

BOARD OF HIGHER EDUCATION

REQUEST FOR COMMITTEE AND BOARD ACTION

COMMITTEE: Academic Affairs

NO.: AAC 13-38

COMMITTEE DATE: June 11, 2013

BOARD DATE: June 18, 2013

PETITION OF ATLANTIC UNION COLLEGE TO AWARD THE BACHELOR OF SCIENCE IN HEALTH SCIENCE/BIOLOGY AND THE BACHELOR OF ARTS IN THEOLOGY/RELIGION

MOVED: The Board of Higher Education hereby conditionally approves the Articles Amendment of **Atlantic Union College** to offer the **Bachelor of Science in Health Science/Biology and the Bachelor of Arts in Theology/Religion**, provided that the Board of Higher Education will undertake to review, during the next five-year period, the continued progress of the institution toward meeting the goals set forth in connection with its petition to the Board of Higher Education and its compliance with the following stipulations:

1. By December 1, 2013, the institution shall submit to the Commissioner for his review and approval updated By-Laws which: a) specify that the composition of the Atlantic Union College Board of Trustees shall reflect appropriate qualifications and professional expertise (for example, legal, financial and/or academic backgrounds and experiences) to lead the institution; and b) that the number of trustees without an affiliation with the institution's parent entity must exceed the number of trustees required for a quorum.
2. The institution shall review the provisions in its conflict of interest policy which address the reporting, receiving and handling of trustee conflict of interest issues, and shall identify, in its December 2013 submission to the Commissioner, any new or amended provisions resulting from that review.
3. The institution shall submit to the Board of Higher Education semi-annual status reports by December 15th and June 1st of each year during the five year review period, providing narrative and statistical information on the College, including updates on hiring, enrollment, finances and other information, as requested by Department staff.
4. The institution shall post on its website a notice regarding the conditional nature of the Board of Higher Education's approval of the institution's degree granting authority; the exact language of the notice is to be determined by Department staff after consultation with the institution.

Provided further that if the College does not show significant measurable progress toward meeting the goals set forth in connection with its petition to the Board of Higher Education and its compliance with the above referenced stipulations, the Board of Higher Education will take appropriate steps to withdraw the College's authority to grant degrees, consistent with 610 CMR 2.10.

Authority: Massachusetts General Laws c. 69, § 30 et seq., c. 15A, § 6

Contact: Aundrea Kelley, Deputy Commissioner for P-16 Policy and Collaborative Initiatives

BOARD OF HIGHER EDUCATION

Atlantic Union College Bachelor of Science in Health Science/Biology Bachelor of Arts in Theology/Religion

OVERVIEW

Atlantic Union College (AUC) is a small private non-profit Christian institution located in Lancaster, Massachusetts that was founded and is owned by the Atlantic Union Conference of Seventh-day Adventists—a Christian church community of currently over 106,000 members in the Northeast United States. It is part of a wider constituency of over one million members in the US and 15 million worldwide. AUC is also part of a union of Adventist pre-K through 12 schools and colleges/universities that make up the largest non-Catholic educational system worldwide. AUC has served the constituents of the church in the Northeast for more than 128 years. Its purposed mission is stated as “a Seventh-day Adventist Christian professional college, [which] produces diverse graduates who are inspired by a loving Creator God and who excel not only in service-centered professions, but also in the skills needed to lead others to embody God’s ideals for healthy communities.”

The College was organized as South Lancaster Academy in 1883. The Academy was renamed Lancaster Junior College in 1919 and Lancaster Junior College was renamed Atlantic Union College in 1933 when the Commonwealth also awarded the College authority to offer the Bachelor of Religious Education, and Bachelor of Arts. Later AUC was approved to offer the Bachelor of Theology (1937), Bachelor of Science (1954), Associate in Science in Nursing (1963) and Associate in Science (1969).

In its current petition AUC seeks authority to offer the Bachelor of Science in Health Science/Biology and the Bachelor of Arts in Theology/Religion. The proposed degrees are intended to align with the College’s medical missionary model.

