

**REPORT**  
**NAROPA UNIVERSITY RESPONSE**  
**TO THE HIGHER LEARNING COMMISSION'S 2010 COMPREHENSIVE VISIT**  
**SEPTEMBER 1, 2010**

**Executive Summary**

This report provides a response to the 2010 Comprehensive Evaluation Visit Report, which recommends a five-year term of reaccreditation and a focused visit within two years of the March 2010 site visit. Naropa accepts the observations, criticisms and recommendations of the Evaluation Team. At the same time, this report is intended to demonstrate that both prior and subsequent to the site visit, Naropa has undertaken genuine and significant efforts to address its financial and organizational issues. While the impact and effectiveness of these changes will become more apparent in the coming months and years, Naropa is committed to monitoring its institutional effectiveness over time, and continuing to produce balanced budgets and implementing appropriate restructuring plans.

**Introduction**

This report serves as Naropa University's official response to the 2010 Comprehensive Evaluation Visit Report. The intention is to provide the Higher Learning Commission with an update on strategic actions since the completion of the University's accreditation self-study in January 2010 and the comprehensive evaluation visit of the Higher Learning Commission Team in March 2010.

Naropa University acknowledges and appreciates the self-study process as an invaluable opportunity for assessment of the institution, and its role in affirming and clarifying the University's strengths, challenges, and future directions. Certainly, Naropa's engagement in self-study provided a systematic basis for institutional reflection, analysis, and learning, as well as focusing our attention on performance and opportunities for improvement.

This past year was characterized by tremendous change and transition as Dr. Stuart C. Lord assumed the Presidency in July 2009, and under his leadership the University began a process of implementing new directions, grappling with long-standing issues and concerns, and moving forward with significant (and, to some degree, unprecedented) decision-making. A reorganization of the senior executive team, along with an announcement of a major budget reduction initiative, coincided with the conclusion of the self-study report in late fall 2009; these changes were in the early stages of implementation when the final Self Study Accreditation Report was submitted to the HLC in January 2010. Subsequently, an Addendum Report to the HLC was submitted to provide further information on the status of the reorganization, the budget reduction initiative, and Strategic Plan Jump Start Funding. At the time of the arrival of the HLC Team in March 2010, the University had just made public the reorganization of the executive management team into a President's Cabinet, along with the restructuring of major functional areas of the University into four divisional areas.

The University recognized the potential risk and vulnerability in implementing major institutional changes during an accreditation year. At the same time, the President, having inherited a structural deficit that recurred over several years and an unwieldy Senior Staff with nine direct reports, recognized that the University's stability was at stake and chose to act immediately, albeit in his first year. The report of the HLC Team verifies the organizational and financial concerns undergirding the President's decisions and actions.

Therefore, Naropa University agrees with the challenges identified in the 2010 Comprehensive Evaluation that require HLC Commission follow-up. The HLC Evaluation Team identified seven challenge areas:

- 1) The administrative and faculty leadership of Naropa have had difficulty making decisions;
- 2) It is apparent that the current modes of communication on campus are not effective;
- 3) The size of the administrative staff is significantly larger than peer institutions and the institution will want to consider the financial implications;
- 4) The review of the self-study and the results of staff interviews have indicated the need for enhanced accountability of staff positions;
- 5) The plan to reduce at least \$1.4M in the coming 2010-11 budget will prepare Naropa to present a balanced budget to the board in its May 2010 meeting;
- 6) The institution must more effectively anticipate budget shortfalls and environmental changes than have occurred in recent budget planning processes; and
- 7) Since 2004 and for 6 consecutive years, the disturbing trend of expenses exceeded the revenues has persisted.

Many of these concerns were illuminated during the University's self-study process. Further, they are concerns recognized by the Board of Trustees, the President and the members of The Cabinet. It is our hope that this report will provide evidence that Naropa's governance and leadership bodies are aware of the problems raised by the Evaluation Team, and have taken initial yet decisive steps to address many of these concerns as a new fiscal and academic year begins, and is committed to taking additional steps as needed to address these concerns in the coming year.

## **Background**

Naropa's Board of Trustees continues to be highly involved in shaping the strategic directions of the University, and in many respects has provided continuity with regard to the long-term view of the University's future, especially during a period of presidential transition. In 2007 the Board encouraged and supported then-President Thomas Coburn in advancing the University's strategic planning process to concentrate on the institution's considerable financial challenges and to chart a course that would ensure greater financial stability. Towards these ends, the President and Board engaged the services of Wellspring, Inc., to work with an internal steering committee on the development of a new business model that emphasized institutional accountability and measurable financial goals. This process of strategic planning, as well as the anticipated multi-year outcomes for the implementation of the plan, revealed new expectations and changed practices for the University and the Board. For example, the Board has pushed the President and Cabinet to develop an ongoing dashboard of key performance indicators as a way of monitoring internal targets and external benchmarks.

Following the retirement of President Coburn, the Board of Trustees sought to hire a new Chief Executive Officer who would provide the leadership to advance the Strategic Plan and strengthen the University's financial position and management efficiency. Consistent with this approach, President Stuart Lord and the Board have agreed upon five goals for his presidency:

- 1) Implement the strategic plan;
- 2) Increase resources and economic efficiency, and reduce per capita expenditures;
- 3) Strengthen and support the academic agenda and accreditation;
- 4) Enhance the visibility of the University and develop an outward focus; and
- 5) Develop a culture of community feedback.

To support the President and ultimately the University, the Board's relationship with the President is defined by collaborative insight, clear performance goals (which, as noted above, are tied to institutional goals), and presidential accountability. A 360° Assessment of the President is currently being conducted by Mountain States Employers Council, with the goal of providing comprehensive insight into the President's strengths and needed areas for development after his first year in office.

Further, to strengthen the Board of Trustees itself and to assure a strong and effective working relationship between the Board and the President, the former is also undergoing an assessment at the time of this writing. Led by consultant E.B. Wilson of the Association of Governing Boards, data for the assessment were collected from a wide group of internal constituencies in August and findings will be presented to the Board at its late September meeting.

