



July 13, 2007

Dr. Harold Allen
President
University of Guam
UOG Station
Mangilao, GU 96923

Dear President Allen:

At its meeting on June 20-22, 2007, the Commission considered the report of the Capacity and Preparatory Review (CPR) team that conducted the visit to the University of Guam (UOG) on January 31-February 2, 2007. The Commission also had access to the Capacity and Preparatory Report prepared by the University prior to the visit, as well as your response to the team report and your update on the University's financial situation, dated May 15, 2007. The Commission appreciated the opportunity to discuss the visit and update with you. Your comments were most helpful.

The framework for the visit was based on previous Commission recommendations and the outcomes stated by the University in its Institutional Proposal. The previous Commission letter of June 29, 2005, cited a number of recommendations for institutional engagement and improvement. These recommendations included, among others, the need for the following:

- Improvement in enrollment planning and financial planning processes, linking enrollment growth with a realistic plan for revenue generation from the Government of Guam and other funding sources;
- Establishment of a systematic, institution-wide, plan for demonstrating educational effectiveness;
- Articulation and implementation of the University's regional mission at an operational level;
- Assessment and, as appropriate, clarification of the institution's revised academic administrative structure.

The November 2004 Institutional Proposal had already attempted to address many of these issues through a number of initiatives to improve and advance the institution by:

- Enhancing academic quality;

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- Supporting student success, enrollment growth, and institutional visibility;
- Promoting the university's land grant mission;
- Strengthening institutional efficiency and effectiveness;
- Providing community and university engagement.

In visiting UOG, the team found an institution that has increased in stature "in the eyes of the Guam community and the larger Micronesian region." It commended the University for its clarity on and commitment to strategic goals (CFRs 1.1, 4.1 and 4.2); its well-functioning governance process "both at the faculty level and at the Board level" (CFRs 3.8, 3.9 and 3.11); its successes in furthering its land grant mission; its proactive attempts to offer needed programs regionally in Micronesia; its "fair, collegial, rigorous, and meaningful" process of program review (CFRs 2.7 and 4.4); and its progress in assessing student learning (CFRs 4.5-4.7). UOG profits from a strong administrative leadership team which has been masterful in creatively and collaboratively responding to seemingly endless financial crises by instituting austerity measures, focusing on strategic priorities, streamlining the institution's organizational structure, and concentrating attention on demonstrating institutional effectiveness (CFRs 1.3 and 3.10).

While the tone of the team report was generally positive, it also indicated that, in a number of aspects of institutional capacity, the institution is in a very fragile state. According to the team:

The current funding crisis has a much larger and deeper impact on the sustainability of the University than its financial health. The administrators of the University are distracted from their 'real' responsibilities while they spend their time on 'cash management.' Employees are distracted by worrying that the next payday may be payless, or that another furlough may be implemented and the impact that would have upon their life. Employees are also distracted by their desire to serve their students well while being authorized very little spending authority. The critical unfilled positions, both inside and outside of the classroom, have dramatically slowed the strategic momentum of the University.

These financial-related problems and continuing financial cutbacks have the clear potential to undermine all of the achievements of the past five years (CFR 3.5). Thus, while the Commission commends the University for its progress and success in the face of significant challenges, it is not yet assured that this progress, and the level of functioning now present, can or will be sustained.

The Commission endorsed the findings and recommendations of the Capacity and Preparatory Review team and urged UOG to give them full consideration. In addition, the Commission highlighted several areas for the institution to address at the time of its next review:

Demonstrating Institutional Efficiency and Effectiveness: Finances. Clearly overshadowing all other institutional capacity issues facing the University is the ongoing and seemingly never-ending issue of finances. The institution is once again facing a severe financial crisis as a result of the territorial government's failure to allocate the appropriated dollars to the campus on a timely basis. As a result, the University is required to undertake extraordinary cash management

practices in order to assure that it can meet its payroll and pay its vendors. The 2007 visiting team, as visiting teams before it, urged that concentrated attention be given to attempting to achieve financial stability in the face of annual territorial budgetary uncertainty. It called for:

- Finding financial balance and planning for alternative financial futures, working in close collaboration with the legislature and the governor;
- Right-sizing the institution in terms of what the budget can afford;
- Leveraging the University's Foundation and alumni capabilities, and engaging in more extensive and productive development efforts;
- Evaluating various revenue-generating opportunities, and creating an analysis and business case for each that will feed into a comprehensive business plan;
- Promoting collaboration among the colleges in developing self-support operations to improve opportunities for faculty to earn additional pay and for the colleges themselves to generate additional revenue.

