would incubate the new institution and be the degree granting institution until such time as CLU had its own accreditation, a process in which it was simultaneously involved during CST's reaccreditation visit, which caused further challenges in the review of CST. For the first few years of CLU's existence, the same individual served concurrently as president of both institutions. When CLU established a chief academic officer in 2011, the chief academic officer for CST also served concurrently for both institutions until July 2013. By the time of the 2013 visit, a new president and a new chief academic officer had assumed leadership at CST, separate from the leadership of CLU.

Although the CST Institutional Report written in January 2013 gave a general sense of the expected relationship between CLU and CST, including informal agreement of curriculum and resources to be shared and resulting financial relationship, during the site visit in September it became less clear that the projected relationship was being implemented. Because so much of CST's organizational structure and functioning related to the CLU relationship, during the visit the increasing questions and concerns about the CST-CLU agreement became a primary underlying theme for review of all aspects of institutional effectiveness, from achieving core proficiencies, to assuring educational effectiveness and assessment, to support for students, to enrollment, to institutional capacity, to financial sustainability.

Various points of difference led to the separation between CLU and CST. First, although the plan for the relationship between CST and CLU projected substantial sharing of resources—including library, space, faculty and support offices and staff—CLU's emerging and uncommunicated model of operation did not foresee granting CST an exclusive agreement about use of its resources, but rather would entertain CST's offers among others. Second, although CST had re-crafted its own institutional mission, vision and learning outcomes and developed those of CLU in a clearly relational fashion, the CLU design was emerging as a different entity. As noted in the team report of 2013, "No doubt the double task of defining the meaning of degrees for the two institutions caused them to think especially carefully about each part of the task, since the meaning of the degrees of each institution would necessarily identify the reason for two institutions, rather than one, and the role of each in the marketplace for theological education. They helpfully chose to include discussion of both institutions in Essay 1, a choice which gives the reader a much clearer picture of the purpose of CST and the meaning of its

degrees.” Third, whereas CST included CLU in its curricular planning, the CLU curriculum planning envisaged a decrease in the need for sharing faculty with CST and a likely increase in hybrid or online courses. Fourth, CLU terminated the Provost, who had been a professor at CST and a key figure in the plan for the creation of CLU; CLU then eliminated the chief academic officer for a chief operating officer, without any CST consultation. Whereas CST had envisioned a copacetic partnership grounded in the shared aspirations of two faith-based institutions, CLU was advancing a less familiar and less “familial,” more business-driven model for itself focused completely in online education without fulltime tenured faculty. Furthermore, no Memorandum of Understanding had been created or approved formally, a sign that epitomized the trust-based relationship envisioned by the CST board, but in fact led to vast differences of opinion in terms of operation, decision-making, and negotiation of cost for services. For the WSCUC visiting team in 2013, it was not clear which institution would offer which degrees, and how students would be counted for the sake of enrollment. When asked whether there was or would be any written agreement about program offerings so as not to compete for students, there was no clear answer about how that would be achieved. Finally, although the majority of CLU operations were conducted within the CST infrastructure, the terms of the payment had yet to be codified. For example, while some members of the CLU Board of Trustees affirmed that CST faculty would be paid pro-rata for their “CLU” faculty time, including benefits, others commented that they might be hired on overload scales similar to other part-time faculty or going rates for area adjunct faculty. CST had increased its full-time, ranked faculty at the insistence of the CST President, who was also serving as President of CLU at the time, in order to build CLU, and questions remained about how these faculty would be used by each institution.

Thus, at the time of its reaccreditation visit in September 2013, CST had a critical need to clarify its relationship to and with CLU. Of primary importance was the establishment of a formal Memorandum of Understanding. Since that visit in September 2013, CST has taken steps to “shift its focus from clarifying the relationship to separating the university from the school.” (CST Institutional report, p. 7). The dissolution agreement was completed in July 2014; the two institutions now have no formal relationship, except for one year of contracted library access for CLU students, faculty and staff.

The impact of the separation from CLU on CST touches almost every aspect of CST: its financial model, its curriculum and enrollment vision, human and physical resources, administrative structure, and governance. These areas are treated fully in the remaining sections of the report.

It merits noting that the WSCUC Special Visit Team, in reading the preparatory material, also raised questions of the separation's impact on the less tangible aspects of CST, such as its sense of identity, reputation, and community morale. How would CST be after devoting six years of time and energy to this vision of the CST-CLU partnership? During the site visit, the WSCUC Special Visit Team sought to answer this question as well.

