REPORT OF THE WSCUC TEAM

SPECIAL VISIT

To: United States University

April 1-3 2020

Team Roster

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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, Accreditation History, as Relevant, and Visit

United States University (USU) is located in San Diego, CA and was originally formed as InterAmerican College (IAC) in National City, CA, in 1997. The university’s founding focus was to provide educational opportunities for working adults, LatinX, and immigrants to increase bilingual capacity in education and healthcare in Southern California. In 2009, IAC received WSCUC initial accreditation, which also approved a structural change from nonprofit to for-profit status. This change was formally implemented in 2010, and the school was renamed United States University. In 2017, USU announced a change of ownership to Aspen Group, Inc. (AGI), effective December 1, 2017.

USU and AGI entered into a Service Level Agreement (SLA) for the purpose of establishing a shared services protocol to provide the infrastructural support necessary to enable USU to maintain focus on teaching and learning. USU reported that AGI ownership has been “institutionally transformational,” also stating in their current Special Visit report that their enrollment has grown from 278 in December of 2017 to 1,469 as of December 10, 2019. The university noted that with “growth and improved financial health, the university has remained focused on its student-centered mission.”

The USU mission statement reads:

*United States University provides professional and personal educational opportunities, with a special outreach to underserved groups. Through campus and online programs, the university offers affordable, relevant and accessible undergraduate and graduate degree programs and certificates in a supportive student-centered learning environment.*
USU offers thirteen on-campus and seven online bachelors and masters programs as well as various non-degree programs in the areas of business, education, nursing, and health sciences.

Throughout its history, USU had multiple interactions with WSCUC and has worked diligently and collaboratively to maintain its accreditation status. Below are key actions associated with USU’s accreditation since 2010:

- A Special Visit conducted in April 2013 determined that USU was out of compliance with the standards referenced in the 2013 Handbook of Accreditation. As a result, the Commission placed the institution on probation in an Action Letter dated July 10, 2013.
- In an Action Letter dated June 24, 2015, the Commission removed the probationary status and reaffirmed accreditation for seven years, concurrently issuing a Notice of Concern.
- In 2017, USU received approval for a structural change/change of ownership to Aspen Group, Inc. (AGI).
- A Special Visit was conducted on November 28-30, 2018, a year after the change in ownership. The Action Letter dated March 4, 2019, announced the removal of the Notice of Concern and established the timeline for this current Special Visit.

As per the Commission Action Letter, the team for this Special Visit reviewed USU’s actions and progress on the following recommendations:

A. Evaluate and set realistic enrollment targets based on market analysis and resource allocations necessary to sustain program quality. (CFR 3.4)
B. Closely monitor financial performance relative to plan to ensure that realistic budgets based on accurate estimates of enrollment are developed. (CFR 3.4)

C. Optimize the implementation of the Service Level Agreement through regular assessment, including all stakeholders, of the efficacy and quality of service provided. (CFRs 2.13, 3.5)

B. Description of Team’s Review Process

The team’s process for preparing for this Special Visit began when USU uploaded their Special Visit Report (SVR) and initial supporting evidence documents on the WSCUC Box site. Each team member carefully reviewed the report and the uploaded material. Documents from USU included the Service Level Agreement with AGI; Sample Biannual SLA Report; Sample Quarterly/Annual SLA KPI Report; 2019 Board of Trustees Minutes; 2019 Population Rollover Report; New Student Enrollment December 2017 to Present Forecast vs. Actual; 2019 Fall Zero-Based Budgeting Launch; budgeting and P&L documents, including: Sample Budget Template; Sample Budget Update; Marketing Costs; 2019 Assessment Planning Table; and Sample Program Revision. Team members then filled out the team worksheet and submitted it to the assistant chair, who compiled the information into one consolidated worksheet and distributed it to the team. The team chair and assistant chair held a planning phone call prior to the team conference call to review the team worksheet, identify areas of further inquiry, and to set an agenda for the team conference call.

