

March 9, 2017

Dr. Jeffrey Kuan  
President  
Claremont School of Theology  
1325 North College Avenue  
Claremont, CA 91711-3199

Dear President Kuan:

This letter serves as formal notification and official record of action taken concerning Claremont School of Theology (CST) by the WASC Senior College and University Commission (WSCUC) at its meeting February 15-17, 2017. This action was taken after consideration of the report of the review team that conducted the Special Visit to CST December 6-7, 2016. The Commission also reviewed the institutional report and exhibits submitted by CST prior to the Special Visit. The Commission appreciated the opportunity to discuss the visit with you, and your colleagues: Gamward Quan, Vice President for Business Affairs/CFO; Sheryl A. Kujawa-Holbrook, Vice President/Dean; Sharalyn Hamilton, Vice President, Advancement; and Duane Bidwell, Professor/ALO. Your comments were very helpful in informing the Commission's deliberations. The date of this action constitutes the effective date of the institution's new status with WSCUC.

At the February 2015 Commission meeting, CST was issued a Warning based on non-compliance with Standard 3, with particular focus on CFR 3.4 regarding financial sustainability, and Standard 4, related to concern about planning requirements in CFR 4.6. Because a sanction can only be given for two years, a Special Visit took place one year after the imposition of the Warning, resulting in a June 2016 Commission action to extend the Warning for one year. The Commission continued to find non-compliance with Standard 3 in regard to financial sustainability and mandated another Special Visit in fall 2016 so that the resulting team report could be considered at the end of the two-year period.

Based on the current team report, the Commission concludes that CST is still in non-compliance with Standard 3 but notes that significant progress has been made. As provided in the *2013 Handbook of Accreditation*, p. 38, WSCUC policy, based on federal law provisions, allows an extension of the two-year time period for a maximum of an additional two years for "good cause" as defined in the *Handbook*.

As conveyed in the following actions, the Commission agrees that "good cause" exists for a two-year extension. CST has taken the Commission's recommendations with seriousness and resolve, which will be needed at an even greater level given the maximum time period allowed for sanctions.

## Actions

1. Receive the Special Visit team report that focused on financial sustainability as defined in CFR 3.4 of Standard 3
2. Extend Warning for “good cause” for two years to spring 2019
3. Schedule a Progress Report concerning the status of acquiring bridge financing, due June 30, 2017
4. Schedule a Special Visit in spring 2018 focused on compliance with the financial sustainability requirements of CFR 3.4 in Standard 3. The institution’s Special Visit report is due ten weeks prior to the visit.

### **Commendations**

The Commission commends CST in particular for the following:

1. The steps it has taken, and is taking, to strategically re-envision the use of its physical campus and to sell or lease part or all of its properties to address its pressing financial needs and to ensure a sustainable future;
2. Careful consideration of multiple options for the sale or lease of its campus properties, as the option chosen is likely to forever change the physical nature of the campus and the financial health of the School;
3. The utilization of an experienced consultant to build a model for the projection of various operating budget scenarios;
4. The development of a blueprint for achieving long-term institutional sustainability and for very publicly incorporating the blueprint into its *Strategic Plan 2015*;
5. The retention of a fundraising firm to assist in the preparation of a capital campaign, the recent hiring of an experienced vice president for advancement and communications, and strengthening CST’s historical ties with the UMC and its other denominational partners;
6. Efforts being undertaken to more actively engage the Board of Trustees in fundraising;
7. Meeting and exceeding ambitious enrollment targets, achieving more than 50% growth over four years; and collegial relationships and collaborative processes leading to the stabilization of the tuition discount rate.

### **Recommendations**

The Commission identifies the following issues for further development:

1. It is imperative that CST use all means possible to quickly conclude the current legal proceedings related to the sale or lease of its campus properties and to sell or lease those properties as expeditiously as possible (CFR 3.4).
2. CST should negotiate and execute a bridge financing loan or alternative financing sources no later than March 31, 2017 in an amount necessary to support operations for a period of not less than two years. (CFR 3.4)

3. CST should immediately develop, adopt, and implement a comprehensive budget and financial model that assumes that property sale proceeds and/or property lease revenues will not be available for the next several fiscal years and that bridge financing will be available for at least the next two years. A model based on these assumptions should help CST assure that sufficient resources are available to support its operations and programs for the near term (CFRs 3.4, 4.6).
4. The CST Board of Trustees must quickly build on recent efforts to expand the school's fundraising infrastructure, develop its expertise and its active involvement in fundraising, and assert a prominent leadership role in obtaining funds for the planned capital campaign and other institutional needs through increased individual trustee contributions and trustee assisted giving (CFRs 3.4, 3.7, 3.9).

In accordance with Commission policy, a copy of this letter will be sent to the chair of CST's governing board in one week. The Commission expects that the team report and this action letter will be posted in a readily accessible location on CST's website and widely distributed throughout the institution to promote further engagement and improvement and to support the institution's response to the specific issues identified in these documents. The team report and the Commission's action letter will also be posted on the WSCUC website. If the institution wishes to respond to the Commission action on its own website, WSCUC will post a link to that response on the WSCUC website.

Finally, the Commission wishes to express its appreciation for the extensive work that Claremont School of Theology undertook in preparing for and supporting this accreditation review. WSCUC is committed to an accreditation process that adds value to institutions while contributing to public accountability, and we thank you for your continued support of this process. Please contact me if you have any questions about this letter or the action of the Commission.

Sincerely,



Mary Ellen Petrisko  
President

MEP/ro

Cc: William Ladusaw, Commission Chair  
Duane Bidwell, ALO  
Patricia Farris, Board Chair  
Members of the Special Visit team  
Richard Osborn, Vice President