In many ways, it is in these latter areas where CST has shown the greatest evidence of its strength and integrity. This is true at all levels of institutional operation, from students to staff to

faculty to administration to trustees. Time and again, the CST members remarked on the clarity in which they were now operating. CST embraces its call as a “Methodist, ecumenical, and interreligious” institution. As noted in the institutional report, “Separation of the institutions immediately affected campus ethos.” The anxiety, tension, and anger that had marked the 2013-2014 academic year gave way to a clearer understanding of the challenges faced by CST. Faculty and staff experienced significant grief; they had invested tremendous “sweat equity” into creating the new institution, with the expectation of long-term stability for the school. But they remained committed to CST’s interreligious vision and excited by the ways that vision was being actualized in the classroom and in co-curricular programming.

In terms of morale, the CST community has banded together in a sense of resiliency and purpose. It knows it cannot sustain itself under an organizational structure of a university, but must downsize, or “right-size” to operate as a school. This includes reduction in curriculum size and scope, renewed commitment to one enrollment plan, and reduction in operation and physical space. Telling is the fact that none of CST’s faculty chose to go to CLU, although they were heavily recruited to do so. Also, CST allowed CLU students who wished to transfer to CST to do so, and took a number of steps to facilitate the change. The vast majority of CLU students decided to do transfer. Because it was CST faculty teaching these courses and CST staff advising students, there was little breakdown in communication with and support for students. In fact, CST created concentrations to accommodate these students; these concentrations will need to be reviewed in the ensuing curriculum downsizing.

The clarity of purpose and resolution about the CLU-CST relationship has also brought relief to many of the faculty and academic leaders who were caught trying to operate in the uncertainty that existed between the two with respect to program design, faculty workload, and student support. CST now knows the frame in which it is operating. Trustees who were present for task force meetings on space and deferred maintenance commented on knowing the needs with “eyes wide open,” whereas before these needs were less known by the entire community, and again expressed strongly their intention to get the job done.

Perhaps most telling, the clearly voiced tri-fold mission has also allowed CST to renew its relationship with the United Methodist Church. President Kuan has begun a campaign of engaging the UMC at the local and regional levels to solicit its help with enrollment and fundraising, and initial results are impressive. As the separation was occurring, CST faculty and staff engaged aggressively with alumni and donors to discuss the need for a separation. They also attended five conferences of the UMC in summer 2014. The clarification of CST’s identity with its key constituencies appears to be winning renewed support from the UMC, affirmed in a team call with two bishops, while appealing to new students from diverse backgrounds and reassuring alumni and other donors that CST has a promising future.

Thus, although the months of separation from CLU were a trying time in terms of the process of separation, CST has emerged from the separation a unified community. The Special Visit Team was soundly impressed with the steadfastness, integrity, and purpose of the CST community.

## **B. ISSUE: Financial Sustainability and Downsizing**

CST has long been characterized by financial fragility. It has a history of operating deficits and excessive draws on its endowment, a history that has led it to the brink of losing WASC accreditation on more than one occasion. By 2007-2008, falling enrollments heightened a sense of impending doom as the number of students became more and more out of proportion to institutional capacity and costs. In 2008, CST embarked on a bold, creative strategy to increase enrollments by offering a major inter-religious component. Initially dubbed the Claremont University Project and intended to operate within CST, it was spun off as Claremont Lincoln University (CLU), a consortium launched with graduate institutions of other faiths. As noted, CLU was expected to be the vehicle for offering inter-religious programs and, in serving the students who would register in its programs, it would absorb CST's excess resources and compensate CST at a level that would solve its financial difficulties. A \$10,000,000 gift from a trustee to launch CLU enabled CST to operate in the black as it incubated CLU.

As described in the first section of this report, the CLU-CST relationship formally ended as of July 1, 2014. CST did agree to provide library services for CLU students for the 2014-2015 academic and fiscal year. CST also agreed to teach-out students currently enrolled in CLU who did not want to pursue its new program offerings. CLU agreed to pay CST \$2,200,000 for the teach-out and \$300,000 this year for library services, an amount CLU paid July 15, 2014. CST put the payment in a reserve fund and is drawing it down over three years as the expenses of the teach-out are incurred. These one-time funds will make the financial results from this fiscal year not directly comparable with those of future years.

The dissolution of the relationship with CLU has put CST back in the same financial situation it was in before the launching of the Claremont University Project, but aggravated by the added burden of five additional tenured or tenure track faculty members and some staff positions hired to respond to CLU's expected needs. The changes in direction left CST with a damaged reputation, confusion among its constituents and the loss of six years in which institutional time, energy and creativity were invested in a failed project, rather than in directions that could now bear fruit for CST. Further, CLU had been purchasing a large portion of CST's faculty services as well as various other services, and without that income CST initially faced a \$3 million deficit for FY 2015, the amount it had been receiving from CLU.