Several of the initial documents uploaded for the team to review were representative samples, for example, “Sample Budget Template,” Sample Program Revision.” Given the
budgeting issues under review for this visit, team members requested several complete documents from USU: actual P&Ls, process documents for creating enrollment targets, etc.

All team members and the WSCUC liaison participated in the team conference call. The team reviewed the combined worksheet and discussed areas of consensus and asked for any clarification, as needed. The team agreed upon areas of concentration and began to generate a list of groups, departments, and individuals at USU whom the team would like to interview. On the call, the team discussed the need for USU to supply additional information and documents so that the team could verify information in the institutional report.

As the visit date came closer, the COVID-19 crisis also began to worsen; it became clear that the visit would need to be virtual, via web-conferencing (Zoom). USU had transitioned its in person courses to remote instruction and closed its doors to accommodate the Shelter in Place order issued on March 19. All team members and the WSCUC liaison, along with USU, agreed to continue with the scheduled visit, but that it would be virtual. This was an excellent work-around, given the circumstances, and the team members all agreed that the virtual visit still allowed for a successful review of the issues put forth for the Special Visit. Interview schedules were arranged, and USU set up Zoom “room” links for different groups that were interviewed by various team members. The team chair set up a Zoom link for confidential team-only meetings.

During the site visit itself, the whole team interviewed USU’s president; the Special Visit Steering Committee (including individuals from academics, institutional effectiveness, registrar’s office, and the CFO); the SLA Assessment Team (whose members were largely the same as the Special Visit Steering Committee, plus student advisors); the board of
trustees and the board of managers. The team chair and assistant chair interviewed the academic leadership team and the admission/enrollment team, while the remaining two team members who focused on the SLA and financials interviewed USU’s CFO and president/CEO for USU and AGI.

A review of the confidential email account by the team chair and assistant chair yielded two topics to explore further. These topics were discussed during interviews (without divulging any information about the emails), and the team determined that the concerns raised were addressed satisfactorily.

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

Overall, the USU report was well-written, organized, and clearly addressed the Commission’s recommendations. The appendices were easy to find and follow. However, the report lacked some evidence deemed necessary by the team in several places to support statements in the report. The team chair created a list of additional documents needed and sent the list to USU. Additional documents were uploaded over the weeks prior to the visit.

SECTION II – EVALUATION OF ISSUES UNDER THE STANDARDS

A. Issue: Evaluate and set realistic enrollment targets based on market analysis and resource allocations necessary to sustain program quality. (CFR 3.4)

In its letter dated March 4, 2019, the Commission asked USU to provide a description of the process used to set realistic enrollment targets and to explain the differences, if any, between enrollment targets and actual enrollments for degree and non-degree programs since Fall 2018. In its Special Visit report dated February 3, 2020, United State University said that it “evaluates and sets enrollment targets based on a market analysis that is aligned to the
university’s mission to offer affordable, relevant, and accessible degree programs, differentiating itself by focusing this analysis on the cost of education to students.” The report did not include evidence of specific enrollment targets for each program, although shortly before the interview stage of the Special Visit process, USU did provide enrollment targets and actual enrollment numbers for FY2020.

During the visit, the team learned that each program’s enrollment targets are initially proposed by the program deans and reviewed with the provost and director of enrollment. The director of enrollment then provides enrollment history for each program as well as estimated resources and timeline required to achieve targets. This information is reviewed by the marketing department to determine potential demand for the program based on internet advertising demand analysis. Part of that analysis included the cost of recruitment of new students and the return on that investment in terms of tuition revenue generated. Marketing then indicates whether they think the program is worth the investment. Potential “no show” rates and persistence and retention data as well as satisfactory progress data, graduation projections, and average course loads per session are incorporated into a working revenue model.