The financial viability of the University will need to be closely monitored by the Commission and will be a central focus of the Educational Effectiveness Review (EER). In this regard, the Commission was heartened to learn from your May 15, 2007 response and your June 21, 2007 comments that the University is likely to received 90-91% of FY2007 appropriations; "agreement has been reached on funding previous unmet appropriations from FY2005 and FY2006; and a schedule that provides a consistent level of funding and catch-up payments has been signed by the University and the government of Guam." While these actions may provide the University with some assurance of continuing funding, it will still need to operate under severe financial constraints.

The Commission took positive note of the fact that you have instituted a university-wide Institutional Improvement and Sustainability Task Force to implement permanent changes across the campus to "strengthen academic quality and student learning, better align ... structures with strategic objectives, and position [the University] to sustain educational effectiveness in an environment of scarce resources." It also noted that the University has "begun the process of reapportioning the FY2007 budget and reordering priorities within a reduced level of government appropriations," while continuing its collaborative efforts with the Governor's Office and the Legislature to "propose a short-term governmental financial recovery plan and improve financial planning among the government and public educational institutions."

The Commission applauds these endeavors and expects to see, at the Educational Effectiveness Review, that they are succeeding and that the recommendations enumerated above have been responded to positively. Your response of May 15, 2007, suggests that the University is "tracking toward a small surplus in [its] general operations budget" by the end of FY2007. The Commission, however, remains deeply concerned that the University's overall appropriation from the government is being cut back 8.9%, with an additional impact coming from the repeal of a \$2 million capital outlay appropriation. It is also concerned that the anticipated surplus is designed to protect the University rather than to invest in needed growth and improvement.

In spite of the University's outstanding efforts, it is difficult to envision how it will be able to sustain present operations or respond effectively to current and projected levels of student demand in the face of continuing cutbacks and the absence of predictable, stable funding from the Government of Guam. The funding instability resulting from the actions of the territorial government appears to be a perennial problem for the University. Chronic shortfalls and delayed funding have kept the University in a state of crisis management and unable to fully implement its strategic plan. Such funding instability cannot continue. The University's — and the Government of Guam's — success or failure in addressing the financial issues discussed in this letter will seriously impact UOG's ability to demonstrate effectiveness in all other areas of institutional endeavor and ongoing compliance with Commission Standards.

Demonstrating Institutional Efficiency and Effectiveness: Administrative Structure. In 2003, the University completed a major administrative realignment, “which resulted in a senior administrative structure of three Vice Presidents reporting to the President and the combining of academic programs into three colleges from the previous five colleges.” The team found that “the senior leadership appears to be working effectively with the President to provide leadership for the University.” It had some concerns, however, about the new collegiate structure. In fact, it called for “a review of the University's reorganization endeavors to assure that the organizational structure is optimized and is achieving the goals outlined for the restructuring.” The team focused particular attention on the potentially cumbersome and problematic three-school College of Professional Studies. It also called for the establishment of assessment and institutional research positions integrally tied to the Academic Affairs area, and for the provision of appropriate institutional attention to and administrative support for graduate education and research. These latter two concerns clearly have an impact on the institution's ability to engage in meaningful assessment of student learning, to offer a graduate program of high academic quality, and to support a major research agenda (CFRs 3.8 and 3.10). The Commission was pleased to learn of your plans to enhance the institutional infrastructure in these important areas.

Enhancing Academic Quality through Core Functions. The team found evidence that “the University's General Education, undergraduate major, and graduate programs offer learning opportunities for students that are appropriate in content and expectations to their levels, and that there are, in general, an adequate number of qualified faculty for each program.” In line with the various CFRs relating to Teaching and Learning under Standard 2, the Commission agrees with the team's call for:

- a comprehensive plan for providing support for academic assessment and institutional research and [when possible] a budgetary line item for academic assessment, to include faculty training and development;
- an examination of the academic programs offered in terms of number of majors, number of faculty, and contribution to the University's mission and the meeting of community and regional needs; and
- a review of the quality of the University's graduate programs.

