



June 2, 2022

Dr. James Dlugos
President
Saint Joseph's College of Maine
278 Whites Bridge Rd
Standish, ME 04084-5263

Dear President Dlugos:

I write to inform you that at its meeting on April 22, 2022, the New England Commission of Higher Education took the following action with respect to Saint Joseph's College of Maine:

that Saint Joseph's College of Maine be continued in accreditation;

that the Financial Screening Response report submitted by Saint Joseph's College of Maine be accepted;

that a Notice of Concern be issued to Saint Joseph's College of Maine that it is in danger of not meeting the Commission's standards on *Institutional Resources* and *Organization and Governance*;

that the institution submit an Annual Report on Finance and Enrollment (ARFE) by December 1, 2022 for consideration in Spring 2023;

that a focused evaluation be scheduled for Fall 2023 and that, in addition to addressing the concerns that led to the issuing of a Notice of Concern for *Institutional Resources* and *Organization and Governance*, the report prepared in advance of the visit give emphasis to the institution's success in:

1. achieving stability in senior leadership positions and developing sufficient institutional research capacity;
2. realizing its enrollment goals and maintaining positive operating results;
3. integrating its academic, enrollment, and financial plans;
4. demonstrating that assessment results are used for program improvement;

that the institution submit an interim (fifth-year) report by August 15, 2026 for consideration in Fall 2026;

that the next comprehensive evaluation be scheduled for Fall 2031.

The Commission gives the following reasons for its action.

Saint Joseph's College of Maine is continued in accreditation because the Commission finds the institution to be in compliance with the *Standards for Accreditation*.

We appreciate learning from the visiting team that Saint Joseph's College of Maine (SJC) used the self-study process to "seriously" assess its strengths and challenges as the institution navigates a period of "repositioning and reprioritization." As demonstrated by its designation of a sponsorship and mission integration officer, a cabinet-level position, and through the work of its Center for Faith and Spirituality, SJC is a mission-driven institution informed by its Catholic identity and sponsorship by the Sisters of Mercy. We commend the institution's 2018 implementation of the All-College Committee structure designed to ensure the involvement of SJC's different constituencies including faculty, staff, and students that has helped to promote a culture of transparency and shared decision-making. In addition, we are pleased to learn of the completion of the institution's "refreshed" strategic plan, *Sustaining the Promise: 2021-2026*, and give credit to the Board for its engagement in discussions of strategic issues. Faculty-led initiatives to establish new institutional and program learning outcomes and to revise the CORE curriculum are noteworthy, as is the implementation of an ePortfolio requirement across all programs and modalities that by 2024 will be used to assess student achievement of the identified outcomes. We also view positively the institution's emphasis on community-based learning, an approach that is aligned with its mission and valued by SJC's students. The College's efforts to enhance Justice, Equity, Diversity, and Inclusion that now serve as a "strategic lens" for the institution include its plans to hire a Chief Diversity Officer and its Talbot scholarship program aimed at improving minority student recruitment. The College's fundraising success (\$760,876 toward its budget goal of \$850,000 as of February 8, 2021) along with its post-pandemic plans to leverage use of its campus facilities confirm the institution's awareness of the need to diversify its revenue sources beyond student fees. Along with the visiting team, we find admirable the commitment of Saint Joseph's College of Maine – its Board, administration, faculty, and staff – to "transformation" that will ensure the institution and its students are able to continue to advance its values with integrity and "concern for the common good."

The Commission accepted the Financial Screening Response report submitted by Saint Joseph's College of Maine because it was responsive to our request of November 17, 2021. The request for the report resulted from the Fall 2021 financial screening of the Commission's independent institutions. Specifically, Saint Joseph's College of Maine fell below thresholds set by the Commission for five of the twelve financial health indicators related to an institution's enrollment (two red flags), cash flow sufficiency, liquidity (one red flag), and wealth (two red flags).

According to its report, we understand that Saint Joseph's College of Maine experienced a decline in both campus-based and online undergraduate program enrollment in Fall 2021 due to a combination of fewer new students and lower retention. In response, SJC has made retention an "all hands on deck" effort with a retention intervention task force meeting biweekly and an all-campus retention summit. In addition, the College is adjusting its financial aid model to attract more students "at or just below the Pell eligibility threshold." SJC indicated that, as of mid-December 2021, Fall 2022 applications (854 to 1,010) and deposits (22 to 31) were both up and that, following a recent change in marketing partners, new outreach initiatives have been put in place to grow its online enrollment. We note with approval that SJC's 2021 liquidity and wealth metrics showed some improvement due to strong investment returns – \$3.5 million in FY2021 compared to \$330,431 in FY2020. The College's unrestricted endowment also edged up from \$3.1 million to \$3.7 million with tight control of costs helping to reduce the institution's cash flow challenges that allowed some payback of unrestricted endowed funds that had been borrowed to fund a significant

operating loss in FY2017. Further, in FY2021, SJC was able to refinance some of its debt which reduced debt service.