USU provided a “Marketing Update,” which summarized its general marketing strategy, samples, and results. The institutional report stated that USU has learned over the past year how to set realistic enrollment targets in alignment with its mission and history. No written documentation was provided to support this assertion, though in interviews USU staff provided examples of how it sets enrollment targets. USU offered as evidence the reinvigorated and revised master’s programs in education and business to be offered in Fall 2020. The enrollment
targets for these programs were generated by the deans of their programs based on their own analyses, though no written materials were provided to document the process for setting targets.

Evidence of the process for evaluating and setting enrollment targets was scant in the report and in the supporting appendices and Box exhibits. Fall 2019 enrollment numbers, persistence rate, and retention rate information were provided, but these did not include a comparison to original projections. Those data for FY2020 were included in a document uploaded to Box a week before the visit, at the request of the team. The team expected that financial reports might shed some light on this matter, so these documents were subsequently requested, but they did not integrate a comparison of targets to actuals. After reviewing the materials, the team concluded that there clearly has been enormous success in marketing and growing the Family Nurse Practitioner master’s program (MS-FNP), based on the enrollment numbers.

As to the question of resource allocations necessary to sustain program quality, USU’s report noted that during the budget process, program deans ensure estimates of sufficient faculty to deliver instruction using a ratio-based approach (students to faculty). For example, the number of faculty increased from 116 to 183 from 2018 to 2019. USU has also invested in a faculty management system, resources for curricular improvement, and continued support for assessment of program learning outcomes.

During the visit, academic leadership indicated that all the resources they have requested to maintain or enhance program quality have been granted. At this point, it seems clear that the MS-FNP program has benefitted from the kind of marketing analysis and resource
allocation efforts by USU with AGI support. For example, USU has been able to integrate new technologies and add support to the “immersion” program. It remains unknown whether these positive results will extend to other programs. In any case, the deans expressed confidence that they will receive resources needed to remain a student-centric institution delivering a quality educational experience to students.

While USU has seen considerable enrollment growth, and interviews with USU staff indicated that resources have adequately supported such growth, the team recommends that USU continue to set and evaluate realistic enrollment targets and formally describe and document:

A. the process for doing so;

B. the role of marketing, academic leadership, institutional research, and the admissions office in setting those targets; and

C. the regular assessment and evaluation of actual performance in meeting the targets.

B. Issue: Closely monitor financial performance relative to plan to ensure that realistic budgets based on accurate estimates of enrollment are developed. (CFR 3.4)

In its letter dated March 4, 2019, and in preparation for this Special Visit, the Commission asked USU to provide projected and actual budgets for FY2018, FY2019, and FY2020 (as available) and to explain the differences, if any. In addition, the Commission recommended that USU closely monitor financial performance relative to its plan to ensure that realistic budgets based on accurate estimates of enrollment be developed. In its Special Visit report, USU described the process and stated that it “closely monitors financial performance relative to plan to ensure that enrollment projections are achieved”; however, the
institutional report and supporting exhibits uploaded to the Box site did not provide the projected and actual budgets for FY2018, FY2019, or FY2020 and did not provide a written description of “how” the university establishes enrollment targets and budgets, nor the methodology, process or reports it uses to monitor and report said performance.

In support of the assertions in the report, USU provided some enrollment data and some budget-related documents including a presentation and sample budget template that provide a “high level” overview of the process. In addition, in the week prior to the Special Visit, summary level FY2020 YTD actual P&L and FY2021 budget information was submitted. However, in the team’s judgment not enough detail was provided to support the team’s evaluation process for this issue and this area of review was limited.

Evidence provided prior to the visit was augmented by the meetings and discussions during the visit. Specifically, during interviews with the board, president, CFO, and AGI CEO, the team was able to glean additional “macro level” information about the enrollment planning process and general information about the analysis and marketing data the university uses to set the annual budget.

