November 17, 2016

Dr. Joseph Jones, President
Arkansas Baptist College
1621 Dr. Martin Luther King Dr.
Little Rock, AR 72202

Dear President Jones:

This letter is formal notification of action taken by the Higher Learning Commission (“HLC” or “the Commission”) Board of Trustees (“the Board”) concerning Arkansas Baptist College (“the College” or “the institution”). During its meeting on November 3, 2016, the Board removed the Show-Cause order from the College. The Board determined that the College is now in compliance with the Criteria for Accreditation and Core Components, although it remains subject to interim monitoring as outlined in the Board’s findings below. This action is effective as of the date the action was taken. In taking this action, the Board considering materials from the Show-Cause evaluation, including, but not limited to: the College’s Show-Cause Report, the report of the visiting team, and the College’s responses to these reports.

The Board required that the College host a focused evaluation no later than fall 2017, focused on demonstrating further progress on the following areas and that it is otherwise in compliance with all HLC expectations:

- Core Component 4.A – The College must demonstrate that it has fully implemented academic program review for all programs and departments and that it is completing program reviews in a timely and thorough manner as scheduled. The College must also provide evidence of how it is using data gleaned from the National Student Clearinghouse to improve student learning at the College;
- Core Component 4.B – The College must demonstrate that systematic assessment of student learning is occurring at the program level across all programs and departments and that such assessment primarily relies on direct measures of student learning rather than indirect measures. Evidence of utilization of results obtained from the new instrument designed to assess co-curricular programs should also be available for the focused visit team’s review;
- Core Component 4.C – The College must articulate and demonstrate data-driven decision making and research-based methods for identifying strategies that will effectively improve its institutional outcomes in the areas of persistence and completion, and evidence that any strategies implemented are having the desired effect must be available for the focused visit team’s review. It must also demonstrate that it has set clear goals for retention along with underlying data and responsible strategies for achieving those goals within the time allotted;
• Core Component 5.A – The College must provide evidence that it is continuing to allocate resources appropriately to enhance the academic quality of its programs as well as its services to students and that it is managing all such resources in a manner reasonably calculated to improve its institutional outcomes. The College must also provide an update on its status with the U.S. Department of Education;
• Core Component 5.C – The College must demonstrate that it has mobilized its efforts sufficiently to achieve a cohesive and integrated strategic plan that has been adopted by the Board, implemented, and is actively generating demonstrably improved results of the institution’s operations by the time of the focused visit team’s review.

Should the College be determined not to have demonstrated sufficient progress in any of the above areas or not to meet any Criteria for Accreditation at the time of the focused evaluation in fall 2017, the HLC Board of Trustees will determine whether a sanction is appropriate and, in the case of noncompliance with any Criteria for Accreditation, whether to withdraw accreditation from Arkansas Baptist College.

The Board also placed the College on the Standard Pathway and required that it host its next comprehensive evaluation for Reaffirmation of Accreditation in 2020-21.

The Board based this action on the following findings made with regard to the College:

The College meets the Criteria for Accreditation and Core Components.

The College has demonstrated that it has addressed the Commission’s concerns related to Criterion Two, Core Component 2.A “the institution operates with integrity in its financial, academic, personnel, and auxiliary functions; it establishes and follows policies and processes for fair and ethical behavior on the part of its governing board, administration, faculty, and staff,” and meets this Core Component for the following reasons:

• The College has taken specific steps to monitor its financial situation more effectively and reduce the risks of misstatements or misappropriation or misuse of institutional funds, including establishing policies related to internal controls, risk management, ledger account reconciliation and restructuring staff positions in the Business Office to provide greater segregation of duties and incorporation of best practices;
• The College has established and filled an independent internal audit function requiring systematic audit reviews and an annual report of audit deficiencies to the Board of Trustees Finance Committee and the President;
• The Board took action to change audit firms following late submissions and inaccuracies in a series of external audits;
• Policies and procedures in specific sections titled “Code of Ethics and Professional Standards” appear in handbooks for faculty, staff and students linking integrity, academic honesty, and appropriate conduct to mission; and
• Personnel handbooks now specifically delineate federal and state policies, information related to hiring, conflict of interest, harassment, protection of confidential information, FERPA, and other processes.