In brief, despite transition in the University's top position, the Board of Trustees has worked to advance an agenda that maintains focus on our Strategic Plan, and that supports the new President in undertaking significant and unprecedented budgetary and organizational changes. The collective commitment to contemplative pedagogy and preparing students to "meet the world as it is and change it for the better" provides continuity during this period of transition (see the discussion of the Mission Statement in the Self-Study).

## **I. Systematic Challenges and Actions Towards Improvement**

This section begins with a brief overview of a reorganization design of the senior leadership team that was implemented just prior to the Comprehensive Evaluation Visit. It then examines each Vice President's efforts to address budgetary and structural concerns raised by the Evaluation Visit, which are encapsulated in the President's *Initiative for Mission Impact Plan*.

### ***Restructuring Executive Leadership and Divisions***

At the time of his arrival on campus in July 2009, President Lord inherited the so-called Senior Staff, which consisted of nine senior leaders who reported directly to him: the Vice President for Academic Affairs; Vice President for Business and Finance; Vice President of Operations; Vice President for Advancement; Assistant Vice President for Marketing and Communications; Assistant Vice President for Student Administrative Services; Dean of Admissions; Dean of Students; and Associate Vice President for Academic Affairs and Chief Diversity Officer.

To create a more efficient alignment of functional areas and reduce some administrative costs, President Lord restructured and consolidated the executive leadership team. The position of Vice President of Operations was eliminated, and in its place a Director of Facilities and Operations

was created, reporting to the newly created position of Senior Vice President for Finance and Business Administration. The position of Assistant Vice President for Marketing and Communications was also removed from the President's direct reporting line, and subsumed under a new position of Vice President for Development and External Relations. Two positions – Dean of Admissions, Dean of Students – were placed within the newly created Division of Student Affairs and Enrollment Management, which is headed by a Vice President.

As of March 2010, the President's Cabinet is comprised of six senior executives: the Provost and Vice President for Academic Affairs; Senior Vice President for Finance and Business Administration; Vice President for Student Affairs and Enrollment Management; Vice President for Development and External Relations; Associate Provost for Institutional Research, Planning and Assessment and Special Advisor to the President for Diversity; and Chief Administrative Officer. Three of these positions (Provost/VPAA, Associate Provost, Chief Administrative Officer) are "permanently" held by their incumbents. Two positions (Senior Vice President for Finance/Business Administration, VP for Student Affairs/Enrollment Management) are held by interim appointees, the latter of whom formerly served as an Assistant Vice President and has worked at Naropa for over fifteen years. A search is currently underway for the VP for Development, a position that was recently vacated.

Four divisions were constituted as the functional units of the University, each of which is headed by one of the aforementioned Vice Presidents: Division of Academic Affairs; Division of Finance and Business Administration; Division of Student Affairs and Enrollment Management; and Division of Development and External Relations. Each Vice President is responsible for, and held accountable to, the adoption of best practices for management and operations in his/her division and for making decisions in a timely manner. In the past six months, the Cabinet has implemented significant changes that will impact the future direction of the University for many years to come. This is evidenced in the restructuring of each divisional area to achieve efficiency, staff reductions, and overall budget reductions (see below).

A key element of each division's accountability is the University's movement toward data-informed decision-making. Assessment is an area that Naropa has worked diligently to improve over the past five years; this now includes a robust learning outcomes assessment program for all academic programs and an internal program and planning process known as the Department Systematic Review (see Self Study). However, while we have made significant strides in student learning outcomes, the area of institutional research, planning, and assessment has not been as robustly developed. As part of the President's divisional reorganization, an Office of Institutional Research has been placed under the direction of the Provost. Headed by a newly redefined Associate Provost, the office will become fully functional in mid-fall 2010 once an additional researcher and data analyst is hired.

### ***Divisional Planning and Outcomes Since March 2010***

Immediately following the HLC Team visit, the President and the Cabinet outlined a plan of action (*Initiative for Mission Impact Plan*) designed to demonstrate the seriousness with which the University accepts the Team Report and to move forward aggressively on four fronts:

- 1) Development of financial management and controls to improve the University's financial strength and sustainability;
- 2) Improvement of organizational structure and staffing for greater efficiency and effectiveness;

- 3) Evaluation and modification of policies, processes and systems that support efficient and effective operations; and
- 4) Development of a communication plan to convey and support the Initiative for Mission Impact. (Attachment 1 - *Initiative for Mission Impact Plan*).

The President and Cabinet announced the Initiative for Mission Impact at a series of divisional meetings held in late March and early April 2010. The Initiative provides a way for each of the four Divisions to respond to the concerns expressed by the HLC around budgeting, decision-making, administrative efficiency, and overall organization. This initiative supplemented, and in some ways even supplanted, a previously announced initiative to reshape the University's overall budget in anticipation of FY2011. As the Addendum Report indicates, in December 2009 the newly installed President determined that the University's history of temporary spending adjustments to address a multi-year structural deficit could not be sustained, and he committed the campus to enter FY2011 with a balanced budget. The Initiative for Mission Impact incorporates this budget-reduction exercise and places it within a context of divisional reorganization and the enhancement of divisional effectiveness.

Over the past five months the President and the Cabinet have worked to achieve the goals and outcomes set forth in the *Initiative for Mission Impact Plan*. As will be discussed further below, each divisional Vice President submitted plans for budget reduction for FY2011 that included staff decreases and aimed for greater staff efficiency. In the process, each division (with the exception of Academic Affairs) aligned remaining staff positions with strategic priorities and/or work efficiency. In the case of Academic Affairs, the FY2011 budget reduction was decoupled from reorganization to allow for the faculty governance process to collaborate with the Provost/Vice President for Academic Affairs in the restructure planning. Academic Affairs is on schedule to submit its reorganization plan at the end of September and to begin multi-year implementation soon thereafter.

### ***Academic Affairs***

As part of the original budget reduction activity, the Office of Academic Affairs asked each budget manager to propose decreases of 5, 10 and 15% to their base budgets; the final budget submitted by the Provost on behalf of Academic Affairs ultimately shaved \$877,258, or 13% of the total. An initial budget proposal was submitted to the University Budget Committee in January 2010, which supported the first-round cuts recommended by the Provost and suggested additional areas to be explored. Recognizing the need to preserve the University's efforts to deliver quality instruction, Academic Affairs primarily selected reductions on the operational and staff sides of the budget. No members of the Core Faculty were terminated in this process, though the savings from several voluntary resignations, retirements and workload reductions did contribute to Academic Affairs' total permanent budget reduction.

