REPORT OF THE WSCUC TEAM
SPECIAL VISIT

To Academy of Art University

September 29, 2016

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TABLE OF CONTENTS

SECTION I – OVERVIEW AND CONTEXT   Page

SECTION II – TEAM'S EVALUATION OF ISSUES UNDER THE STANDARDS

SECTION III – OTHER TOPICS, AS APPROPRIATE

N/A

SECTION IV – FINDINGS, COMMENDATIONS, AND RECOMMENDATIONS FROM THE TEAM REVIEW

SECTION I – OVERVIEW AND CONTEXT

A. The Institution, Accreditation History, and the Special Visit

Academy of Art University (AAU), the largest regionally accredited art and design university in the U.S., is a for-profit, proprietary institution that offers Associate, Bachelor's, and Master's degrees in 22 areas of study. AAU's mission focuses on preparing professionals in design, communications and the arts, through undergraduate and graduate degree, certificate and portfolio development offerings. Its student body is large and diverse, with the student success issues that might be expected of an open-admissions institution that has a significant distance education wing (AAU currently serves approximately 14,000 students, in both online and on site modalities).

As of October 15, 2015 (as stated in the AAU Special Visit Report to WSCUC, July 19, 2016):
- 54% of Academy students enroll in at least some of their coursework online
- 33% enroll exclusively in online classes
- The Academy's student body is highly diverse, with no visible student majority and a substantial international population. As of fall 2015, 53% of the Academy's student body consisted of minority (17%) or international students (36%). Students are drawn from 115 different countries, all 50 of the United States, and the District of Columbia
- 60% of Academy students are full-time
- 7% of undergraduate, degree-seeking students are first-time, full-time freshmen
- 48% of new undergraduate, degree-seeking students are transfer students
- 34% of students are enrolled in graduate programs.

The Academy holds the following recognitions and/or accreditations:
- National Association of Schools of Art and Design (NASAD)
- National Architectural Accrediting Board (NAAB) for the Bachelor of Architecture and Master of Architecture degrees
- Council on Interior Design Accreditation (CIDA) for the BFA and MFA degrees in Interior Architecture and Design. ⌞SEP⌝

The Academy has also been accredited by WSCUC since May 2007. Following the Accreditation Visit of April 1-3, 2014 and findings from the resulting Team Report, the Commission acted on June 20, 2014 to:
- Receive the team report and reaffirm accreditation for seven years
- Schedule the next comprehensive review with the Offsite Review in fall 2020 and the Accreditation Visit tentatively in spring 2021
- Require a Mid-Cycle Review in spring 2018
- Issue a Formal Notice of Concern and schedule a Special Visit in Fall 2016 focusing on the institution's responses to the Commission Action Letter dated July 7, 2014.

This Special Visit report addresses the following issues, as outlined in the Commission Action Letter (CAL) and elaborated by the SV Team:
  Issue 1: Leadership and Organizational Structure and Effectiveness
  Issue 2: The Faculty Role
  Issue 3: Student Success (including Persistence Challenges, Student Support, Retention and

Graduation Rates)
Issue 4: Student Life
Issue 5: Strategic Plan and Financial Condition

The CAL asked AAU to respond, for the 2016 Report and Special Visit, to the four concluding recommendations contained in pp. 18-20 of the Team Report, as follows:

(1) *Leadership and Organizational Structure and Effectiveness*: that AAU evaluate and evolve its administrative and governance structures to make certain that it makes decisions efficiently and effectively, and to guarantee that it builds upon its committed staff and its highly qualified faculty to ensure it continues to offer academic programs that, commensurate with a WSCUC-accredited institution, are educationally effective.

(2) *Faculty Role*: a deep examination of the faculty role at AAU in light of WSCUC Standards; increased faculty development, both professionally and as artists.

(3) *Student Success:* Student Success includes improvement of low completion/graduation rates, especially in certain student subpopulations, and narrowing of achievement gaps. Additional concerns under Student Success include:

   *Persistence Challenges***,** from p. 9 Team Report, including:
   * An organizational culture that operates often in silos
   * Cumbersome administrative policies that frustrate students
   * Energetic and well-intentioned interventions that are reactive and singular
   * Limited follow-through on identified student issues
   * No clear pathway for students to follow to resolve typical problems, and
   * A lack of uniform customer service standards.

   *Student Support Issues***,** from p. 9, Team Report: Data on student success appear to be taken at face value. For example, a cohort identified as being at higher risk for attrition is Underrepresented Minorities (URM). But a close reading of the data shows that this cohort's success has less to do with minority status than with Low Socio-Economic Status (SES). AAU's intention to deliver special programs to URM students with low Estimated Family Contributions (EFC—from financial aid calculations) would notably miss white and Asian students who also come from low-income families. AAU had also learned that, at least for Pell Grant recipients, finances are a challenge. AAU did not discuss the role of need-based institutional aid. Further discussion of this singular factor would assist the institution in its [student-] retention planning. Address affordability by attempting to keep tuition rates and increases lower than competitors?

   *Retention and graduation rates***,** from p. 8, Team Report: Lower than national norms . . . AAU had increased its enrollment over the last several years (open admissions). It is difficult to compare it to others given its large part-time and online populations, inclusive admissions policy and the specialized nature of arts education. Can AAU demonstrate that academic programs can be completed in a timely fashion? Also, from p. 10, Team Report**:** AAU's commitment to inclusive admissions is a defining element in its identity and mission . . .

investigate ways to influence student preparation and competency at the front end of the student application process . . . there will be students for whom no amount of remediation will suffice, and whose resource load on the institution could be excessive. Finding a balance between the high standards of a competitive art and design university (that is regionally accredited) and the open admissions standards presents challenges for AAU in terms of resource allocation, accountability, scalability, and—importantly—sustainability.