The College has demonstrated that it has addressed the Commission’s concerns related to Criterion Two, Core Component 2.C “the governing board of the institution is sufficiently autonomous to make decisions in the best interest of the institution and to assure its integrity,” and meets this Core Component for the following reasons:

• The College’s Board consists of 13 members, three of whom are selected by the Arkansas Consolidated Missionary Baptist Convention (ACMBS), and the remainder of whom are selected by the Governing Committee of the Board based on higher education, business and public policy experience;
• The Board regularly receives reports and proposals from the College through appropriate processes that begin in departments or divisions, move to appropriate committees, then to the administration and ultimately to the president;
• The Board conducts more informed monthly reviews (previously quarterly) of the institution’s financial documents and status, and a review of Board minutes and other supporting documents confirms this more frequent and systematic review began in October 2015 as a new standard operating procedure;
• The Board has participated in intensive in-service training related to their fiduciary and governing roles based on resources of the Association of Governing Boards; and
• A Conflict of Interest statement is reviewed and signed annually by governing board members who appear now to understand all the implications of the requirement both for the Board and for the College.

The College has demonstrated progress in addressing the Commission’s concerns related to Criterion Five, Core Component 5.A, “the institution’s resource base supports its current educational programs and its plans for maintaining and strengthening their quality in the future,” but still meets this Core Component with concerns for the following reasons:

• The visiting team confirmed from the College’s FY16 financial statements that the College is consistently maintaining a positive balance between operating revenue and operating expenses and allocating its revenue appropriately while continuing to build resources to support its strategic goals;
• Evidence provided by the College revealed the timely submission of the FY15 audit; monthly generation of accurate financial statements; implementation of appropriate fiscal policies and internal controls and multi-level financial oversight through a Comptroller, Internal Auditor and Board of Trustees that includes a qualified CPA chairing the Board’s Finance Committee and serving as Treasurer to the Board;
• The visiting team confirmed the College has hired competent and experienced staff in the finance, financial aid, and audit areas; has implemented continuous training to keep staff abreast of regulation changes and technology requirements;
has acquired new financial management software; possesses the technical and personnel capabilities to generate accurate monthly financial statements; has increased collaboration between the Dean of Finance and Administration and the Executive Director of Financial Aid; and is actively working toward implementing NACUBO best practices;

- In FY15, with infrastructure taking priority, the percentage of the institutional budget spent on instruction and academic support fell below its traditional level (over 50%) to 41%. Although subsequent projections and forecasts for FY16, FY17 and FY18 aim to restore the pre-FY15 percentage allocation to those areas, evidence of the maintenance and improvement of academic quality at the College remains a significant concern, especially given findings on Core Component 4.C; and

- Despite progress made in recent months, the College remains on HCM2 status, which remains a concern given the College’s heavy dependence on federal student loan funding supporting tuition.

The College has demonstrated that it has addressed the Commission’s concerns related to Criterion Five, Core Component 5.B “the institution’s governance and administrative structures promote effective leadership and support collaborative processes that enable the institution to fulfill its mission,” and meets this Core Component for the following reasons:

- A pattern of collaboration between the College’s administrative units, administration, faculty and student governance structures was evident during the Show-Cause visit;
- The College Board appears appropriately informed and engaged in systematic oversight of the institution; and
- Policies and procedures are in place that demonstrate capacity for the sustainability of Board oversight in the future even as Board members are expected to complete their scheduled terms of service.

The College meets Core Component 4.A, “the institution demonstrates responsibility for the quality of its educational programs,” but with concerns for the following reasons:

- The College has adopted a five-year cycle of academic program review that was required for all programs as of 2015-2016 after a modest piloting process;
- The program review process adopted by the College appropriately requires an evaluation of program costs, enrollment, number of faculty, faculty credentials, institutional core competencies, outcomes assessment and facilities;
- Although program review of three programs was expected for 2015-2016, evidence of completion of these reviews was not available at the time of the Show-Cause visit as only some progress had been made in each case;
- Although the institution has recently partnered with the National Student Clearinghouse (NSC) to receive data on the academic institutions that the College graduates and transfer students enter after leaving the institution, more time is needed for implementation in order for the College to provide evidence of the
effective use of this information to engage in robust and systematic tracking of its graduates.

The College meets Core Component 4.B, “the institution demonstrates a commitment to educational achievement and improvement through ongoing assessment of student learning,” but with concerns for the following reasons:

- The College has articulated appropriate student learning outcomes for all academic programs at the associate and bachelor degree levels;
- However, systematic assessment efforts at the program level across all departments and academic programs do not appear to have taken place recently and are heavily reliant on indirect measures (the College cited an assessment report dated in 2013 for only three programs and student satisfaction and course evaluations conducted every term as evidence of systematic assessment);
- Although the College utilizes the ACT Collegiate Assessment of Academic Proficiency (CAAP), required for all students earning an associate degree, as an additional assessment measure, and has access to data comparisons with national norms reported for 2012-13, 2013-14, and 2014-15, the College has not demonstrated how the resulting data has been or will be used to improve student learning; and
- The College has acknowledged the need to create a more robust system of evaluation of co-curricular experiences that does not heavily rely on student satisfaction surveys and has developed a new instrument for 2016-2017 that better aligns co-curricular programming with student learning outcomes, but results from that implementation are not yet available.