Though once accredited by the New England Association of Schools and Colleges (NEASC), AUC lost its NEASC accreditation in 2011. Following are findings (excerpts) of the January 4, 2010 NEASC study that preceded NEASC’s decision.

There has been concern for many years that the financial resources of Atlantic Union College are not sufficient to sustain the achievement of its educational objectives. These concerns date back to March 2000, when the Commission on Institutions of Higher Education requested that the College give “meaningful consideration to determining under what set of circumstances a decision would be made to cease operations” if its financial and enrollment goals were not achieved. After a focused evaluation in 2001, the Commission recommended to the Board of Trustees for NEASC that the College’s accreditation be terminated. In December 2003, the Board of Trustees placed the College on probation. While accreditation status was restored in November 2005, the Commission on Institutions of Higher Education issued a formal “Notice of Concern” to Atlantic Union College that it was in danger of not meeting the standard on Financial Resources. This “Notice of Concern” continued until February 2008 when the College was placed on probation a second time.

The lack of sufficient financial resources over an extended period of time has become evident throughout the campus and has negatively impacted every component of the College.

Due to years of financial difficulty, Atlantic Union no longer has sufficient reserves to sustain continued operating deficits or respond to unforeseen emergencies that may occur.

The College has not met the United States Department of Education's Financial Responsibility Ratio requirements, and has been required to post collateral for the federal student aid programs.

Institutional Effectiveness. Atlantic Union College has been in a fight for its survival for several years due to declining enrollments and on-going operating deficits... Due to years of financial stress, however, the institution's educational and student programs continue to suffer from the lack of sufficient resources.

Atlantic Union College provided a, "Response to the January 4, 2010 Report of the Site Evaluation Team" to NEASC on February 20, 2010. Significant responses (excerpts) included:

On February 3 (2010), the Young Foundation notified the College that it had awarded Atlantic Union College a gift of \$7 million. AUC was prepared to meet NEASC's standard for Financial Resources, but this gift creates the opportunity for the College to do so much more. This gift enables the College to strengthen its compliance across all NEASC standards, including (but not limited to):

- a. funding a more aggressive marketing and enrollment plan;
- b. adding staff to speed development of areas of special mission value, particularly in service learning and outcomes assessment;
- c. supplying academic programs with new educational technology;
- d. raising faculty salaries so that the College is at parity with Seventh-Day Adventist standards for higher education professionals;
- e. addressing deferred maintenance more aggressively.

The College will leave the (Department) of Education's watch list when the financial data from 2009-2010 results in a Financial Responsibility Ratio score slightly in excess of 1.5, enabling the college to entirely recover its collateral.

AUC's executive team is now complete and stable, with experienced personnel committed to the College.

The Atlantic Union Conference of Seventh-day Adventists has recently shown its strong support for the chosen specialty of Atlantic Union College by voting to reconfirm its annual appropriation support of the College in perpetuity.

Atlantic Union College leadership understands the seriousness of the situation it faces, and it is committed to and has a plan for a successful resolution, as demonstrated by the success realized to date. It requests that the Higher

Education Commission avoid looking at the College only or primarily through the eyes of the last 10 to 15 years. The College requests that the Commissioners instead emphasize the restructuring it approved in earlier deliberations and the successes that AUC has enjoyed as a result. If it does, the Commission will find that the restructuring has worked, that AUC's resulting improvement has been better than projected, and that Atlantic Union College is well on its way to a sustainable recovery.

The transformation was built on the belief that our conversion from a Liberal Arts College to a Professional Christian Leadership and Community Engagement College will provide the best path to a growth in enrollment and to position the College to achieve a balanced budget by 2012.

In July 2011, the New England Association of Schools and Colleges (NEASC) officially discontinued accreditation for Atlantic Union College.

In August 2011, the Massachusetts Department of Higher Education notified the College of its intention to pursue a revocation of the College's degree-granting authority noting (excerpts) the following:

AUC is currently not offering college credit-bearing degrees or courses consistent with the scope of its BHE approval authority.