(4) *Student Life*: Student Life includes further development and deeper integration of the curriculum with AAU's co-curricular programs. Development of / improvements to means of evaluating and assessing the co-curriculum; development of a coherent and distinct professional student affairs identity and organizational structure and a basis for developing, evaluating, and assessing programs—evidence that the co-curriculum integrates with the curriculum and, in fact, enhances the student's education. Evidence that results of such assessment of co-curriculum are a significant part of the planning and budgetary processes.

(5) *Strategic Plan and Financial Condition*, from p. 13, Team Report: Development of a planning process that will result in a meaningful vision for AAU's future and for how AAU will achieve that vision; meaningful inclusion of faculty in the University's planning processes. Further, from p. 13 of the Team Report: Recommendation for a longer capital structure and development of a longer-term financial budget, which is tied to the strategic plan.

The Special Visit team was also reminded of "commendations" on pages 8, 9, 10, 11 and 13 of the Team Report, and of those stated in the 2014 CAL: Centrality of Mission, Community Among Students, Focus on Students and Learning, and Mature Distance Education Programs.

B. The Special Visit Team's Review Process

In advance of the special visit the team conducted a conference call on August 30, 2016, reviewing the areas of responsibility for the members of the team and setting the process for the visit, and later drafting the report sections. In advance of the conference call, the team reviewed the Action Letter and AAU Report, evaluated the report's content in light of the CAL's stated issues of concern, and identified areas of inquiry and initial responses based on evidence presented within the report and its appendices.

The team identified various additional materials needed, and requested these from the institution, along with some changes to the proposed visit schedule. The institution was receptive to both kinds of request. Additional materials were largely supplied more than a week in advance of the special visit; AAU provided some of the additional materials at the time of the visit, both in response to earlier requests and to follow-up requests made onsite.

During the special visit, the team met with numerous committees, groups, and individuals. The standing or *ad hoc* committees included AAU's WSCUC Steering Committee, Academic Steering Committee, Student Success and Student Life Task Forces, Online Education Steering Committee, Strategic Planning Task Force, and Leadership & Organizational Structure & Effectiveness Task Force. Groups included members of the Full-Time and Part-Time Faculty (in separate open meetings), Academic Staff, the Task Force and Committee Chairs, the Board of Directors,

members of the Staff (in an open meeting), Students (in an open meeting), the Institutional Research team, and the President's Executive Cabinet. Individuals included the CEO, ALO, and the EVP of Finance. The array of faculty, staff, and administrators was impressive and provided a comprehensive view of the work that AAU is doing.

In advance of the September 2016 site visit, the team identified the following issues to explore during the visit:

- Organizational structures since the hiring of more strategic personnel and the apparent dissemination of decision-making authority
- Ability of the institution effectively to collect, disaggregate, and meaningfully analyze data in a manner that will drive improvement in persistence and graduation rates
- The assessment tools being utilized to ensure co-curricular outcomes
- How determinations were made for certain initiatives that the institution believed(s) would/will improve persistence and graduation rates
- Full-time and part-time faculty members' input regarding the university governance structure. Whether, in their view, the university is developing effective and integrated process for faculty engagement and shared governance
- Institutional Research staffing, reporting structure, and methods used to determine data priorities, analysis, dissemination, and contribution to data based decision-making.

C. The Institution's Special Visit Report: Quality and Rigor of the Report and Supporting Evidence

The special visit team commends AAU for the clarity of writing and effort expended to produce the institutional report, its focus on responding to the issues identified in the 2014 Review and subsequent CAL, and the processes reported by which the issues have been investigated and addressed.

In its report, AAU identified key questions and developed thoughtful processes through which to investigate or address the issues. The report documents, for example, the forming of numerous task forces, committees, and groups to study and engage prior Review Team Report and subsequent CAL issues. Institutional decision-making and continuous improvement now lean more toward a structure in which the teaching faculty are meaningfully consulted and included. The report reflects that AAU disaggregates student success data in such a way that it can identify populations in need of additional support, identify what supports are needed, and target those productively.

In addition, AAU is engaged in developing co-curricular and student services of a kind that contribute measurably to enhancing student persistence through graduation. It is clear that the efforts to focus on student success and retention have involved multiple stakeholders and constituencies. The processes involved have been undertaken in thoughtful, deliberative, and intellectually substantive ways. These processes are also documented in the AAU Report, with clear narratives and some supporting evidence.

i. Consequential Inquiry

AAU engaged each of the identified issues through processes of inquiry with thoughtful questions, some appropriate methodology, and moderately effective uses of available evidence.

The AAU Report responding to the CAL and informing the SV Team of progress reported on actions and progress on all of the issues. The report evidences that AAU embraced the recommendations of the Commission and took action: 1) to restructure leadership and provide more support for students; 2) to enhance faculty engagement through the creation of a questionnaire and engagement committees; 3) to secure appropriate fiscal resources to support the institution through possible enrollment dips; and 4) to plan strategically toward continuous improvement, student success, faculty inclusion in institutional decision-making, and institutional sustainability.

Although the report included general statements concerning the use of data to understand conditions, form conclusions, and implement interventions or inform institutional decision-making, it presented relatively little supporting evidence demonstrating substantial data analysis as to the conclusions drawn. Many undertakings were described and documented, but the report included fewer clear objectives and metrics for measuring success of interventions and implementations. The response to an online faculty survey was limiting; department level workshops and inclusive strategic planning was not clearly evidenced within the report. The SV Team asked to see more data and evidence of how data had been and is being used to form conclusions and make positive impact on issues of concern such as those cited in the CAL.