Highlights of the overall AA budget reduction scheme include the following:

- A total of 5.0 FTE Ranked Faculty positions were lost, including the de-funding of two half-time visiting faculty slots and the non-replacement of several full- and part-time positions that had been voluntarily relinquished.<sup>1</sup> Adjunct faculty appointments have replaced these professors' teaching contributions.

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<sup>1</sup> All salaried faculty members are labeled Ranked Faculty. This category is further divided into Instructors (who are employed on an annual, as opposed to per-course, basis, but not eligible for promotions and

- In alignment with the Evaluation Team's observations about over-staffing, Academic Affairs chose to consolidate or completely eliminate academic support staff positions. A reduction of 8.26 FTE non-instructional staff positions resulted. These positions supported academic departments, the library, the Office of Academic Affairs, and the Center for Community Studies.
- Budgets for *inter alia* departmental operations, professional support positions and faculty development were reduced.

Academic Affairs is aware of the opportunistic, rather than strategic, nature of some of these cuts, especially with regard to the allocation of faculty resources in high-demand fields. In a public document such as this, it would not be appropriate to describe the contributions that each of the faculty members who relinquished their Ranked Faculty positions made to their departments and degree programs. However, it is important to note that Academic Affairs is monitoring the impact of these departures and developing a recruitment plan to provide redress. First, it appears that the loss of faculty positions has had only minimal impact on instruction. For the 2009-2010 academic year, Naropa reported the following data on the percentage of instructional credits taught by Core Faculty versus Adjunct Faculty:

As reported in the Self Study, between 2007 and 2009, the Ranked Faculty generated between 53-57% of total instructional credits, with the remainder coming from Adjunct Faculty. The variations are, in part, a function of the number of sabbatical replacements each year of Core Faculty (a sub-set of Ranked Faculty) by Adjunct Faculty. This profile represented a significant improvement and commitment to instructional quality from the period of 2000-2002, when Ranked Faculty generated between 33-34% of total instructional credits. The data were even more dramatic for instruction in the lower-division Core Curriculum (general education): whereas Ranked Faculty generated between 31-38% of these credits ten years ago, they yielded 61-67% just prior to the 2010 accreditation visit.

Data for Fall 2010 are preliminary, given that classes have been underway for less than a week, and course cancellations and faculty reassignments are possible. Still, initial data indicate that the reductions in teaching positions have produced only a modest shift in the comparable percentages University-wide and a more significant change at the lower division. More specifically, 57% of all credits offered by the University, and 51% of Core Curriculum credits, are being taught by Ranked Faculty.

Second, and equally important, Academic Affairs has already developed a plan to reallocate some existing faculty positions and address the needs of high-enrolled disciplines. Naropa employs a category of salaried teachers, with the designation of Instructor, who may teach over several years, are involved in department service, and are not part of the Core Candidate stream (roughly equivalent to tenure-track). Currently, 5 FTE Instructors teach across Naropa's undergraduate and graduate programs, and it is these positions that will be used to strategically re-invest in the academic programs in the coming year.

In late Spring 2010, all faculty members with Instructor contracts were given one-year notice of non-renewal. Although individual contracts and the Faculty Handbook require such notification to occur within a three- or four-month window, in the last few years Naropa has attempted to

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sabbaticals) and Core Faculty (Assistant, Associate and Full Professors, for whom the University makes multi-year contractual commitments, and who are eligible for promotions and sabbaticals).

adhere to “best practices” in higher education by providing one-year notice when possible. In this case, all Instructor positions will be reviewed during Fall 2010, with the goal being a plan to consolidate these positions into Core Faculty slots, allocate those new positions to programs with the greatest need, and begin recruitment for new professors. Anticipated retirements in the coming year will also be used to create a more systematic allocation of faculty resources based on student enrollment and other factors.

Prior to the termination of staff positions, all divisional Vice Presidents were required to complete a reduction-in-force Transition Plan (see sample). This template asked for an assessment of the impact of each staff reduction on the Division’s operations and its ability to provide service to students and staff within other Divisions. More specifically, the key duties of each position were listed, along with a plan of what remaining positions would absorb those duties and which duties would no longer be fulfilled. Before any position was approved for termination, the Director of Human Resources and legal counsel analyzed the proposals for potential discrimination, among other criteria.

As noted above, the Division of Academic Affairs requested and received authorization from the President to separate its budget reduction activities from the development of a reorganization proposal. While department budget managers (Chairs and Administrative Directors) had submitted multiple budget scenarios in mid-Winter 2010, which enabled the Provost/VPAA to model the 13% reduction ultimately required, no comparable collaboration between faculty and administration was possible until the end of the school year. Therefore, in April 2010, as part of the President’s announcement of the *Initiative for Mission Impact Plan*, the Provost met with faculty and academic staff to establish Academic Affairs’ process for meeting the Initiative’s restructuring goals. Various documents demonstrate the Provost’s intention to develop a collaborative framework, one that respected principles of shared-governance and that recognized the limited time frame in moving forward with decisions.

Action steps that have been taken so far include:

- In May 2010, Cauldron (the faculty’s elected executive body) and the Provost selected seven members of the Core Faculty to form a task force to develop reorganization scenarios. Known as the Faculty Executive Working Group (FEWG), the seven professors were charged with analyzing institutional data, reading extensively on best practices with regard to governance and faculty roles, consulting widely with their colleagues, and developing data-informed proposals. The group met for six weeks and, by July 2010, and produced a set of recommendations related to divisional structure and faculty workload. FEWG proposes consolidating the current 21 degree programs into five departments, down from the current 15. This would reduce administrative overhead, and create a critical mass within departments for the rotation of Chair duties, faculty collaboration on curriculum planning and outcomes assessment, and shared responsibility for faculty evaluation and mentoring.

In addition, FEWG’s documents call for a radical rethinking of Naropa’s faculty culture. This would include an increase in teaching load, which is a suggestion made by the Site Team; enhanced faculty enhanced engagement with co-curricular and quasi-administrative functions (e.g., student advising and admissions); and substantial salary increases resulting from the reallocation of salary dollars currently funding support personnel.

