

July 12, 2019

Dr. Paul Ague
President
San Diego Christian College
200 Riverview Parkway
Santee, CA 92071

Dear President Ague:

This letter serves as formal notification and official record of action taken concerning San Diego Christian College (SDCC) by the WASC Senior College and University Commission (WSCUC), at its meeting June 28, 2019, to impose the sanction of Probation.

This action was taken after consideration of the report of the review team that conducted the Special Visit to SDCC March 19-21, 2019. The Commission also reviewed the institutional report and exhibits submitted by SDCC prior to the Special Visit and the institution's May 28, 2019 response to the team report. The Commission appreciated the opportunity to discuss the visit with you and your colleagues Mr. Phillip Sparling, Board Chair, Mr. Allen Garrett, Chief Financial Officer, and Mr. Bill Crawford, Executive Vice President. Your comments were very helpful in informing the Commission's deliberations. The date of this action constitutes the effective date of the institution's status with WSCUC.

Probation reflects the Commission's finding that an institution has serious issues of noncompliance with one or more of the Standards of Accreditation. The Commission has determined that SDCC is not in compliance with WSCUC Standard 3. While on Probation, the institution is subject to special scrutiny by the Commission, which may include a requirement to submit periodic prescribed reports and to receive Special Visits by representatives of the Commission. The accredited status of SDCC continues during the Probation period. While an institution is on Probation, any new sites or degree programs must be approved through the substantive change process.

Under U.S. Department of Education regulations, when the Commission finds that an institution fails to meet one or more of the Standards of Accreditation, it is required to notify the institution of the deficiencies and establish a time period, which may not exceed two years, within which they must be corrected. If an institution has not remedied the deficiencies at the conclusion of this sanction period, the Commission is required, under U.S. Department of Education regulations, to take an "adverse action," which in this case would take the form of withdrawal of accreditation. An institution under sanction must address the areas cited by the Commission expeditiously, with seriousness and the full attention of the institution's leadership. It is the responsibility of the Commission to determine, at the end of the sanction period, whether the institution has made the necessary corrections and has come into compliance with Commission Standards. (Please refer to pages 36-42 of the 2013 Handbook of Accreditation.)

Actions

1. Receive the Special Visit Report
2. Impose Probation
3. Schedule a Special Visit in spring 2020. The report must address the following issues and include the requested documents:
 - a. Financial sustainability
 - i. Audited financial statements for FY2018-19 (if amended since submission of the Progress Report)
 - ii. Most recent 2019-20 pro forma to include actuals year-to-date vs budget and an explanation of significant variances
 - iii. Revenue disaggregated by source
 - iv. Updated five-year budget projections
 - v. Enrollments for the years 2017-18, 2018-19, and 2019-20
 - vi. Discussion of discrepancies, if any, between enrollment goals and actual enrollments
 - vii. Status of implementation of enrollment management plan with realistic, not aspirational, projections
 - viii. Narrative assessment of the financial status of the institution
 - b. Retention and graduation rates
 - i. Graduation rates from fall 2016 through fall 2019 disaggregated to assess equity gaps
 - ii. Retention rates from fall 2016 through fall 2019 disaggregated to assess equity gaps
 - iii. Description of key initiatives to improve student success with evidence of the success of those initiatives or the plans to assess their effectiveness
 - c. Assessment of co-curricular programs
 - i. A schedule for the assessment of co-curricular programs
 - ii. A description of the process for assessing co-curricular programs including timelines and plans for closing the loop
 - iii. Two completed reviews of co-curricular programs
 - d. Use of data for decision-making
 - i. Description of steps the institution has taken to strengthen the collection, analysis and use of data for decision-making
 - ii. Two examples of how data have been used to inform allocation of resources
4. Schedule a Progress Report, due November 15, 2019, that includes the following:
 - a. Audited financial statements for FY 2018-19
 - b. Report on evidence of assessment of co-curricular programs
 - c. Five-year budget projections
 - d. Plans for enrollment management with realistic projections
 - e. Status of the search for a new president
 - f. Teach out plans for the institution

Areas of Non-compliance. The Commission determined that San Diego Christian College is out of compliance with Standard 3, specifically, with Criteria for Review 3.4 and 3.6, as contained in the 2013 Handbook of Accreditation:

- Standard 3: The institution sustains its operations and supports the achievement of its educational objectives through investments in human, physical, fiscal, technological, and information resources and through an appropriate and effective set of organizational and decision-making structures. These key resources and organizational structures promote the achievement of institutional purposes and educational objectives and create a high-quality environment for learning.

- CFR 3.4: The institution is financially stable and has unqualified independent financial audits and resources sufficient to ensure long-term viability. Resource planning and development include realistic budgeting, enrollment management, and diversification of revenue sources. Resource planning is integrated with all other institutional planning. Resources are aligned with educational purposes and objectives.

- CFR 3.6: The institution's leadership, at all levels, is characterized by integrity, high performance, appropriate responsibility, and accountability.