The leadership of CST, including the president who joined the institution in 2013, has tried to be clear-eyed in assessing the situation and in developing strategies for addressing the new, but familiar, crisis. CST has also worked assiduously to be transparent with its constituents, both on-campus and off-campus, about the steps it expects to take. Town meetings have been held on campus and several communications have been sent to the campus community, alumni and friends.

CST responded to its new situation by developing a "Blueprint for a Sustainable Future" that includes a "Three-year Pro-Forma Budget." One of the important virtues of this pair of

documents is the explicit recognition that righting the fiscal ship will require a combination of increasing revenues through larger enrollments and substantial reductions in costs. It does not sugarcoat the fact that cost reductions will require reductions in the size of both faculty and staff. The plan calls for liquidating assets that are not essential to the teaching or research functions of the School, a process that has already begun. Beyond just eliminating operating deficits, the plan calls for reaching a level of financial viability that will allow repayment of borrowings from the endowment and accumulating cash reserves that will reduce the need for borrowing. Viewed in the light of CST's history, it appears to be a very ambitious plan, but it addresses all the right areas. If the plan can be carried out as drafted, it will put CST on better financial footing than it has been for a long time, perhaps better than it has ever experienced.

The primary means for increasing revenues over the next few years is by increasing enrollment. The plan narrative speaks of headcount increasing by 5% per year, but the accompanying financial projections have student headcounts increasing an average of 11.5% per year from FY16 to FY19, a growth rate assumption that appears very aggressive. The higher number uses program-by-program enrollment projections from the Enrollment Team and includes the new hybrid programs, as well as projecting strong growth in some of the traditional programs. In the fall of 2014, the enrollment headcount actually exceeded the budget number, (288 v. 260), but because there were more master's students in the mix and many of the PhD students are at the research phase of their degree, revenues were below the budgeted number by nearly \$200,000. According to the Institutional Report, CST has set an enrollment goal of 400 students by 2019, the number existing physical facilities could support, and a long-term goal of 600 students, a number that could be accommodated with further investment in online capacity and that would reduce the fund-raising burden to a manageable level. As noted below in the section on Enrollment, the initial success of the hybrid MDiv program and the strong fall, 2014 enrollments are encouraging signs, but several of the members of the CST community were quick to acknowledge that fall, 2014 is only one data point, not a sufficient basis by itself for projecting similar growth in the future. The Institutional Report recognizes explicitly that enrollments may be hard to maintain as the CLU students who switched to CST graduate and must be replaced.

The financial projections in the Three-Year Plan show CST operating in the black by FY17, but that is based on enrollment projections that appear to be founded as much or more on hope than on evidence. There are certainly early signs in the internal data that support that hope, but not enough signs to constitute an identifiable trend—particularly in a market that has been flat nationally for some time. However, it is important to note that whether one uses the 5% growth rate from the Plan narrative or the 11.5% average growth rate from the financial table, when combined with the planned reductions in expenses, CST would be operating in the black by the 2016-2017 fiscal year. The net gains would be smaller with the slower growth in enrollment, but they would still be positive. The full enrollment analysis by the Special Visit Team is found below.

Projections in the Three-Year Plan for revenues from sources other than tuition are arguably conservative in that they are assumed to be constant. Though the school has a plan for increasing donations and grants, the financial plan assumes only stability of outside funding. The one exception is that support from the Methodist Education Fund is expected to increase, because it is a function of enrollment of Methodist students and employment of Methodist faculty. The announcement of the separation of CST and CLU was followed by a drop in contributions, a pattern that could have rendered the Three-Year Plan overly optimistic in assuming flat levels. However, contributions have bounced back and, at the time of the visit, were running well ahead of last year. The withdrawals from the CLU restricted funds will be smaller in the next two years and zero thereafter, which leaves a substantial gap to be filled by contributions or other sources.

The financial plan also calls for a substantial reduction in costs. Specifically, it projects a reduction of \$1,600,000, nearly 19%, over the next three budget cycles. This follows a reduction of nearly \$500,000 in the FY2015 budget, so the total over four budget cycles is expected to be \$2.1 million. This is an ambitious goal, a goal that will surely test institutional resolve. The cost reductions are to be achieved through three tactics: reducing the size of the faculty by offering incentives for early retirement; reorganizing non-teaching functions to reduce staff size; and, selling or leasing the campus and physical plant to the extent that it exceeds anticipated needs. Either selling excess physical capacity or turning it into an income-generating asset would also reduce the burden on the budget of maintaining the plant.