It is the Department of Higher Education's (DHE) position... that AUC effectively ceased to operate as a BHE authorized degree granting institution in the Commonwealth of Massachusetts on or about July 31, 2011.

It is clear that AUC cannot continue to operate under its current BHE degree granting authority. Accordingly, DHE is hereby notifying AUC that it intends to revoke AUC's degree granting authority at the Board of Higher Education's December 6, 2011 meeting.

After further discussions with AUC regarding its future plans, DHE agreed to withhold a recommendation for formal revocation of degree granting authority pending receipt of a petition by AUC for new authority under 610 CMR 2.07. The College agreed to cease operating as a degree granting institution.

AUC arranged for a "teach-out" of students some of whom transferred to Washington Adventist University (WAU), a regionally accredited institution in Maryland. Arrangements were also made for nursing students to transfer to Mt. Wachusett Community College. Faculty and staff were given severance packages.

The College explored the possibility of becoming a Massachusetts branch campus of WAU. However, an operating agreement was never reached and WAU elected not to petition the Massachusetts Board of Higher Education (BHE) for the degree authority needed to establish a branch campus at AUC. Subsequently, AUC's Board of Trustees voted to suspend further negotiations with WAU.

The College's Board of Trustees continued to have oversight, leadership and fiduciary responsibility for the College and made several key decisions. It voted for the President of the Atlantic Union Conference (the board of the College's parent entity) to assume responsibility of the three key administrative functions of the college. The College president was moved to the position of Vice President of Academic affairs and the presidency was assumed by the board chair of the Conference. Subsequently, the former president's relationship with the College ended and the College engaged the services of a consultant to serve as an interim chief academic officer. The Conference treasurer became the chief financial officer of the College. These two individuals also retained their positions as members of the College Board of Trustees.

The AUC Board of Trustees decided to seek authority for two programs which could be 1) offered at relatively low cost, 2) based on the SDA Church's medical missionary model, 3) expanded in the future, and 4) marketable for students. The Board settled on a health major that could provide a foundation for students wanting to go into nursing or any of the other health professions, and a theology major that would give credence to the needs of the Church. The College's SDA parent entity would support the development of the programs and subsidize student financial aid until AUC earned accreditation from a USDOE recognized accrediting agency and became eligible to award federal Title IV financial aid. Once re-established, the College intends to apply for accreditation from Transnational Association of Christian Schools and Colleges (TRACS).

ACADEMIC AND RELATED MATTERS

Admissions

Applicants must present a completed application form; references from a guidance counselor teacher or pastor; SAT or ACT scores; and an official high school transcript or evidence of an earned GED. Admission to the College does not guarantee admission to a specific department or program.

Atlantic Union College welcomes applications from individuals who choose to combine intellectual integrity and spiritual commitment in their college career. The college encourages applications from persons who give promise of benefiting from the educational opportunities offered on a campus which is conscientiously concerned with Christian principles as understood by the Seventh-day Adventist Church. Atlantic Union College reaffirms its compliance with Title IX and does not discriminate on the basis of race, color, national origin, disability, age, or sex in admission, employment, or educational programs.

Projected Enrollments

BA Theology/Religion	# of Students Year 1	# of Students Year 2	# of Students Year 3	# of Students Year 4*
New Full Time	19	20	15	15
Continuing Full Time	0	15	30	35
New Part Time	6	4	4	4
Continuing Part Time	0	6	6	6
Totals	22 FTE	40 FTE	50 FTE	55 FTE

BS Health Science/Biology	# of Students Year 1	# of Students Year 2	# of Students Year 3	# of Students Year 4*
New Full Time	19	20	15	15
Continuing Full Time	0	15	30	35
New Part Time	6	4	4	4
Continuing Part Time	0	6	6	6
Totals	22 FTE	40 FTE	50 FTE	55 FTE

Tuition and Fees

Tuition for the 2013-2014 year is projected to be \$23,140 per semester. Completion in four years will result in a total cost of \$92,560.