Over the past few years, even with the help of pandemic-related relief funds, Saint Joseph's College of Maine's operating results have been uneven: FY2020 (\$574,165 deficit); FY2021 (\$3.0 million surplus); FY2022 (projected deficit in excess of \$700,000). And, despite some early signs of potential improvement based on applications for Fall 2022, the College has yet to reverse its downward trend in enrollment – FTE of 1,473 in Fall 2020 to 1,357 in Fall 2021. Particularly given its significant reliance on revenue from student fees and an increased discount rate (55% in Fall 2021), SJC will need to achieve its positive enrollment projections in what is a very challenging recruitment environment in order for its financial position to become more stable. At the same time, underinvestment in facilities has resulted in a deferred maintenance balance of \$10.2 million.

Further, as reported by the visiting team, the high turnover of senior-level positions, notably in academic affairs, finance, and enrollment management, coupled with limited institutional research capacity, has created "extensive" challenges and impeded SJC's ability to "achieve success in enrollment management and long-range financial planning and budgeting." In general, budget constraints that led to staff reductions and the elimination of several academic programs have resulted in "thin" staffing levels and a general consensus that faculty and staff salaries offered by the College are not currently competitive.

Given these concerns, a formal Notice of Concern is issued by the Commission to convey to Saint Joseph's College of Maine that it is in danger of being found not to meet the Commission's standards on *Institutional Resources* and *Organization and Governance*:

The institution has sufficient human, financial, information, physical, and technological resources and capacity to support its mission. Through periodic evaluation, the institution demonstrates that its resources are sufficient to sustain the quality of its educational program and to support institutional improvement now and in the foreseeable future. The institution demonstrates, through verifiable internal and external evidence, its financial capacity to graduate its entering class. The institution administers its resources in an ethical manner and assures effective systems of enterprise risk management, regulatory compliance, internal controls, and contingency management (*Institutional Resources*, Statement of the Standard).

The institution has a system of governance that facilitates the accomplishment of its mission and purposes and supports institutional effectiveness and integrity. Through its organizational design and governance structure, the institution creates and sustains an environment that encourages teaching, learning, service, scholarship, and where appropriate, research and creative activity. It demonstrates administrative capacity by assuring provision of support adequate for the appropriate functioning of each organizational component. The institution has sufficient autonomy and control of its programs and operations consistent with its mission to be held directly accountable for meeting the Commission's *Standards for Accreditation* (*Organization and Governance*, Statement of the Standard).

Commission policy (enclosed) defines a formal Notice of Concern as follows:

When the Commission determines that an institution is in danger of being found not to meet one or more Standards if current circumstances or trends continue, it will take an action continuing the institution in accreditation, with a formal Notice of Concern.

An institution issued a formal Notice of Concern will undergo an evaluation within two years to assess the institution's success in addressing the identified concerns. If the Notice is for *Institutional Resources*, the visit will include a review of the institution's academic records for students and alumni/ae to assess the policies and procedures in place with respect to the retention, safety and security, and disposal of those records.

If the Commission finds the institution has successfully addressed the concerns, it will remove the Notice of Concern and specify further monitoring. If the Commission has reason to believe that the institution may or may not meet one or more of the *Standards for Accreditation*, the Commission will ask the institution to show cause why it should not be on probation or why its accreditation should not be withdrawn. If the Commission finds that the concerns have not been satisfactorily addressed, the Commission may issue a continued formal Notice of Concern. An institution issued a continued formal Notice of Concern is subject to further monitoring which may include a progress report, Annual Report on Finance and Enrollment (ARFE), or focused evaluation. The Commission will assess the results of that monitoring no later than two years after the continued formal Notice of Concern.

A formal Notice of Concern is not made public by the Commission.

The formal Notice of Concern will be communicated to the institution by letter, a copy of which will be sent to the chair of the institution's governing board. Commission staff will ask to meet within 90 days with broad-based representation of the institution's leadership, including the President and the chair of the governing board.

Consistent with the Commission's Policy on formal Notice of Concern, the Commission will continue to closely monitor the success of Saint Joseph's College of Maine to achieve its goals to improve its financial position and to strengthen its governance and administrative capacity on an ongoing basis, which includes the Annual Report on Finance and Enrollment due December 1, 2022 for consideration by the Commission in Spring 2023 and the focused evaluation scheduled for Fall 2023.