A Campus Master Plan Task Force is reviewing the facility needs of a smaller CST against the sixteen acre campus. It has issued an RFQ for a consultant and expects to make recommendations in May 2015 about what parts of the campus might be sold or leased. While the campus is zoned only for educational purposes, there have already been some expressions of interest. Property sale or lease is not likely to generate new funds for CST operation, since sale proceeds and more will have to be invested in construction of new facilities on a smaller footprint. In fact, CST will probably have to incur additional debt to gain a smaller, more functional campus. However, administrators expect that the savings in maintenance costs will cover debt service on the needed debt. The fact that CST has only about \$2.5 million in external debt helps make this strategy potentially feasible.

CST has already begun implementing another element of the plan, the sale of miscellaneous assets not central to the teaching and research mission. A farm owned by CST, a property in Utah and a collection of cuneiforms that are not utilized in the school's educational mission have been sold, garnering about \$1.2 million. Other miscellaneous assets may yield an additional \$1 million. The proceeds were targeted for cash reserves to reduce the need to borrow, but, in fact, have already been used to cover operating expenses.

While it was developing the Three-Year Plan, CST was also taking important steps to reduce expenses in advance of the FY15 budget. A change to a less generous health plan for employees was expected to save \$220,000 per year, but in the event, the lower cost of the plan to individuals generated more plan enrollments, eating up part of the expected savings. A reduction

in the institution's contribution to employee retirement accounts from 12% to 8% is expected to save about \$200,000 per year. Reorganization of some administrative functions has allowed the elimination of a net for 6 staff positions for an expected saving of \$220,000 in FY15. In total, the institution expects savings in this year's budget to reach about \$500,000.

An early retirement plan with incentives has been announced for both faculty and staff and at the time of the visit, it appeared that two of eleven eligible faculty members will take advantage of it in this fiscal year and another faculty member will retire next fiscal year. One staff member has retired and two more retirements are expected at the end of the fiscal year. The retirement incentives are expected to cost about \$2,000,000 eventually, but the savings should cover the costs. Staff functions are currently being reviewed with an eye to reducing staff numbers beyond the early retirements. The goal is to reduce the faculty by five and the staff by a total of seven by FY 2016. Some of the reduction in faculty is expected to be in voluntary separations of faculty who came to participate in the vision of CLU or by normal attrition.

The Three-Year Plan calls for generating operating surpluses large enough to pay off the borrowings from the endowment, currently over \$8,000,000, but there is no timetable or target date for accomplishing the goal. With loss of value of assets, the endowment was underwater by over \$13,000,000 at the end of June, 2013. There is no expectation that the full value will be recouped in the near future.

In summary, CST has taken some important steps toward increasing enrollments and reducing operating costs. Still, they do not expect to operate in the black in this fiscal year or the next; whether the shortfall will be covered by proceeds from sale of assets or whether further borrowing from the endowment will be necessary is not yet clear. In the absence of quantified plans for fund-raising and other sources of income, they have assumed those sources will be flat, but without an evidence-based plan, it is difficult to know whether the assumption is conservative or not. When the Strategic Plan and the Campus Master Plan are completed, it will be critical to ensure that financial planning documents are consistent with them, just as it is important to ensure that enrollment plans and fund-raising plans feed consistently into the financial plans. There is still considerable work to be done to complete a full map that will show convincingly that CST will be able to navigate the still-treacherous financial waters it is in. (CFR 3.5)

## **C. ISSUE: Planning and Governance: Processes and Output**

### **Planning**

The Special Visit Team found that CST has made impressive plans for planning. A Strategic Planning Task Force and a sub-team have begun to meet, a Blue Print plan has been created, a Campus Master Planning Task Force is meeting, the President has authored a Plan B, and an Academic Review team has been formed. Exhibits accompanying the IR show that CST has in

place a New Program Approval Process (4.4), an Academic Review Process (4.4.1), a description of IR function and staffing (4.5), a Process for Review and Analysis of Key Data (4.6) and a list of industry and other advising committees (4.8). In each case, the group responsible for planning is broadly inclusive; constituent groups are well represented (4.1).

The Special Visit Team was impressed with the breadth and reach of communication around various aspects of institutional planning. CST seems committed to transparency and determined to reach a wide audience of constituents. Almost all staff and faculty express trust in the planning processes and noted that for an institution undergoing significant transition, morale seems strong. Finally, the Special Visit Team was struck with a renewal of energy and commitment on the part of the Board of Trustees. Given the shortness of the evaluation period (a year from the last visit to the filing of the report for this visit) CST has made good progress in putting important planning structures in place.

However the Report and Visit revealed three significant issues with institutional planning, i.e., with CST's performance under WASC Standard 4:

1. Planning has begun but not yet begun to produce results, much less monitor them (4.1). The three groups most active in institutional planning at this moment in CST's history are the Strategic Planning Task Force, the Campus Master Planning Task Force and the Academic Review Team. In the case of each of the two major Task Forces, four to six meetings have been held over the last ten months. The Academic Review process, a smaller committee of four administrators, was only recently re-instituted (after the split with CLU) in July 2014. All three groups plan a report for May 2015.