Curriculum

BA Theology/Religion

The BA in Theology is envisioned as a ministry preparation/pre-seminary degree program, which includes instruction in Theological studies, Biblical studies, Biblical languages, Christian history studies, and field practice courses. The degree requires 124 credit hours, of which 44 are general education credits.

BS Health Science/Biology

The intent and purpose of the program is to prepare students to serve the medical missionary model of the Seventh-day Adventist church. The degree is envisioned as

preparatory for a number of health-related fields such as nursing, medicine, dentistry, physical therapy, etc. in which further training could be obtained. The degree requires 124 credit hours, of which 37 are general education credits.

Program Effectiveness

The College presented an assessment plan which would include assessment of College strategic goals as well student learning outcomes. The College noted that it would revise the assessment plan as needed to meet accrediting agency requirements.

RESOURCES

Faculty and Staff

AUC's priority post approval will be to hire a permanent President. Currently, a member of the College's trustee board serves as interim president. The College has engaged the services of a consultant to serve as interim chief academic officer

A limited staff has continued college operations as necessary during the closing. Many faculty and staff remained in the local area. While building enrollment, the College intends to hire the two full-time program chairs and adjunct faculty from this local pool.

Library and Information Technologies

The G. Eric Jones Library holdings are intended to support both proposed degree programs. The library has on-line capabilities with Andrews University library located in Berrien Springs, Michigan; La Sierra University in Riverside, California; Loma Linda University in Loma Linda, California; Pacific Union College in Angwin, California; and Walla Walla College in Walla Walla, Washington. The library will be open day and evening for the convenience of the students and staffed by a director of library services, a circulation supervisor, and an evening services supervisor. Students and faculty also have online public access to additional catalogs and resources through inter-library loan.

Informational Resources have been recently updated providing wireless access throughout the campus. The College was using the Desire2Learn before suspending operations and plans to continue providing this instructional technology for future faculty and students.

Facilities

Campus structures represent a mixture of styles and ages. Following its closure, the College has focused on improvements and enhancements to its facilities in order to address a number of deferred maintenance issues.

Fiscal

AUC prepared a four-year financial plan for the restart of the campus. The financial plan relies on the Conference to continue an annual subsidy of the College, including an

irrevocable pledge to fund the College with \$3.8 million annual subsidy for a minimum of three years. Additionally during the 2011-2012 year of reorganization, the College plans to increase accumulated bad debt reserves to accommodate all outstanding Accounts Receivable, and has plans to pay down all remaining trade payables, thereby eliminating risk of old burdens during the ensuing operating years. The current AUC campus previously provided academic services to 445 students and has the capacity to provide services for a number in excess of 800 students. In the restart, only the major centers will be utilized for the offered programs.

EXTERNAL REVIEW AND INSTITUTIONAL RESPONSE

Visiting Committee

The application was reviewed by a Visiting Committee comprised of Donald Gerald Pursley, Emeritus Executive Vice President Finance and Administration/CFO Loma Linda University Adventist Health Sciences Center; Susan Engelkemeyer, President, Nichols College; Elizabeth A. True, Vice President for Student Affairs, Mount Ida College; George L. Babich, Ph.D. Fitchburg State University; Maureen Shamgochian, Professor, Worcester State University; William L. Lyons, Ph.D., Regent University; and Roy E. Ciampa, Ph.D., Gordon Conwell Theological Seminary. The Visiting Committee reviewed both the curricular programs and the overall viability of the institution to initiate and sustain the proposed degree programs.

With respect to programs and instruction, the Visiting Committee felt that both programs were well developed. The Visiting Committee recommended that the chair in the Theology department should have a Ph.D. rather than a Doctor of Ministry. The Visiting Committee also recommended that funds be allocated to provide faculty development resources.

