July 17, 2007

David P. Lopez
President
The National Hispanic University
14271 Story Road
San Jose, CA 95127

Dear President Lopez:

At its meeting on June 20-22, 2007, the Commission considered the report of the team that conducted the Capacity and Preparatory Review (CPR) visit to The National Hispanic University (NHU) on February 7-9, 2007. The Commission also had access to the report that was prepared by the University prior to the visit. The Commission appreciated the opportunity to discuss the team report and visit process with you, Vice Provost and ALO Adriana Ayala, Vice President of Administration Michael Ramirez, Director of the Library Mary Manning, Chair of the Teacher Education Department Neva Hofemann, and Director of Admissions and Registrar Pamela Bustillo. Your comments were helpful.

In granting Initial Accreditation to the University, the 2002 Commission Action letter outlined a number of areas for continued development. These areas included:

- The University’s relationship with San Jose State University;
- The development of a quality assurance system;
- Strategic and financial planning;
- The enhancement of library services;
- The development of a core faculty;
- The hiring of relatives and related conflicts of interest; and
- The need to modify the general education curriculum.

The CPR team found several areas of progress since the last visit. The University has sustained its compelling vision and continues to provide a supportive environment for its students. The relationship between San Jose State University and NHU is thriving through ongoing mutual cooperation. The University has acquired impressive new facilities, which are a testimony to the shared vision held by the University’s Board and leadership, and
community support. In addition, upper division general education courses have been added to the curriculum.

While noting these areas of progress, the CPR team found the University to be severely challenged on many fronts. The team identified a number of areas where progress has not been made, or where no clear plan of action to remedy long-standing problems has been developed. Notwithstanding the significance of the University's mission and the value of the University to the community, the Commission has very serious concerns about the viability of NHU, the adequacy of its infrastructure, and the sustainability of its operations over the next several years. Moreover, the seriousness of these concerns does not yet seem to be fully understood by the University, and the plans presented to address them do not appear to be sufficient.

In accepting the team report, the Commission endorsed the findings and recommendations of the CPR team. In addition, it highlighted the following areas as warranting immediate attention by NHU:

**Financial Sustainability.** The University continues to operate with deficits and does not have a clear plan to come into financial equilibrium. NHU has increased its enrollments, which ironically adds to the most serious problem facing the University – financial stability and sustainability. There is insufficient tuition revenue or contributed income to cover the cost of the educational enterprise. This has resulted in an unsustainable financial situation that does not have an end in sight. This would appear to be the case even if additional state funding is provided. Under the current system, increased student enrollment will result in diminishing tuition revenue in relationship to expenses and mounting deficits. As part of the overall enrollment management plan, a financial aid model needs to be created that assesses the net costs to the students at the point of recruitment. Financial aid awards must also be tracked to the NHU budget. The Commission did not find that the University grasped the severity of this financial situation, or had an adequate plan to address it. Without a realistic plan to increase earned and contributed income, and to contain expenses, the future of NHU seems highly uncertain. The Commission will expect to see a comprehensive review and reframing of the financial model under which NHU operates, and the development and implementation of a financial plan that will bring NHU to financial stability. At present, the Commission finds that NHU is not meeting key elements of Standard 3, especially CFR 3.5.

**Strategic Planning.** Though the institution has engaged in planning sessions, these efforts have failed to create institutional guidance and direction, in part because of the ad hoc decision-making processes that prevail. As a matter of urgency, NHU must create a strategic plan built on a new financial model, as described above, that integrates fundraising projections, enrollment goals and an academic plan. What must emerge is a plan that is financially sustainable and based on data, not anecdotal information. Performance guidelines, timetables, and assignment of responsibilities to appropriate individuals and groups need to be set and followed. Development planning must be expanded and systematized to meet the NHU's financial challenges, including the
exploration of all development strategies, annual giving, government and foundation grants, bequests, a capital campaign, etc. At the present time, NHU is not meeting the expectations of key elements of Standards 4, especially CFRs 4.1, 4.2, and 4.3.

**Board of Trustees and Organizational Structure.** In the process of creating a strategic plan, NHU needs to clarify its organizational structures and decision making processes. Given the fact that NHU is so new and undeveloped in many ways, it may be necessary for the University to engage external consultants to assist in developing appropriate governance and planning efforts. There is also a need for Board training in the areas of management of nonprofit organizations and fundraising. Faculty also need to be more fully engaged in planning and decision making. Decision-making structures, once established, need to be followed. The Commission was also concerned that there is no chief academic officer to lead academic planning, organize the faculty, and oversee quality assurance and assessment efforts, and that the financial situation was limiting the University’s ability to do so. NHU does not meet the expectations of key elements of Standards 1 and 3, especially CFRs 1.3, 3.8, 3.9, 3.10, 3.11.

**Quality Assurance and Assessment.** The University does not have a plan for quality assurance and the assessment of student learning, no doubt because of the institution’s financial crisis and the lack of academic leadership. In response to the recommendation that NHU strengthen the role of the library, the University mandated that every new class be designed to include library as part of the curriculum. The library is threatened by the loss of Title V funding, and expenditures on library acquisitions are declining. Further, there is no institutional technology plan and there are inadequate technology resources to support key institutional functions such as advising, planning, and assessment.

The team also discovered that no progress has been made in the creation of a program of ongoing assessment of student learning outcomes, review of data, and determination of whether the levels of student performance in key areas defined by the University are appropriate. No one at the University has been assigned responsibility for developing and overseeing student learning outcomes assessment, or other quality assurance and improvement efforts. This situation needs immediate attention as well, since the initial accreditation team and the Commission, in 2002, identified NHU’s need to create a quality assurance program. A quality assurance and student learning outcomes assessment plan must be created with a sense of urgency, with clear timelines and areas of responsibility assigned. Moreover, the University will need to assign sufficient financial resources and staffing to these efforts to make them an integral part of the University’s infrastructure.

