Assurance Argument

Adler Graduate School - MN

7/30/2019

5 - Resources, Planning, and Institutional Effectiveness

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The institution's resources, structures, and processes are sufficient to fulfill its mission, improve the quality of its educational offerings, and respond to future challenges and opportunities. The institution plans for the future.

5.A - Core Component 5.A

The institution's resource base supports its current educational programs and its plans for maintaining and strengthening their quality in the future.

1. The institution has the fiscal and human resources and physical and technological infrastructure sufficient to support its operations wherever and however programs are delivered.
2. The institution's resource allocation process ensures that its educational purposes are not adversely affected by elective resource allocations to other areas or disbursement of revenue to a superordinate entity.
3. The goals incorporated into mission statements or elaborations of mission statements are realistic in light of the institution's organization, resources, and opportunities.
4. The institution's staff in all areas are appropriately qualified and trained.
5. The institution has a well-developed process in place for budgeting and for monitoring expense.

Argument

5.A.1 - The institution has the fiscal and human resources and physical and technological infrastructure sufficient to support its operations wherever and however programs are delivered.

Financial Resources

AGS's fiscal year goes From July 1st to June 30th of each year. For the purpose of this discussion the number after FY refers to the end of the fiscal year. For example, FY 20 refers to the fiscal year that goes from July 1, 2019 to June 30, 2020.

Historical Summary

In FY 16, 17 and 19 AGS's operations resulted in operating losses of $407,652, $238,100 and $369,680 (excluding a loss on an interest rate swap, see discussion below), respectively. Compared to prior years, new students and average credits per student in FY 16 and 17 declined partly due to external factors but also due to ineffective recruiting strategies. The 2017 hiring of an Admissions Director with more than 18 years of admissions experience, and the consequent implementation of a recruitment plan, has significantly impacted the number of new students. FY 18 produced operating income, due to a one-time item (discussed in the next paragraph). Operating losses continued in FY 19 even though a key metric that drives revenue, (student credits) improved significantly (9%), due to

strategic investments in recruiting resources (people and technology) and changing the School's operating model to implement a full-time faculty framework. The full-time model has higher operating costs than the part-time approach that included an all-adjunct faculty.

A significant unexpected favorable one-time event occurred in FY 18, which has materially mitigated the impact of operating losses since FY 16 that are expected to continue through FY 22. AGS' prior campus had significant retail value due to its location, so the School accepted a very attractive offer to sell the land and facilities. This produced a reported gain of nearly $950,000 resulting in a total FY 18 operating income of $722,706. The School moved to a new facility and reduced its net equity investment in facilities by $.6 million and in turn increased its balance sheet liquidity by increasing cash and investments by $1.7 million. At the end of FY 19, AGS' unaudited net equity was $4,474,751.

AGS continues to have strong Composite Financial Indicator (CFI) scores, between 2.20 in FY16 to 3.00 in FY 18, due to its robust Primary Reserve and Equity ratios. In addition, AGS has had several years of unqualified audit opinions: FY 15, FY 16, FY 17, and FY 18.

Starting in FY1 8, a number of significant strategies were executed that resulted in an increase in operating costs that are expected to allow AGS to reach a financial break-even from operations by FY 22. These investments include people and technology to support new-student recruiting, adopting a full-time academic model, and intentionally investing in faculty and staff professional development.

In FY 19, the net deficit is projected to be $(590,533) due, in part, to a fair market value loss of $(220,853) on an interest rate swap related to the long-term mortgage, the proceeds of which were used for buying the Minnetonka building in FY18 and for building improvements. In the Sources section you will find a description of the Adler interest rate swap. Over the life of AGS's mortgage term, the swap will have annual valuation adjustments (negative or positive) to operations but on a cumulative basis will net to zero over the mortgage term.

Without the interest rate swap loss, the net deficit would have been approximately $(370,000) compared to a budgeted ($271,145). Personnel expenses ended the year over budget due to the uncertainty related to the adoption of a full-time versus adjunct faculty model. Facilities expenses also ended the year over budget due to unexpected one-time building-related expenses. Excluding one-time items and the impact of the interest rate swap, AGS' normalized operating loss was about $276,000.

Expectations for AGS' Financial Results FY 20-FY 22

The net deficit for FY 20 is projected to be approximately $200,000, or less than 8% of the total cash and cash equivalent balance at the end of FY 19. At a projected 10% annual increase in new student enrollment, assuming a return to 93% retention rate (as a result of the increased student satisfaction mentioned above), 2% annual tuition rate increases, 2% annual across-the-board salary increases, and 5% annual increases in non-personnel and facilities expenses, the projected net deficit for FY 21 will decrease to $63,000, and break-even will be achieved in FY 22 with a net surplus of approximately $200,000.

AGS receives approximately 97% of its total revenue from net tuition and fees. In FY 20, it is projected that total enrollment will increase by approximately 9% over the previous fiscal year and the total number of enrolled credits will increase by approximately 8%. To facilitate this increase, in FY 19, a full-time Assistant Admissions Director was added to the staff. In FY 20, a new Customer

Relationship Management (CRM) system will be implemented to enhance prospective student engagement. The implementation of the full-time faculty model has had significant impact on student satisfaction with advising, the quality of their interactions with faculty, and the overall quality of education received, and is expected to increase retention, which had gone down significantly between 2015 and 2018. In addition, a 0.75 FTE staff position was also added to Student Support Services to assist with retention, persistence, and completion rates.