So that the Commission is able to review the institution's progress to improve its financial condition and adapt to the post-pandemic environment, we ask that Saint Joseph's College of Maine submit an Annual Report on Finance and Enrollment by December 1, 2022 for consideration in Spring 2023. The purpose of the ARFE report is to help the Commission determine whether the College continues to meet its standard on *Institutional Resources*. As per the ARFE report guidelines enclosed for your review and use, the report narrative should include an explanation of the institution's enrollment history and its future projections; assessment of the institution's cash flow and liquidity position; and analysis of its operating results (surplus or deficit) to include trends in net tuition. Saint Joseph's College of Maine is asked to submit the report as a single, searchable pdf file using the NECHE Institution Portal no later than December 1, 2022.

In the report prepared in advance of the Fall 2023 focused evaluation, in addition to giving attention to the institution's success in addressing the matters that led to the issuing of the Notice of Concern for *Institutional Resources* and *Organization and Governance*, Saint Joseph's College of Maine is asked to give emphasis to four items related to our standards on *Planning and Evaluation*, *Organization and Governance*, *Institutional Resources*, *Students*, *The Academic Program*, and *Educational Effectiveness*.

We welcome the news that progress has been made since the evaluation team's visit to fill some of the senior-level openings and understand that a permanent Chief Learning Officer was recently hired with other searches nearing completion. In addition, we are aware of the College's plans to hire a Director of Institutional Research separate from the Registrar's function in FY2023. The effort led by SJC's Human Resources Office to develop a strategic staffing model that will "incorporate succession planning and department-level business continuity plans" is also encouraging. We look forward to learning, in the report prepared in advance of the Fall 2023 focused evaluation, that the institution has been successful in achieving stability in its senior leadership positions and in developing sufficient institutional research capacity. Our standards on *Planning and Evaluation*, *Organization and Governance*, and *Institutional Resources* provide this guidance:

Institutional research is sufficient to support planning and evaluation. The institution systematically collects and uses data necessary to support its planning efforts and to enhance institutional effectiveness (2.2).

The chief executive officer, through an appropriate administrative structure, effectively manages the institution so as to fulfill its purposes and objectives and establishes the means to assess the effectiveness of the institution. The chief executive officer manages and allocates resources in keeping with institutional purposes and objectives and assesses the effectiveness of the institution. The chief executive officer assures that the institution employs faculty and staff sufficient in role, number, and qualifications appropriate to the institution's mission, size, and scope (3.12).

The institution employs sufficient and qualified personnel to fulfill its mission (7.1).

As recognized by the institution, we share the view that "fundamental change" is needed to ensure SJC's long-term sustainability and therefore support the formation of a Board Committee on Mission Aligned Businesses/Sustainable Enterprises to "focus on new initiative efforts." With a revised goal to enroll a total of 1,000 students which, according to the visiting team, "appears to still be very ambitious," the College contends that achieving its goal of 250 new FTFT students in Fall 2022 is "reasonable and within reach" based on its spring application and admissions numbers. With respect to the College's online enrollment that had been running about 7% below FY2022 budget targets, we understand SJC's plans for growth include introducing another term start date by moving to a 10-week format. As specified in our standards on *Students* and *Institutional Resources*, we anticipate being apprised, in the Fall 2023 report, of the institution's success in realizing its enrollment goals and maintaining positive operating results:

Consistent with its mission, the institution sets and achieves realistic goals to enroll students who are broadly representative of the population the institution wishes to serve (*Students*, Statement of the Standard).

The institution preserves and enhances available financial resources sufficient to support its mission. It manages its financial resources and allocates them in a way that reflects its mission and purposes. It demonstrates the ability to respond to financial emergencies and unforeseen circumstances (7.4).

The institution is financially stable. Ostensible financial stability is not achieved at the expense of educational quality. Its stability and viability are not unduly dependent upon vulnerable financial resources or an historically narrow base of support (7.5).

The institution's multi-year financial planning is realistic and reflects the capacity of the institution to depend on identified sources of revenue and ensure the advancement of educational quality and services for students (7.6).

The institution's financial planning, including contingency planning, is integrated with overall planning and evaluation processes. The institution demonstrates its ability to analyze its financial condition and understand the opportunities and constraints that will influence its financial condition and acts accordingly. It reallocates resources as necessary to achieve its purposes and objectives. The institution implements a realistic plan for addressing issues raised by the existence of any operating deficit (7.14).