- A robust system of electronic and face-to-face communication was employed throughout the summer work, enabling both faculty and academic staff to learn about FEWG’s analyses of institutional data and draft recommendations, and to offer additional data, perspective and

suggestions. The reorganization planning began with a Division-wide kick-off meeting in late May 2010 and was followed by a mid-course briefing in June; both sessions were facilitated by outside consultants. Since FEWG's official disbanding in July and the start of the school year, one Academic Council meeting was devoted to the reorganization proposals, a discussion circle for staff was hosted by the Provost, and a plan for reaching out to students is currently being developed with United Naropa (the central student government).

The Provost/VPAA is charged with submitting a final proposal to the President in late September 2010. FEWG's thinking represents a significant advancement in Naropa's maturation, given that it began with deep immersion in institutional data, and forms the basis for the Provost's final report. In anticipation of the significant changes that are on the horizon, FEWG and the Provost hosted a webinar for members of the Board of Trustees in early August 2010, in order to afford the latter an opportunity to hear directly from faculty about the new vision for Academic Affairs.

To summarize, Academic Affairs made deep cuts in its total budget, in part by taking advantage of voluntary position vacancies, and in part through a studied process to lessen the reliance on administrative staff. The impact of these cuts is being monitored as the new academic year begins, and a plan for continuing to build the Core Faculty despite the budget reductions is currently underway. Finally, Academic Affairs is making use of a shared governance model to meet the President's charge for divisional reorganization. Although this is a work-in-progress, there is strong indication that Naropa's academic staff and faculty are prepared to implement a restructuring of the Division and re-envisioning of faculty workload, as part of a long-term commitment to the University's efficient functioning and financial sustainability.

### ***Student Affairs and Enrollment Management***

The Division of Student Affairs and Enrollment Management simultaneously addressed reorganization and budget reduction matters in Spring 2010. It consolidated and realigned functions to improve internal collaboration and efficiency, and to ensure coordination with other Divisions, most specifically, Academic Affairs. The Division submitted budget reduction scenarios at 5, 10, and 15%, and ultimately experienced a reduction of 10%. The staff was reduced by four individuals, while the division also took on some duties from other Divisions.

The reorganization of the Division ensures the attainment of the following goals:

- 1) Increase recruitment of students to both graduate and undergraduate programs.
- 2) Increase retention of undergraduate students with specific focus on students entering as first and second year students as well as a focus on targeted graduate programs. Develop a comprehensive retention strategy to address the issues leading to poor retention and graduation rates.
- 3) Improve collaboration between Student Affairs and Academic Affairs on issues such as retention, co-curricular learning opportunities, orientation, judicial system, etc.
- 4) Implement appropriate technology to eliminate duplication of work and to ensure greater efficiency, access to information and greater accountability.
- 5) Improve inter-departmental working relationships and efficiencies.
- 6) Design clear and objective measures of assessment for the Division as well as each area within the Division and for each position.
- 7) Reduce staffing.

The Division consists of three inter-related units, each of whose reorganization and budget reduction experiences are detailed below.

Admissions. A number of actions were taken to consolidate the work of multiple admissions staff members and to ensure long-term attainment of the aforementioned goals. These include:

- 1) The Dean of Admissions reduced the total number of graduate admissions counselors from 4 FTE to 3 FTE. Although this does not first appear to be a significant drop, it is important because it consolidates a number of less-than-full-time positions into 3 full-time positions. Rather than have a small allocation of admissions staff for each graduate program, admissions counselors will be expected to oversee a portfolio of several degree programs. Also, whereas admissions counselors previously reported to their graduate departments, the reorganization centralized oversight of all counselor positions, ensuring uniformity of training and evaluation.
- 2) An Associate Director of Undergraduate Admissions/Multicultural Recruitment was created in order to strengthen undergraduate recruitment, and support the diversity commitment in the Strategic Plan. All job descriptions have been revised to improve efficiency and effectiveness of the office.
- 3) A number of processes have been reviewed and streamlined to eliminate work duplication and streamline the admissions process for both students and staff. For example, supplemental admissions applications were eliminated to simplify the application process for students, encouraging more students to apply and greatly simplifying the application review process for the admissions staff and departments. Likewise, duplicate reading of applications by graduate admissions counselors and graduate admission coordinators, who sat in the academic departments was eliminated, as was the computer rekeying of all inquiries and applications. A number of other technology upgrades and implementations are currently underway to help improve efficiency information access for prospective students. (See discussion on Noel Levitz below).
- 4) The number of undergraduate admissions counselors was reduced from 3 FTE to 2FTE to better align the staffing with national standards of enrolled students to recruiting staff.

Student Administrative Services. Student Administrative Services includes financial aid, registration and course scheduling functions. The combined reorganization and budget reductions resulted in the following efficiencies:

- 1) In the past, registration for degree candidates was handled by the Registrar and non-degree/non-credit students by the School of Extended Studies (a unit of Academic Affairs). As of this year, the registration office is assuming registration of all non-degree students for both credit and non-credit academic classes. This function will be incorporated into the duties of the newly configured Registration Coordinator. Implementation of a new module within the University's existing enterprise software will occur over the next 6-12 months to streamline this process for non-degree students.
- 2) The office gained responsibility for staffing the university phone switchboard and greeting campus visitors, which previously occurred in a location near the Office of the President. These functions have been added to a newly configured administrative position, and is designed to provide general information to prospective and current students as well as to staff, faculty and other visitors to campus.
- 3) Registrar and Student Affairs were asked to streamline the graduation application and clearance process for students.

- 4) The Office of Institutional Research was moved to the Office of the Provost and Vice Provost for Academic Affairs. The goal is to align institutional research with the goal of monitoring progress on the Strategic Plan via a dashboard and to ensure data collection and analysis consistent with accreditation reporting requirements.

Student Affairs. A review and revision of the department's work resulted in the following efficiencies.