In FY 20, interest income is projected to increase by over 400% from FY18 levels (from $8,647 to $44,000) due to the short-term investment of excess cash. The Board of Directors is considering moving some of those short-term investments to longer-term instruments, which would have an even greater impact on Interest Income. Other sources of revenue include workshop revenue from non-credit continuing education events offered to alumni, current students, and community members, and Service Center revenue that is received when AGS faculty provide services to outside agencies, such as the School Counseling services that are provided to several charter schools in the area. Future opportunities for providing these types services are being continually assessed. In FY 19, a relationship was started with a collection agency to assist in the collection of bad debt. In FY 20, it is projected that approximately 85% of total bad debt will be recovered. In addition, the Board of Directors is considering adding a Director of Development/Advancement position to develop and implement fundraising initiatives.

Human Resources

AGS programs are offered at the Minnetonka campus and/or online. Online and on-campus students are equally supported by qualified faculty, academic advising, writing center services, library services, and other student support services such as financial aid and technology support. Campus-based faculty teach both on-campus and online classes, and there are two full-time faculty members who only teach and advise online.

At the beginning of FY 20, AGS had 16 full-time faculty members and 18 full-time equivalent staff members, as well as approximately 40 adjunct faculty members. Included as full-time faculty are the Director of Academic Affairs and Quality Assurance, the Director of Assessment and Online Learning, the Professional Development Coordinator, four Academic Program Chairs, and three Field Experience Coordinators. Although they are considered full-time faculty, these positions also have release time for administrative duties.   All full-time faculty have teaching duties, as well as advising, scholarship, and service tasks included in their positions. The Librarian is an academic staff member. The Academic Council is the decision-making body for the Academic Division.

The Administrative Division is comprised of various departments, including the President's Office, Admissions, Business Office, Human Resources, Registrar, Financial Aid, Student Support Services, and Technology. Operational decisions are made by the Leadership Team, which is comprised of the President; the Vice President for Finance and Administration; the Directors of Academic Affairs and Quality Assurance, Student Success Services, and Admissions; a faculty representative; and the Human Resource/Executive Assistant.

Over the last several years, AGS has made significant investments in its human resources. Total personnel expenses increased by almost 6% in FY18, by over 10% in FY19, and they are projected to increase an additional 3% in FY20. During this time, 16 full-time faculty have been hired, in addition to 4.75 full-time equivalent staff members. Employee benefits, primarily health insurance, have increased by 65% from FY17. In FY19, AGS implemented an employee retirement plan for the first time, although at the current time, given the continuing operating deficits, there is no employer

contribution to the plan.

Physical Infrastructure

In August 2018, AGS relocated its operations to a 37,500 square foot building located in Minnetonka, MN. Prior to the relocation, renovations were completed to construct classrooms and office space to specifications provided by a group consisting of several faculty and staff members working in concert with an architectural firm hired as consultants for the project. Currently, the lower level of the building is available for future expansion.

The move to the new campus required AGS to go through an HLC substantive change process that included a visit to the new campus in February 2019. As discussed in the HLC team's report, the new campus offers an excellent learning and working environment for students and faculty.

During FY 19, there were several unexpected repairs that were made to the building, including repairs to the building security, elevator, fire protection and HVAC systems. To be able to better plan for these types of deferred maintenance expenditures, AGS hired a building maintenance contractor to conduct a survey of the campus infrastructure. The results of this survey include recommendations to make substantial improvements to the elevator, as well as to replace several heat pumps and to make other physical enhancements, over the next five years. As a result, the Board of Directors passed a resolution to require an initial amount of $200,000 plus 75% of annual depreciation expense to be set aside in a designated Capital Asset Repair and Replacement fund to provide capital to fund these expenditures.

Technological Infrastructure

AGS's physical network is a Windows environment secured and password protected encompassing of servers, switches, routers, firewall, Internet connection, printers, computers for staff, faculty and students. The AGS network is supported by AGS Information Technology (IT) department, who is responsible for 1) maintaining, protecting, updating network hardware and software; 2) protecting AGS information and databases on the servers; 3) managing user access and permissions, supporting hardware and software for classrooms, computer lab, writing center computers, and library computers and users (including staff, faculty and students).

IT staff maintains a secure and reliable network by running monthly Windows updates and by renewing and updating antivirus software, wireless access points, and firewall firmware. Server data is backed up on Carbonite. Individual user data is protected by Office 365. In FY 20, approximately 12 new computers will be purchased to replace older hardware that is becoming obsolete. All computers School-wide will also be updated from Windows 7 to Windows 10.

The AGS Learning Management System is Moodle. Moodle was integrated at AGS in 2008 to deliver online course content. Moodle open-source software is a learning platform designed to provide educators, administrators and learners with a single robust, secure and integrated system to create personalized learning environments. AdlerMoodle.com is hosted for a fee in the USA by Classroom Revolution, a registered Moodle Partner. As the adlermoodle.com hosting provider, Classroom Revolution is responsible for maintaining, supporting, securing, and protecting AGS student information database on their server.

AGS's Student Information System is SONIS, which is a Jenzabar product. An update to the most recent version 3.4 was completed in June 2019. Updates to the most recent versions of Moodle, the

learning management system, are regularly scheduled between summer and fall terms each year. The School uses Blackbaud's Financial Edge for its general ledger system and PayCor is used for payroll and human resources. These are hosted systems and updates are managed by the providers. In FY 20, Element 451 will be implemented in the Admissions department to enhance prospective student outreach.

The AGS email service provider and online file storing and sharing is provided by Office 365. The AGS plan A1 Office 365 subscription is a complementary service for education. AGS passes this benefit free of charge to all AGS users including staff, faculty and students. The AGS IT department is responsible for managing user access and permissions in Office 365. Technical support is available online to all Office 365 users through Microsoft Knowledge Base system.

Zoom pro, video calling and screen sharing software for meetings is available to AGS faculty teaching online courses, all academic advisors, and unit leaders. The AGS IT department is responsible for managing user access and permissions in Zoom. Technical support is provided and available on Zoom.us to all Zoom users.