As the evaluation team verified during its visit, there is "emerging evidence" of SJC's planning and evaluation capacity, as evident from its development of key performance indicators to monitor the College's progress in achieving its strategic planning goals that will include external benchmarking against a new set of comparison institutions. Yet, it "remains unclear how the enrollment targets [for both its on-campus and online programs] will be set and incorporated into the broader strategic planning effort." We therefore take favorable note of SJC's intent to develop a detailed three-year forecast for review by the Board. We seek assurance, though the Fall 2023 report, that the institution's academic, enrollment, and financial plans are integrated and aligned with its strategic plan, *Sustaining the Promise: 2021-2026*. This request is in keeping with our standards on *Planning and Evaluation, The Academic Program, Students* (cited above), and *Institutional Resources* (cited above).

Planning and evaluation are systematic, comprehensive, broad-based, integrated, and appropriate to the institution (2.1).

The institution plans beyond a short-term horizon, including strategic planning that involves realistic analyses of internal and external opportunities and constraints. The results of strategic planning are implemented in all units of the institution through financial, academic, enrollment, and other supporting plans (2.3).

The institution undertakes academic planning and evaluation as part of its overall planning and evaluation to enhance the achievement of institutional mission and program objectives. These activities are realistic and take into account stated goals and available resources (4.7).

We concur with the visiting team that Saint Joseph's College of Maine is "largely in the groundwork phase of its assessment efforts," and we share the team's observation that the College's Institutional Academic and Learning Assessment Plans and the implementation of ePortfolios "shows real promise." Given that previous efforts had stalled due to turnover of the Chief Learning Officer, we are particularly encouraged that a faculty coordinator has been appointed to oversee SCJ's assessment work and that the Associate Dean was assigned responsibility for the assessment of online programs. The addition of a Director of Institutional Research is expected to create a more centralized institutional research function to support regular academic program review that includes an external perspective and development of a "continuous improvement loop." The report prepared in advance of the Fall 2023 visit will enable the institution to provide evidence that it uses assessment results for program improvement. We remind you of our standards on *Planning and Evaluation* (cited above and below) and *Educational Effectiveness*:

The institution's principal evaluation focus is the quality, integrity, and effectiveness of its academic programs. Evaluation endeavors and systematic assessment are demonstrably effective in the improvement of academic offerings, student learning, and the student experience. Systematic feedback from students, former students, and other relevant constituencies is a demonstrable factor in institutional improvement (2.7).

The institution has a demonstrable record of success in using the results of its evaluation activities to inform planning, changes in programs and services, and resource allocation (2.8).

The results of assessment and quantitative measures of student success are a demonstrable factor in the institution's efforts to improve the curriculum and learning opportunities and results for students (8.8).

The institution devotes appropriate attention to ensuring that its methods of understanding student learning and student success are valid and useful to improve programs and services for students and to inform the public (8.9).

A copy of the procedures for the Fall 2023 focused evaluation are enclosed for your information and use.

Commission policy requires an interim (fifth-year) report of all institutions on a decennial evaluation cycle. The purpose of Saint Joseph's College of Maine's Fall 2026 interim report is to provide the Commission an opportunity to appraise the institution's current status in keeping with the Policy on Periodic Review.

The scheduling of a comprehensive evaluation in Fall 2031 is consistent with Commission policy requiring each accredited institution to undergo a comprehensive evaluation at least once every ten years.

You will note that the Commission has specified no length or term of accreditation. Accreditation is a continuing relationship that is reconsidered when necessary. Thus, while the Commission has indicated the timing of the next comprehensive evaluation, the schedule should not be unduly emphasized because it is subject to change.

It is Commission policy to arrange a meeting with staff within 90 days of the issuing of a formal Notice of Concern. A member of the Commission staff will call to arrange a meeting with you and members of your governing board.

The Commission expressed appreciation for the self-study prepared by Saint Joseph's College of Maine and for the report submitted by the visiting team. The Commission also welcomed the opportunity to meet with you and Marc Camille, team chair, during its deliberations.

You are encouraged to share this letter with all of the institution's constituencies. It is Commission policy to inform the chairperson of the institution's governing board of action on its accreditation status. In a few days we will be sending a copy of this letter to Dr. Carol Strobeck. The institution is free to release information about the evaluation and the Commission's action to others, in accordance with the enclosed policy on Public Disclosure of Information about Affiliated Institutions.

The Commission hopes that the evaluation process has contributed to institutional improvement.

Dr. James Dlugos
June 2, 2022
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It appreciates your cooperation with the effort to provide public assurance of the quality of higher education.

If you have any questions about the Commission's action, please contact Lawrence M. Schall, President of the Commission.

Sincerely,



George W. Tetler

GWT/sjp

cc: Dr. Carol Strobeck
Visiting team

Enclosures:

Policy on Notice of Concern
Guidelines for Preparing the Annual Report on Finance and Enrollment
Procedures for the Focused Evaluation Visit
Public Disclosure of Information about Affiliated Institutions