The SV Team noted several key questions that led to requests for more information/evidence of progress on the issues, including:

- *How* are data being captured and analyzed, and disaggregated?
- *Which* data are being analyzed, and what evidence is available as to data analysis and its use as a basis for actions taken?
- Is decision-making based more on disaggregated data or on opinions gathered from within (even if now including faculty in some ways)?
- How is faculty input gathered, analyzed, and considered in institutional decision-making, and what feedback loops exist to inform the faculty of how its input is considered?
- How do the university level committees and department level committees *interact*?

ii. Evidence

The SV Team commended the AAU Report for its clarity and reference to evidence of various kinds, and the university's efforts to address the issues identified in the CAL. At the same time, a lack of substantial evidence related to each issue was noted and further evidence was requested to assist the SV Team in understanding all that AAU is doing and accomplishing related the issues, before and during the Special Visit.

The institution gathered data resulting from its efforts to address the issues, although not always the most useful kind, nor with accompanying evidence of best practices-based methods, analyses,

and application toward conclusion making. In fact, some claims were not, or were only minimally, evidenced.

That said, AAU has demonstrated that its approach to analyzing and using data to make evidence-based decisions has improved since 2014. Data are now being collected; however, it is harder to see how it is being used. Examples of the faculty questionnaire and responses to it were provided which evidences the "engagement" of faculty members by means of soliciting their opinions, preferences, and observations. It is not clear, beyond this, how or if the faculty is consulted or engaged in response to its participation in a survey and, meaningfully, in processes of institutional decision-making. Similarly, student success data is being used to measure this dimension of institutional success; questions were asked before and during the visit to help the Team assess ways in which such data are gathered, disaggregated, analyzed, shared, and utilized for continuous improvement.

As noted above, little substantive supporting evidence was presented to justify some of the conclusions or actions described in the report. Many of the initiatives undertaken since 2014 are still rather new and the data informing them are quite formative; the Team initially found that AAU needed to continue to dig—and dig deeper—into existing and incoming data to learn more and to target efforts specifically around specific needs and related objectives. Overall, the report lacked thorough description of the institutional evaluation process and implementation strategy.

The SV Team inquired about the possibility of reviewing *meeting minutes* from various task forces, committees, and groups to help it understand all that the university has accomplished toward addressing the issues. Similarly, the Team sought to *review data* used to make assertions as to actions taken and their measurable effectiveness. The Team also asked about *ongoing review* of how data are used to make evidence-based decisions: "closing the loop." Inquiries were also made regarding the organizational structure of the new committees and groups and their selection process and criteria. Finally, the Team asked to review financial statements, gainful employment records, and multi-year budget models.

iii. Institution's Recommendations and Actions

AAU reflected in its Special Visit Report relative confidence that its action steps adequately addressed the issues identified in the Action Letter. The university was sufficiently expressive through its report of the need for further research, development of systems and approaches undertaken, and various refinements of these, some perhaps to be further clarified by preparations for the Special Visit and the Commission's next steps.

The Report described some institutional recommendations offered as ways that it might best engage the issues and address them for marked, measurable improvement over time. The recommendations offered several ways to improve, including actions around decentralizing control, adding support for students, and including faculty in decision-making, among others. AAU clearly sought to improve in all five issues of concern identified in the CAL. The report states that some changes were made for the better by efforts to create new courses (p. 12), and that by learning from the initial efforts they plan to improve the faculty engagement processes to take them beyond mere opinion-gathering to something more genuinely approaching a system of

shared governance that directly informs institutional decision-making. Overall, the report evidences a genuine attempt to improve the institution in response to the issues.

The report did not, however, present well-integrated or synthesized evidence and exhibits that led to findings and recommendations for action. Instead, it largely listed people serving on existing or newly formed task forces, committees, and groups aimed at addressing the issues. What little evidence that was provided of progress on some issues did not seem directly to support the university's conclusions or actions. Likewise, the report largely listed activities undertaken in response to the issues, while interspersing some analysis, metrics for measurement, and conclusions made around various results. The report suggested next steps in some areas, but would have been enriched by more specifics in many. Also lacking was evidence of a formal governance structure having been developed that connects the newly formed committees and groups to the Executive Cabinet, and/or directly to institutional decision-making. As a result, it appears that the institution now solicits more opinions and observations from its faculty, funnels those upward through other bodies and channels, only to find decisions still largely being made at the top, and implemented in a top-down manner.

The SV Team asked to review specific data and analyses used to determine and support conclusions and actions taken. The Team also asked for evidence of a strategic vision for developing a deeply faculty-inclusive governance structure.

SECTION II – TEAM'S EVALUATION OF ISSUES UNDER THE STANDARDS

Issue 1: Leadership and Organizational Structure and Effectiveness (Standard 3)

Summary with most applicable CFR(s): Create alternative management processes to reduce dependency on President who has too many direct reports (CFR 3.6 – "The institution's leadership, at all levels, is characterized by integrity, high performance, appropriate responsibility, and accountability," and CFR 3.7 – "The institution's organizational structures and decision-making processes are clear and consistent with its purposes, support effective decision-making, and place priority on sustaining institutional capacity and educational effectiveness.").

AAU was asked to address a number of issues related to leadership and organizational structure. The team focused its analysis of AAU's efforts to address the Commission's concerns as follows:

- Has the institution significantly changed its infrastructure from a flat organizational structure to a more vertical reporting structure that speeds decision-making and planning? (CFR 3.6, CFR 3.7)
- Was there a reduction in the number of direct reports to the president? (CFR 3.6, CFR 3.7)
- How has AAU changed its leadership and organizational structure in order to be responsive to the complexity of the institution and the current climate of higher education? (CFR 3.6)
- Are AAU's decision-making processes clear and effective? (CFR 3.6. CFR 3.7).