In late FY 19, an outside contractor was hired to assess network operation and security. The recommendations from their report are being reviewed and prioritized by the Director of Information Technology and will be discussed by the Technology Committee and the Leadership Team.

5.A.2 - The institution's resource allocation process ensures that its educational purposes are not adversely affected by elective resource allocations to other areas or disbursement of revenue to a superordinate entity.

The annual budget process begins in February of each year. Initial resource allocations are based on current year operations and are adjusted as additional information becomes available. As it is being developed, the budget is periodically shared with the Leadership Team and with the Board Finance Committee on a monthly basis beginning in March. The final budget is presented to the Board of Directors for approval at its May meeting.

For the FY 19 budget, AGS chose to make a significant investment in its personnel by enhancing both its faculty and staff ranks. In FY 19, total personnel expense increased by over 10%. Faculty who, prior to FY 19, had 0.75 FTE positions and taught classes on an adjunct basis became full-time faculty and were given varying amounts of release time for administrative duties. During FY 19, four additional full-time faculty were hired. To qualify for programmatic (CACREP) accreditation, all new faculty have Doctorate degrees in Counselor Education and Supervision. The FY 20 budget includes funding for one additional full-time faculty position.

In addition, during FY 19, to enhance AGS's Admissions efforts, a full-time Assistant Director of Admissions was hired and two 0.75 FTE positions in the Admissions Department were increased to full-time positions. In FY 20, the Student Success Services staff was increased by 0.75 FTE. Prior to FY 20, efforts of the Student Success Services staff were primarily geared toward assisting students with writing assignments. Over the last few years, it became apparent that additional support was needed in areas such as ESL and ADA accommodations.

Other resource allocation decisions made for the FY 20 budget year include an increase of 24% in Information Technology expenses for the replacement of computers, system upgrades, and renewal of licenses; a decrease of 15% in Library expenses due to the elimination of two underutilized databases; and an increase of 12% in Training and Development and associated travel expenses.

In June 2019, the Finance Committee implemented a new process, procedure and discipline to evaluate management's major strategic, compliance or infrastructure project proposals. The Committee will review and evaluate the submitted proposals in terms of both financial (e.g. rate of return) and non-financial benefits, consider the project's risks, and how results will be tracked and reported. Projects that meet defined criteria will be recommended for full Board approval.

5.A.3 - The goals incorporated into mission statements or elaboration of mission statements are realistic in light of the institution's organization, resources, and opportunities.

With a goal of providing resources to support institutional sustainability, AGS is beginning to use data from institutional assessment plans to inform decisions about resource management. For example, data on enrollment trends and projections from FY 18 through FY 20, total projected revenue and expenses from FY 16 through FY 20, and projected increases in total revenue with projected increases in enrollment from FY 21 through FY 23 were used to determine that, at a projected growth rate of 5% per year in new student enrollment, AGS will not reach financial break-even until FY 22. It was also determined that AGS is highly depending on tuition, with 97% of total revenue coming from tuition and fees and that 75% of our total expenses are personnel expenses, which have been steadily increasing, while non-personnel expenses have remained relatively stable.

As a result, potential opportunities for improvement were identified, such as implementing a CRM system to improve prospective student engagement while being cognizant that the implementation of the new system may have an impact on the workload of IT staff. Other opportunities identified include developing and implementing a fundraising plan while ensuring sufficient resources for monitoring, and evaluation; expanding or re-establishing Service Center activity; expanding workshop/continuing education offerings; and developing and implementing plans for hiring new faculty and staff, systematic capital asset repair and replacement, technology and cybersecurity and operational systems upgrades.

5.A.4 - The institution's staff in all areas are appropriately qualified and trained.

AGS has well-defined job descriptions for every staff member that include the minimum education and experience requirements for the position, as well as the requisite knowledge, skills, and abilities. Minimum qualifications for faculty are clearly established. Vacant staff positions are typically advertised on online job boards, such as Career Builder, Indeed, and CESNET (counselor educators and supervisors network). Applications are managed by the Human Resource Office in conjunction with the hiring manager. The hiring manager reviews the applications, chooses one or more candidates to interview, and organizes an interview team. The interview team meets with each candidate and asks them a set of scripted questions designed to ascertain their fit for the position. Occasionally, second interviews are conducted with the top candidates to gather additional information. Reference checks are completed after the interview team reaches a consensus and prior to an offer being made to the finalist.

On or before the first day of employment, the Human Resource Office follows up with the new employee to obtain the necessary employment documentation and to begin the onboarding process. The orientation process includes meetings with the Human Resource Office regarding benefits; with the IT department regarding technology, such as computer and application logins, telephones, and copiers; and with the Director of Professional Development for a brief overview of Adlerian concepts. Faculty orientation also includes meeting with the Director of Academic Affairs and Quality Education and the Director of Assessment and Online Learning.

Several times throughout the year, professional development activities are conducted to which all faculty and staff are encouraged to attend. Topics include areas such as Adlerian basics, multiculturalism, and classroom techniques. Staff are also encouraged to participate in various standing committees and/or ad hoc work groups, such as the Technology, Building and Grounds, and Student Financial Services Committees.

Supervisors are encouraged to have regular one-on-one and/or group meetings with their employees. In addition, formal performance evaluations are conducted with employees on an annual basis.

5.A.5 - The institution has a well-developed process in place for budgeting and for monitoring expense.

The annual budgeting process begins in February of each year. The first task is to determine the tuition and fee rates for the next fiscal year. As part of this process, a survey of competitors' tuition rates is conducted. This data is presented to the Leadership Team and is used to determine the recommended tuition rate increases for the upcoming fiscal year. AGS has traditionally set its tuition rate near the mid-point of its private college competitors. Over the last several years, tuition increases have ranged from a high of 4.5% in FY18 to a low of 1.5% in FY20.