Meeting agendas and minutes show creative thinking and wide dialogue. The SPTF has identified "pegs" to organize their analysis. In an upcoming meeting, they plan to winnow them down to four or five priorities. These priorities will be more fully developed and shared with the CMPTF in January. The CMPTF has reviewed Facilities reports, held a town hall meeting and prepared for RFQs. Of particular note is the role the President and COO play in liaising between the two TFs. Conscientious work is being done, however it is too soon to tell how effective these groups' work will be or even to know the broad outlines of the proposals they will make in the spring.

2. With the exception of the assessment function of the Educational Effectiveness program, there is little evidence of the use of evidence in institutional planning (4.3). The IR says, "Evidence-based decision making will become central to the institution." (p.26) But the verb tense is significant, it is not clear that it has happened yet. In an interview with Special Visit Team members, the COO reported that the Strategic Planning Task Force received data from the senior director of enrollment and that the data was used in the SPTF to assess student issues. The COO also reported that the SPTF had collected and reviewed data from competing schools to compare degree programs enrollment. However

there was little indication in the conversations held with the Task Forces themselves that data and evidence were in the foreground of the planning processes. Neither do minutes or meeting dockets included in the IR Exhibits show the collection or use of evidence. Instead the meeting notes reflect internal conversations based on opinion and group recommendations. For example, the SPTF materials show that the TF “asked faculty and staff for recommendations,” but the materials do not indicate what role data and evidence might have played in producing those recommendations.

The IR’s report that “the Institutional Research Council is intimately involved in strategic planning activities, providing internal data about enrollment, degree costs, student-faculty ratios and other factors.” (p.26) was not documented by the IR or observed by the Special Visit Team.

3. Planning has begun to be systematized but CST has not yet developed comprehensive planning. Finances and other capacity issues must be studied in conjunction with each institutional question, aligning financial capacity with each step of each plan. In addition, planning structures in various aspects of the institution must be linked together (4.2). For example, the IR asserts that Faculty Policy Committee, the Teaching and Learning Committee and the SPTF “will participate” (p.29) in the Academic Review Process, but does not say how that will happen or describe how the groups are related.

This kind of linking (or Russian doll ‘nesting’) of planning structures will be key in helping CST answer the big question about whether their plans are realistic. Enrollment projections, fund raising goals, projected property sale receipts must not only be grounded in the analysis of evidence but also carefully related to each other. The Special Visit Team observed several instances of “silo”ing – where one office or department of CST did not seem to be in direct communication with another, though the two were working on overlapping projects. Taking institutional planning efforts ‘up a notch’ and moving CST into a comprehensive plan could play an important role in overcoming such issues.

In addition to the concerns described above, there are places in the institution where planning structures are missing. An Operational Plan (4.1.1), Technology Plan (4.1.3), Facilities Plan (4.1.4), Description of Planning Process (4.2), and a Plan for reviewing and monitoring strategic planning (4.2.1) are not included in the IR Exhibits.

It also seems that there are places in the planning structure where committee and task force members may be confused or uninformed about process (3.8). No one could tell the Special Visit Team what the process is for making downsizing decisions, though those decisions will be among the most significant and sensitive CST makes in the near future. At both the interview

with the Strategic Planning Task Force and the one held with the Campus Master Planning Task Force, committee members seemed unable to answer basic questions about future steps in the process. This is a concern and an exception to CST's success in 'planning to plan'. It is a concern because the time to know what the process is for adjudicating conflict is before conflict occurs. Similarly the time to know whether the committee is operating by majority vote, 2/3 vote or consensus is before a standoff arises.

The 2013 WSCUC Team Report recommended that CST "move from episodic planning to systematic, participative planning processes, informed by evidence...." Although the 2014 institutional report takes that 2013 recommendation to heart, it is clear that CST still has not moved to make that happen. Nobody could fault the school's commitment to creating processes that are participative. Wide representation and participation is a strength of CST's planning and wider institutional culture. It is also possible to see that efforts to systematize planning have begun. However challenges remain: the use of evidence and the need for CST to move expeditiously into comprehensive planning represent two key concerns of the Special Visit Team. Even strenuous efforts at communication cannot replace well-used data; neither is a passionate commitment to inclusiveness a fair substitute for well-aligned processes

### **Governance**

The Special Visit Team commends CST's leadership constituencies for its renewed sense of commitment to the health of CST. The unraveling of the relationship between CST and CLU caught the trustees by surprise, even though the donor who made CLU possible was an influential member of the CST board, as well as a leading member of the CLU board. In retrospect, the CST Trustees have recognized that they did not provide as much oversight to the development of the University Project and its evolution into CLU as they should have. They did not insist that the relationships and responsibilities be fully defined and they allowed conflicts of interest in the leadership structures of what became two organizations. The lack of a detailed memorandum of understanding allowed CLU to shift its direction and redefine the anticipated relationship with CST without CST having any real leverage. The fact that the leadership of CLU was also part of the board and leadership of CST made arms-length negotiation impossible and open board discussion difficult. It appears there was an assumption that the interests of CST and CLU would always be consonant, so there would be no conflict of interest for individuals having fiduciary responsibilities to both, an assumption which proved to be sadly erroneous.