The College meets Core Component 4.C, “the institution demonstrates a commitment to educational improvement through ongoing attention to retention, persistence, and completion rates in its degree and certificate programs,” but with concerns for the following reasons:

- The College reported that its retention rate for new freshmen (from fall semester first year to fall semester second year) averaged 39% for cohorts entering between fall 2009 and fall 2013, with the most recent data reported as 43%;
- The College’s current graduation rate according the U.S. Department of Education College Scorecard is 17%;
- Although the College cites counting methods, student population characteristics, and Associate’s degrees constituting the majority of degrees awarded as variables that partially explain its institutional outcomes, the College has not articulated a compelling rationale for any of the strategies it proposes to improve its outcomes as articulated in its documentation, strategies that include study abroad, an honors program and, as more recently articulated by the new president, the adoption of a block scheduling model;
- At the time of the visit the College had outlined ambitious goals for retention and completion but lacked strategies to accomplish them; while the new President has indicated that he will revise those goals to be more realistic, the College now
lacks agreed-upon goals for retention and strategies for accomplishing those goals; and

• The College has implemented an early-alert system, additional tutoring, developmental education, and a restructured academic calendar designed to help students persist, but evidence of the effectiveness of these measures is not yet evident.

The College meets Core Component 5.C, “the institution engages in systematic and integrated planning,” but with concerns for the following reasons:

• While the College appeared to have engaged since 2015 in a number of planning activities under the leadership of the former president resulting in the production of multiple planning documents, significant concerns arose with variations in the level of development of those plans;
• Strategies for reaching the goals articulated in the planning documents were not sufficiently articulated or explained;
• Sparse documentation existed with respect to the extent of the College’s current implementation of the plans; and
• The newly appointed president acknowledged a need to revitalize and potentially reinitiate the College’s efforts toward a more streamlined strategic planning process.

The Show-Cause team cited concerns related to certain Federal Compliance requirements, specifically Review of Student Outcome Data arising from the College’s deficiencies in the areas of program review and assessment, and Title IV Responsibilities, calling attention to the trajectory of the College’s composite financial index score, which has improved only modestly from -1 in FY14 to .04 in FY15, and the College remains on HCM2 status.

The College otherwise appears to meet the Criteria for Accreditation, Assumed Practices and Federal Compliance requirements, but the HLC Board is concerned that the College now possesses an extensive history of challenges in demonstrating such compliance.

At this time, the Commission will reassign the College from its liaison Dr. Anthea Sweeney, Vice President for Accreditation Relations, to Dr. Thomas Bordenkircher, Vice President for Accreditation Relations. Please be assured that Dr. Sweeney will work with Dr. Bordenkircher to create a smooth transition.

The Board action resulted in changes to the affiliation of the College. These changes are reflected on the Institutional Status and Requirements Report. Some of the information on that document, such as the dates of the last and next comprehensive evaluation visits, will be posted to the HLC website.

Information is provided to members of the public and to other constituents in several ways. Commission policy INST.G.10.010, Management of Commission Information, anticipates that HLC will release action letters to members of the public. The Commission will do so by posting
this action letter to its website. Also, the enclosed Public Disclosure Notice will be posted to HLC’s website not more than 24 hours after this letter is sent to you.

In addition, HLC policy COMM.A.10.010, Commission Public Notices and Statements, requires that HLC prepare a summary of actions to be sent to appropriate state and federal agencies and accrediting associations and published on its website. The summary will include HLC Board action regarding the College. The Commission will simultaneously inform the U.S. Department of Education of the removal of Show-Cause by copy of this letter.

On behalf of the Board of Trustees, I thank you and your associates for your cooperation. If you have questions about any of the information in this letter, please contact Dr. Bordenkircher.

Sincerely,

Barbara Gellman-Danley
President

Enclosure: Public Disclosure Notice

cc: Chair of the Board of Trustees, Arkansas Baptist College
LaCresha Newton, Chief of Staff, Arkansas Baptist College
Thomas Bordenkircher, Vice President for Accreditation Relations, Higher Learning Commission
Anthea Sweeney, Vice President for Accreditation Relations, Higher Learning Commission
Karen Peterson Solinski, Executive Vice President for Legal and Governmental Affairs, Higher Learning Commission
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