

March 4, 2019

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 22, 2019. This action was taken after consideration of the report of the review team that conducted the Special Visit to CST December 12, 2018. The Commission also reviewed the institutional report and exhibits submitted by CST prior to the Special Visit and the institution's January 18, 2019 response to the team report. The Commission appreciated the opportunity to discuss the visit with you and your colleagues: Sheryl Kujawa-Holbrook, Vice President for Academic Affairs and Dean; Gamward Quan, Vice President for Business Affairs, and Duane Bidwell, Accreditation Liaison Officer and Professor of Practical Theology, Spiritual Care, and Counseling. 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.

A summary of the reason for this Special Visit is warranted. The reaffirmation visit for CST's accreditation took place in September 2013 with an Educational Effectiveness Review visit (EER). During that period, CST was incubating Claremont Lincoln University as a way of creating a financially sustainable future. Within five weeks after the EER took place, the two institutions experienced a separation which meant that the conditions reviewed by the EER team had completely changed. The staff liaison requested a delay in reaffirmation which the Commission supported and scheduled a Special Visit for December 2014. As a result of that visit, the Commission on February 20, 2015 voted to place CST on sanction with a Warning due to non-compliance with Standard 3 with a focus on Criterion for Review (CFR) 3.5 (now CFR 3.4 revised in 2013) dealing with financial sustainability and additional concern about planning in Standard 4 as found in CFR 4.6. If a sanction is not lifted within two years, the Commission is required to withdraw accreditation based on U.S. Department of Education regulations. The possibility of an extension for "good cause" for two years is also allowed.

CST experienced Special Visits in March 2016 and December 2016 with planning issues largely resolved but financial sustainability remaining an issue. After trying to find ways to keep the current physical campus intact or to sell portions to raise money, the CST Board voted to sell the entire campus at appraised market value and find another less expensive campus or to become part of another institution. After a Special Visit in

December 2016, the Commission on February 17, 2017 voted to extend the Warning for two more years for “good cause” based on the progress made with financial sustainability concerns. The Commission found that in spite of the progress with Standard 3, CFR 3.4, CST was still in non-compliance. As the result of a Special Visit in April 2018, the June 2018 Commission voted to continue the Warning through the end of the two-year extension with another Special Visit scheduled for December 2018 which is the focus of this letter. At this point the Commission must either (1) determine that a sanction is no longer warranted or (2) withdraw accreditation if a warning or other sanction is in place, since the four year maximum period allowable under federal regulations to remain in sanction status will have expired.

Actions

1. Receive the Special Visit team report caused by the Warning sanction status of CST for non-compliance with Standard 3 in regard to financial sustainability
2. Remove the Warning
3. Issue a Formal Notice of Concern
4. Reaffirm accreditation for a period of six years
5. Schedule the next reaffirmation review with the Offsite Review in spring 2024 and the Accreditation Visit in fall 2024
6. Schedule the Mid-Cycle Review to begin May 1, 2021
7. Schedule a Special Visit in fall 2019 to address:
 - a. Final resolution of the court issues.
 - b. Implementation of the sale/lease of CST’s land.
 - c. Progress on becoming part of Willamette University.
 - d. Current financial status.

The Commission commends CST in particular for the following:

1. The collegial spirit, high morale, and institutional commitment that its faculty, trustees, administration, staff, students and supporting organizations have maintained in face of an uncertain future.
2. The continuation of the diligent and aggressive efforts being made to successfully resolve the legal challenges preventing the sale of campus property.
3. The further development and utilization of budget and cash flow models to project multiple future financial scenarios.
4. Continuing strength in the enrollment department and consistent increases despite the challenges of the larger environment.
5. Securing \$5.8 million in new short-term loans to provide CST with working capital that is projected to underwrite operations through December 2019.

Given the history of five Special Visits and the same recommendations being repeated multiple times, the visiting team to CST chose to issue a series of findings. . In addition, CST signed a Memorandum of Understanding with Willamette University in Salem,

Oregon to become a division of Willamette. The Commission finds validity in the following findings of the team:

1. CST has been able to increase head-count enrollment to record levels.
2. The school has been able to execute a lease with a purchase option which has the potential to enable the embedding of CST within Willamette University.
3. CST has been able to maintain stable leadership, including faculty, board, senior administration and staff.
4. The potential embedding of CST within Willamette University continues to advance, with a goal of enrolling a CST class in fall 2019. However, at the time of the visit CST had not been able to receive a final judgment from the Los Angeles Superior Court, though it was expected shortly after the visit.
5. Given its fragile financial condition, CST runs the risk of depleting its operating capital if it is not successful in getting a judgment in a timely manner from the Court. There is also the risk that an adverse judgment could threaten the viability of CST's agreement with Willamette University and with the organization with which it has signed a lease agreement.
6. CST may be unable to fully replenish its under-water endowment.

On January 18, 2019, CST informed the WSCUC Commission that on December 18, 2018, the Superior Court of Los Angeles “issued a final Statement of Decision that (a) gives CST permission to sell its property at market value and (b) affirms that the Claremont University Consortium (CUC) has First Right of Refusal to purchase the property when CST receives a *bona fide* written purchase offer from a third party ‘for a purchase price and other material economic terms that equal the purchase price and other material economic terms set forth in the offer.’” During the last few months, CST has also entered into a favorable lease/purchase agreement for the CST campus.

Based on these understandings regarding its more positive financial situation, the Commission has removed the Warning sanction and issued a Notice of Concern as noted earlier in this letter. The *2013 Handbook of Accreditation* provides the following provision for a Notice of Concern: “A formal Notice of Concern may also be issued when an institution is removed from a sanction and the Commission wishes to emphasize the need for continuing progress and monitoring. Institutions issued a formal Notice of Concern have a Special Visit within four years to assess progress.” The Commission wants to continue monitoring CST's compliance with Standard 3 with a special focus on CFR 3.4 in regard to financial sustainability.

In accordance with Commission policy, a copy of this letter will be sent to the chair of CST's governing board. 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 CST 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,



Jamienne S. Studley
President

JSS/do

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