These recommendations take on special importance in the light of the funding problem discussed above.

Promoting Student Success, Institutional Visibility, and Enrollment Growth. UOG is making great strides in providing students with the support services they need to succeed (CFRs 2.10 and 2.13) and in promoting institutional visibility and consequent enrollment growth. However, the growth in enrollment is only at the undergraduate level. According to the team, “graduate enrollments remain below where they were in 2001.” The team also noted that “there is insufficient data to identify factors affecting persistence to degree completion. These factors must be identified so that appropriate intervention strategies can be provided.” (CFR 4.3) These findings led the team to recommend that there be a university-wide enrollment planning strategy and a university-wide focus on retention and graduation of current students, and also a deliberate plan to develop ongoing relationships with alumni. The Commission certainly endorses the need for sophisticated enrollment planning. It cautions, however, against major enrollment growth if that is not supported by a concomitant increase in financial support.

Furthering the University of Guam’s Land Grant and Regional Mission. As was mentioned above, the visiting team commended the University on its activities and successes in promoting and furthering its land grant and regional mission. Especially noteworthy are the new master’s programs in Educational Administration and in Counseling in the Northern Mariana Islands, and the new baccalaureate program in Elementary Education in the Federated States of Micronesia. However, the team also encouraged the University to be “more collegial and responsive in its collaborative relations with the Micronesian region’s community colleges to determine and meet regional needs.” This has been an ongoing theme of visiting teams during at least the last three visits to the University. UOG must attempt to institutionalize its relationships with the Western Pacific’s community colleges in ways that all parties find beneficial, including the development of regionally-based, technology-mediated instruction.

Given the above, the Commission acted to:

1. Receive the report of the Capacity and Preparatory Review team and continue the accreditation of the University of Guam
2. Issue a formal Notice of Concern to provide notice to the University that without longer term solutions to the continuing financial situation, UOG could be found out of compliance with Commission Standards, especially Standard 3.
3. Schedule the Educational Effectiveness Review for spring 2009 to provide additional time for the campus to address the issues cited in this letter and the team report, which led to the formal Notice of Concern, and add a day to the EER to follow up on these issues. The Institutional Presentation is due 12 weeks before the review.
4. Request five (5) copies of a progress report from the institution by March 1, 2008, addressing the financial condition of the University and the steps taken to assure longer-term financial stability. Enclosed is a memorandum providing guidance on the format and content of a progress report.

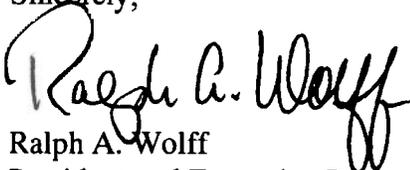
A formal Notice of Concern is not made public by the Commission. This means it is neither published in the *Directory* nor identified when members of the public call for information on the accreditation status of the institution.

The Commission also requests a conference call between WASC staff and representatives of the University, including senior leadership, faculty leadership, the ALO and the chair of the Board of Trustees within 90 days following the receipt of this letter. 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.

In accordance with a recently adopted Commission policy, a copy of this letter will be sent to the chair of the institution's governing board in one week. It is the Commission's expectation that the team report and this action letter will be widely disseminated throughout the institution to promote further engagement and improvement, and to support the institution's response to the specific issues identified in them.

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

Sincerely,



Ralph A. Wolff
President and Executive Director

RW/aa

cc: John D. Welty
Board Chair
Helen Whippy
Members of the team
Richard Giardina

Enclosure

Progress Report Format

Under the *WASC Handbook of Accreditation*, when taking accreditation action, the Commission may request additional reports focused on identified issues of concern. The institution is asked to prepare a Progress Report as described below. The Interim Report Committee reviews the Progress Report and recommends a response to the institution.