Based on projected new student enrollment data received from the Admissions Office and graduation, retention, and average registered credit data received from the Registrar's Office, projected total student enrollment and total enrolled credits are calculated. The recommended new tuition rate is then applied to the results of this calculation to determine total tuition and fee revenue for the upcoming fiscal year.

Salary expense is determined based on current year salaries, adjusted for any planned new positions and changes to existing positions. AGS has traditionally provided across-the-board salary increases to its employees. In FY 20, this increase was 1%. The budget for adjunct faculty is determined by using the total number of credits projected to be taught in the upcoming fiscal year, subtracting the total number of credits included in full-time faculty teaching assignments, and applying the average per credit adjunct faculty rate of pay. Employee benefits renew on April 1 of each year and premiums for the first nine months of the upcoming fiscal year can accurately be predicted as the budget is being prepared.

Non-personnel and Facilities expenses are projected based on current year operations and are adjusted throughout the budget development process as additional information becomes available.

The annual budget process begins in February of each year. As it is being developed, the budget is periodically shared with the Leadership Team and with the Board Finance Committee on a monthly basis beginning in March. The final budget is presented to the Board of Directors for approval at its May meeting. On a monthly basis, actual finance results and projections for the remainder of the fiscal year are shared with the Leadership Team and the Board Finance Committee.

On a monthly basis, detailed financial results, including projections by term and for the full year, are shared with the Leadership Team and the Board Finance Committee. They are also shared in a summarized format with the Board of Directors and other stakeholders of the College. In addition, the Bank receives financial statements on a quarterly basis.

Summary

Although AGS will need to overcome several fiscal challenges over the next few years, there is confidence that its strong reserve and equity positions, along with careful planning and evaluation, will allow it to continue its mission. In addition to building enrollment, there will also be a focus on diversifying revenue sources through strategic partnerships with community partners and the development of an effective fundraising plan. Continued emphasis will be placed on maintaining well-qualified and dedicated human resources, through effective recruitment, training, and professional development initiatives. The School's physical and technological infrastructures will be continuously monitored and maintained based on industry standards. Through institutional sustainability, AGS will be able to continue "preparing mental health and human service professionals with a strong Adlerian foundation to foster encouragement, collaboration, and a sense of belonging to the individuals, families, and the culturally diverse communities they serve".

Sources

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- ACAD_Library Report.pdf
- BOD_Major Expenditure_Process
- FIN_2019-20 Budget
- FIN_Adler Facilities Report
- FIN_FY15_FY16_Financial Statements Audit
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- FIN_Swap Agreement
- HR_Faculty Minimum Qualifications
- HR_Onboarding and Orientation Process
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- PRES_HLC_Substancial Change Report
- PRES_Org Structure
- QAA_2018-19 Exit Survey_Advising.pdf
- QAA_2018-19_Exit Survey_Faculty.pdf
- QAA_ExitSurvey_Competencies
- REG_Retention
- SSS_WC Usage
- TECH_AGS Technology Plan
- WEB_Financial Aid.pdf
- WEB_Technology.pdf

5.B - Core Component 5.B

The institution's governance and administrative structures promote effective leadership and support collaborative processes that enable the institution to fulfill its mission.

1. The governing board is knowledgeable about the institution; it provides oversight of the institution's financial and academic policies and practices and meets its legal and fiduciary responsibilities.
2. The institution has and employs policies and procedures to engage its internal constituencies— including its governing board, administration, faculty, staff, and students—in the institution's governance.
3. Administration, faculty, staff, and students are involved in setting academic requirements, policy, and processes through effective structures for contribution and collaborative effort.

Argument

The institution's governance and administrative structures promote effective leadership and support collaborative processes that enable the institution to fulfill its mission.

AGS is organized according to a shared leadership model grounded on Adlerian principles of horizontal functioning, encouragement, contribution, and accountability. This organizational structure promotes effective leadership and supports collaborative processes that enable the graduate school to fulfill its mission of "*Preparing mental health and human service professionals with a strong Adlerian foundation to foster encouragement, collaboration, and a sense of belonging to the individuals, families, and culturally diverse communities they serve*."

5.B.1 - The governing board is knowledgeable about the institution; it provides oversight of the institution's financial and academic policies and practices and meets its legal and fiduciary responsibilities.

According to AGS's bylaws, the function of the Board of Directors is to "support the work of Adler Graduate School and provide mission-based leadership and strategic governance". The Bylaws also state that the Board "is responsible for overall policy and direction of the institution, and delegates responsibility of day-to-day operations to the staff and committees". In order to better fulfill its fiduciary obligations to the graduate school the Board has established two standing committees, the Finances Committee and the Governance Committee, each with clearly defined oversight responsibilities. Recommendations from each of these committees are examined and, if appropriate, approved by the entire Board. Although the AGS bylaws only require the Board to meet quarterly, the Board in reality meets eight to ten times a year, with each regularly scheduled meeting being preceded by Governance and Finances committee meetings. In order to keep the Board fully informed, AGS's President and Vice-President for Finances participate in all regularly scheduled Finances Committee and Board meetings. Leadership from the different institutional units periodically attend Board meetings to provide in-depth reports. Occasionally, in preparation for processes such as their strategic planning, the Board requests focused reports. Minutes from committees and Board meetings and the Board's Policy and Procedures Manual evidence the processes through which the Board fulfills its fiduciary responsibilities to Adler Graduate School.