The Visiting Committee recommended that an institutional assessment plan, a facilities master plan and financial policies be developed. The budget reviewed by the Visiting Committee had enrollment projections that the committee felt should be revised downward to reflect past enrollment history more accurately.

The Visiting Committee expressed concern about the conflict of interest in having the Chair of the College's Board of Trustees and the President of the College be the same person and recommended that plans be made to hire immediately a new President. The Committee also recommended that as strong Board leadership will be required if the institution is to re-open with degree-granting authority, the trustee board should be educated as to its governance and fiduciary responsibilities.

Institutional Response

In response to these Visiting Committee recommendations, the College indicated that it would seek to hire a chair for the theology department who has a Ph.D. and that future budgets would include funding allocations for faculty development.

The AUC Trustees also identified a member of their board whom the Trustees approved as interim president of the College. The College also noted that it would conduct Board

development programs and that trustees would receive additional educational materials, such as a subscription to *Trustee*.

The College provided an assessment plan and submitted an existing facilities master plan. Written financial policies were also developed in response to the Visiting Committee's recommendation.

The institution noted that it had improved its overall financial condition and exhibited a small but positive operating surplus since 2010. The SDA church pledged just over \$4M to the College in the past two years and will continue this pledge. The campus also noted that it had improved its working capital and begun to address deferred maintenance in its campus infrastructure. The College submitted a revised budget that indicated sufficient revenue to support the start of the new programs.

The Visiting Committee reviewed the response of the institution to the Visiting Committee report and believed that the institution responded adequately to its recommendations. The Visiting Committee recommended that the Board of Higher Education approve the proposed BS Health Science/Biology and BA Theology/Religion.

The recommendation of a visiting committee is advisory to the Board of Higher Education and its staff.

Additional Review

DHE staff carefully reviewed materials submitted in connection with the AUC petition and were concerned that, given the seriousness of the circumstances that led to its loss of accreditation, the College had not provided sufficient evidence concerning resolution of governance and fiscal concerns. Staff requested additional information from the college and engaged fiscal experts, Dale Hamel, Ph.D., Executive Vice President for Administration, Finance and Information Technology, Framingham State University, and Michael Mooiman, Ph.D., Assistant Professor, MBA Program, Franklin Pierce University, to review documents provided by the College.

Following are summative excerpts from the reviewers' reports:

Financial ratio analysis (through FY2012) reveals an institution that is financially precarious from both an historical and current perspective (recognizing that operations are currently curtailed). This applies across the fundamental elements of financial health including Financial Viability (ability of the institution to achieve its operating objectives and fulfill its mission over the long run), "Profitability" (ability to take in more income than it spends on an annual consistent basis), Liquidity (ability to satisfy short term obligations with existing assets), Debt Capacity (ability to assume additional debt), and Capital Resources (the institution's financial and physical capital to support its operations). An examination limited to AUC's historical and current financial strength would not support recertification (and, in fact, reaffirm both NEASC and BHE previous action).

Another indicator of financial performance is the ability of an institution to meet projected financial performance results. Such analyses provides on indication of the ability of the institution to chart its financial future and meet financial

objectives. Atlantic Union College has developed multi-year pro-forma budgets that are then compared to actual results in their financial reports. The most relevant analysis for this review is FY2010 and FY2011 actual performance against projections (as FY2012 was impacted by ceasing of academic operations). Three key measures showed positive actual performance against projections for these two fiscal years: FTE Student Enrollment, Total Operating Income, and Change in Net Assets. Student enrollment exceeded projections in both FY2010 and FY2011. Total Operating Income exceeded budgeted income significantly in FY2010 and was below projections only slightly in FY2011. Change in Net Assets was positive in FY2010 and exceeded projections and were also positive in FY2011 although below projections. Based on this relatively narrow timeframe, some confidence can be placed in AUC's ability to develop informative and accurate budget projections.