Based on the information provided, USU’s FY2020 is projected to be a pivotal year for the university in that they are forecasting to reach profitability in the Q4 timeframe and a break-even status for the full FY2020 year. They project to accomplish this despite a projected enrollment shortfall of 17 percent, as reported in an exhibit. USU believed the shortfall will be due to two primary factors: the first being a delay in receiving approval from Department of Education for two new programs (BSIT and MBA hybrid) and the second due to some softening in lead flow and enrollments in the Q3 and Q4 timeframe for the Family Nurse Practitioner
Having the benefit of hindsight in this case, the team encourages USU to amend its enrollment planning process and consider whether it is prudent to include unapproved programs in the enrollment assumptions of the Annual Operating Plan.

The university’s operational P&L for FY2020 includes a management fee for shared services as provided through the Service Level Agreement with AGI. While the SLA is discussed in greater detail below, it is important to note that the Special Visit team was not provided detailed information related to the “actual” cost of the shared service support provided by AGI, and therefore, it is not possible at this time to ascertain whether or not USU will reach true break-even for the current FY2020 budget year on a fully allocated basis. As such, as parts of the university continue to better refine and define the SLA with AGI, it will be important for USU to fully understand those costs and how they will be determined and budgeted in the future. This is more fully addressed in the next section.

It is the team’s recommendation that USU continues to monitor financial performance and formally describe and document:

A. the annual operating plan development process (AOP), including how past performance guides and informs that process;

B. monthly, quarterly, and annual monitoring and reporting of financial performance relative to plan, including university-defined financial and operational KPI’s; and

C. financial costs associated with the SLA services provided by AGI.
C. Issue: Optimize the implementation of the Service Level Agreement through regular assessment, including all stakeholders, of the efficacy and quality of service provided. (CFRs 2.13, 3.5)

In its letter dated March 4, 2019, the Commission asked USU to provide an update on the status of the implementation of the services identified in the agreement with and provide evaluations or reviews of the efficacy and quality of the services being provided by AGI. In its institutional report dated February 3, 2020, USU noted that since the last Special Visit that the university “has continuously monitored the effectiveness of the SLA” in addition to developing “a methodology of tracking achievement of key performance indicators related to the SLA” that was “shared with the board of trustees on a quarterly basis” and documents and exhibits were provided to the team on the Box site.

The team reviewed the four Service Level Agreement Quarterly / Annual reports for CY2019, which highlighted the status of each Key Performance Indicator (KPI) (“Started,” “In Process,” and “Completed”) as well as brief commentary regarding the seven service areas supported by AGI. Also included were the CY19 Q3-Q4 Service Level Agreement Final Report, which provided a high-level management summary for the last two quarter KPI reports for management. The team found these reports to be informative from a dashboard reporting or status update perspective, but thought they could be improved with additional formal assessments, efficacy reviews, or qualitative evaluations of the services being provided by AGI.

During the interview with the Service Level Agreement Assessment Team, the two-part process used to evaluate AGI’s performance against the SLAs was described. Each quarter
the SLA Assessment Committee reviews the KPIs and updates the statuses and commentary as appropriate on the Service Level Agreement Quarterly Report. When asked about the reasoning behind tracking the performance items that were flagged as “complete” for multiple consecutive quarters, it was explained that the KPIs had not been updated since the initial draft of the report was completed in 2017. As noted in the Q4 2019 Service Level Agreement Quarterly Report, 83 percent of the KPIs were marked as “completed” or “completed with on-going support,” which was the same percentage as the Q1 2019 Service Level Agreement Quarterly Report.

The SLA Assessment Team is also charged with completing the Bi-Annual Service Level Agreement Assessment and Evaluation Report, which is designed to “provide an opportunity for USU to measure the effectiveness of the agreement in relation to its goals” under the following four criteria:

- Integration of people, processes, and technology.
- Leveraging of human resources, institutional knowledge, developing skill sets, and technology.
- Mitigating risk to USU.
- Reduction of unnecessary costs.

On April 2, a day after the main visit day, the team was provided an example of the Bi-Annual Service Level Agreement Assessment and Evaluation Report, denoted as “template,” which described the report methodology and outputs. The team cannot ascertain if this report had been completed for either the first half or second half of 2019, or if it is the report referenced in the 2019 board of trustee minutes, uploaded to the Box site. Once implemented,
the Bi-Annual Service Level Agreement Assessment and Evaluation Report will allow USU the opportunity to assess and evaluate AGI’s performance of the services it provides to the university.

