July 8, 2019

VIA ELECTRONIC MAIL

Dr. Patricia Harris, President
Kuyper College
3333 E. Beltline Ave NE
Grand Rapids, MI 59525

Dear President Harris:

This letter is formal notification of action taken by the Higher Learning Commission (HLC) Board of Trustees ("the Board") concerning Kuyper College ("the Institution" or KC). This action is effective as of the date the Board acted, June 27, 2019. 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 Staff Analysis of the Notice Report, 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.A with concerns. The Institution is required to submit an Interim Report, as outlined below, no later than January 31, 2021.

Board Rationale

The Board based its action on the following findings made with regard to the Institution: 

The Institution now meets without concerns Criterion Four, Core Component 4.B, “the institution demonstrates a commitment to educational achievement and improvement through ongoing assessment of student learning,” for the following reasons:

- KC has fully implemented a systemic and campus-wide assessment plan for both curricular and co-curricular programs. A well-designed and accurate data collection system is in place.
- Each curricular plan has data that links the learning outcomes to the signature assignments and the course it comes from. Data sheets are populated with the percentage achieved for each assignment and overall for the outcome, along with comments.
- Data are collected using the electronic Institutional Assessment Data Form, which aligns department to institutional outcomes and objectives; delineates how they are measured; states the results, analysis, and action or improvement to be made based
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on results; and notes when the data will be updated or analyzed again.

- KC collects, analyzes, and utilizes data to make improvements in student learning across disciplines and in co-curricular programs through program assessment plans, review and discussion of findings, and action taken throughout the year at regular faculty and staff meetings.

- Processes and methodologies reflect good assessment practice, and there is substantial and widespread participation of faculty and staff in assessment of student learning.

The Institution continues to meet with concerns 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,” for the following reasons:

- KC eliminated all external debt with the receipt of two large gifts: $2 million received in March 2017 and $1.3 million received in June 2018. These gifts allowed KC to eliminate the $2.4 million note payable that is reflected in its FY2016 audited financials. This debt does not appear in its FY2017 or FY2018 audited financials. According to the FY2018 audited financials, cash flow was a positive $1.1 million.

- KC deployed a number of strategies to improve its composite ratio, including reducing expenses, eliminating external debt, and increasing fundraising. These strategies improved the net income ratio (KC’s most flexible ratio), thereby improving the overall composite score considerably, from 0.6 to 1.4.

- The August 2017 Board of Trustees (BOT) development session focused on fiduciary responsibilities and was jointly conducted by a higher education leader and an education consultant. Other BOT development content has included BOT culture, governance, business models, committee responsibilities, and financial reporting. Future BOT development topics include fundraising and finance.

- Note 9 of the draft FY2018 audited financials states that KC borrowed $6 million from its endowment for construction and operations. Even though Note 9 states that KC is paying 4.5% in interest on the endowment loan (providing a market rate of return), KC is not making principal payments on what is actually an endowment loan. The August 2018 Resources Committee (RC) of the BOT meeting minutes indicate that the auditors recommend repayment of the endowment loan. The RC approved a motion to make a $5,000 payment on the endowment loan in FY2019, and will set an amount each year going forward. At a rate of $5,000 per year, the endowment loan would not be repaid for 1,200 years ($5.9 million/$5,000).

- KC’s accumulated deficits are $5,675,936 and largely consume its investment in property, plant and equipment (P-P-E). The $6 million endowment loan does not appear in the liabilities section of KC’s FY2017 audited financial statements because it is an internal loan. Effectively, the internal loan reduces permanently restricted net assets to $2.5 million ($8.5 million minus $6 million). Likewise, the $6 million internal loan offsets the undesignated portion of the unrestricted net assets, reducing the balance to -$400,000 (-$5.6 million plus $6 million). Given that the $6 million internal loan was used to offset deficits, the endowment loan is effectively now tied up in deprecating P-P-E.

- Although no projected or actual enrollment figures appear in the 2014-17 Strategic
Enrollment Management Plan, it appears that the plan was not fulfilled, as evidenced by the seven-year actual new student enrollment figures.

- The 2014-17 Strategic Enrollment Management Plan established a goal of 282 FTE traditional undergraduate fall semester enrollment by 2017-18. According to the 10-Day Actual FY2019 figures, the headcount and enrollment FTE were 165 and 144, respectively. It is clear that the goal was not met.

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 for Accreditation, and thus should be removed from Notice.

Next Steps in the HLC Review Process

Interim Report: The Board required that the Institution submit an Interim Report no later than January 31, 2021, regarding Core Component 5.A. The Interim Report should include evidence that (1) the use of funds to obtain a balanced budget does not include funds from any source characterized as a loan, and (2) for at least one enrollment term, the enrollment matches or exceeds the previous year’s enrollment numbers.


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.

Information about this action is provided to members of the public and to other constituents in several ways. In accordance with HLC policy, this Action Letter and the enclosed Public Disclosure Notice will be posted to HLC’s website not more than 24 hours after this letter is sent to the Institution.

HLC policy requires that a summary of Board actions be sent to appropriate state and federal agencies and accrediting associations. It also will be published on HLC’s website. The summary will include this HLC action regarding the Institution.

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. A. Gigi Fansler.

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1 INST.G.10.010, Management of Commission Information
2 COMM.A.10.010, Commission Public Notices and Statements
President Harris, July 8, 2019

Sincerely,

Barbara Gellman-Danley
President

Enc: Public Disclosure Notice

Cc: Chair of the Board of Trustees, Kuyper College
    Evaluation Team Chair
    IAC Hearing Committee Chair
    Michael Beamish, Manager, Private Postsecondary Education, Michigan Department of Licensing and Regulatory Affairs, Licensing Division, Bureau of Commercial Services, Proprietary School Licensing
    A. Gigi Fansler, Vice President for Accreditation Relations, Higher Learning Commission
    Anthea Sweeney, Vice President for Legal and Governmental Affairs, Higher Learning Commission