REPORT OF THE WSCUC TEAM

SPECIAL VISIT

to

Claremont School of Theology

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The team evaluated the institution under the 2013 Standards of Accreditation and prepared this report containing its collective evaluation for consideration and action by the institution and by the WASC Senior College and University Commission (WSCUC). The formal action concerning the institution’s status is taken by the Commission and is described in a letter from the Commission to the institution. This report and the Commission letter are made available to the public by publication on the WSCUC website.
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Section I

Overview and Context

A. Description of Institution and Accreditation History

Claremont School of Theology (CST) is a free-standing seminary, affiliated with the United Methodist Church (UMC), that describes itself as "ecumenical and interreligious in spirit," a characterization supported by its close relationships with various other denominations.

CST evolved from Maclay College of Theology, which was founded in 1885 at San Fernando, California and moved, in 1894, to the campus of the University of Southern California (USC), then affiliated with the UMC. When USC severed its ties to the Methodist Church in 1956, CST became an independent corporation related to the UMC and relocated to its present site in Claremont, California in 1957. As of Fall 2018 CST enrolled 431 students in Master of Arts (MA), Master of Divinity (MDiv), Master of Theological Studies (MTS), Doctor of Ministry (DMin), and Doctor of Philosophy (PhD) programs.

CST was first accredited by the WASC Senior College and University Commission (now WSCUC) in 1971. Since that time CST has had an uneven accreditation history, resulting in various sanctions, with the School's fragile financial condition being a common theme. In 2008, in an effort to enhance its ecumenical mission and improve its financial situation, CST established--with Jewish and Muslim partners--the University Project which, in 2011, created Claremont Lincoln University (CLU) with CST serving as the incubator. However, not only were the desired outcomes not realized but numerous problems resulted and, in 2013, CST began the process of separating from CLU.

Following Special Visits in September 2013 and December 2014 the Commission--in its Action Letter of March 4, 2015--acknowledged efforts by CST to restore financial sustainability, but found it in non-compliance with Standard 3, specifically CFR 3.4,1 issued a Warning, and scheduled a Special Visit for spring 2016 to address concerns about financial sustainability and

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1 The 2014 visit was under the 2008 Handbook on Accreditation and the CFR was 3.5. Under the 2013 Handbook it is 3.4.
planning. That visit occurred March 10-11, 2016 and, in its Action Letter of July 8, 2016, the Commission noted the progress made since the visits in 2013 and 2014 and commended CST in a number of areas, including the implementation of a planning process designed to address the institution's financial situation, but also noted significant current and projected deficits, found CST in non-compliance of CFR 3.4, continued Warning for one more year, and scheduled another Special Visit for fall 2016.

That visit occurred on December 6-7, 2016 and, in its March 9, 2017 Action Letter, the Commission again noted that significant progress had been made and again commended CST for its efforts to come into compliance with CFR 3.4. While noting that CST was still in non-compliance with Standard 3, the Commission also found that, as provided by WSCUC policy and consistent with federal provisions, "good cause" existed to extend Warning for an additional two years to spring 2019, and scheduled another Special Visit for spring 2018, which occurred April 17-18, 2018. In its subsequent letter of July 20, 2018, the Commission again offered commendations in various areas, required that CST continue efforts in progress (as discussed in depth in Section II of this report), and continued "Warning through the end of the two-year extension for good cause to February 2019."

B. Description of the Team's Review Process
The site visits of December 2016, April 2018, and December 2018 have been conducted by the same team and have, consistent with WSCUC Action Letters, been narrowly limited to CFR 3.4 and focused on interrelated issues discussed in Section II of this report.

The team met via conference call on November 27, 2018 to evaluate the CST report, agree upon topics for further inquiry, develop lines of questioning, identify additional supporting documents, and finalize the visit schedule and team assignments.

The visit started with a team meeting the afternoon and evening of December 11 and concluded at 5:30 p.m. on December 12. All team members were present throughout the visit as was the WSCUC vice president who staffed the visit.
The team met with the CST president; 16 of the 30 trustees, 7 electronically; vice presidents of business affairs/CFO, academic affairs/dean of faculty, and advancement and communications; the faculty policy committee; and the CST enrollment team. The team members also talked, via conference calls, with the president, provost, and accreditation liaison officer of Willamette University; the institution's external auditor; and a real estate consultant who is assisting CST with regard to the lease or sale of the campus property. One email was submitted to the WSCUC confidential site, the subject of which was a grade which is not in the team's purview.