- 1) Student Affairs developed a new collaboration with the Associate Dean for Undergraduate Education and the Provost; as a result, orientation for new undergraduate and graduate students benefited from input from faculty and academic departments. Orientation was consolidated into a shorter time frame and included enhanced opportunities for new students to engage directly with faculty.
- 2) Reduction of staff in Student Affairs has led to a renewed collaboration with the University Graduation Committee. Early discussions are focused on defining Student Affairs' role in both fall and spring graduation ceremonies and streamlining the graduation process for students and staff.
- 3) Reduction of staff in Student Affairs, along with a presidential vision for diversity to be a responsibility of all four Divisions, has led to a rethinking of how this office meets the needs of our diverse student population. The department has integrated the responsibility for diversity across all functions of Student Affairs, and will shortly begin work on setting institutional goals with a University-wide committee.
- 4) Recognizing the increasingly fragile state of many young college students, Student Affairs has taken action to ensure adequate staffing for its mental health operations. A part-time crisis outreach counselor position was included in the FY2011 budget and was created to respond to the increased needs identified on campus.

Enrollment Management Function. In addition to the three constituent offices noted above, the new Division of Student Affairs and Enrollment Management is tasked with leading the University's student recruitment and retention efforts. Strengthening student enrollment and retention is central to the University's Strategic Plan and our ability to meet revenue targets. In Spring 2010, Noel Levitz, a national enrollment management consulting firm, conducted an assessment of the University's current data and processes, encompassing both our admissions and retention efforts. A set of recommended strategies to improve enrollment operations was provided. (See Attachment- Build a Strong Enrollment Management Program.)

In May 2010, Naropa entered into a three-year contractual relationship with Noel Levitz. Although the Vice President for Student Affairs and Enrollment Management is the lead staff member, all Divisions (especially, Academic Affairs) are expected to collaborate on this engagement. During the next three years, Noel Levitz will assist the University in identifying degree programs with weak retention profiles, and will work with faculty and staff to put in place monitoring and alert systems, support services, and the like. Second, Noel Levitz will conduct an audit of the University's external systems of communication, especially our web site, and suggest design and content improvements. Third, the entire enrollment funnel – from prospective student inquiries through to application and matriculation phases – will be deconstructed, and personnel trained and technology implemented to enhance our admissions efforts.

Although this engagement is at an early stage of development, Naropa has already experienced some successes and anticipates continuing advancement in the coming years. First, Noel Levitz conducted a training exercise for the Office of Undergraduate Advising on the College Student Inventory (CSI), a self-report survey that students complete during orientation and can be used to

discern potential vulnerabilities in their college preparedness. Once completed by students, the CSI generates both an individual profile and composite scores. These data are being used by the advisors in their welcoming meetings with all students and informs their discussions with those at risk of leaving without completing a degree.

The second impact of Noel Levitz is on the Cabinet itself. In an effort to ensure that the President and Cabinet model an institutional focus on students admissions and retention, a leadership and management consultant has been included in the engagement. Working on team development, change management and leadership to move the institution forward with regard to enrollment, this consultant will work with the Cabinet over a three-month period.

### ***Development and External Relations***

The Division of Development and External Relations has experienced significant staff changes since the HLC Team visit. The Vice President for Development and External Relations left the position in June 2010 and an interim appointment has been made. Richard Donovan, a member of the Registry, an outplacement firm representing senior executives interested in short-term assignments, will assume his position as Interim Vice President for Development and External Relations on September 1. In addition to providing broad oversight and leadership for the division, the Interim Vice President will support the President's fundraising efforts in the intervening months until a permanent Vice President can be named, will collaborate with E.B. Wilson of the Association of Governing Boards (see above) in supporting board development around fundraising, and will conduct an audit of current fundraising operations and staffing.

A search for the permanent Vice President is currently underway. Led by the executive search firm RPA, Inc., the recruitment effort is headed by the Associate Provost and is expected to conclude in late Fall 2010, with a new appointee beginning in January 2011.

Naropa's annual budget is not inordinately dependent on proceeds from the Annual Fund campaign and other sources of unrestricted philanthropy. For FY2011, the annual fund target was set at \$250,000, which in the past has largely been generated by members of the Board of Trustees. As the discussion below on University-wide budgeting indicates, a conservative approach to revenue projection informs the FY2011 budget, and the Annual Fund target is in keeping with that philosophy.

### ***Finance and Business Administration***

#### **New Financial Team**

Naropa's former Chief Financial Officer and former Controller, who were in place at the time of the Site Team's visit, are no longer employed by the University. President Stuart C. Lord, with the concurrence of the Board of Trustees, appointed Brian Bissell to serve as Interim Senior Vice President for Finance and Business Administration in March 2010. Mr. Bissell is a seasoned financial executive with more than two decades of private, nonprofit higher education experience.

He has quickly assembled a team of accounting and finance professionals brought together from inside and outside the University. Patti Warren was recently hired to serve as Controller to oversee daily functions of accounting operations. Ms. Warren came to Naropa after having served in nonprofit and corporate accounting positions for more than twenty years. Christin Crosby has also been retained as a key member of the team during this time of transition. Crosby is a licensed Certified Public Accountant and has many years of experience as a public accountant

on the staff of an accounting firm specializing in nonprofit organizations, including colleges and universities. Three full-time staff members in the Office of Accounting, two of whom hold undergraduate degrees in accounting, now support these professionals.

#### New External Auditor

The Board of Trustees recently selected Capin Crouse LLP to serve as the University's external auditor. The previous external auditor was a small, local office of a large firm that did not have requisite experience serving other private colleges or universities. Capin Crouse LLP is a national CPA, audit, and advisory services firm. The firm maintains offices in seven cities throughout the United States and serves several dozen private colleges and universities similar in size and complexity to Naropa University. The partner assigned to serve Naropa is Mr. C.E. Crouse, who is a co-founder of the firm.

#### Financial Reporting

In the past, the University did not consistently produce accurate, timely nor meaningful internal financial reports. This was due, in part, to a financial information system that many considered to be unwieldy and cumbersome. The Senior Vice President and his staff, together with Jenzabar, are seeking to conquer this challenge and have begun the process of developing several financial reports that will be produced on a regular basis.

An executive package of financial statements presented in accordance with FASB will be produced each month. This package will include an income statement, balance sheet, statement of cash flows, summary of investments, detail of donations received year-to-date, and a budget performance report.