With the dissolution of the relationship between CST and CLU, no member of the leadership of CST plays any role in the operation of CLU and there are no longer any CST board members on the board of CLU. In short, those opportunities for conflict of interest have been remedied and the CST board is fully independent. The new president has worked with the previous and current board chair to revitalize the board and increase its engagement with the school. Board by-laws have been revised and formal board education on governance responsibilities has taken place.

In conversation with the current Board of Trustees, the Special Visit Team found a very different atmosphere among the members than in the previous visit, a much stronger sense of engagement, enthusiasm and responsibility for CST. They also have a better understanding of their role. Their greater sense of engagement comes in part from being better informed and being expected to be substantively involved in major decisions. They are encouraged not to be a rubber-stamp body. Trustees are active members of the Strategic Planning Task Force and the Campus Master Plan Task Force. The board members feel they have a say in decisions in a way they did not have in the past. (CFR 3.9)

The Special Visit Team was impressed that eighteen of the twenty-seven trustees were either at the luncheon meeting with the team or participated by telephone. That's a small, but important, indicator of trustee involvement.

CST is moving to simplify its administrative structure and to reduce its size. The dictum the Special Visit Team heard from a number of people was, "CST is a school, not a university, and should have the administrative structure of a school." The Executive Vice President and Chief Operating Officer is retiring in February, 2015 and her position will not be refilled. Instead, the duties will be distributed among the other senior administrators, including the president. Whether they will require additional support is yet to be determined, but there should be a significant cost saving. There may be additional savings in further administrative reorganization, but decisions on the final shape of the organization have not yet been made. (CFR 3.10)

#### **D. ISSUE: Enrollment, Fundraising and Sustainability**

##### **Enrollment**

The future financial viability of CST, according to the school's Blueprint for a Sustainable Future, depends on modest enrollment growth of about 5% per year, with projected tuition increases of about 3% per year. Based on CST's recent history, these projections appear to be reasonable. In the 2010-11 school year, CST reached a low ebb in its enrollment with a headcount of 190 students. Numbers for the current school year appear to show a head count of over 300. However, two factors complicate the comparison of current enrollment with prior years: 1) the transfer of CST students to Claremont Lincoln University (CLU) and the subsequent return of most of these students to CST, and 2) the recent inclusion of 29 Korean D.Min. students who were not included in the CST headcounts for previous years. Thus, the currently reported headcount of 327 students for the autumn term in 2014, would need to be adjusted downward in order to have a reasonable estimate of how the current enrollment compares with the past few years.

With these considerations in mind, there is encouraging evidence of an overall growth in enrollment to support cautious optimism that CST may be able to achieve its target of modest growth. For example, CST reports a 17% increase in new students for the current school year. A

significant reason for this increase is the attractiveness of the “hybrid” M.Div. that appears to account for about half of all this year’s new M.Div. students. Also noteworthy is the return of nearly all the Ph.D. students from CLU to CST – a testimony to CST’s student-centered transparency as it navigated a difficult separation from CLU. However, it should be noted that predictions of growth run counter to the pattern of gradually declining enrollments for mainline Protestant seminaries whose core function is the education of ministers. (See, for example, the statistics reported by the Association of Theological Schools at <http://www.ats.edu/uploads/resources/institutional-data/annual-data-tables/2012-2013-annual-data-tables.pdf> ) If CST does achieve its projected enrollment growth over the next four or five years, this will be counter to current to national trends for such schools.

According to CST’s projections, the main areas of enrollment growth will be in the M.Div., M.A., and D.Min. programs. Ph.D. enrollment, on the other hand, is projected to remain flat at just over 100 students per year. Steady growth is projected for the M.Div. and the M.A. programs. Particularly noteworthy is the predicted growth of the D.Min. enrollments from a current headcount of 5 to a projected number of 48 in 2018-19 school year.