C. The Institution's Special Visit Report

CST's report, including appendices and other requested documents, was submitted in a timely manner, is well-written, and addresses the issues identified in the Commission's July 2018 Action Letter. The narrative candidly reports both the progress made and the obstacles encountered since the April 2018 visit and is supported by detailed analyses and projections of the institution's financial situation and by documentation of the ongoing efforts being made to assure CST's short and long-term viability.
Section II
Evaluation of Institutional Response to Issues Identified in the Commission's Action Letter of July 28, 2018

A. Sale of Campus Property
The major outcome of a strategic planning process initiated in 2015 was the decision to sell part of the CST campus in order to address the institution's worsening financial condition. The CST president approached the CEO of neighboring Claremont University Consortium (CUC) concerning possible interest. At the time of the March 2016 Special Visit the team was told that discussions were proceeding in a positive manner.

However, two subsequent developments altered the climate of negotiations. The first related to a difference over the value of the property and the second was a dispute over the continuing validity of a 1957 Grant Deed under which CST purchased 16.4 acres from CUC's predecessor. When CST rejected an offer of $14 million for 10.5 acres of the entire 16.4 acre campus, appraised at approximately $25 million over two years ago, CUC asserted its claim to the property under the provisions of the 1957 Grant Deed and a related 2001 agreement which gave CUC's predecessor institution Right Of First Offer on any sale of CST property. In response, the CST Board of Trustees took the position that the Grant Deed and 2001 agreement were not legally binding in that they had expired on January 1, 1988, and on August 31, 2016 CST filed a Complaint for Quiet Title and for Declaratory Relief.

Regrettably, efforts of CST to sell its campus were stalled by legal proceedings that followed. On August 23, 2017 CST filed a Motion for Summary Judgment and CUC countered with its Motion for Summary Judgment, but before the scheduled hearing the Court ruled that the issue was "difficult to dispose of by way of summary judgment" and removed the motion from the judicial calendar. In response CST re-filed a revised and narrowed Motion for Summary Adjudication that focused on three assertions: that the Right of First Offer in the Grant Deed was terminated by Statute in 1988; the agreement violated the Subdivision Map Act; and that CUC did not have standing to assert Right of First Offer because it was not party to the agreement. On January 29, 2018, the Court ruled in favor of CST on the first and third issues, but denied the second and a trial was scheduled to begin on March 6, 2018.
In the meantime, CUC filed a Petition for Writ Mandate (Writ Petition) with the Court of Appeal, asserting that the summary adjudication ruling had stripped it of "most of its defenses." On February 28, the Court of Appeals ordered a Temporary Stay of the trial scheduled for March 6 to allow CST time to file its opposition to the Writ Petition by March 15, 2018, which it did. On April 18, 2018 CST's legal team filed an *ex parte* motion to get the trial scheduled as soon as possible and, on April 19 the Court--despite opposition from CUC--scheduled the final status conference for July 6 and a trial date on July 16.

For reasons beyond the control of CST, the trial was delayed twice and during such time CST was not in a position to move forward with several third party expressions of interest in purchasing the campus. However, during this period the parties continued dialogue, unsuccessfully, in an effort to reach a negotiated settlement. Finally, the trial began on September 24, 2018, over two years after CST initiated legal proceedings. The Court heard testimony for four days, at the conclusion of which gave the parties until October 19 to submit Closing Briefs and until November 2 to submit Reply Briefs.

On November 8 the Court issued a tentative ruling supporting CST's position that a Right of First Offer in the Grant Deed was terminated by Statute in 1988, but granted CUC a Right of First Refusal. However, the Court also found that restrictions in the Grant Deed survived as "equitable servitudes," *i.e.*, an agreement that limits the use of the property. Thus, CST can sell the property at market value--with CUC having Right of First Refusal--but only for use as an "educational institution for collegiate or post-graduate study."