In addition, an effective information/data management system is needed for assessment planning and quality assurance efforts. The current use of two systems is inefficient and unreliable. This problem must be resolved to provide accurate and timely access to data.

At the present time, the University does not have an adequate infrastructure to assure the Commission that educational quality and effectiveness is regularly monitored and
improved, and that academic standards are consistently evaluated, with an ongoing program of student learning outcomes assessment and program review as called for under Standards 2 and 4, especially 2.4, 2.6, 2.7, 4.4, 4.5, 4.6, 4.7, and 4.8.

Each of the areas cited above will need to be addressed by the University by the time of the Educational Effectiveness Review (EER). Clear steps will need to be taken, and plans put into place and implemented for the EER team to review.

The Commission acted to:

1. Receive the Capacity and Preparatory team report.

2. Issue a Warning to National Hispanic University for areas of noncompliance with Standards 1, 2, 3, and 4, as detailed above.

3. Reschedule the Educational Effectiveness Review to spring 2009 to allow more time for NHU to respond to the issues raised in this letter and in the CPR team report, and add a day to the visit to allow the EER team extra time to assess the University’s progress. The Educational Effectiveness Report from NHU must be submitted 12 weeks in advance of the visit.

4. Request that the institution incorporate its response to the issues raised in this action letter and the major recommendations of the Capacity team report in its Educational Effectiveness Report. This may be done by referencing where these responses are in the Table of Contents or in an addendum to the report.

A Warning reflects that an institution fails to meet one or more of the Standards for Accreditation. While on Warning, any new site or degree program initiated by the institution will be regarded as a substantive change (see the Substantive Change Manual for details). The candidate or accredited status of the institution continues during the Warning period.

When an institution is placed on Warning, the Commission requests that a meeting be set up between WASC staff and the CEO, faculty leadership and representatives of the Board of Trustees within 90 days following the placement of the sanction. The purposes of the meeting are to further communicate the reasons for the Commission action, to learn of the institution’s plan to achieve wider notice within the institution of the action taken by the Commission and the reasons for it, and to discuss the institution’s plan for responding to the action.

The Commission further requests that the governing board of the institution attend a Board follow-up meeting conducted by WASC, at which the issues underlying this action and the Board’s role and response to the Commission’s concerns will be discussed. Please contact Ray Lui in the WASC office to schedule these meetings.
During the period of warning, the Commission will consider progress made by the institution. However, it is the responsibility of the institution to demonstrate at the time of the next visit that it is in compliance with all Commission standards and has demonstrated it has the resources, organizational arrangements, academic standards and processes necessary to give assurance of continuous self-monitoring, as well as the continued stability of its purposes, programs, faculty and staff, and financial and physical resources for a minimum of five years. The Commission expects this letter to be distributed to all full-time faculty and any other faculty with significant leadership roles, key staff, and student leadership within 30 days of the institution’s receipt of the letter.

This decision is subject to the right of Commission review and subsequent appeal through the Western Association of Schools and Colleges. Information concerning Commission review procedures is found in the Handbook of Accreditation on pages 56-59. (Please note that a request for review of this decision must be received in the WASC office by certified mail, within 28 calendar days of the date of this letter.) The procedures for filing an appeal and the fees to accompany such a request are found in the WASC Constitution, which may be viewed on the WASC website (www.wascsenior.org) or the WASC Corporate website (www.wascweb.org).

The Commission policy also provides that in the case of a public negative action, a public statement will be prepared in consultation with the institution for response to inquiries. The Commission reserves the right to make the final determination of the nature and content of the public statement. Enclosed is a copy of a draft public statement. Any comments you wish to make should be received in this office by July 25, 2007.

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

Sincerely,

Ralph G. Wolff (AA)

Ralph A. Wolff
President and Executive Director

RW/aa

Cc: John D. Welty
    Board Chair
    Adriana Ayala
    Members of the team

Enclosure
DRAFT
PUBLIC STATEMENT ON THE NATIONAL HISPANIC UNIVERSITY

At its meeting on June 21-22, 2007, the Accrediting Commission for Senior Colleges and Universities acted to issue a Warning to The National Hispanic University (NHU). Warning is a public sanction reflecting the judgment of the Commission that an institution is not in compliance with one or more Commission Standards. Initial Accreditation of the University continues during this period. This action is subject to the right of NHU to seek a Commission review within a specified time period.

The Commission reviewed The National Hispanic University under its 2001 Handbook of Accreditation and found that the University was not in compliance with elements of Standards 1 (Defining Institutional Purposes and Ensuring Educational Objectives), Standard 2 (Achieving Educational Objective Through Core Functions), Standard 3 (Developing and Applying Resources and Organizational Structures to Ensure Sustainability), and Standard 4 (Creating an Organization Committed to Learning and Improvement). This action was taken following a scheduled Capacity and Preparatory visit to the NHU on February 7-9, 2007 and a review of the visiting team’s report. The institution was given an opportunity to respond to the team report before the Commission.

NHU is scheduled for an Educational Effectiveness Review in spring 2009 which will include a review of the University’s progress in addressing Commission concerns and its educational effectiveness.

The Accrediting Commission for Senior Colleges and Universities accredits 156 baccalaureate and graduate degree-granting institutions in California, Hawaii, Guam and the Northern Mariana Islands. The Western Association of Schools and Colleges is one of seven regional accrediting commissions and is recognized by the United States Department of Education.

This statement has been reviewed and approved by the institution.

July 17, 2007