Budget managers throughout the University will also receive a monthly management package, including a budget performance report and transaction reports. The budget performance report will include monthly actuals, monthly budget, cumulative year-to-date actuals, cumulative year-to-date budget, annual budget, and percent of annual budget attained/used. The transaction report details all accounting activity within each business unit each month.

Another noteworthy innovation in Naropa's financial reporting will be a new presentation format for the consolidated statement of activities as presented in the audited financial statements produced each year. This new format is being devised and implemented for the year ending June 30, 2010, by Mr. Crouse, the external auditor, and the Senior Vice President in order to segregate activities related to recurring operations from activities related to non-recurring operations: "operating" includes the core educational activities of the University and "non-operating" includes all other activity that is not considered to be core educational, such as contributions restricted for capital projects, discontinued operations, investment income (loss) and interest income on notes receivable. This new presentation format will be of significant value to the University when it was adopted. For the first time in many years, the financial realities of the core educational enterprise, excluding non-operating activities, will be readily apparent.

#### Financial Ratios

A financial ratio assessment will be performed after the audited financial statements for the fiscal year ending June 30, 2010, are finalized by Capin Crouse LLP and approved by the Naropa Board of Trustees. This assessment will include several appropriate financial ratios, which have been selected to develop trend lines and comparisons with other similar small private colleges and

universities. These ratios will be utilized by the President and the Board of Trustees to further guide institutional change and future resource allocation.

## **II. Financial Management and Planning**

This section of the report describes several positive steps taken by Naropa University to strengthen the institution's financial infrastructure in the months since the HLC Team visit. The University's leadership believed that one of the first priorities requiring attention was to improve the fundamental components of the University's financial infrastructure in order that Naropa eventually achieve long-term financial stability.

As the previous discussions indicate, all four divisions of the University devoted considerable energy and thought to meaningful ways of reining in FY2011 expenditures. Using revenue projections that were established after the Board of Trustees set tuition and financial aid rates at the February 2010 meeting, the Senior Vice President for Finance and Business Administration worked with other members of the Cabinet to establish budget reduction targets in line with anticipated revenue. This work had already begun in December 2009, when President Lord announced the University-wide budget reduction initiative, and was explicitly tied divisional reorganization planning and personnel reductions subsequent to the HLC visit.

Several stakeholders were involved throughout the various stages of the 2010-2011 budgeting process. Departmental budget managers submitted information and plans to the University Budget Committee (UBC), a group consisting of faculty, staff and students. The UBC invested a significant amount of time reviewing all of the information submitted by department budget managers and developing a series of recommendations that were submitted to each Vice President for review and consideration. Each Vice President was empowered to make resource allocation decisions for their area within the parameters established by the President.

At its late Spring 2010 meeting, the Board of Trustees unanimously adopted a budget for FY2011 that is conservative, balanced and priority driven. Unlike in years past, conservative revenue assumptions were prepared by each revenue officer. A detailed analysis of enrollment by program, taking into account historical yields from new student applications and historical retention patterns, was conducted. In addition, all current-year operating expenditures were planned to be funded from current-year operating revenue. This meant that the "Jumpstart" account, revenue in the form of previous year's gifts and real estate proceeds, could not be tapped for operations. Further, a contingency fund of \$500,000 was incorporated into this balanced budget and depreciation fully funded. (See Tables 1, 2, 3.)

### ***Decreased Funding***

The Board of Trustees and the President agreed to decrease funding for a variety of areas in an effort to bring Naropa's expenses more in line with normative ranges for similar small, tuition-dependent institutions. Areas of immediate intervention included the size of the support staff, as well as inefficient and/or ineffective programs. The President and the Cabinet noted that the number of support staff had grown considerably in the previous decade, and did not always parallel enrollment (revenue) growth. In the months following the Site Team's visit to campus, Naropa planned and implemented a reduction in force of 23 staff positions across the University's divisions. The equivalent of 5.0 FTE faculty positions were also de-funded in this process, though all the affected individuals in this category left University employment voluntarily.

This budget reduction initiative was a significant and difficult endeavor that, now largely completed, should position the University for greater financial success in future years. Consistent with its values, the University offered a generous severance program, including both salary continuation and outplacement assistance, for affected personnel. The one-time costs associated with the reduction in force will be reflected in the audited financials for the period ending June 30, 2010.

### ***Increased Funding***

In concluding work on the FY2011 budget, the President and Board of Trustees acknowledged that certain areas within the University required additional resources as such resources become available. Although the primary focus of the recent intervention was to reduce expenses in an effort to attain a balanced operating budget, increased funding has been made available in support of full-time faculty, enrollment management and information technology.

- 1) Faculty Salaries. In 2006, Naropa paid out the first installment of a total \$450,000 commitment for Core Faculty salary increases. In 2009-2010, the third installment was implemented and was used to address salary compression and equity based on years of service. The FY2011 budget increased funding for the final installment. Discussions will shortly begin between the Provost and Cauldron (the faculty's executive committee) on whether to use these funds for across-the-board raises or further equity adjustments.
- 2) 403(b) Retirement Program. The University's match for employees' contributions into the TIAA-CREF retirement program was suspended in July 2009, as one effort to balance the FY2010 budget. The President and Board of Trustees have committed to reinstate the University's matching contribution to participating employees' 403(b) retirement programs beginning October 1, 2010.
- 3) Enrollment Management. The FY2011 budget recognizes the critical nature of increasing the University's enrollment, both through new student admissions and current student retention. A significant investment has been made to grow the size of the student body and to improve overall enrollment management practices. As noted above, Naropa has contracted with Noel Levitz for a multi-year engagement to bring best practices to the University in hopes of strengthening enrollment results.
- 4) Both the University's Self-Study and the Site Team reports comment on the uneven quality of our management information systems. The FY2011 budget includes the first phase of a multi-year investment in our partnership with Jenzabar, Inc. to re-implement a number of existing software modules that have been neglected for many years and to implement a number of new tools required to develop a fully-functioning, integrated, enterprise-wide information system.
- 5) University Advancement. Although Naropa's annual operating budget does not rely on a significant fundraising effort, both the President and Board of Trustees recognize the need to dramatically improve our effectiveness in this area. To assist in those efforts, an investment has been made to retain the services of a highly experienced executive recruiter to conduct a national search for Naropa's next Vice President for Advancement and External Relations.

