



June 28, 2021

VIA ELECTRONIC MAIL

Dr. James Barry, President
Alderson Broaddus University
101 College Hill Dr.
Box 2035
Philippi, WV 26416

Dear President Barry:

This letter is formal notification of action taken by the Higher Learning Commission (HLC) Board of Trustees (“the Board”) concerning Alderson Broaddus University (“the Institution”). This action is effective as of the date the Board acted, June 24, 2021. In taking this action, the Board considered materials from the recent Notice visit, including, but not limited to: the Notice report the Institution submitted, the report from the Notice visit team, the report of the Institutional Actions Council (IAC) Committee, and the institutional responses to these reports.

Summary of the Action: The Board determined that the Institution is no longer at risk of noncompliance with the Criteria for Accreditation and removed the Institution from Notice. The Institution meets Core Component 5.B with concerns. The Institution is required to submit an embedded Interim Report, as outlined below, with its next Assurance Filing.

Board Rationale

The Board based its action on the following findings made with regard to the Institution as well as the entire record before the Board:

The Institution continues to meet, but with concerns, Criterion Five, Core Component 5.B, “the institution’s resource base supports its educational offerings and its plans for maintaining and strengthening their quality in the future,” for the following reasons:

- The Institution has improved its fiscal position since 2018. It has an extensive strategic decision-making model. Within that model the Institution has embarked on a revised undergraduate enrollment plan to concentrate on the West Virginia market, and has introduced the first of anticipated programs at the master’s level to augment its undergraduate on-campus enrollment.
- The Institution has planned monthly loan payments that are large enough to cover its USDA loan payments and other more minor debt obligations.

- The Institution has established lines of credit and has used them to stabilize its short-term cash flow situation.
- No more than 15% of the Institution's accounts payable of more than 30 days is overdue.
- The Institution's annual fund contributions have been on the rise, reaching historically high values.
- Despite its fiscal improvement, the Institution finds itself at a plateau that still shows fiscal weakness through continuing negative unrestricted net assets, a CFI in the zone or below the zone, and seemingly permanent dependence on lines of credit that have a higher balance at the end of 2020 than at the beginning.
- The Institution's "Cash Flow-Operating Account" statements show that the Institution intends to maintain a non-zero balance in its lines of credit indefinitely. This raises a question as to whether the USDA loan obligations are being independently met.
- While the attainment of the USDA loan allowed the restructuring of debt and reduction of interest, reliance on the lines of credit to meet cash needs in more than a temporary way demonstrates that the Institution has not attained cash flow positivity with respect to its operations. This reliance could result in a return to a position of overt indebtedness.
- Despite the USDA loan, the Institution continues with a negative level of unrestricted net assets, which increased by \$1.58 million (5.9%) in fiscal year 2020. This negative level of unrestricted net assets limits the Institution's spending flexibility.
- Although the Institution has developed a new planning process, the Strategic Decision Model will take time to address key enrollment and fiscal challenges.

The Institution now meets without concerns Criterion Five, Core Component 5.C, "the institution engages in systematic and integrated planning and improvement," for the following reasons:

- Over the past two years, the Institution has developed a strategic decision-making model that engages several departments in integrated strategic planning, including academic, student, and alumni affairs; advancement; business; finance; and marketing and communication. The model is designed to address three priorities: (1) increasing enrollment and retention; (2) expanding and diversifying academic programs; and (3) increasing organizational efficiency. The Institution's administration uses this model, as well assessment data, budgetary analyses, and environmental scans, to prioritize its actions on what programs to continue or suspend and how these decisions support the Institution's mission. The Institution shows accomplishments and further action steps for each strategy.
- The Institution has a plan for enrollment increases that includes planned initiatives, the role of athletics in recruiting, and retention goals.
- The Institution has used a Retention Alert System for the past four to five years. In the last year, the system was revamped to allow "self-service" where faculty, coaches and student affairs personnel could review the cases listed in the system. The system allows students to be identified for counseling or assigned to an Academic Center for Educational Success where they can receive tutoring, undergo disability testing and

accommodation, and meet with financial aid advisors. Early results of the system indicate a positive influence on the trend in retention.

- The Institution has implemented a strategic decision model for enrollment management, extended learning, and marketing and communications, in which the role of athletics in recruitment and retention is outlined with clear goals and accountability.
- The Institution engages all academic programs as part of a five-year program review process. Each review addresses areas such as enrollment, faculty, infrastructure, and assessment. This allows for input regarding programs that may need additional funding or deactivation. The Institution tracks all programs budgetarily with enrollment projections and budgeted income by semester. The Institution has a list of programs it is considering adding as part of its strategic enrollment document.

The Board of Trustees of the Higher Learning Commission has determined based on the preceding findings and evidence in the record that the Institution has otherwise demonstrated that it is in compliance with the Criteria for Accreditation, Assumed Practices, and Federal Compliance Requirements and is not at risk of noncompliance with the Criteria, and thus, should be removed from Notice.

Next Steps in the HLC Review Process

Interim Report: The Board required that the Institution submit an embedded Interim Report regarding Core Component 5.B with its next Assurance Filing.

Comprehensive Evaluation: The Board maintained the Institution on the Standard Pathway with its next comprehensive evaluation for reaffirmation of accreditation in 2022-23.

HLC Disclosure Obligations

The Board action resulted in changes that will be reflected in the Institution's Statement of Accreditation Status as well as the Institutional Status and Requirements Report. The Statement of Accreditation Status, including the dates of the last and next comprehensive evaluation visits, will be posted to the HLC website.

In accordance with HLC policy,¹ information about this action is provided to members of the public and to other constituents in several ways. This Action Letter and the enclosed Public Disclosure Notice will be posted to HLC's website not more than one business day after this letter is sent to the Institution. Additionally, a summary of Board actions will be sent to appropriate state and federal agencies and accrediting associations. This summary also will be published on HLC's website. The summary will include this HLC action regarding the Institution.

¹ COMM.A.10.010, Notice of Accreditation Actions, HLC Public Notices and Public Statements

On behalf of the Board of Trustees, thank you in advance for your cooperation. If you have questions about any of the information in this letter, please contact your HLC Staff Liaison, Dr. Gigi Fansler.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Gellman-Danley".

Barbara Gellman-Danley
President

Enc: Public Disclosure Notice

Cc: Chair of the Board of Trustees, Alderson Broaddus University
James Owston, Assistant Provost for Extended Learning, Alderson Broaddus University
Evaluation Team Chair
Sheree Bryant, Compliance Officer for Authorization and Proprietary School Programs,
West Virginia Higher Education Policy Commission
A. Gigi Fansler, Vice President of Accreditation Relations, Higher Learning Commission
Anthea Sweeney, Vice President of Legal and Regulatory Affairs, Higher Learning
Commission