The parties had ten days to respond which both did, and the Court issued a Proposed Statement of Decision (PSOD). Inserted at the end of the PSOD was a procedure for the Right of First Refusal that, in the opinion of CST and its legal team, significantly changes the Court decision in that leases, not just the sale of property, are included in the Right of First Refusal; CUC's counter offer would not need to be the same as proposed by a third party, but could be "substantially similar"; CUC would have priority over current encumbrances on CST's property; and the potential buyers would be limited to non-profit educational institutions. CST has submitted objections to the PSOD and the team was told that a Final Judgment could come fairly soon.
Given the lengthy legal process, CST recognized its need to generate sufficient income to sustain operations during a likely appeals process. To that end, on December 6, 2018 CST entered into a 21-year lease with a purchase option of $35 million. The lease provides CST with a prepayment of rent in the amount of $7 million 10 calendar days after a Final Judgment from the Court with which the lessee is satisfied. The $7 million is in escrow, which will close the first business day after the expiration of the ten-day period. An additional rent prepayment of $3 million will be made 30 days after the closing of escrow.

B. Update on Financial Issues
CST has made progress in addressing the several recommendations made by Commission in July 2018 that impact its current and long-term sustainability. Evidence of progress includes the securing of $5.8 million in new short-term loans to provide CST with working capital that is projected to underwrite operations through December 2019. Evidence also includes new budgeting and cash flow projection models through FY 2019-2020 as well as budget models through FY 2021-2022 for the phased transition of school operations to Willamette University. In addition, evidence of progress includes several early phase contingency plans that have been put on hold while CST pursues plans to embed as a constituent school within Willamette University under a memorandum of understanding that includes an exclusivity clause limiting CST’s ability to proceed with other strategic options for its future. Finally, evidence of progress includes the lease agreement described above that would provide CST with rental income of $100,000 per month, $10.0 million in prepaid rent, and the possibility of $35.0 million in proceeds if the option to purchase the campus is exercised by the lessee.

Despite these and other efforts to increase operating revenues and decrease operating expenses that are outlined in CST’s special visit report, a review of audited (June 30, 2017) and audit draft (June 30, 2018) financial statements indicate that CST incurred an unrestricted funds deficit of $3.3 million for the fiscal year ended June 30, 2017 and a smaller unrestricted fund deficit of $2.8 million for the fiscal year ended June 30, 2018. These and previous years’ operating deficits have resulted in an accumulated current fund deficit of $13.8 million as of the fiscal year ended June 30, 2018, inclusive of a deficient or “underwater” endowment of $27.4 million. In
addition, notes and loans payable have increased from $4.0 million on June 30, 2017 to $5.0 million as of June 30, 2018.

As noted in the previous section of this report, the exercise of the lease option for the sale of CST campus property would yield $35.0 million to replenish the $27.4 million underwater endowment as of June 30, 2018, repay the $5.0 million in loans and notes payable as of June 30, 2018 ($2.7 million due on June 30, 2019), and pay the estimated $7.0 million in costs related to the sale of the campus property and to the costs of transitioning of operations to Willamette University.

The team notes that the total of the gross proceeds of the sale of the property were approximately $4.4 million short of covering all the aforementioned cost items as of June 30, 2018. Interviews with members of the senior administration and a review of budget and cash flow projections indicate that this shortfall is likely to grow. Interviews with senior administrators and members of the board of trustees, in turn, indicate that any shortfall in covering the aforementioned costs from the gross proceeds of the sale of campus property would result in the underwater endowment not being fully replenished.

The ultimate size of the restored CST endowment, the team notes, is key to finalizing negotiations for CST to embed with Willamette University. A telephone interview with three members of the senior administration at Willamette indicates an expectation that CST would bring sufficient endowment to the embedding arrangement in order to offset the ongoing costs of supporting CST within the university system. The interview, as well as CST’s budget projections for embedding, indicate that the endowment transferred to Willamette needs to total a minimum of $20.0 million, with a larger amount being preferable as well as more sustainable.

The team also notes that CST remains somewhat dependent on net tuition revenue with 40.5% of its unrestricted operating revenues coming from this source for the fiscal year ended June 30, 2018. Also, CST’s students are dependent on Title IV financial assistance programs, primarily loans, to support their educational and living expenses with $3.0 million dollars in Title IV assistance disbursed during the fiscal year ended June 30, 2018. It is therefore significant that
CST’s three-year composite financial responsibility score is below 1.5, which is the lowest score possible to still be considered financially responsible. CST is therefore required to post a letter of credit in order to considered financially responsible.