### *Priorities for the Future*

The University has demonstrated its ability and willingness to make difficult financial decisions in the context of a challenging economic environment. More work remains to be done to ensure the long-term financial stability and viability of the University. Still, progress can be noted. The following financial priorities have been established and are actively being pursued.

- 1) Balanced Operating Budget. The Evaluation Team noted that a budget out of balance hurts credibility and long-term solvency. Naropa affirms that developing and sustaining a balanced budget as quickly as possible is imperative. The University's leadership has recently made a number of thoughtful and significant decisions on the basis of the external consultant review and financial assessment to produce a balanced budget for FY2011. Given time these decisions should bear fruit in the form of a consistently balanced annual operating budget. Emphasis is appropriately being placed both on increasing revenue and on decreasing expenses. Resources will be allocated according to normative demand ratios for each of the University's functional areas. Timely and accurate financial reports will help ensure proper budget management.
- 2) Revenue Growth. The University believes that increased revenue derived from enrollment growth and from fundraising will be a key element in Naropa's future financial health. Revitalized marketing strategies, which emphasize Naropa's distinctiveness and which seek to build relationships with prospective students, are being designed. A series of key improvements to the University's integrated, enterprise-wide information system has been launched and will be completed during the next three years. This system will enable Naropa to better serve current and prospective students, thus positively impacting revenue growth. The President and the development staff will be investing significantly more time cultivating relationships with current and prospective donors. President Lord is crafting measurable goals for recruitment, retention, and fundraising in partnership with the Board of Trustees.
- 3) Endowment. Naropa University has a very small endowment. The lack of a substantial endowment is one element missing from the complex equation in arriving at financial stability. External consultants note that Naropa should, at a minimum, have a \$30-40M endowment for an institution of its size and complexity of programming. The University is at an extreme disadvantage vis-à-vis its competition. President Lord and the Board of Trustees intend to make this a priority with the appointment of a new Vice President for Advancement and External Relations.
- 4) Colorado State Financial Aid. Students attending Naropa University are not currently eligible to participate in state financial aid programs. These aid programs are administered by the State of Colorado and offered to Colorado residents pursuing higher education at public and private institutions. Students attending the four other private colleges and universities in Colorado are eligible to participate in these aid programs. Students attending the smallest of these private colleges (smaller than Naropa) received nearly \$700,000 in state financial aid in one recent fiscal year. Students at the other two private schools received \$2.6 million and \$2.9 million during that same fiscal year.

Naropa students are currently not deemed eligible because of a decision made many years ago by the state agency responsible for administering the programs. Since that time, however, Federal case law and Colorado statutes have been revised such that students

attending Naropa may now be eligible. Naropa will shortly apply for participation in the Colorado state financial aid program.

- 5) Information Technology. Improvement of information technology at Naropa has long been an area of concern, needing improvement, upgrades and committed resources. The University contracted with Jenzabar, a specialized provider of higher education software and services, in July 2010 to reimplement and reengineer all of the existing CX modules the University owns and add new modules and services. The goal is to improve services for the University, improve user experience, simplify processes, and add functionality for both JICS and CX. The reengineered or upgraded CX modules include key student services and functions (i.e., admission, registration, financial aid, enrollment management, etc.) and will provide stronger coordination across the units within Student Affairs/Enrollment Management and with other Divisions.

In addition, staff training will be provided in all technology implementation. The investment in information technology will enhance functions across the University resulting in greater staff work efficiencies and productivity.

#### **Summary and Future Directions:**

#### **Challenges Identified by the HLC Team that Require Commission Follow-up**

As we conclude this response to the Evaluation Team's Report, we wish to highlight the ways in which Naropa concurs with the overall assessment of the Team and has already taken significant steps to address many of the concerns.

- 1) The administrative and faculty leadership of Naropa have had difficulty making decisions.

Naropa prides itself on reflection and group process, and this commitment to deliberation and inclusivity has admittedly hampered key institutional decisions and actions at times. As described above, the Board of Trustees and President, in conjunction with the new Cabinet, are turning the tide on this propensity. Indeed, as the Chairman of the Board has often remarked, a contemplative community does not avoid difficult decisions; it cuts through delusional or ambiguous thinking and acts decisively when conditions demand this.

Reorganization, budget reductions and refocused staff work across the University's Divisions demonstrate that Naropa is capable of clarifying and studying its circumstances, and implementing appropriate executive decision-making. The President and Vice Presidents took necessary action and management responsibility to address key deficits in the system. The value that the University holds for inclusive processes has not been dismissed, but rather the Cabinet is working towards modeling a balance of best organizational practices with our institutional culture.

In this regard, it is important to note that Naropa entered FY2011 with a balanced budget; this budget is based on conservative revenue estimates, and aligns operational expenditures with annual income and does not "borrow" from other assets or previous years' income. Further, significant changes have occurred at the level of senior management, with a Cabinet consisting of only six direct reports to the President, replacing the unwieldy Senior Staff model. Two of the new Divisions have reduced staff or placed new professionals in key administrative positions, and a new unit to gather and analyze institutional data is being formed at the time of this writing. The Division of Academic Affairs is poised for major changes to its internal structure and to faculty

workload, making use of a close collaboration between a faculty-empowered task force and the Provost/VPAA. Considerable attention will be paid to the Division of Development and External Relations in the coming months, as a new permanent Vice President is hired, new marketing initiatives tied to enrollment planning are developed, and current operations and staffing are evaluated and modified.

2) It is apparent that the current modes of communication on campus are not effective.

The earlier discussion acknowledges the Trustees' understanding of the crucial role of communication on campus, and charged the new President with undertaking a significant communication effort, to ensure information dissemination and engagement with key institutional constituencies. Further, both the budget reduction and reorganization initiatives made effective communication an imperative.