Progress Reports should follow the format described below. Such Reports are intended to be limited in scope, not to be comprehensive evaluations of the institution. The Report should help prepare the Interim Report Committee to understand the progress made by the institution in addressing the issues identified by the Commission and the major recommendations of the last visiting team. Five copies are to be submitted to the WASC office by the date specified in the Commission action letter.

A Progress Report should include the following:

1. *Cover Sheet.* The cover sheet should specify that the document is a Progress Report. It should include the date of submission, the name and address of the institution, and the name of the person submitting the Report.
2. *Table of Contents.*
3. *Institutional Context.* The purpose of this section is to describe sufficiently the nature of the institution so that the Interim Report Committee can understand the issues in context. Very briefly describe the institution's background; mission; and history, including the founding date, year first accredited, geographic locations, etc.
4. *Statement on Report Preparation.* Briefly describe in narrative form the process of Report preparation, naming those who were involved in it. Because of the focused nature of a Progress Report, the widespread and comprehensive involvement of various institutional constituencies is not normally required. Faculty, administrative staff and others should be involved as appropriate to the topics being addressed in the preparation of the institutional response. Campus constituencies, such as faculty leadership and, where appropriate, the Board of Trustees, should review the report before it is submitted to WASC, and such reviews should be indicated.
5. *Institutional Summary Data Form* (<http://www.wascsenior.org/wasc/>)
6. *Response to Issues Identified by the Commission and the last visiting team.* This main section of the Report should address those issues highlighted by the last team and identified by the Commission as topics for the Progress Report. Each topic identified in the Commission's action letter and each major recommendation in the team report serve as a focus. To the extent there may be overlap on these issues identified in the action letter and team report, topics may be grouped for a more coherent report. The institution should not

respond to every issue discussed within the body of the team report. Identify each key issue, providing a full description of the issue, and the action taken by the institution, along with an analysis of the effectiveness of the response. It is important that this section of the report include not only a description of the responses undertaken by the institution, *but equally important*, an assessment of the impact of these changes. Have they been successful in resolving the problem? What is the evidence supporting progress? What further problems or issues remain? How will such issues be addressed, by whom, and under what timetable?

7. *Identification of Other Changes or Issues Currently Confronting the Institution.* This brief section should identify any other significant changes that have occurred at the institution (e.g., changes in key personnel, major new programs, modifications in the governance structure, or significant financial results) that are not otherwise described in the preceding section. This will help the Interim Report Committee gain a clearer sense of the current status of the institution and understand the context in which the responses of the institution discussed under #6 have taken place.
8. *Institutional Plans to Address the New Expectations of the 2001 Handbook.* Effective July 1, 2002, all reviews are being conducted under the *2001 Handbook of Accreditation*. Unless an institution has not undergone a comprehensive review under the 2001 Handbook, progress on issues identified for the Progress Report are to be reviewed within the context of the 2001 Standards of Accreditation and institutions should review them in assessing the effectiveness of actions in response to Commission concerns under the Standards of Accreditation which led to the Progress Report. Looking to the future, since the *2001 Handbook* identifies higher expectations for institutional data analysis and evidence, and the review and improvement of student learning, it will be important to begin plans to address the 2001 Standards of Accreditation. This section of the Progress Report is intended to be brief and only identify the plans or process the institution intends to use to prepare itself for its next comprehensive review under the 2001 Standards of Accreditation and the new multi-stage review process.
9. *Concluding Statement.* Reflect on how the institutional response to the issues raised by the Commission has had an impact upon the institution, proposing recommendations and follow-up steps.
10. *Required Documents.*
 - current catalog(s);
 - completed Set of Required Data Exhibits
[http://www.wascenior.org/wasc/Doc_Lib/Data%20Tables/DataTablesforSpecialVisitsProgressReports\(Nov%2006\).doc](http://www.wascenior.org/wasc/Doc_Lib/Data%20Tables/DataTablesforSpecialVisitsProgressReports(Nov%2006).doc)
 - most recent Annual Report to the Commission;
 - budget for current year;
 - most recent financial statement and audit by an independent certified accounting agency or, if a public institution, by the appropriate state agency; management letters, if any;
 - organization charts or tables, both administrative and academic, highlighting any major changes since the last visit.