An interview with CST’s independent external auditor indicated that he remains concerned with the long-term financial viability of the institution and has had the management of CST submit, for inclusion in the notes to the audited financial statements, its plans to stabilize the institution. The team finds that the plans in the draft audit notes for the fiscal year ended June 30, 2019 are still in draft form as CST management needed to seek a waiver of loan covenants, which was recently granted by the creditor. The team also finds that the draft notes assume that there was a favorable final judgement from the Los Angeles Superior Court regarding its ability to sell campus property, which has yet to occur. Finally, the team finds that the recently signed 21-year lease of the campus property, with a $35.0 purchase option would provide CST with a payment of $7.0 million for prepaid rent at the closing of escrow with another $3.0 million payment for prepaid rent issued 30 days after the close of escrow, but does not become effective (i.e., funds in escrow are not released) until there is a final non-appealable judicial determination from the Superior Court of Los Angeles that allows CST to sell its campus property without CUC having a right of first offer.

Based on the aforementioned factors and the uncertainty around the timing of the effective commencement of the lease, as well as the timing of the exercise of the sale option under the lease, the team remains concerned about CST’s ability to attain financial stability in the near future (CFR 3.4), especially if it is delayed from embedding with Willamette University and enrolling its first class in Oregon in fall 2019 as planned. This is reinforced by CST’s own projections that show it depleting its cash flow after December 2019. This concern is further reinforced by the difficulty of modeling the numerous variables and impacts of embedding with Willamette University as well as changing student enrollment trends that caused $0.4 million shortfall in net tuition revenue for the fall of the FY 2018-2019 operating budget. Finally, this concern is reinforced by the extended timeline likely necessary to implement other contingency plans that are not being pursued due to the exclusivity clause in the memorandum of understanding with Willamette University.
C. Update on Continued Support for and Success of the CST Enrollment Team

Since this team’s April 2018 visit the CST enrollment staff has enjoyed continued success in two major areas: a record setting head count number (430) and the maintenance of a lowered discount rate (45.6%). In addition, the number of full-time students is up and the new MDiv class of 42 is the largest in the history of the school. Not only have important goals been met, but significant gains have been made in the context of dramatic institutional transition and despite the loss earlier this year of a highly accomplished admissions director.

A redistribution of assets and new hires supported the enrollment team’s work this fall. Using the funds made available by the departure of the admissions director, two seasoned staff workers were promoted, and a new recruiter hired. A further boost in admissions staffing resulted from budget reorganization; the creation of an administrative assistant position; and the inclusion of recruitment responsibilities in the portfolio of a newly hired vice president for international relations. In addition, the CST president met with enrollment staff to encourage their efforts and urge them to stay with the school through the planned merger and beyond. To the team, enrollment staff expressed appreciation for the president’s involvement in the work of recruitment. “He is willing to go out on our behalf whenever we need him,” they said, crediting his work for much of the year’s success.

Overall, CST continues to enjoy remarkable strength in its enrollment program. Enrollment staff morale is high as new leaders take their place and begin to show evidence of their effectiveness. The team was struck with the energy, knowledge, and professionalism of the relatively young enrollment staff. A strong recruitment marketing plan, an outline for planned institutional retention efforts, and an extraordinarily low student loan default rate maintained over a period of several years, are early indicators of this team’s thoroughness and efficiency.

However, a tuition revenue shortfall of $400,000 this fall and a projected shortfall of $800,000 for the academic year point to deeper issues. Bayan Claremont, CST’s Islamic programming partner, experienced a decline of 60% over last year’s enrollment. The DMin entering numbers were down by 50% compared to last year and although PhD numbers were expected to drop (the
IR describes a “decrease by design”), inquiries dropped from 191 last fall to 113 this fall. Despite the growth in head count, FTE numbers are down overall.

Taken altogether the picture suggests that the enrollment team will continue to face challenges. The question of how CST will make up the numbers lost by Bayan and the doctoral degree programs to reach their fall 2019 goal of 71 new students is a real one. Enrollment staff will need to put an updated enrollment model in place to ensure that the decrease in the average number of units taken does not result in a shortfall again next year. Ultimately, CST must not only overcome those deficits but increase their FTE number and keep retention strong as well.

Even as the school focuses on pulling off the double lift of increasing net tuition numbers and avoiding the kind of attrition a move might cause, it faces a plethora of new planning issues associated with the planned move from Claremont to Willamette University in Salem, Oregon. Plans to evaluate the impact of the move and of the recent tuition rate increase (13.6%) on prospective student numbers will need to be put in place. The question of international students’ willingness to relocate and the issue of how attractive prospective international students will find the new venue need to be addressed and linked to the Recruitment Marketing Plan and the Retention Plan Outline. Processes for aligning CST’s enrollment system with WU’s automated system and ensuring that CST students settle into WU life must be established. Finally, though enrollment staff indicated that they are generally committed to staying through 2020, specific plans for staffing need to be finalized.