In its special report, AAU described the outcome of its efforts to address these questions. Based on the recommendations of a consultant, who conducted interviews with senior staff, and with the

support of the Board of Directors, AAU implemented strategies that attempted to address reorganization, decision-making, and communication approaches to better align the organizational structure of the Academy with its size and scope. A reorganization of the executive leadership was completed to reduce the number of direct reports to the president from 27 to 9. An Executive Cabinet was created to assist the president in determining how to address strategic planning and operational concerns. A subgroup of this committee meets regularly to vet issues, proposals and make recommendations to the president. Individuals were recruited and hired into the newly created positions of Vice President of Student Operations, Vice President for Faculty Evaluation and Development, Executive Vice President for Information Systems and Communication, and a full-time Title IX Coordinator.

A key recommendation was to delegate decision-making authority to other senior management rather than it being vested strictly with the president. Once an organizational structure and decision-making committee was formed, they met to identify decision-making bottlenecks and made recommendations for the delegation of decisions to senior management. As a result of this committee's work, the following delegations of authority were implemented: EVP of Finance can approve budgetary requests up to $15,000 and unbudgeted items up to $5,000; Chief Academic Officer (CAO) can make recommendations for faculty and director workload reductions, terminations can be approved by the CAO, EVP of Finance or the EVP of Financial Aid/Compliance once reviewed by HR, new hires can be approved by VP of HR in conjunction with the CAO, and the EVP of Financial Aid/Compliance can approve can Presidential Scholarships for students meeting certain criteria.

AAU also created other significant committees: the Academic Steering Committee, Student Success Task Force, Leadership and Organizational Structure and Effectiveness Task Force, Online Education Steering Committee, Strategic Planning Task Force, and Student Life Task Force. All of these committees were formed to assist in streamlining the decision-making process and facilitate communication between departments in the Academy with the intention of tackling issues more effectively. AAU took the WSCUC recommendations to heart and has implemented an organizational structure that seems to be more appropriate for this type of institution and in keeping with the institution's mission, values, and culture. AAU has recently brought in a few individuals from outside the institution who can bring a fresh perspective in addressing the multiple challenges this institution faces from its growth and the higher education environment.

During interviews with the various executives, task forces, and committees, it was apparent that all of the individuals involved share a strong commitment to student success and dedication to the institution's mission. The task force and committee members shared strategies and plans that have been implemented as well as future goals and ideas. However, during the interviews, the actual decision-making process could not be clearly articulated or was not transparent to key stakeholders. In addition, some of the committees and task forces had been recently formed and it did not appear sufficient time had passed to allow the roles and responsibilities of various members to mature.

It may serve AAU well to reflect on some of the specific assignments and responsibilities of the various committees, task forces, and individuals as these roles become more clearly defined by the work that needs to be accomplished and the goals pursued. For example, a subgroup of the

Executive Cabinet meets regularly; yet the entire cabinet had met only once this year. As a result, members of the cabinet gave the team conflicting accounts of the decision-making process.

From interviews with the staff and faculty, the team concluded that AAU is experiencing greater collaboration and communication across all areas of the Academy. The interaction between departments and programs has led to the development of multiple levels of collaborative projects for the students and staff. In discussions with students, this sentiment was echoed. Students indicated that they were able to participate in collaborative projects as they have never been able to before. All who were interviewed exhibited enthusiasm for the momentum of this collaborative effort. However, multiple constituents expressed a desire to be more in the loop on decisions and to know more about what was happening within the institution. Too often, the team learned, it is felt that impacted personnel were not involved in the decision-making process, that there were times decisions about new initiatives/programs were not shared with those directly affected, and that there were multiple times where the rationale for a given decision was not communicated. At the same time, there were multiple individuals who provided examples of significant improvements made in internal communications and the positive impact of administrative efforts to make the institution more transparent.

In the collaborative spirit that permeates higher education, the students, staff, and faculty of AAU want and expect a decision-making process that validates their commitment and includes their voice, even if final determinations may not rest in their purview. The team sees as a worthy and necessary task the need to further develop clear strategies and inclusive systems to facilitate and communicate institutional decision-making processes that can be wholly embraced by the AAU community.

Issue 2: Faculty Role (Standard 3)

Summary with most applicable CFR(s): Define and enhance the faculty role to create a system of shared governance (CFR 3.10 – "The institution's faculty exercise effective academic leadership and acts consistently to ensure that both academic quality and the institution's educational purposes and character are sustained." Guideline – "The institution clearly defines the governance roles, rights, and responsibilities of all categories of full- and part-time faculty.").

AAU has developed a strategic plan that identifies faculty engagement as a key initiative. As a result, committees and task forces have been formed to develop implementation plans and activities that include actively working faculty members' input on the curriculum, and other matters. The Department Action Teams (DATs) generate department-level faculty meetings and to coordinate issues related to curricular development. The Curriculum Leadership Teams in each department are composed of selected faculty members who have been tasked with engaging all faculty through online surveys, thereby encouraging on-site and online faculty to participate, and to provide input toward institutional decision-making. It is commendable that AAU has developed this faculty-inclusive element in its strategic plan, executed a faculty engagement plan in a short amount of time, and implemented some of the resulting findings from the teams and committees formed.

Some initiatives that do not require inter-departmental coordination are implemented at the

individual department level by the Directors, giving them some autonomy. Any inter-departmental initiatives that have university-wide and/or significant budget implications are routed to the Academic Steering Committee, consisting of Directors and selected faculty members. These initiatives are then reviewed by the Chief Academic Officer (CAO), who might send them on to the President for approval.

The well-developed Online Team has created an effective communication facilitation mechanism that both eases and improves online faculty engagement and collaboration. The Online Education Steering Committee, consisting of selected online faculty members, generates effective improvements in operations and curriculum. As each faculty member of the Online Team belongs to her/his prospective academic department, the Online Education Steering Committee also deals with online issues specific to the areas represented.

