



April 19, 2023

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 March 2, 2023, the New England Commission of Higher Education considered the combined Annual Report on Finance and Enrollment and the Financial Screening Response report submitted by Saint Joseph's College of Maine and voted to take the following action:

that the Annual Report on Finance and Enrollment (ARFE) and Financial Screening Response report submitted by Saint Joseph's College of Maine be accepted;

that the Notice of Concern 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* be affirmed;

that the focused evaluation scheduled for Fall 2023 be confirmed;

that the interim (fifth-year) report scheduled for consideration in Fall 2026 be confirmed.

The Commission gives the following reasons for its action.

The Commission accepted the combined ARFE and Financial Screening Response report submitted by Saint Joseph's College of Maine (SJCME) because it was responsive to the Commission's letter of June 2, 2022 and met our request of November 16, 2022 for additional information that resulted from the Fall 2022 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).

We are pleased to learn from Saint Joseph's College of Maine's report that the institution continues its efforts to confront its enrollment and financial challenges. As indicated by the financial screening dashboard metrics that show a decline in both enrollment and net tuition revenue, we understand that the decrease was "driven" by a 9% reduction in online enrollment. At the same time, we view positively that total campus-based headcount in Fall 2022 remained essentially unchanged (759 in 2021 and 758 in 2022) with "full-time student enrollment grow[ing] by 15% and ... retention rates approach[ing] pre-pandemic levels." Given the College's ambitious

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goals to achieve an incoming class of 250 in Fall 2023 (from 205 in Fall 2022) and a total student body of 985 by Fall 2027, we are encouraged that year-to-date deposits are up – 43 versus 27 in the prior year. We give credit to SJCME for implementing plans to improve its 16% yield rate by “fine tuning” the College’s recruitment processes, as well as its launch of an accelerated B.S. in Nursing program in Fall 2023 that is anticipated to grow to 150 students and generate \$2.2 million by FY2026. The institution’s \$2.5 million investment in a new Nursing SIM lab to support the program, funded entirely by federal grants and gifts, is particularly noteworthy. Comparing FY2021 to FY2022 that ended with an operating deficit of \$91,774, we are aware that net tuition and fees declined (\$15.3 million to \$13.0 million), expenditures remained relatively stable (\$33.4 million and \$34.4 million), contributions increased (\$1.5 million to \$2.0 million), and investment gains of \$3.5 million turned into investment losses of \$3.1 million due to unfavorable financial market returns. At the same time, we commend SJCME for making progress to diversify its revenue base and improve its liquidity and wealth indicators by renting underutilized dormitory space and selling “extraneous” real estate. Finally, we recognize the steps take to enhance and stabilize the institution’s senior leadership that included the hiring of a CFO, Vice President for Learning and Programs, Vice President for Enrollment, and Director of Institutional Research who will “provide the experience, expertise, and energy to navigate the college toward a more sustainable future.”

Given that Saint Joseph’s College of Maine is scheduled to undergo a focused evaluation in Fall 2023 to address the concerns that led to the issuing of the Notice of Concern that the institution is in danger of not meeting the standards on *Institutional Resources* and *Organization and Governance*, the Notice of Concern is affirmed pending the results of that review. You are reminded of our letter of June 2, 2022 that identifies areas of emphasis for the report prepared in advance of the Fall 2023 evaluation.

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

The Commission expressed appreciation for the report submitted by Saint Joseph’s College of Maine and hopes its preparation has contributed to institutional improvement. It appreciates your cooperation in the effort to provide public assurance of the quality of higher education.

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 Jeff Moody. The institution is free to release information about the report and the Commission’s action to others, in accordance with the enclosed policy on Public Disclosure of Information about Affiliated Institutions.

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

Sincerely,



Russell Carey

cc: Jeff Moody

Enclosure: Public Disclosure of Information about Affiliated Institutions