

February 26, 2020

Dr. Jeffrey Kuan
President
Claremont School of Theology
1325 North College Avenue
Claremont, CA 91711-3199

Dear President Kuan:

This letter serves as formal notification and official record of action taken concerning Claremont School of Theology (CST) by the WASC Senior College and University Commission (WSCUC) at its meeting February 14, 2020. This action was taken after consideration of the report of the review team that conducted the Special Visit to CST December 12, 2019. The Commission also reviewed the institutional report and exhibits submitted by CST prior to the Special Visit and the institution's January 23, 2020 response to the team report. The Commission appreciated the opportunity to discuss the visit with you, and your colleagues Sheryl Kujawa-Holbrook, Vice President and Dean; Duane Bidwell, Accreditation Liaison Officer; and Scott Tirrell, CFO and Vice President for Financial Affairs. Your comments were very helpful in informing the Commission's deliberations. The date of this action constitutes the effective date of the institution's status with WSCUC.

Actions

1. Receive the Special Visit team report that focused on: 1) final resolution of the courts issues; 2) implementation of the sale/lease of CST's land; 3) progress on becoming part of Willamette University; and 4) current financial status
2. Continue the Notice of Concern
3. Schedule the next reaffirmation review with the Offsite Review in spring 2024 and the Accreditation Visit in fall 2024, unless CST requests to withdraw its accreditation
4. Schedule the Mid-Cycle Review to begin May 1, 2021
5. Schedule a Progress Report to be submitted by December 1, 2020 about the same four issues of the Special Visit that are the focus of this letter: 1) final resolution of the court issues; 2) implementation of the sale/lease of CST's land; 3) progress on becoming part of Willamette University; and 4) current financial status. The Progress Report should also provide an update on the findings contained in this letter

The Commission commends CST in particular for the following:

1. Continued presidential leadership and institutional commitment in difficult circumstances;

2. The execution of an agreement with Yalong Investment Group for the lease and possible sale of the Claremont campus, including the receipt of \$10.0 million in lease prepayments;
3. The repayment of \$5.3 million of \$7.0 million of loans that have provided working capital to CST during the 2018-2019 fiscal year;
4. The execution and early phase implementation of an affiliation agreement with Willamette University that provides a blueprint for CST to become an affiliate or component school within the university;
5. The pursuit of litigation to recover legal fees incurred in legal actions initiated by the Claremont University Consortium;
6. The maintenance of enrollment strength and advancement achievement during a period of dramatic institutional change; and
7. An ambitious agenda of new educational programs.

Findings

This visit focused narrowly on four inter-related topics critical to compliance with 3.4 Criteria for Review:

- ongoing legal issues that have prevented resolution of the lease and sale of the campus and transfer of restricted endowment funds to Willamette University;
- status of the lease/sale to Yalong;
- progress on becoming an affiliate or component part of Willamette University; and
- CST's current and projected financial status.

In CST's current situation what needs to be done is clear but has been largely beyond CST's capability because of legal obstacles. In view of this, rather than making recommendations for addressing longstanding issues, the Commission has chosen to state its findings.

- While largely beyond CST's control, it is imperative that the legal impediments, which have now been going on for over four years, be expeditiously resolved in CST's favor.
- CST must further develop and expeditiously finalize its primary planning scenario of becoming an affiliate or constituent part of Willamette University by formulating cash flow projections to complement its three-year operating budget projections that include the completion of the teach-out of any students remaining enrolled through its Claremont campus.
- CST must demonstrate that it has--or will be able to borrow and repay—additional funds necessary to successfully implement its primary planning scenario of becoming an affiliate or constituent part of Willamette.
- CST must make every effort to retain key people, including, as quickly as possible, finalizing plans for incentives.

- CST must further develop contingent budget, cash flow, and borrowing/repayment projections if it is unable to become an affiliate or constituent part of Willamette as envisioned in its primary planning scenario.
- CST must also develop, or further develop, plans for the orderly cessation of its operations, including the teach-out of its students and the transfer of student records to another WSCUC accredited institution, if its primary or contingent planning scenarios cannot be realized.

In accordance with Commission policy, a copy of this letter will be sent to the chair of CST's governing board. The Commission expects that the team report and this action letter will be posted in a readily accessible location on CST's website and widely distributed throughout the institution to promote further engagement and improvement and to support the institution's response to the specific issues identified in these documents. The team report and the Commission's action letter will also be posted on the WSCUC website. If the institution wishes to respond to the Commission action on its own website, WSCUC will post a link to that response on the WSCUC website.

Finally, the Commission wishes to express its appreciation for the extensive work that CST undertook in preparing for and supporting this accreditation review. WSCUC is committed to an accreditation process that adds value to institutions while contributing to public accountability, and we thank you for your continued support of this process. Please contact me if you have any questions about this letter or the action of the Commission.

Sincerely,



Jamiene S. Studley
President

JSS/rco

Cc: Reed Dasenbrock, Commission Chair
Duane Bidwell, ALO
Patricia Farris, Board Chair
Members of the Special Visit team
Richard Osborn, Retired Vice President, Staff Liaison at time of visit
Christopher Oberg, Executive Vice President