The purposes of the Academic Steering Committee, the Curriculum Leadership Team, and the Online Education Steering Committee are each described in the Faculty Manual. Their organizational structure and respective roles in the institutional decision-making process, however, are not. This fact made it difficult for the SV team to discern the true intended impact of these bodies on decision-making. The faculty opinion surveys conducted by Curriculum Leadership Team are reviewed by that group, and are then forwarded to the department Directors and/or the Academic Steering Committee, depending on the nature of the suggestions and their implications (CFR 3.7).

The creation of these committees and mechanisms to harvest ideas and opinions from the faculty represent meaningful steps toward a genuine system of inclusive, shared governance. That said, the actual institutional decision-making process, and the structures that facilitate it, remain unclear. To make matters slightly more challenging, the SV team identified little or no direct feedback mechanism to the faculty regarding how input is considered, and used in decision-making. Depending on the complexity and magnitude of various proposals, rather, some ideas generated by or within the faculty ranks have been implemented at the department and university levels, despite the process by which this occurred being somewhat opaque and open-ended, without a feedback loop that informs the faculty prior to fait accompli announcements. A feedback loop could provide the layer of transparency needed to help the faculty connect the input it now provides with how decisions are made, institutionally, thus enhancing the faculty role to something more on the order of true shared governance. Further, such feedback would perhaps best be provided through the creation of an *institution-wide faculty governance body*, which had been recommended in the WASC Accreditation Review team report (Spring 2014) (CFR 4.4).

General satisfaction was expressed by the faculty members who attended SV team forums regarding the efforts made by AAU to engage with the faculty. However, the faculty as a body generally reflected to the SV team that little progress has been made to-date on the matter of providing needed (in faculty members' collective view) resources in support of faculty participation in these newly established committees, or, for that matter, to pursue scholarly and professional activity.

Another dimension of the faculty role that drew SV team attention was the faculty promotion system; this also is not clearly established. While formal faculty performance reviews are carried

out, it would seem, based on faculty members' stated impressions, that these are conducted without apparent uniform, regular, or consistent methodology. Current employment policy, provided by AAU states that faculty performance reviews are optional, as related to raise requests, except for Student Course Evaluations. Implementing regular faculty performance reviews—independent of raise requests—would increase communication between faculty members and Directors in both directions, and could provide for faculty a reliable platform for the sharing of ideas, questions, issues, and concerns (CFR 3.2).

The SV team acknowledges that hiring established industry professionals with varied skills and reputations is no easy task and that creating a meaningful engagement and fair performance evaluation system is a challenge. Nonetheless, in order to generate a cohesive community of enthusiastic full-time and adjunct faculty, the SV team recommends that AAU continue developing and clarifying organizational responsibilities and decision-making processes, with a clear shared-governance structure that supports AAU's mission and founding philosophy.

Without clearer organizational responsibilities, more transparency in the institutional decision-making process, consistent practices of faculty performance reviews, and more clearly defined faculty promotion opportunities, AAU will continue to operate in a largely top-down fashion, with weak to no genuine shared governance. The SV team recommends that AAU continue to build on the success of recent accomplishments (as described herein) to more clearly define the role and responsibilities of, and opportunities for, its faculty toward the goal of creating a culture of faculty and a coherent system of shared governance.

Issue 3: Student Success (Standard 2)

Summary with most applicable CFR(s): Address low retention, persistence, and graduation rates; achievement gap (CFR 2.10 – "The institution demonstrates that students make timely progress toward the completion of their degrees and that an acceptable proportion of students complete their degrees in a timely fashion, given the institution's mission, the nature of the students it serves, and the kinds of programs it offers. The institution collects and analyzes student data, disaggregated by appropriate demographic categories and areas of study. It tracks achievement, satisfaction, and the extent to which the campus climate support student success. The institution regularly identifies the characteristics of its students; assesses their preparation, needs, and experiences; and uses these data to improve student achievement." Guideline: "The institution disaggregates data accordingly to racial, ethnic, gender, age, economic status, disability, and other categories, as appropriate. The institution benchmarks its retention and graduation rates against its own aspirations as well as the rates of peer institutions.").

Graduation and retention rates were a primary focus of the AAU visit with noted concern regarding the fact that graduation rates previously reviewed in 2014 were lower than national norms and that there existed a need to stabilize persistence rates. In response to the 2014 Commission Action letter, AAU hired a Vice President of Student Operations and formed a Student Success Task Force (CFR 2.10). The VP of Student Operations has been in place for approximately 10 months and brings a fresh perspective of "developing a culture of evidence-based decisions." The Student Success Task Force is composed of representatives from Institutional Research, Academic Support, Student Advising, Online Education, Marketing, and

Admissions and is responsible for initiating action plans to enhance student success.

It was apparent from interviews conducted with the Student Success Task Force, as well as with members of the institution as a whole, that they have enthusiastically sought to become more collaborative, communicative, and cohesive as an institution. Evidence of this change was reflected in many of the interviews conducted where staff relayed that they learned that if they come together they can accomplish more. They discovered silos and began to collaborate. It is now more clear why they are doing what they are doing, and how they are doing it.

The VP of Student Operations identified avenues of opportunity in the admissions process and implemented work groups consisting of admissions and financial aid representatives in order to provide better customer service during the admissions process. First year experiences such as Student Services web chats, portal walk-throughs by the admissions staff and an interactive online orientation have been implemented to influence student success prior to admissions by improving the admissions process and managing applicants' expectations. These initiatives speak to the institution's commitment to improving persistence rates through the first year student experience.

During interviews with various constituents, task forces, and committees, members remarked repeatedly that they were being provided data by the Institutional Research (IR) unit that was helpful in developing action plans; however, members were often unable to clearly articulate what data they were using or how they could use it. The only clear example of assessment data in use was cited in reference to the inaugural annual Student Satisfaction Survey that was run in spring 2016 (co-curricular program review data was also provided, and is referenced in Student Life, below). Interviews indicated that additional ad hoc surveys were being conducted by departments, but there appeared to be no alignment, cohesion, or collective body of survey data in place. The institutional Student Satisfaction Survey referenced above is a singular data source.