5.B.2 - The institution has and employs policies and procedures to engage its internal constituencies—including its governing board, administration, faculty, staff, and students—in the institution's governance and **5.B.3 - Administration, faculty, staff, and students are involved in setting academic requirements, policy, and processes through effective structures for contribution and collaborative effort.**

AGS's organizational structure was established with the purpose of creating an institution that values input from all its constituents and promotes cooperation among its units. The President serves as liaison between institutional units and the Board. A Leadership Team, composed of the President; Vice-President for Finances; the Directors of Quality Assurance and Academic Affairs, Admissions and Marketing, and Student Success Services; a Program Chairs representative; and the HR/Administrative Assistant. This leadership team meets weekly to exchange information, bring input from their respective units related to information previously exchanged, and to make decisions about policies and procedures that impact the whole institution. The School also holds bi-weekly "stand-up meetings", to which all constituents are invited, where information is shared and open for discussion.

The academic unit is the largest of the institutional units and functions according to its own shared leadership model. The unit is led by the Academic Council, which is composed of the President; Director of Academic Affairs and Quality Assurance; Director of Assessment and Online Learning; Registrar; Program Chairs; and the Academic Librarian. The council is responsible for approving all academic policies and procedures, curriculum, evaluative processes for academic quality assurance, and all other aspects of academic functioning. This council meets twice a month and program Chairs serve as liaison between their respective faculty and the council. Faculty are responsible for curriculum and course development, processes for advising and assessment of students' dispositions, and for the development of proposals for academic policies and procedures to be presented to the Academic Council. In the interest of obtaining direct input when making decisions that affect faculty, the Professional Development Coordinator leads a Faculty Forum. This forum examines decisions such as policies related to promotion, faculty pay, and professional development requirements for faculty and makes recommendations to the President.

Student input to inform decisions about curriculum and instruction, advising policies and procedures, student support services, and guiding and facilities is obtained through student course evaluations at the end of each course, surveys of current students, and exit surveys that address different aspects of the student experience. Anecdotal information shared by students with their instructors, academic advisors, or student support personnel is also shared with and considered by Academic Council and/or Leadership Team as part of decision-making processes. Input from alumni is received through periodical survey of alumni (2016, with the next one scheduled for 2021, as suggested by the Alumni group as part of the AGS strategic planning retreat) and through the recently organized Alumni Association.

In addition to these group-specific avenues for participation, an annual strategic planning retreat was created at the end of 2018-19 academic year. All faculty (full-time and adjunct), all staff, the Alumni Association Board, and student representatives participated in this assessment and planning event. The alumni worked as a group, while faculty, staff, and students were divided into mixed-constituency groups to examine progress toward institutional effectiveness goals and to develop plans for continuous improvement. Each group developed a report summarizing their work, which included a goal-specific action plan.

Sources

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- PRES_Academic Affairs_Shared Leadership
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- PRES_Org Structure
- QAA_Planning Retreat Summary Report.pdf
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5.C - Core Component 5.C

The institution engages in systematic and integrated planning.

1. The institution allocates its resources in alignment with its mission and priorities.
2. The institution links its processes for assessment of student learning, evaluation of operations, planning, and budgeting.
3. The planning process encompasses the institution as a whole and considers the perspectives of internal and external constituent groups.
4. The institution plans on the basis of a sound understanding of its current capacity. Institutional plans anticipate the possible impact of fluctuations in the institution's sources of revenue, such as enrollment, the economy, and state support.
5. Institutional planning anticipates emerging factors, such as technology, demographic shifts, and globalization.

Argument

AGS is focused on "preparing mental health and human service professionals with a strong Adlerian foundation to foster encouragement, collaboration, and a sense of belonging to the individuals, families, and culturally diverse communities they serve" and is guided by the core values of quality education, Adlerian principles, diversity, and institutional sustainability. AGS is committed to intentional, systematic, and comprehensive institutional effectiveness planning that promotes the accomplishment of our mission.

5.C.1 - The institution allocates its resources in alignment with its mission and priorities.

AGS's strategic and budgetary planning is firmly grounded on its mission, and resource allocation decisions are made within the framework of the strategic goals within each of the core values underlying the mission. The 2019-2020 budget reflects an investment of 76% in human resources (with 72% of these expenses going to direct service to students), 6% in maintenance of a learning environment conducive to learning, and 18% in operational expenses. In addition to expenses itemized in the budget, revenue is also expected to be reduced by $22,000 to account for scholarships offered to employees of our community strategic partners who help us fulfill the mission of preparing professionals to deliver quality mental health and human services to underserved populations.

5.C.2 - The institution links its processes for assessment of student learning, evaluation of operations, planning, and budgeting.

A culture of data driven budgetary decisions started to be developed in the beginning of FY 18, with the hiring of a new President, and was fully implemented by the beginning of FY 19. AGS has developed an institutional effectiveness plan that encompasses evaluation of the quality of education provided, assessment of student learning, and evaluation of operations. This plan was developed with input from all institutional units and serves as basis for future planning and budgeting.

Assessment of student learning was discussed in detail under **component 4.B** of this assurance argument and is used to guide planning and budgeting that promotes quality education. Quality improvement goals were identified during academic year 2017-18, resulting in budgetary decisions

for academic year 2018-19 that included the hiring of a full-time faculty body that could drive curriculum, instruction, and advising improvement. With the start of academic year 2018-19, twelve full-time faculty members were hired, some with course releases for administrative or field experience coordination responsibilities. In addition, one faculty member received course release to function as coordinator of faculty and staff professional development. Progress toward our quality education goals was examined at Academic Council meetings that take place twice a month. The impact of these budgetary strategic investments on the quality of education offered to students was analyzed six months after implementation and again 3 months later, and the results of each analysis are shown in the evolving institutional effectiveness plan.