The Commission relied on the following evidence to support its determination:

1. The institution's audits have had to be restated and the current draft audit indicates that SDCC is out of compliance with its loan covenants. This evidences an underlying instability in the basic financial management of the institution.
2. The most recent audited statements as restated present a trend of deficits which undermines the institution's ability to secure and maintain resources ensuring long-term viability. SDCC's need to secure a bridge loan to cover cash demands during summer 2019 is further evidence of a significantly weakened resource position.
3. The institution does not have a current five-year budget and its FY 2018-19 budget was not formally approved by the Board of Trustees. Without approved future budgets and projections, the institution cannot have a realistic understanding of its prospective financial position. In addition, the absence of these fiscal tools means the institution is not able to align its resources with educational objectives and purposes.
4. SDCC's enrollment, which provides approximately 95% of the institution's revenue, has been declining. The institution does not have a realistic enrollment management plan, which is essential to maintain this primary resource stream. In addition, the institution's overwhelming reliance on a single funding source fails to show appropriate diversification of revenue.
5. Institutional leadership is required to take appropriate responsibility and accountability for institutional decisions, including establishing realistic budget

planning for sustaining the institutional mission. Based on the evidence cited in items 1 through 4 preceding, the Commission is not confident that the leadership at SDCC has a plan to address these serious financial issues and assure long-term sustainability of the institution.

Finally, with respect to Standard 3, WSCUC has been notified just recently that the U.S. Department of Education has determined that San Diego Christian College does not meet financial responsibility standards. In order to continue to participate in federal student aid programs under Title IV, the institution must either post an irrevocable \$3M letter of credit, or a smaller LOC and proceed under Heightened Cash Monitoring 1 provisions. This action by the Department of Education supports the Commission's conclusion that the institution is out of compliance with Standard 3.

Additional Areas to Address. While the institution is not out of compliance with Standard 2 or Standard 4, more work is needed in the following areas:

1. Standard 2 requires assessment of all academic and co-curricular programs. Since the reaffirmation visit in 2016, only one co-curricular program (Student Ministry) has been assessed and that review was already in progress in 2016. Other programs that were overdue for a review were rescheduled. SDCC must fully implement a timeline and cycle of assessment of co-curricular programs, including data collection. (CFRs 2.7, 2.11)
2. Institutions must demonstrate that students make timely progress toward their degrees, including across demographic groups. While SDCC has made progress in identifying diverse student populations across a wide range of attributes, it has not devoted adequate resources to increasing the success of these students. SDCC must develop and implement evidence-based interventions and strategies to improve retention and graduation rates. (CFRs 2.10, 3.1, WSCUC Equity and Inclusion Policy)
3. Standard 4 requires institutions to have "institutional research capacity consistent with its purposes and characteristics." This includes the analysis of data that are then incorporated into planning and decision-making. SDCC has made some progress in integrating technology systems to make data more accessible, but little evidence exists to demonstrate that data are used to inform decisions. SDCC must strengthen the collection, analysis, and use of data for planning and decision-making. (CFR 4.2)

The Commission requires a meeting between the WSCUC staff and representatives of San Diego Christian College, including the Chief Executive Officer, representatives of the governing board, and senior faculty leadership, within 90 days from the date of this letter. The purposes of the meeting are to further clarify the reasons for the Commission's findings and bases for decision, to review the actions taken as of the date of the meeting, and to discuss the institution's plans for responding to this Commission action. WSCUC will contact SDCC's ALO to make arrangements for this meeting.

The Commission decision to impose Probation is subject to Commission review. A request by the institution for Commission review is limited to one or more of the four bases as outlined in

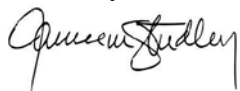
the *2013 Handbook of Accreditation, Revised* (see pp. 40-42). If SDCC intends to seek review, the request, co-signed by the CEO and Chair of the governing board, must be submitted to the President of the Commission within 28 days of the date of this letter together with the required fee.

Commission policy requires that in the case of a sanction, a public statement will be prepared in consultation with the institution acknowledging the institution's status. The Commission reserves the right to make the final determination of the nature and content of the public statement. The public statement must be posted on the institution's website. Enclosed is a copy of a draft public statement, which SDCC may use as it stands. If you wish to propose revisions to the draft your proposed changes must be forwarded by email to Dr. Tamela Hawley within 24 hours of receipt of this letter. In addition, any reference to WSCUC accreditation on the website should be accompanied by the words "Currently on Probation" and the public statement.

In accordance with Commission policy, a copy of this letter will be sent to the chair of SDCC's governing board. The Commission expects that the team report, this action letter, and the public statement will be posted in a readily accessible location on the SDCC'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.

Please contact me if you have any questions about this letter or the action of the Commission.

Sincerely,



Jamienna S. Studley
President

JSS/thh

Cc: Reed Dasenbrock, Commission Chair
Elizabeth Stanton, ALO
Phillip Sparling, Board Chair
Members of the Special Visit team
Tamela H. Hawley, Vice President