New projected budgets were submitted by AUC on December 10, 2012 as part of the "Addendum: Application of Degree-Granting Status" document submitted to the MA DHE. In summary, this submittal states, "AUC is proposing to the Massachusetts Board of Higher Education that its degree-granting authority be reestablished in order to reopen the College under new management, new fiscal policies, and the start of a scaled back academic proposal of two degree programs that are financially and operationally feasible."

This addendum also included a section on "Evaluation of Past History and Solutions" with highlights (excerpts) as follows:

The AUC Board of Trustees evaluated the reasons advanced by NEASC for withdrawing its accreditation. After much study, ... administrative changes were made. The AUC constituency in session made several other key changes to ensure that the college once reopened, would not experience the same types of problems as before. These stopgaps included, but were not limited to:

- A change in the Board of Trustees governance and membership
- A change in the senior leadership
- A change in budget structure and realignment
- A scaling down of academic programs.

The Board of Trustees had vigorous discussions about the programs that were chosen for the reestablishment of its degree granting authority. This insight was given based on feedback from the TRACS Accrediting Agency, the Massachusetts Department of Higher Education, consultants and current academic trends inclusive of where AUC was, and the direction in which it was choosing to move in the future.

The Addendum submittal's accompanying four-year pro forma budget (and an apparent subsequent revision) is based on very different assumptions from prior budgets particularly as it pertains to scale of academic program offerings and

anticipated number of students as well as other changes in financial assumptions. Notable pro forma budget assumptions include:

- The Union's irrevocable pledge to fund AUC with \$4.2 million annual subsidy for a minimum of three years (\$3.8 million for operations and \$0.4 million for debt reduction)
 - Of note, AUC's current long-term debt exceeds \$6M (the large majority of which is held by Atlantic Union Association) of which approximately \$364K is due annually for principle and interest.
 - Of further note, "In November 2012, the Atlantic Union Association Board, trustees of the revolving Fund, mindful of the need to reduce the debt burden to its constituency reduced the interest rate on the loans to 4.5% from 5.25%. This reduction greatly reduces the carrying cost of the debt burden of the College. It also allows for an accelerated liquidation of the loans." The College expects that its debt ratio will continue to improve as a result.
- During the FY2012 year of reorganization, AUC increased accumulated bad debt reserves to accommodate all outstanding Accounts Receivables and planned to pay down remaining payables.
- Use of only specified buildings on campus to reduce operating costs.
- Start-up enrollments described as "conservative" with retention rates similar to prior experience.
- Tuition and fees and room and board rates similar to prior rates.
- Ramp up of students from below 100 in year one to nearly 300 by year four (noting that AUC's fall 2010 enrollment was 489).
- Planned reliance for a portion of courses through "delivery of lectures from select participating sister universities."
- Various proposals to address a state mandate for removing four existing oil tanks (with the "leading proposal being considered a proposal from a company in Maine for a total renovation of the plant in exchange for a 10-year open-book electricity buyback agreement" ... "dependent upon the college regaining its degree granting privileges."
- AUC intends to apply for accreditation from a different accrediting body – one that in accordance with the U.S. Department of Education, will qualify AUC to offer its students federal student aid (Title IV) funding.

The AUC Four Year Pro Forma Budget, based on these assumptions, presents a scenario of positive annual net income and increasing net assets over this period.

AUC's future ability to generate increases in unrestricted net assets appears to be highly reliant on the large Net Auxiliary Operating Gains. AUC does not have a history of gains in this category and no supports for future gains are provided. On the positive side, the financial support of the parent organization to AUC is clear and they are, over the next four years, committing themselves to subsidies of ~\$17 million.

Based on the limited projections provided, it appears that the deep financial support of the Conference will still be required after this four-year period. This level of financial report is admirable but is highly dependent on the financial performance of the parent organization which itself might need to be assessed.

Overall the risk of large future capital investments due to an aging campus with an old power plant, buried oil tanks, environmental hazards, and potential property tax liabilities is significant and there is a high probability that AUC could, in the future, find themselves responsible for substantial and unbudgeted capital investments.