Institutional operations were also included in the development of the original institutional effectiveness plan and evaluated throughout the year at departmental meetings and at meetings of the Leadership Team (comprised of the President; the Vice-President for Finances; the Directors of Academic Affairs and Quality Assurance, Admissions, and Students Success Services; a program Chair representative; and the HR/Executive Assistant). Strategic financial investments operations during academic year 2018-19 were driven by data showing the need to increase our tuition revenue and the need to update aspects of our information technology. These investments included the increase of one and a half positions in Admissions, an increase in budget for marketing, an investment in upgrading cybersecurity systems, and an increase in the number of Zoom accounts to be used for instruction and as part of institutional operations. Budget decisions that reduced expenditures were also data-informed, as was the case of a 15% decrease in the library budget based on utilization data that resulted on the elimination of two underused databases.

As discussed under **component 5.A**, a decision was made in 2017 to relocate the AGS campus from Richfield, MN to Minnetonka, MN. With the relocation and the capital generated by the sale of the old building, AGS was able to renovate the new building to make it fit the specific needs of our School. As a result, the configuration of the new building internal space was intentionally designed to provide individual offices for all full-time faculty and staff, space for students to congregate and/or to study individuals or as a group, interconnected library and writing center that are also in close proximity to faculty offices, state of the art classrooms and art studio, a lactation room, and eating space. The HLC team who visited the new campus in February of this year reported that "the new Minnetonka facility is more than adequate in meeting the needs of faculty and staff in providing high quality academic programs and support services".

As 2018-19 was a year when many new initiatives were implemented, it was used as basis for development of the 2019-20 budget, adjusted for needs identified during academic year 2018-19. Details of budget development for 2019-20 were discussed under **component 5.A** of this assurance argument.

All strategic goals identified in the original institutional effectiveness plan were formally evaluated at the end of academic year 2018-19, at an institution-wide planning retreat. The results of this evaluation are being compiled and will be used to operationalize institutional effectiveness goals that will inform the development of a budget for academic year 2020-2019.

5.C.3 - The planning process encompasses the institution as a whole and considers the perspectives of internal and external constituent groups.

Throughout the year, Admissions maintains and shares with all institutional units and with the Board of Directors a dashboard that displays the goals and current status of new student recruitment. This dashboard is examined by the Leadership Team on an ongoing basis and is used by the Vice-

President for Finances to project expected revenues for the upcoming year. As discussed in **component 5.A**, AGS's budgeting process starts in February of each year, with an analysis of the current year budget, data collected during the year about areas that need improvement, and discussion of strategic priorities. These data are discussed at Leadership Team meetings. Unit leaders are then responsible for discussing budgetary needs within their respective units, obtaining unit-specific data that support budget increases or decreases, and bringing this information for further discussion at Leadership Team meetings. From February to the end of April adjustments to the developing budget are made, as new information from both internal and external sources becomes available, and budget-development discussions start to be carried out by the Board of Directors Finance Committee. This process continues until approximately the end of April, when the budget is finalized and presented to the Board of Directors for approval at the May Board meeting.

AGS administration and Board of Directors are aware that their mission includes not only the graduate school community but society as a whole. External constituents' perspectives are considered during the budget development process in a number of ways, including:

- Analysis of tuition costs and decisions about whether to increase tuition and, if so, but how much;
- Job markets for graduates;
- Tuition scholarships for community strategic partners who provide services for underserved populations and for members of the military community;
- Our position in the counselor education market.

Information about external perspectives is collected through research, analysis of graduate success, and by dialogue with alumni and community leaders.

5.C.4 - The institution plans on the basis of a sound understanding of its current capacity. Institutional plans anticipate the possible impact of fluctuations in the institution's sources of revenue, such as enrollment, the economy, and state support and 5.C.5 - Institutional planning anticipates emerging factors, such as technology, demographic shifts, and globalization.

During the 2018-19 academic year, AGS's administration, faculty, staff, and Board of Directors started a planning process aimed at identifying strategic priorities for the next five years. As AGS revenue depends almost exclusively on tuition, part of this process focused on obtaining information about variables that influence enrollment, such as job market in the state of Minnesota, trends in the counseling profession, and AGS's positioning in the counselor education market. This set of data highlighted the importance of strategically investing in online education and CACREP accreditation. In addition, enrollment trends are examined weekly by administration and once a month by the Board of Directors, and are considered when analyzing the prioritization of major expenses. The decision to invest in a customer relations management (CRM) system exemplifies the decision-making process about the funding of major expenses, which starts with a formal request being submitted to the board. This request outlines the rationale for the expenditure and the expected return of investment. A discussion about how the expenditure fits into AGS's strategic investment plan and contributes to the mission follows. As a final step prior to the decision being made, the impact of the expenditure is analyzed within different revenue contexts and its priority ranking in relation to other strategic investments is determined.

Taking into consideration the current panorama of master level education for mental health and human services professionals, trends in graduate education in general and in counselor education in particular, and the the trends in mental health and human services professions, a decision was made

during academic year 2017-18 to sell the Richfield campus building for a profit and move the graduate school to a new building. The new building, while less expensive, is more appropriate to serve as a graduate school campus, making it more attractive to students and prospective students. This decision resulted in an increase of the reserve fund of approximately $2 million, minus an investment of $1 million in the physical plant of the new site. The $1 million thus generated plus a previously existing $1 million in cash reserve allows for strategic investments that will contribute to the quality of education delivered and ultimately to the long-term institutional sustainability. As discussed in **component 5.A**, AGS has functioned with an operating deficit for the last two years and without these strategic investments this picture was unlikely to revert. The investment being made in strategic priorities such as implementing a full-time faculty model, meeting national accreditation requirements for the counseling program, increasing admissions and marketing human resources, investing in a customer relations management system, and investing in technology improvements, while maintaining (or perhaps increasing) the operating deficit for another year or two, will pay dividends by making AGS much more competitive in the field and will contribute to the long term sustainability of the school.