When questioned about the low graduation and persistence rates, responses were numerous and varied as to why students were not completing their chosen programs of study. Reasons such as finances, a grading scale on par with industry standards, unrealistic expectations as to the difficulty of the art/design industries, and students' apparent propensity to obtain high paying jobs and dropping out of school were all relayed as possible reasons for attrition. These responses appeared anecdotal, as no one could cite data behind the claims or confirm that such information was being captured through reliable sources.

The Special Report indicated that AAU has implemented various initiatives to improve student success and persistence and listed a number of initiatives such as implementation of the annual Student Satisfaction Survey, adding translation software, purchasing predictive analytic software (which has yet to be implemented), development of a degree tracking software platform, and the launching of a readmission program. The report indicated that these initiatives were based on data from the IR Department. The team reviewed data provided in the Institution's Special Report. AAU provided information for first-time, full-time students as well as IPEDS data. As indicated by the 2014 review team, IPEDS data and full-time student data does not adequately tell the story of the "typical" AAU student. First-time, full-time students comprise only a small portion of the student body. Graduation data for the 2009-2010 and 2010-2011 cohorts of first-time freshman was on par with the data reviewed by the prior team. In 2009-2010, on time completion was 13%

and graduation within 150% of the expected time (6 years) was 38%. In 2010-2011, on time completion was 11% and graduation within 150% of the time was 36%. Some of the documentation initially provided to the SV team during the visit showed persistence rates for subsequent cohorts, but only for the students' first year. In order to form a more complete picture of AAU's student success, additional data was requested for review.

The additional data indicated that AAU is making some progress. The persistence rate for the 2013 cohort has improved. Onsite retention for 2013 full-time, first-time students into the third year is 54%. Onsite 2013 full-time, transfer students retention into the third year is 55%. International student retention for the same cohort full-time, first-time and transfer students is 69% and 52% into the third year. Graduation rates for this time period are not yet available. Online persistence rates are struggling. Full-time, first-time online students persist at a rate of 29% into the third year and online full-time, transfer students at a rate of 29%. In response to the low persistence rates for online students, AAU has hired a new EVP of Online Systems and Communication. This individual is responsible for identifying and tracking at-risk students and streamlining and improving communications and customer service. New initiatives to support the online population have recently been implemented including redesigned online class discussions, and the implementation of synchronous learning experiences. It is too soon to know if these initiatives will bolster online persistence rates.

Part-time student persistence rates remain an issue. The first year persistence rate for part-time, first-time students was: 2014-2015 = 43%; 2013-2014 = 47% and 2012-2013 = 41%. The persistence rate for full-time, first-time students for the same cohorts was 76%, 75% and 71%, respectively. Part-time students comprise 40% of the student body population. AAU recognizes that part-time student persistence is an area of opportunity and is developing various initiatives to specifically target part-time students. While many of these supportive programs sound promising, their impact on closing achievement gaps cannot yet be systematically evaluated (CFR 2.10).

Data were disaggregated for multiple subpopulations including, gender, diversity, and degree/program concentrations. Some of the enrollment numbers for these groups were small, so slight changes in the size of the cohort had an effect on the percentages that are commonly used in reports (CFR 2.10). AAU is giving some thought to combining a portion of the smaller specialized sub-degree programs into more broad degree areas.

AAU's Institutional Research Department (IR) has been expanded from one to three members, each of whom are well qualified for their positions. Interviews conducted with the IR team revealed that the department operates responsively—or reactively--to numerous data requests from individuals or departments across the institution. It appears that much data is collected, but is not used in a consistent manner to support evidence-based decisions. The IR Department has purchased predictive modeling software, but this has not yet been fully setup or made operational. While the IR Department has the capability to collect and analyze copious amounts of data, that data's use in driving institutional decision-making is in a formative stage. The IR Department confirmed that data as to why students do not complete their program of study is not currently being captured, and that past data that might be available in this regard has not been accurately reported. The SV team encourages AAU to carefully monitor and report this data so that it can be used to create a sustainable retention plan, inform decision-making about initiatives, programs,

and policies that have the potential to improve student success. With further development of capabilities of the IR Department, AAU can use analyses of its data to examine problems, change policies, and realize immediate effects on the graduation rate of its students (CFR 2.10).

The team also noted that AAU has responded proactively to current conversations about the need for transparency in making retention and success data readily available to a broad cross-section of internal and external stakeholders. AAU is exploring ways to better enable the institution to follow up with students who have left their program of study for employment prior to graduation in order to gain better longitudinal data on the success of these students as they transition to the workplace. Although the Academy recognizes the need to improve their students' degree completion rates and has made this an institutional priority, plans or strategies for identifying evidence needed to determine contributing factors to this issue are formative, or have not yet been developed.

Issue 4: Student Life (Standard 2)

Summary with most applicable CFR(s): Integrate co-curricular experience with the curriculum and its assessment; define and enhance the organizational role and profile of the Student Affairs staff (CFR 2.11 – "Consistent with its purposes, the institution offers co-curricular programs that are aligned with its academic goals, integrated with academic programs, and designed to support all students' personal and professional development. The institution assesses the effectiveness of its co-curricular programs and uses the results for improvement," and CFR 2.13 – "The institution provides academic and other student support services such as tutoring, services for students with disabilities, financial aid counseling, career counseling and placement, residential life, athletics, and other services and programs as appropriate, which meet the needs of the specific types of students that the institution serves and the programs it offers.").

