NECHE
New England Commission
of Higher Education

March 13, 2019

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 1, 2019, 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 to take the following action:

> that the Annual Report on Finance and Enrollment (ARFE) submitted by Saint Joseph's College of Maine be accepted;
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> that the Commission issue a formal Notice of Concern to Saint Joseph's College of Maine that it is in danger of not meeting the Commission's standard on *Institutional Resources*;
>
> that the institution submit an Annual Report on Finance and Enrollment by December 1, 2019 for consideration in Spring 2020;
>
> that the College undergo a focused evaluation in Fall 2020 to assess its progress in addressing the matters that led to the Notice of Concern;
>
> that the comprehensive evaluation scheduled for Fall 2021 be confirmed.

The Commission gives the following reasons for its action.

The Commission accepted the ARFE report submitted by Saint Joseph's College of Maine because it was responsive to the Commission's request of June 6, 2018.

We appreciate Saint Joseph's College of Maine's (SJCME) report documenting the institution's progress over the past year to improve its financial stability following the College's FY2017 net operating deficit of $1.7 million that was primarily due to declining online enrollment. We understand that, to prevent a similar result in FY2018, the College proactively took steps to "realign" its expenses with revenues when it realized it would again

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most likely not meet its revenue projections. Most significant was the "restructuring" of the College's personnel with total full-time staff declining from 248 to 209 with the majority of reductions made, according to the Finance and Enrollment forms, in management occupations, service occupations, and office and administrative roles. As a result, FY2018 ended with a net operating surplus of $172,041. FY2019 appears to be following a similar pattern: SJCME starting with a balanced budget but requiring further expense reductions of $600,000 to offset a decrease in projected revenue of $790,000 "almost entirely attributable to shortfalls in online nursing enrollments." Overall, undergraduate enrollment has remained fairly consistent over the past four years (998 FTE in FY2016 and 1,008 FTE in FY2019), while graduate enrollment has fallen from 519 FTE in FY2016 to 404 FTE in FY2019. We also are aware that SJCME has decided to end its Bachelor of Science in Information Technology (BSIT) because it "never realized the forecasted student enrollment," retaining only select courses as a minor in the undergraduate online program. We therefore are pleased to learn that all currently enrolled BSIT students are being taught out and are on track to complete their degrees by the end of the current academic year.

While we are encouraged to learn that the College is in the process of rebuilding its multi-year financial plan to more accurately reflect the current, smaller size of its online programs, we nonetheless are concerned about the institution's ability to set realistic enrollment goals thereby preventing the need for sizable mid-year expense reductions that have the potential going forward to jeopardize the quality of SJCME's academic programs and services. A formal Notice of Concern is therefore 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 standard on *Institutional Resources:*

> 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 standard is further explicated as follows:

> 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).
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> 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).

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.
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> 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.
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> A formal Notice of Concern is not made public by the Commission.
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> 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 monitor the College's financial situation on an ongoing basis, which includes the December 1, 2019 Annual Report for Finance and Enrollment and the focused evaluation scheduled for Fall 2020. The report prepared in advance of the Fall 2020 focused evaluation will provide Saint Joseph's College of Maine a further opportunity to demonstrate its continued success in addressing the matters that led to the formal Notice of Concern.

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 matters to be addressed in the Fall 2021 self-study prepared in advance of the comprehensive evaluation.

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 report submitted by Saint Joseph's College of Maine and hopes the evaluation process has contributed to institutional improvement. It appreciates your cooperation in 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

David Quigley

DQ/jm

Enclosures

cc: Dr. Meredith Tipton