AGS's administration and Board of Directors also recognize the fluctuating reality of revenue fully generated by tuition and the need to balance conservation of financial resources with the strategic investments required for growth. As a consequence, there is an awareness of the need to create new avenues for revenue generation, including an efficient fundraising strategy. This was the focus of Board members work at the first annual AGS Planning Retreat, which took place in June 2019. The team identified the need to hire a Director of Development and delineated the ground work needed prior to this hiring the steps involved in preparing to hire the right person. To start the process, Board intends to assemble a team of stakeholders to perform a SWOT analysis this Fall.

Sources

- ACAD_Academic Council_Minutes
- ADM_Dashboard
- BOD_Finance Committee_Charter.pdf
- BOD_Impact of CRM and Building
- BOD_Job Market.pdf
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- BOD_Retreat Report_Fundraising
- BOD_Sample minutes
- FIN_2019-20 Budget
- FIN_Salary Breakdown_2017-2019
- PRES_2025 Position Paper.pdf
- PRES_Business Plan_Appendix F
- PRES_HLC_Substancial Change Report
- PRES_Institutional Effectiveness_2019-2021.pdf
- PRES_Leadership Minutes
- QAA_Planning Retreat Summary Report.pdf
- QAA_Retreat Report_Goal 4.1.2
- SSS_2016AlumniSurvey_Graduate Success
- TECH_AGS Technology Plan
- WEB_Scholarship information

5.D - Core Component 5.D

The institution works systematically to improve its performance.

1. The institution develops and documents evidence of performance in its operations.
2. The institution learns from its operational experience and applies that learning to improve its institutional effectiveness, capabilities, and sustainability, overall and in its component parts.

Argument

The institution works systematically to improve its performance.

AGS believes that systemic and systematic performance evaluations are key to its success in performing the mission of preparing mental health and human service professionals with a strong Adlerian foundation to foster encouragement, collaboration, and a sense of belonging to the individuals, families, and culturally diverse communities they serve. Awareness that the processes we had in place were not resulting in effective performance evaluation, in 2015 AGS joined the Higher Learning Commission Assessment Academy. An old culture of lack of urgency led to a slow start to the development of a comprehensive assessment plan to guide improvements to the education we provide and the effectiveness and efficiency of our operations. By the end of 2017 we had the basic framework for this plan, including 1) vision and mission statements, 2) the core values of quality education, Adlerian principles, diversity, and institutional sustainability, and 3) a series of strategic goals guided by each of these core values.

Calendar year 2018 (i.e. halfway through academic year 2017-18) started with a new President at AGS's helm, one that brought previous experience in higher education in general and assessment and accreditation practices and processes in particular, and understands the urgency in developing best practices in providing assessment-guided quality education, including assessment of student learning and of operations. One of the new President's first initiative was to perform an institutional reorganization, with the intent of creating a more democratic and more efficient institution. With this restructuring, the position of Vice-President for Academic Affairs was eliminated and two full-time faculty with significant course release to perform the functions of Director of Academic Affairs and Quality Education and Director of Assessment and Online Learning were hired. A shared leadership model was also implemented, with institutional units taking responsibility for their daily functioning (led by a departmental director). A Leadership Team was created, consisting of the President, the Vice-President for Finances, the Director of Academic Affairs and Quality Assurance, the leaders of each institutional unit, a Program Chairs representative, and the HR/Administrative assistant. This team is responsible for making operational decisions that affect the institution as a whole.

The Academic division, being the largest institutional unit, developed a shared leadership structure of its own led by an Academic Council. This council consists of the President, the Directors of Academic Affairs and Quality Education and of Assessment and Online Learning, the Chairs of the four academic programs (who are full-time faculty with course release for administrative functions), the Registrar, and the Academic Librarian. This group is responsible for making and/or approving all academic decisions, and functions in collaboration with the faculty.

With this structure in place our assessment planning gained steam and progressed efficiently, and by

the end of academic year 2017-18 we had developed an institutional effectiveness plan that addresses all strategic goals determined by our mission and core values, identifies measurable key performance indicators, and establishes timelines for evaluation.

5.D.1 - The institution develops and documents evidence of performance in its operations.

Academics and Academic Support

A comprehensive program assessment plan was developed, to be performed by each academic program according to their own cycle. In addition, a plan specific for assessment of student learning was developed and implemented during academic year 2018-19. Formative evaluation of student learning is performed on a continuous base as data become available, while summative evaluations will be performed once a year, in alternating years for even- and odd-numbered courses. Functions/processes that are auxiliary to academic instruction and contribute to student learning are also assessed informally on an ongoing basis and formally as part of comprehensive program evaluations. These include.

- Advising
- Library usage
- Writing Center usage
- Other student support services (data collected through exit interviews four times a year)
- Yearly faculty evaluations

Operations

- Admissions data are examined weekly by institutional leaders and monthly by the Board of Directors.
- Enrollment management data are collected regularly: attrition and persistence at the start of each semester, and retention at the end of the academic year.
- Completion data are reviewed and analyzed as part of enrollment management at the annual planning retreat.
- Participant evaluations are collected at the end of each internal professional development event and at the end of each Institute continuing education program and are used to inform future offers.
- Leadership, faculty, and staff are evaluated yearly according to the descriptions of their position and the core values that guide the institution.
- The President is evaluated yearly by the Board of Directors.

Building and facilities

- Cybersecurity - Assessment performed July 2019; used to inform strategic priorities in technology.
- Building maintenance - assessment performed May 2019
- Elevator updating - assessment performed July 2019; used to inform strategic priorities.
- Technology Hardware - in-house assessment performed 2018-19 academic year
- Student management (SONIS) and online education (Moodle) systems are continuously evaluated at bi-weekly Technology Committee meetings and upgraded as needed and possible.