AAU has continued to develop and integrate its co-curricular programs into the curriculum and student life experience. In response to the CAL, AAU formed the Student Life Task Force comprised of representatives from Campus Life, Housing and Residence Life, Student Academic Support, Online Student Relations, Athletics, and Campus Safety. Understanding the importance of assessing co-curricular outcomes against a measurement, the Task Force developed a new institutional learning outcome focused on the co-curricular outcomes of students and graduates. The Board of Directors approved and adopted the new ILO in May 2016. The new ILO is published in each course syllabus. The development and adoption of a new ILO that serves in assessing co-curricular programming demonstrates AAU's level of commitment toward the integration of co-curricular activities throughout the educational experience.

Since 2014, AAU has completed many of its co-curricular program reviews. The IT Department developed reporting procedures that pull data from the various software systems used by the Academy. As a result of this effort, program review data can be shared among departments and synced with student attendance and grade information to provide a more complete basis for assessment. Through such assessments, AAU has implemented a variety of programs to support student learning. Examples of such programming include, but are not limited to, training tutors on best practices, support coaches being embedded in many academic departments, the development of an online degree completion dashboard, and the offering of study skills workshops in the residence halls. Many of the initiatives developed by the Student Life Task Force have been incorporated into the institution's strategic plan. The team observed and affirms the excitement

and understanding of assessment among all on the co-curricular team. (CFR 2.11, CFR 2.13)

As part of the institutional reorganization, the Student Affairs department was also reorganized and the reporting structure streamlined. The Housing and Residence Life group was brought under the VP of Student Affairs. Student academic support programs are housed in the Academy Resource Center. The Academy Resource Center and Student Affairs department report to the Chief Academic Officer. E-commerce has been removed from Student Affairs. A full-time Title IX Coordinator has been added to provide training and consulting on Title IX for staff, faculty and students (CFR 3.1).

The HR Department has worked to ensure that qualified individuals are being hired to support the student affairs functions. The Title IX coordinator has a juris doctor. All Housing and Resident Life professionals have master's degrees in areas that include Public Administration and Education Administration and Leadership. AAU has been committed to the development of its Student Affairs employees. Many have participated in a variety of professional development activities, training opportunities, and professional organizations. Numerous training and professional development opportunities were presented for review.

AAU is also making progress in the area of student leadership. Student leaders participated in the strategic planning process. A Student Ambassador program was launched in 2015 and a Student Leadership Summit was held in the spring of 2016. The Student Life Task Force has led focus groups to solicit input from students. AAU is in the formative stages of engaging its online student population in leadership programs.

Issue 5: Strategic Plan and Financial Condition (Standard 4 [secondarily Standard 3])

Summary with most applicable CFR(s): Recalibrate the strategic plan, including budgeting plans, drawing on input from multiple constituencies; develop a longer-term capital structure and financial plan tied to the strategic plan (CFR 4.6 – "The institution periodically engages its multiple constituencies, including the governing board, faculty, staff, and others, in institutional reflection and planning processes that are based on the examination of data and evidence. These processes assess the institution's strategic position, articulate priorities, examine the alignment of its purposes, core functions, and resources, and define the future direction of the institution." CFR 3.4 – "The institution is financially stable and has unqualified independent financial audits and resources sufficient to ensure long-term viability. Resource planning and development include realistic budgeting, enrollment management, and diversification of revenue sources. Resource planning is integrated with all other institutional planning. Resources are aligned with educational purposes and objectives.").

Strategic Plan

AAU has instituted a very robust, comprehensive and collaborative 5-year strategic plan (CFRs 4.1, 4.2). President Stephens launched the Strategic Planning initiative in spring 2015. Throughout the academic year, input was gathered from groups across campus, including: Academic Department Directors, Faculty, Board of Directors, Senior Management Team and Students. The resulting 2016 to 2021 Strategic Plan focused on four main areas: Institutional Effectiveness, Students and Faculty, Organization and Facilities and Finance and Regulatory Compliance. All of the four areas roll up to a set of eight main goals for the university to achieve its mission and

vision. Tracking and feedback for the plan is conducted by the Strategic Plan Task Force, which charges each main area with responsibility for maintaining continuous tracking sheets. Each of the four *focus* areas track progress on a quarterly basis, each area having a set of sub-goals that roll up into the main goals. The financial and human capital resources needed to achieve the goals are gathered through the tracking of each focus area and allocated through the budgeting process. For example, the need for more resources in the area of student learning resulted in the investment of $3.7 million in 2015 into the Learning Management System with a further $2 million through June of 2016 on various academic projects (CFR 4.1). Overall, AAU has achieved a comprehensive, robust, inclusive, and achievable five-year Strategic Plan (CFR 4.2).

Financial Condition

Stephens Institute d/b/a Academy of Art University (AAU) is a California corporation whose tax designation is sub chapter S. The sub-S designation offers the owners a tax efficient structure, which avoids double taxation. The institution has seen a great deal of growth over the past decade, with total enrollment more than doubling. This has led the institution to substantially grow its total revenue as of the fiscal year ending December 31, 2015, with approximately 93% of that year's income coming from tuition and registration fees and the remaining 7% from dormitory revenue. The almost exclusive reliance on tuition as a source of revenue is common in privately held postsecondary institutions. Overall, for fiscal year 2015, AAU generated enough net income before interest, taxes, depreciation, and amortization (EBITDA) that the EBITDA percentage as a total of revenue represents good fiscal health.