D. Role of the Board of Trustees in Fundraising

When this team visited the campus in March 2016 it found that historically the role of the Board of Trustees in providing leadership in fund-raising activities and in giving to CST had been minimal and that, prior to the current president, there was little history or expectation of board giving or involvement in fundraising activities. By the April 2018 visit the vice president for advancement, who was new at the time of the previous visit, had put in place the structure, processes, and personnel necessary for a successful fundraising program and was re-establishing lost contact with former donors and with alumni and identifying and cultivating new prospects. The team also noted the leadership of a new chair of the board's development committee; the
appointment of a new board member who had contributed financial support; and efforts of some other trustees to solicit donations or loans for required bridge financing. The team also found, however, that trustee giving was down during the first six months of FY18 compared to FY17 and FY16 and that only approximately 25% of the trustees had attained the level of giving or getting the minimum expectation of board policy.

In its Action Letter the Commission recognized the advances made in trustee involvement and giving, but also noted that "even if CST prevails in the legal proceedings and is successful embedding with Willamette University or some other institution it will need significant financial support during the interim and perhaps on an ongoing basis. . . ."

Since the April 2018 visit the fundraising infrastructure has been strengthened. The position of director of alumni relations and annual giving has been realigned to focus more on meetings with alumni in their congregations and a new director has been assigned responsibility for a portfolio of alumni and donors for cultivation and solicitation. Additionally, a new donor funded position of vice president for international relations was created to focus on international alumni/ae, churches, and prospective donors. The occupant of the position is a former trustee with significant contacts in Korean churches and business communities in South Korea and in California which are being targeted in particular. A solicitation of a prospective donor in the first month after appointment resulted in a $100,000 contribution, with lesser but still sizeable gifts subsequently. Trustee donations in FY2018 were slightly over $275,000, with 83% of the trustees giving. To date in FY2019 donations amount to $58,400, with 12 trustees having not yet given. The chair of the development committee continues to provide leadership, asking--at the October 2018 board meeting--that 100% of the trustees participate in board giving, cultivate and solicit three alumni or donors in their respective geographic areas, and cultivate one new potential donor in the trustee’s personal or professional network by the end of FY 2019.

Thirteen trustees have either made personal loans or secured loans, and some trustees remain active in soliciting bridge loans. The board president secured a $1,000,000 loan and some trustees have made significant loans. A board commitment to obtain $1.8 million in loans pledges was met.
The trustees with whom the team met have a strong commitment to the mission of CST and its future viability and are highly supportive of the CST president.

E. Creation of a Succession/Incentive Plan

In the uncertain environment characterized by questions about sustainability, the sale or lease of the campus, and the possible embedding with Willamette University or some other institution, this team—in its April 2018 report—and the Commission in its Action Letter of July 20, 2018 recommended that the CST trustees develop and implement a succession plan and/or an incentive program in order to assure that the institution retains critical administrators and faculty necessary for a successful transition in becoming a part of another college or university.

The president and the vice president/dean of faculty have committed to remain in leadership positions during the transition to Willamette University. Additionally, the executive team has identified five key staff members who will be offered an enhanced severance package to stay at CST through the academic year 2020. As discussed earlier in this report, the continued success of enrollment growth is particularly critical during this period of transition. Key members of the highly capable enrollment team indicated that they are committed to continuing at least through the transition period.
Section III
Update on Possible Relocation to Another Institution

CST’s timeline for effecting a move to WU is an ambitious one. Despite uncertainties about cash flow, long-term financial viability, property sale, fair market value, legal appeals, employee retention and recruitment goals, a fall 2019 class in Salem is planned. June 2020 is the date set for the completion of the embedding process. Much remains to be done. Although the institution has been in a period of due diligence for 18 months, it has only just signed an MOU and plans for reaching an Affiliation Agreement in March are still tentative. The CST and WU presidents have agreed that a plan to lease the Claremont property is a viable option, however it is not yet clear which financial model--leasing or property sale--will drive the move.

