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President of the Commission  
BARBARA E. BRITTINGHAM  
bbrittingham@neche.org

Senior Vice President of the Commission  
PATRICIA M. O'BRIEN, SND  
pobrien@neche.org

Vice President of the Commission  
CAROL L. ANDERSON  
canderson@neche.org

Vice President of the Commission  
LAURA M. GAMBINO  
lgambino@neche.org

Vice President of the Commission  
PAULA A. HARBECKE  
pharbecke@neche.org

Vice President of the Commission  
AARON PERKUS  
aperkus@neche.org

April 30, 2020

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

Dear President Dlugos:

I write to inform you that at its meeting on March 5, 2020, the New England Commission of Higher Education considered the Annual Report on Finance and Enrollment submitted by Saint Joseph's College of Maine and voted the following:

that the Annual Report on Finance and Enrollment submitted by Saint Joseph's College of Maine be accepted;

that the formal Notice of Concern that the College is in danger of not meeting the Commission's standard of *Institutional Resources* be continued;

that the focused evaluation scheduled for Fall 2020 be confirmed;

that, in addition to the matters specified in our letter dated March 13, 2019, the report prepared in advance of the Fall 2020 focused evaluation include:

1. a realistic five-year enrollment plan and multi-year financial plan that are integrated with the College's strategic plan;
2. the results of the November 2018 federal financial aid audit;

that the comprehensive evaluation scheduled for Fall 2021 be confirmed.

The Commission gives the following reasons for its action.

The Commission accepted the Annual Report on Finance and Enrollment (ARFE) submitted by Saint Joseph's College of Maine because it was responsive to the Commission's request of March 13, 2019.

After incurring a sizable net operating deficit of \$1.7 million in FY2017, Saint Joseph's College of Maine (SJCM) has been successful in achieving net operating surpluses in the most recent two fiscal years – FY2018 (\$172,000) and FY2019 (\$724,000). We recognize that this positive outcome was the result of “more intentional engagement with the College’s revenue and expense managers,” and better oversight of its operating expenses including personnel costs. In addition, the College’s net assets increased from \$38.0 million in FY2017 to \$41.7 million in FY2019, and all debt covenants were met in FY2018 and FY2019. Significantly, the College’s budgeting process was improved so that no “dramatic mid-year adjustments” were required in FY2019.

As a highly tuition-dependent institution with 90% of its FY2019 operating revenue coming from net student fees, SJCM recognizes that its primary challenge remains enrollment. As reported in the Commission’s Data First forms, this past year total FTE was down – from 1,412 in FY2019 to 1,332 in FY2020 – primarily due to the decline in undergraduate FTE enrollment from 1,008 to 929. Of greater concern, however, was the notable decline in applications received from prospective transfer students (from 1,256 in FY2017 to 402 in FY2020) and master’s degree students (from 1,141 in FY2017 to 265 in FY2020). In addition, instructional expenses have decreased \$2.2 million since FY2017. Therefore, even while progress has been made, SJCM still needs to stabilize its enrollment to ensure its goal of financial stability is met. The Commission therefore continued the Notice of Concern that the College may be in danger of not meeting its standard on *Institutional Resources*.

Consistent with its policy on formal Notice of Concern, the Commission will continue to monitor Saint Joseph’s College of Maine’s financial situation which includes the focused evaluation scheduled for Fall 2020. In addition to matters specified in our letter dated March 13, 2019, we ask that the Fall 2020 report provide an assessment of the College’s progress in addressing the matters that led to the Notice of Concern and updates on two items related to our standards on *Students*, *Institutional Resources*, and *Planning and Evaluation*.

In its ARFE report, SJCM did not provide any information about its enrollment projections for future years, nor was the “goal” column completed for those Data First forms related to enrollment. The Commission therefore seeks further information in the Fall 2020 report about SJCM’s enrollment goals and its plans to achieve them, specifically a five-year enrollment plan and multi-year financial plan that support the institution’s strategic plan. In keeping with our standards on *Students* and *Institutional Resources*, this request is to ensure that 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), and that its “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). Our standard on *Planning and Evaluation* provides this additional guidance:

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).

We are aware from SJCM’s FY2018 financial statements that a financial aid audit was conducted in November 2018 by the U.S. Department of Education to determine the “ultimate resolution or potential liability associated with the possible non-compliance” of the institution’s award of federal student financial aid in FY2016. The Fall 2020 report will afford the institution an opportunity to update the Commission on the outcome of the Department’s audit. Our standard on *Institutional Resources* is relevant here:

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The institution has in place appropriate internal and external mechanisms to evaluate its financial status including fiscal condition, working capital, capital projects, cash flow requirements, and financial management. The institution uses the results of these activities for improvement and to maintain institutional integrity (7.20).

The scheduling of a comprehensive evaluation in Fall 2021 is consistent with Commission policy requiring each accredited institution to undergo a comprehensive evaluation at least once every ten years. We refer you to our letter of June 6, 2018 that specifies a matter to be addressed in the self-study prepared in advance of the comprehensive evaluation: an update on the College's progress in integrating its financial and strategic plans into all units of the institution.

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

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. Meredith Tipton. 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 Barbara Brittingham, President of the Commission.

Sincerely,



David Quigley

DQ/jm

Enclosure

cc: Dr. Meredith Tipton