AAU has a long history of operating as a growing and profitable organization. This bodes well for a future of financial sustainability and reliability. The EBITDA margin has been improving and increasing in recent years and is comparative to similar other regionally accredited private institutions. The Landlord for the majority of the institution's buildings continues to be the Stephens family. The lease payments are made to off balance sheet entities owned by the family, which leads to an overall occupancy cost equal to 27% of total revenue. It is understandable to a certain extent that the occupancy costs are in the upper range for California-based institutions (due to the high real estate costs in San Francisco). The real estate leases are structured in a manner to allow flexibility for the Tenant to have reduced lease payments if required (if there was lower enrollment and EBITDA). Both the Executive Vice President of Finance and President of the institution emphasized the financial sustainability of the institution as the primary concern of the Stephens family. They stated the lease payments would be reduced if necessary to maintain current EBITDA levels. The flexible structure of the real estate leases and willingness of the Landlord to adjust required rental payments when necessary bodes very well for the financial sustainability of the university (CFR 3.5).

AAU has secured a $25 million line of credit in order to ensure its ability to fund projects and working capital needs through cyclical enrollment downturns. Additionally, the university shows on its balance sheet a classic car collection, which is worth more than its total cost and therefore represents a significant asset for AAU. The collection serves two purposes: as a pedagogical element for various courses and a form of endowment/investment. Parts of the collection could be sold if necessary to generate required capital.

One area of concern for the entire for-profit higher education community is the establishment of the Gainful Employment (GE) regulation by the United States Department of Education. The regulation is particularly damaging to universities offering programs in creative areas (Art, for example). This is because many of the graduates when employed are in project-based jobs and not traditional full time W-2 positions. AAU did an extensive examination of its compliance with GE by employing the firm Sober Consulting Services. In a worst-case scenario, the analysis indicated 6 programs would fail the GE regulation impacting 969 students. The university is already implementing various initiatives to change the programs in order to pass the regulation. Overall, AAU is well positioned to comfortably weather the impact of GE. This is because most of their programs do lead to more traditional W-2 employment, a large percentage of their students are non-Title IV international students (GE doesn't apply) and they are making adjustments to existing programs to pass GE. Finally, overall only 45% of the students at AAU use Title IV as their funding source making the impact of GE much less than most institutions in the sector.

Another prevalent issue for the intuition is the lawsuit from the City of San Francisco naming 22 buildings occupied by AAU. At this time there is little to report on the lawsuit as it is still in process. Overall, its impact on AAU seems minimal and is not of serious concern to the university.

All of the above indicates that the institution is financially sustainable (CFR 3.5). The ability of the institution to flex its occupancy costs, robust international student population (36% of total student population), significant financial capability of the ownership, low cohort default rates (6.9% for 2014 – most recent year available), available investment assets, and minimal impact of GE bodes well for the future of the university.

SECTION III – OTHER TOPICS

N/A

SECTION IV – FINDINGS, COMMENDATIONS, AND RECOMMENDATIONS

Based on the AAU SV Report, evidence provided along with it and during the visit, and meetings with groups, committees, and task forces the SV Team found that significant efforts toward progress on the issues have been made since the 2014 Review, and that meaningful progress has been accomplished on some of these, to-date.

For example, as discussed above re: Issue 1, AAU has revamped its organizational structure to be more aligned with regionally-accredited institutions of higher learning while keeping true to its mission. The Academy has reduced the number of direct reports to the president, made recent additions to the management team that bring new perspectives, and created committees and tasks forces with defined purposes. Of concern is the need for AAU leadership to strengthen communication, more actively engage those directly impacted by the institutional decision-making process, and improve transparency of that process.

The faculty role (Issue 2) has improved since 2014 through the creation of committees and teams that include faculty members and mechanisms for gathering their input; much needs to be more clearly defined and made more transparent, however. Specifically, defining the responsibilities of

various committees and teams and how these serve the larger institutional decision-making process and the addition of a university-wide shared governance body would foster a culture of faculty and fill remaining needs for genuine shared governance.

Regarding Issue 3, AAU needs to build on the emerging institutional research function to analyze, synthesize, and use data to make evidence-based decisions consistent with the institution's mission in order to facilitate continuous improvement, particularly in the area of student persistence and graduation rates.

The SV team recognized the efforts and changes that AAU demonstrated by engaging with and developing its Student Affairs department, and enhancing student life (Issue 4). AAU has been effective in its ongoing integration of co-curricular programs with the curriculum and its development and assessment of the co-curricular review process.

Effective strategic planning has been undertaken, resulting in a comprehensive, robust, inclusive, and achievable five-year Strategic Plan that can sustain the institution. At the same time, the university is financially sustainable due to numerous factors, discussed above (Issue 5).

Commendations

1. Responsiveness to the findings and recommendations of the 2014 WASC team report.

2. Reduction of the number of direct reports to the President the reorganization of the management structure, and recent additions to the management team (CFR 3.6).

3. Formative efforts toward the engagement of faculty through a more participatory process (CFR 3.10).

4. Ongoing integration of co-curricular programs with the curriculum and the further development of a co-curricular review process to enhance student life (CFRs 2.11, 2.13).

5. The systematic approach to the forming of a university-wide team that produced a comprehensive 5-year strategic plan with appropriate goals, tracking, and feedback loops (CFR 4.6).

Recommendations

1. Continue to clarify the institutional decision-making process and provide greater transparency to all key stakeholders; continue defining management roles and responsibilities and communicating these to the community (CFR 3.6, 3.7).

2. Continue to engage with the whole faculty (full-time, part-time, online, onsite) in a participatory manner to further evolve and formalize structures and processes for genuine shared governance, consistent with the institutional mission and type (CFR 3.10).

3. Further define and codify the faculty roles, levels, and responsibilities (including directors, level leaders, and coordinators, etc.) to foster an institutional faculty culture (CFR 3.10).

4. Build on the emerging institutional research function to analyze, synthesize, and use data to make evidence-based decisions for continuous improvement, particularly related to persistence and graduation rates beyond students' first year, consistent with the institutional (CFR 2.10).

5. As the strategic plan is updated, going forward, sustain the bottom-up approach taken to planning and inform it more deeply through systematic use of the IR function and resulting data to make data-driven changes (CFR 4.6).