While there are certainly some significant assumptions that need to bear out to achieve the noted results (including enrollment goals, power plant renovation plans, and expenditure estimates), AUC has laid out an approach that has the potential to financially succeed. In the Addendum submittal section entitled, "Future of AUC-Going Forward", AUC has noted:

"The College has carefully evaluated its past strengths and failures. Future directions are based on improving the areas of past successes, and carefully continuing to implement and monitor the effectiveness of the corrective actions it has already put in place... (as well as) initiatives to prevent future closure."

Based solely on review of future financial projections, as well as review of underlying assumptions (including anticipated student enrollment/demand projections; resource allocation necessary to support the proposed educational program; and, expenditure assumptions), AUC has presented a plan that can lead to future financial stability and identifies resources that apparently will be adequate for effective accomplishment of its announced purposes.

The overarching criteria identified in the Commonwealth of Massachusetts regulation pertaining to degree granting authority for independent institutions of higher education is that, "the institution should present evidence of past, present, and future financial stability, with resources adequate for effective accomplishment of its announced purposes." As noted in the summaries of the various assessment approaches, an assessment based solely on past performance would not support reinstatement of degree-granting authority. Assessment based on current performance is indeterminate as the institution has ceased academic operation. Assessment based on projections of future financial stability relies on various assumptions identified by AUC that may or may not be achieved – but that appear to have been identified through solid analysis and

with potential to be accomplished. In the end, accepting AUC's plan and financial pro forma is a matter of faith (appropriate in this situation) but appears to have the potential to be financially and operationally feasible.

In response to DHE requests that the institution demonstrate future financial stability, particularly in light of past financial missteps, institutional representatives referenced a "change in leadership" as a significant indicator of the College's ability to achieve and maintain future financial stability.

BHE regulations require that 1) the governing board of an institution shall have the final responsibility for and control over the institution. 610 CMR 2.07 (3)(b); 2) a sufficient distinction among the roles, functions and identities of the governing board of an institution and the administration to ensure the appropriate separation and independence of the board, administration and faculty. 610 CMR 2.07 (3)(b)(4); and 3) that the governing board have appropriate education and experience to establish and maintain quality educational programs. 610 CMR 2.07 (3)(b)(2).

DHE staff noted the interdependence between AUC's board and the board of its parent entity, the Atlantic Union Conference and the need for an institution to have sufficient independence from a parent entity to ensure that an institution's board is operating in a manner that is free from conflicts of interest.

PUBLIC HEARING

A public hearing on the institution's application will be scheduled for June, 2013 and Department staff will report back to the Commissioner, the Board Chair and the AAC Committee Chair the outcome of that hearing, along with any issues raised at the hearing.

STAFF ANALYSIS AND RECOMMENDATION

After a thorough evaluation of all documentation submitted, staff recommends that the petition of Atlantic Union College to award the **Bachelor of Science in Health Science/Biology and Bachelor of Arts in Theology/Religion** be conditionally approved under 610 CMR 2.07 in the Degree Granting Regulations for Independent Institutions of Higher Education, provided that the Board of Higher Education will undertake to review, during the next five-year period, the continued progress of the institution toward meeting the goals set forth in connection with its petition to the Board of Higher Education and its compliance with the following stipulations:

1. By December 1, 2013, the institution shall submit to the Commissioner for his review and approval updated By-Laws which: a) specify that the composition of the Atlantic Union College Board of Trustees shall reflect appropriate qualifications and professional expertise (for example, legal, financial and/or academic backgrounds and experiences) to lead the institution; and b) that the number of trustees without an affiliation with the institution's parent entity must exceed the number of trustees required for a quorum.
2. The institution shall review the provisions in its conflict of interest policy which address the reporting, receiving and handling of trustee conflict of interest issues,

and shall identify, in its December 2013 submission to the Commissioner, any new or amended provisions resulting from that review.

3. The institution shall submit to the Board of Higher Education written annual reports by June 1st of each year during the five year review period, providing narrative and statistical information on the College, including updates on hiring, enrollment, finances and other information, as requested by Department staff.