The FAQ page on the WU website describes the state of negotiations as a “preliminary conversation” between two schools who have a “strong desire to move forward”. It indicates that the institutions “share common values” and have discovered a “match” between CST’s plans and WU’s strategic initiatives. It mentions the possibility of a 3-2 program for undergraduates who desire an MA and alludes to potential dual degree offerings, however no programming specifics are offered. A question about the expected length of the due diligence period is answered generally: “WU and CST would like to give as much time as possible to transition CST from California to Oregon”.

In conversation with WU senior administrators, however, it became clear to the team that the University has been quite active and accomplished a good deal of planning since the team’s April visit. The president reported that due diligence continues to move forward. Legal advisors and accountants plan to finish their work in early February, with a goal of reaching the Affiliation Agreement in March. An outline of two different models--one based on a scenario where CST’s campus is leased and another on one where it is sold--has been agreed on. CST and WU have a clear understanding on the ‘dowry’ question: CST will be expected to add a minimum of $20 million to the university’s endowment or be in a position to cover $1 million annually of direct costs. Discussions with the regional accreditor are well underway and the
university has already had CST’s masters degrees put in their name. Fall approval for the PhD program is expected.

CST has also made remarkable progress over the last eight months. As noted above, a campus lease agreement has been signed with significant prepaid rent amounts being held in escrow. Student recruiting, faculty deployment, and accreditation and legal issues have been addressed. Headway has been made on HR and personnel issues across the board. CST and WU management teams have been holding weekly discussions and have reached general agreement in the areas of staff reduction plans as well as projected payroll and employee benefit adjustments. Discussion about a possible reduction of CST’s administration is ongoing.

Reaching the Affiliation Agreement in March and putting a fall 2019 entering class on the Salem campus will require planning on both sides to continue apace. In addition, there are a number of issues which, though currently under discussion, have yet to be fully resolved. These include plans to appoint an advisory board and/or CST representation on WU’s board; the expansion of online programming; accreditation of the PhD program at WU; and specific commitments by faculty and staff to make the move to Salem. CST plans to complete the teach-out of its students in California by May 2021 and has accounted for the necessary staffing and resources in its budgetary projections. Other issues not under the direct control of CST may also play a part in the way the school’s future unfolds. These include the final resolution of the long legal process the school has been involved in, the future structure of the United Methodist Church, and the question of how visas will be granted to international students going forward.
Section IV

Commendations and Findings

As this team has found during all three of its previous visits, CST is comprised of committed individuals who care deeply about their institution and its mission and who are working diligently and in a well-organized manner to assure its future. The institution also continues to benefit from exceptional presidential leadership which is supported by an impressive senior management team, support staff, and a committed faculty.

CST is commended for:

- the collegial spirit, high morale, and institutional commitment that its faculty, trustees, administration, staff, students and supporting organizations have maintained in face of an uncertain future;

- the continuation of the diligent and aggressive efforts being made to successfully resolve the legal challenges preventing the sale of campus property;

- the further development and utilization of budget and cash flow models that are being used to project multiple future financial scenarios;

- continuing strength in the enrollment department and consistent increases despite the challenges of the larger environment;

- securing of $5.8 million in new short-term loans to provide CST with working capital that is projected to underwrite operations through December 2019.

Findings

For reasons discussed in this report, CST has been constrained in its diligent efforts to sell or lease its campus in order to help alleviate its financial condition. Therefore, the team has chosen not to follow the usual format of making recommendations. It is not that CST does not know what needs to be done or has not been working a well-developed plan; thus, to recommend that the legal issues be resolved or that the various scenarios of CST’s future depend on the sale or lease of the campus property are redundant and not fitting for this situation.

Therefore, the team has chosen to simply state the following findings:

- CST has been able to increase head-count enrollment to record levels.

- It has been able to execute a lease with a purchase option which has the potential to enable the embedding of CST within Willamette University.
• CST has also been able to maintain stable leadership, including faculty, board, senior administration and staff.

• The potential embedding of CST within Willamette University continues to advance, with a goal of enrolling a CST class in Fall 2019. However, at the time of the visit CST had not been able to receive a final judgment from the Los Angeles Superior Court, though it was expected shortly after the visit.

• Given its fragile financial condition, CST runs the risk of depleting its operating capital if it is not successful in getting a judgment in a timely manner from the Court. There is also the risk that an adverse judgment could threaten the viability of CST’s agreement with Willamette University and with the organization with which it has signed a lease agreement.

• CST may be unable to fully replenish its under-water endowment.