Finances

- Finance performance indicators are reviewed weekly by the Leadership Team and monthly by the Board of Directors' Finance Committee.
- AGS's financial operations are audited yearly by an outside auditor (2015-16; 2017; 2018)

5.D.2 - The institution learns from its operational experience and applies that learning to improve its institutional effectiveness, capabilities, and sustainability, overall and in its component parts.

AGS uses results from formal and informal assessment practices to inform institutional effectiveness improvement in a number of ways.

Academics

Several changes were implemented in academic year 2018-19, as improvement strategies directly resultant from data analysis and/or qualitative information gathered prior to the development of the 2018 institutional effectiveness plan. These include:

- Hiring of a full-time faculty body capable of developing courses and a developmental curriculum, identify key performance indicators for the different areas of professional competence; establish student learning objectives associated with these performance indicators; design key assignments to measure student learning; and provide academic advising that fosters development of professional identity.
- A systematic process of student advising by program faculty was implemented in 2018-9 and evaluated at the end of the academic year. Evaluation results indicated that the advising process is working and the action plan developed consists of continued monitoring without changes.
- Curriculum re-development in order to establish a developmental structure for learning.
- Switch from a capstone master's project to a developmental portfolio that promotes development of professional identity; this process was informed by a pilot study and is described in detail under component 4.B.
- Systematic course reviews informed by assessment of student learning, as exemplified by the revision of course AGS-500: Principles of Research.
- Students are encouraged to evaluate every course they take (formerly through IDEA, currently through SmartEvals) and evaluation results are examined by faculty and the supervising program Chair in order to identify opportunities for improvement and to develop an improvement plan.

Details about assessment of student learning are discussed under **component 4.B**.

Operations

- Admissions: Dashboard results were examined in the context of the external recruitment environment and the availability of human resources. Return of Investment analysis indicated that acquisition of a customer relations management system (CRM) would result in an increase in admissions equivalent to what we might achieve by hiring another one and a half employee, at a much lower cost. The decision was made to invest on a CRM.
- Enrollment management assessment revealed that our attrition rate is low, while persistence and retention rates are high. However, the assessment team concluded that opportunities for improvement still exist and suggested that 1) attrition, persistence, and retention data be examined by Academic Council as soon as they become available, in order to identify reasons

why students drop classes or stop attending. This is being implemented this Summer, with the start of academic year 2019-20. Additionally, with our new SmartEvals system we started collecting "drop data". Immediately after a course drop is triggered in the system, SmartEvals sends an e-mail survey on reason of drop.

- Leadership, staff, and faculty performance evaluations include identifying growth opportunities and creating a development plan for the following year.

Building and facilities

- Cybersecurity and building management reports will be used to inform identification of priorities.
- Following an assessment of our current hardware a decision was made to replace 10 of the existing computers.

Sources

- ACAD_Academic Council_Minutes
- ACAD_Faculty_Evaluation_Policy
- ACAD_Library Report.pdf
- ACAD_Professional Development_Evaluations
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- BOD_Major Expenditure_Process
- BOD_Minutes_Governance Committee
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- QAA_AGS_Evaluation_Plan
- QAA_Assessment_Plan_Cycle
- QAA_Distribution-Evaluations-AGS-2019-Spring
- QAA_Enrollment Management.pdf
- QAA_Pilot Study
- QAA_Student Exit Survey
- REG_Attrition
- REG_Graduation Rates
- REG_Persistence
- REG_Retention
- SSS_WC Usage
- TECH_AGS Technology Plan

- TECH_Sample Minutes

5.S - Criterion 5 - Summary

The institution's resources, structures, and processes are sufficient to fulfill its mission, improve the quality of its educational offerings, and respond to future challenges and opportunities. The institution plans for the future.

Summary

Adler Graduate School is located in a newly renovated 37,500 square foot building in Minnetonka, MN. In addition to providing an excellent learning environment to meet current needs, the building has significant unused space in the lower level to allow for further expansion. The School's faculty and staff are highly qualified for their positions, consistently attend professional development events, and are able to deliver quality services to students both on campus and online. The School's composite financial indicator (CFI) scores have stayed between 2.20 and 3.00 in the last three fiscal years and the college has had four years of unqualified financial audit opinions. Although AGS has shown operational deficits for the last three years the School has a strong cash reserve of approximately $2 million, which has allowed for strategic investments such as implementing a full-time faculty model; increasing admissions and marketing human resources; improving technology; and acquiring a customer relations management system, which contribute to the quality of education provided and to long-term institutional sustainability.

Adler Graduate School's budgeting process is mission-driven, includes input from faculty and staff, and is closely monitored by the Board of Directors. The Board of Directors meets on average ten times per year and, while delegating control and responsibility for day-to-day operations to the President, maintains knowledge about all aspects of institutional functioning through monthly reports by the President and the Vice-President for Finances and periodical reports by institutional unit leaders. Adler Graduate School operates according to a shared leadership model that engages all internal constituents in institutional governance.

As a result of participation in the HLC Assessment Academy, AGS has developed a culture of assessment and is committed to systematic self-evaluation and performance improvement, in a process framed by the institutional effectiveness plan. AGS's strategic and budgetary planning is firmly grounded on the mission and its underlying core values, namely quality education, Adlerian principles, diversity, and institutional sustainability. Resource allocation decisions are made within the framework of the strategic goals associated with each of the core values, which includes assessment of student learning and evaluation of operations. The assessment and planning process includes an institution-wide annual planning retreat that allows for inclusion of multiple perspectives, internal and external. Planning also takes into consideration the School's positioning in the counselor education market, and trends in the mental health professions and in the delivery of education.

Sources

There are no sources.