In order to achieve even modest growth, CST acknowledges the need to make progress on several fronts. First among these is the strengthening of CST’s relationship to the United Methodist Church, a process that already appears to be occurring. A conversation between WASC site visitors and the bishops of the CST’s two UMC conferences indicated that both conferences and their congregations are taking a renewed support for CST. Second is the renewal of relationships with other denominations historically served by CST. According to key members of CST’s enrollment team, more effort is now being given to enhancing long-standing relationships with denominations, such as the Episcopal Church, in order to encourage students from these denominations to consider the advantages of study in an ecumenical seminary that also emphasizes inter-religious studies. A third strategy is the building of *new* relationships with other Christian denominations. To these three efforts could be added more vigorous marketing of the inter-faith advantages offered with a CST education, and the prospect of attracting more international students. Another avenue is through interest by the original faith groups involved in the creation of CLU who have now left the original CLU consortium to reestablish relationships and programs with CST although not at the same level as originally anticipated for CLU.

Holding all of these strategies together will require agile, mission-focused leadership if the various constituencies to which the strategies appeal are to be reassured that their needs and interests are being given careful attention. The enthusiasm and intentionality of CST’s enrollment team were clearly evident during our December visit. When viewed in light of CST’s current increase in enrollment and the energy of the enrollment team, CST’s cautious forecast of modest but steady increases appears to be warranted. Still, the Special Visit Team is concerned that enrollment projections, to the extent that they are based on evidence, appear to be based on CST’s own recent experience, without reference to available information about the pattern of enrollment patterns nationally or regionally or about competitor institutions.

## **Fundraising**

CST's Institutional Report in preparation for the December, 2014 special WSCUC site visit, expresses a measure of ambiguity about the school's prospects for fundraising. On the one hand, the Report predicts "flat growth in gifts." (p. 15) On the other hand, the Report indicates that "CST has an ambitious and realistic plan to increase revenue from fundraising." (p. 20) This blend of flat realism and upbeat optimism is probably a reflection of an uneven fundraising history in recent years. CST's previous reliance on one donor for very large gifts, the declining support of CST's primary denominational sponsor, and the mixture of messages about CST's future in relation to CLU have resulted in significantly reduced donor support. However, CST's Strategic Plan for Growth of Fundraising Revenue outlines plans, which, if followed, could lead to increases in donated funds. It is encouraging to note, for example, that foundation giving has increased over the past few years. Also heartening is the 2012 appointment of a new Director of Alumni Relations. However, the same "Strategic Plan" acknowledges a recent decline in planned giving. CST's Blueprint for a Sustainable Future says little about the role of fundraising in that future. The Blueprint also predicts "anticipated flat growth in gifts." But it indicates hope that the alumni donor base could become more active in supporting the school financially. The Blueprint references increased support from the United Methodist Church's Ministerial Education Fund. Given CST's rather dire financial circumstances relative to its draw on endowments, a concerted plan for seeking new sources of financial support, including support from foundations and major donors, a revival of the efforts for planned giving, and a clearly delineated plan for engagement of the trustees should be given high priority.

During the site visit, conversation with CST's Vice President for Advancement helped to fill out the picture for future fundraising opportunities. Donations during the current year appear to be showing an encouraging increase over the previous year. There is frank acknowledgement of the need to re-establish more focused engagement of members of the Board with clearly established metrics for the fundraising goals. There is evidence, according the advancement V.P., that CST could raise an estimated \$4 million per year rather than the current projection of "flat growth" with a figure remaining about \$2.5 million. Given the daunting goal of repaying the money borrowed from CST's endowment and the fact that, even under the most optimistic predictions, students' tuition will never be sufficient to cover the cost of their education, CST needs a vigorous plan for fundraising, owned by the Board of Trustees, the school's senior leadership and its faculty.

## **SECTION III: UPDATE ON RECOMMENDATIONS FROM SEPTEMBER 2013 VISIT**

In September 2013, the WASC Visit Team's finding was that CST was a community with an exuberant love of its mission and with high expectations for the quality of its education. This Special Visit Team readily affirms this continued commitment to excellence in theological education, and care for students. In spite of, and perhaps because of, its challenges, CST has

crystalized its sense of self and purpose and continues to demonstrate the compassion for which it is known. (CFRs 2.1, 2.2b)

Whereas the September 2013 WASC Visit Team found an institution in a both/and sense of itself, striving to discern its relationship to the United Methodist Church and its desire for interreligious education through the newly created CLU, the CST of December 2014 articulated a clarity of purpose as a “Methodist, ecumenical and interreligious” institution that will guide its curricular, physical and fiscal operations. CST community members were clear that this will help them transition from a “university” model to that of a “school” with a smaller infrastructure, reduced but improved physical and technological campus, fewer academic programs and/or concentrations, and a sharpened focus. CST referred repeatedly to the need for “right-sizing” their operation to their purpose. Some faculty commented that the six years engaged in the process of thinking about CST and CLU could still be seen as beneficial, in spite of the painful separation from CLU, in terms of helping CST arrive at this point.