During the past nine months of significant institutional change for the University, numerous communication strategies were used to involve campus groups in understanding the situation faced by the institution, the hypotheses being considered for change, and the likely impact of proposed changes on employees. At the same time, communication vehicles were used to solicit community members' views on the impending changes, including both substantive and emotional responses to what was developing. These included:

- Faculty and Staff Meetings, including Division-specific meetings held by the President and appropriate Vice President to announce the Initiative for Mission Impact
- Regular E-mail correspondence to the campus community, which provided updates and announced upcoming meetings
- A web site dedicated to the budget reductions, which included a means for community members to post anonymous comments and queries and a FAQ in response to these postings
- President's Listening Circles
- Board of Trustees letters to the community
- Campus-wide Community Forums
- The Faculty Executive Working Group and Office of the Provost developed an on-line process by which all faculty and academic staff could review the group's on-going work as it developed and provide input and commentary. An all-day inaugural meeting and a half-day mid-course meeting were held to ensure wide communication among the Provost, FEWG and the remainder of Academic Affairs.

In addition to these initiative-specific media, Naropa has undertaken a number of steps to improve communication systemically. As noted in our Addendum Report, the President created two standing committees, the *President's Communication Forum* and an *Advisory Council to the President*, to ensure wide participation in information dissemination and perspective gathering. The mission of the *President's Communication Forum* is to serve as a staff-wide communication forum that conveys and disseminates important information from the Office of the President to the University staff at large, and assists the President in seeking advice and recommendations from a broad staff constituency to inform institutional policy and decision-making. The forum members, representing employees at all levels of the organization across the four Divisions, are expected to share information with their office colleagues.

The *Advisory Council to the President* advises the President on matters of importance to the University community; it disseminates information regarding important developments, initiatives and issues, and receives information and guidance from key constituencies.

To some degree, communication vehicles like the ones described above are tested during moments of turbulence and unprecedented institutional change. Such was the case when the budget cuts and staff layoffs were announced in late June 2010. Despite strong efforts at communication and transparency in the months leading up to the final actions taken, many faculty, staff and students experienced significant anxiety, anger and uncertainty during the summer. In most cases, confidential information regarding specific personnel could not be shared, and accusations or claims of poor communication were levied. Nonetheless, consistent and effective communication is critical to the University's operations and the health of the community. Actions to date indicate that the President and senior management team attend to the informational and emotional needs of the community, and that lessons learned from the recent layoffs will continue to shape the ways in which the University acts in accordance to its commitment for honest and direct communication.

- 3) The size of the administrative staff is significantly larger than peer institutions and the institution will want to consider the financial implications.

First, it should be pointed out that IPEDS data that the University submitted in the last several years are likely to be inaccurate. The number of staff members in management positions was apparently over-reported, the result of the way our Office of Human Resources classifies support staff who nonetheless have "director"-level titles. The development of the institutional research functions of the University will work towards accurate data gathering and reporting. The University will need to review and correct the data reported to IPEDS.

Second, and despite the clerical concerns noted, Naropa does not contest the observation that staff reductions were necessary. As the earlier discussion acknowledges, a total of 23 staff positions were retrenched across the four Divisions, in an effort to consolidate work, make it more efficient, and reduce costs. The divisional restructuring occurred after each Vice President determined points of redundancy across job functions, positions that did not advance the University's strategic directions, and a vision for how work could be conducted more efficiently. Reduction proposals consisted of a plan for how job duties would be allocated to remaining staff and/or eliminated. Further, prior to the announcement of the staff reductions, Human Resources and legal counsel conducted a standard analysis of the targeted positions to ensure that no protected class had been singled out.

- 4) The review of the self-study and the results of staff interviews have indicated the need for enhanced accountability of staff positions.

The University has not been able to fully address this concern to date. The Initiative for Mission Impact identifies this as a priority, and now that staffing reductions have concluded Human Resources will be asked to develop staff accountability and performance measures. With regard to faculty, part of FEWG's proposal for reorganization and workload modifications includes a plan for a robust annual evaluation of all Core Faculty members.

- 5) The plan to reduce at least \$1.4M in the coming 2010-11 budget will prepare Naropa to present a balanced budget to the board in its May 2010 meeting.

The President submitted a balanced budget to the Board of Trustees, using realistic revenue projections and reduced expenditures resulting from the Vice Presidents' staff and budget reductions. The University is committed to operating in relationship to annual revenue from tuition and unrestricted giving, and is no longer authorized by the Board to include previous years' income or assets in budget planning.

- 6) The institution must more effectively anticipate budget shortfalls and environmental changes than have occurred in recent budget planning processes.

As noted above, the FY2011 budget includes a \$500,000 contingency line-item fully funded within the framework of anticipated revenue. Further, the Chief Financial Officer and Vice President for Student Affairs and Enrollment Management developed a new, yet conservative, system for projecting enrollment by program, and therefore total University revenue.

- 7) Since 2004 and for 6 consecutive years, the disturbing trend of expenses exceeded the revenues has persisted.

Naropa has not in recent history sold real estate or other assets in order to balance its budget at the end of a fiscal year. Nevertheless, it is true that, over the past several years, previous income from real estate transactions, unrestricted giving, and the like were included in budget planning. The so-called "Jumpstart" account is no longer accessible for funding investments in the Strategic Plan. As noted above, funds for faculty salary increases, the enrollment management consultancy, and technology upgrades are fully funded from current-year revenue.

## **Conclusion**

The Board of Trustees, President Lord, and the Cabinet are firmly committed to ensuring the long-term financial stability and viability of Naropa University. In recent months, the University has made a series of needed decisions to accomplish this end. This report has detailed the progress that has been made in a short five months and during a difficult economic environment. Change and transition have been difficult for the campus community and have challenged each member's commitment and sense of certainty. However, clear vision, proactive planning, and decisive action enabled the University to reorganize, downsize, and address our financial situation. The University remains committed to continued progress in achieving financial stability by following through with the changes that have already been initiated. Naropa will continue to monitor the effectiveness of these changes and will evaluate whether additional changes are necessary to ensure long-term financial and operational viability.

*Naropa University respectfully requests continued accreditation for a five-year term. We look forward to welcoming a Focused Team to campus in 2012, at which time we believe the Higher Learning Commission will see evidence of the fruits of the actions and decisions described in this report, as well as continuing actions and decisions to improve our institution.*