During the interviews with the AGI CEO, USU president, and USU CFO, team members were informed that the SLA allocations charged to USU were arrived at as a result of conversation between the AGI CEO and USU administration. The USU pro-forma 2020-21 budget reflects an allocation of service costs from AGI, totaling approximately $1.5 million dollars, which equates to approximately 10 percent of USU’s planned operating expenses. It is not clear to the team how these shared services cost allocations were calculated or how costs will be factored into the SLA evaluation process going forward.

The team recommends that USU review and amend, as appropriate, the Service Level Agreement to clearly define the functional services that AGI provides to USU, establish the methodology for determining the costs associated with those services and formulate and document a framework for how USU will regularly assess, evaluate, update, and communicate the quality and efficacy of those services.

SECTION III – OTHER TOPICS, AS APPROPRIATE

No other topics arose during the Special Visit.

SECTION IV – FINDINGS, COMMENDATIONS, AND RECOMMENDATIONS

The team found interactions with USU staff to be transparent and collegial. USU seems truly dedicated to continuous improvement under theWSCUC standards. The team was grateful for USU’s ability and willingness to continue with dedication to the Special Visit in a virtual setting that was necessary given this unprecedented time, due to the COVID-19 crisis.
The team was encouraged by the fact that USU enrollments have increased significantly, primarily in one program, and although the Q4 targets for new enrollments will not be met, persistence and retention rates for currently enrolled students are higher than expected. Throughout the institution, those interviewed shared the sense that the USU had “turned a corner,” financially, due, in large measure, to the support services provided by AGI.

While it is clear that the financial position of USU is the strongest it has been, one caveat is that the cost of support services provided by AGI have not yet been included in expenses. Additionally, the SLA with AGI, in the usual sense of the term, is a misnomer. There is a list of over 30 items that are assessed quarterly, but the evaluation is mostly in the form of an informal description of completion status. There is a semi-annual assessment of KPIs using a rubric, but the team had access only to the rubric template and not to assessed criteria or descriptions.

The team commends USU for:

1. Its steadfast dedication to its student-centric mission through its focus on affordability, responsiveness to student needs, and attention to student success.

2. The collaborative, transparent, and collegial working relationships among the USU staff and between USU and AGI departments, e.g., the contribution of AGI’s Human Resources function was praised several times by both academic and administrative staff at USU.

3. Its commitment to an enrollment planning and budgeting process that is informed and guided by Institutional Research’s work expanding state authorizations, creating a data warehouse, and tracking retention, persistence, and completion data.
4. The ongoing focus on financial sustainability through strategic enrollment growth in addition to implementing measures to operate efficiently while still continuing to provide resources needed to support students, faculty, and staff.

5. The attention it has given to the current pandemic crisis and how it may affect emergency contingency policies, student needs, and future enrollments.

The team recommends that USU:

1. Continue to set and evaluate realistic enrollment targets (CFR 3.4). Formally describe and document:
   A. the process for doing so;
   B. the role of marketing, academic leadership, institutional research, and the admissions office in setting those targets; and
   C. the regular assessment and evaluation of actual performance in meeting the targets.

2. Continue to monitor financial performance CFR 3.4). Formally describe and document:
   A. the annual operating plan development process (AOP), including how past performance guides and informs that process;
   B. monthly, quarterly, and annual monitoring and reporting of financial performance relative to plan, including university-defined financial and operational KPI’s; and
   C. financial costs associated with the SLA services provided by AGI.

3. Review and amend, as appropriate, the Service Level Agreement (CFRs 2.13, 3.5) to:
   A. clearly define the functional services that AGI provides to USU;
B. establish the methodology for determining the costs associated with those services; and

C. formulate and document a framework for how USU will regularly assess, evaluate, update, and communicate the quality and efficacy of those services.