In September of 2013, it appeared that CST had strengthened its organizational structure and decision-making processes. That finding is no longer as certain, as CST has much work to do to achieve its stated goals in terms of size and structure. This Special Visit Team remains encouraged and impressed with the gifts the new president brings to the institution. And while this Special Visit Team also notes the spirited use of cross-institutional task forces and committees and the culture of school-wide collaboration, as commented upon last year, this year’s team raises questions about the timeliness with which change can happen, the seeming lack of urgency, and the ambiguity about what data and processes will be used for the most difficult decisions of “right-sizing.”

Similarly, the September 2013 WASC Team commended CST for its progress in embracing assessment and developing a culture of evidence, but the December 2014 Special Visit Team notes that the use of evidence—for academic and administrative decision-making—is quite uneven. Efforts at academic program assessment were largely stopped or deferred in the past year, and CST is now making efforts to renew this work. The Team questioned how evidence might be used in the consideration of decisions for revising, consolidating, or reducing programs, and how the substantial work that had gone into developing learning outcomes at the institution, program and course level, and design of assessment methods for these, would be re-integrated into new programs. (CFR 3.11, 4.6)

In September 2013, the WASC Team noted a lack of evidence of systematic planning with concrete goals, action steps and timelines, and that involvement of campus constituencies was uneven, and that CST lacked a strategic plan. (CFRs 4.1, 4.2, 4.3). This Special Visit Team notes the many efforts that have begun in the area of planning—enrollment, academic, administrative, fiscal and physical— and commends CST for this ambitious work. However, the Team also noted that although CST has begun to identify institutional aspirations, it is only at very initial stages of this work.

Thus, the Special Visit Team of December 2014 finds that CST has addressed well the following key findings of the September 2013 Team: 1) that it clarify its relationship with CLU and 2) that it communicate with its internal and external constituencies about the changes in progress. The Special Visit Team also finds that CST is making efforts to address, but has not fully achieved its goals of 1) achieving financial sustainability through creation of a viable financial model and reducing dependence on endowment, 2) implementing systematic planning that is coordinated, collaborative and data-driven, and 3) implementing continuous academic review at the course and program level.

#### **SECTION IV: FINDINGS AND RECOMMENDATIONS OF THE SPECIAL VISIT**

CST suffered a body blow in the disintegration of its hopes and plans for the relationship with its intellectual child, CLU. Dissolution of that relationship forced CST to formulate new strategies for achieving fiscal sustainability. It has made major progress in charting a new course, though plan details still need to be fleshed out, and, despite some encouraging signs, it is too early to know whether or not CST will be able to right the ship. CST is moving forward with hope and as much realism as it can muster for the difficult times ahead.

#### **TEAM COMMENDATIONS**

1. CST is to be commended for its integrity and transparency in communicating internally and externally the substantial challenges it faces and it is addressing them. This responds directly to a recommendation from the initial reaccreditation visit about communication and transparency. (CFRs 1.1, 1.2, 1.6)
2. The Team commends the clarity of purpose and sense of identity CST has preserved through the turmoil. CST proclaims proudly that it is called to be Methodist, ecumenical and interreligious. (CFR 1.7)
3. The Team commends the realism with which CST is assessing and naming what needs to be done to stabilize the School, even when the necessary steps promise much pain before reward. The Team senses the commitment to using all the available tools, programs, personnel, physical facilities, development and more to put CST on the path to sustainability. (CFR 1.7, 3.6)
4. The Team commends the commitment to the welfare of students as CST moved into and through the separation of CLU and CST, facilitating the transition of doctoral program back to CST, and pro-actively offering paths for other CLU students to become part of CST with minimal difficulty. CST, as a community, was there when the students most needed it. (CFRs 2.10-2.14)

## **TEAM RECOMMENDATIONS, IN ADDITION TO THOSE OF 2013**

1. CST should ensure that the various planning efforts are grounded in realistic data and fit together in a coherent whole that encompasses strategy, campus master plan, academic plan, enrollment and fundraising plans tied to financial objectives, with benchmarks and methods and metrics for tracking progress. (CFRs 3.7 and 4.2)
2. Not new, but necessary to repeat: CST should vigorously implement its plan to achieve fiscal sustainability, including controlling costs and expanding revenues through larger enrollments and other means; it must wean itself from excessive withdrawals from endowment and reduce the draw to a sustainable level. (CFR 3.4)
3. CST should ensure its commitment to educational effectiveness and data-based decision-making. Particularly as it considers new delivery modes and decisions on program revision and/or retention, integrated methods for assessment and direct and indirect assurance of learning outcomes will be essential to wise decisions. (CFRs 2.4 - 2.7)