Provided further that if the College does not show significant measurable progress toward meeting the goals set forth in connection with its petition to the Board of Higher Education and its compliance with the above referenced stipulations, the Board of Higher Education will take appropriate steps to withdraw the College's authority to grant degrees, consistent with 610 CMR 2.10.

Attachments - Program Curriculum Outlines

B.A. Theology

Required (Core) Courses in the Major (Total # courses required = 21)		
Course Number	Course Title	Credit Hours
RELB 270	Christian Relationships, Marriage, and the Family	3
RELB 125	Life & Teachings of Jesus	3
RELB 115	Early Old Testament	3
RELB 126	Introduction to Discipleship	3
RELB 411	Daniel	3
RELB 412	Revelation	3
RELB 421	New Testament Epistles	3
RELH 253	Adventist Heritage	3
RELH 258	Gift of Prophecy	2
RELH 373	History of Christianity	3
RELP 245	Preaching	3
RELP 252	Pastoral Ministry	2
RELP 254	Clinical Pastoral Training	2
RELP 255	Personal Evangelism	3
RELP 257	Intercultural Word and Worship	3
RELP 354	Evangelism and Church Growth	3
RELP 435	Intercultural Pastoral Leadership	2
RELP 436	Pastoral Counseling	3
RELT 123	Fundamentals of Biblical Teachings	3
RELT 221	Adventist Theology	3
RELT 327	Christian Ethics	3
Sub Total Required Credits		59
Required Cognates (Total # courses required = 7) (attach list of choices if needed)		
LING 241	Beginning New Testament Greek I	3
LING 242	Beginning New Testament Greek II	3
LING 381	Intermediate New Testament Greek I	3
LING 382	Intermediate New Testament Greek II	3
LING 441	Beginning Biblical Hebrew I	3
LING 442	Intermediate Biblical Hebrew II	3
PHIL 220	Philosophy of Education	3
Total Credit Hours (Cognate)		21
Elective Courses (Total # courses required = 9) (attach list of choices if needed)		
CMNT 101	Introduction to Community Engagement: Freedom and Responsibility	3
CMNT/RELB 125	Life and Teaching of Jesus * (Fulfilled by the major)	(3)

CMNT/PSYC 120 or CMNT/SOCI 100	Developmental Psychology or Introduction to Sociology	3
CMNT/ENGL 210	Cultural Themes in Literature	3
CMNT/HMNT 212	Humanities and the Community	3
CMNT/PLSC 214	American National Government	3
CMNT/HIST 305	Radicals and Reformers	3
CMNT/BIOL 322	Field Natural History	3
CMNT/BIOL 341	Life in the Balance: Humans and the Environment	3
CMNT 420	Capstone	3
Subtotal # Core Credits		27

General Education Core Courses (Total courses required = 6) (attach list of choices if needed)		
ENGL 101-102	College Writing I & II	3-3
	Foreign Language*	(6)
	<i>*Fulfilled for Theology majors by LING 381-382</i>	
	One Humanities or Literature course beyond the required Community Engagement Core	3
MATH 130	Mathematics (College Algebra)	0-3
	College Algebra can be fulfilled by passing the math placement test or can be fulfilled by demonstrated competency (or equivalent course)	
PEAC 100	Fitness and Wellness	2
	Religion*	(9)
	<i>*Fulfilled for Theology majors by their program</i>	
	Social Science:	3
	One course beyond the required Community Engagement Core	
Subtotal # General Education Credits Required		17

Curriculum Summary

Total credit hours required for degree

124

Curriculum Outline of Undergraduate Program

B.S. in Biology (Health Sciences)

Required (Core) Courses in the Major (Total # courses required =11)		
Course Number	Course Title	Credit Hours
BIOL 151	Principles of Biology	4
BIOL 252	Animal Biology	4
BIOL 253	Plant Biology	4
BIOL 468	Animal Physiology	4
CHEM 111	General Chemistry I	4
CHEM 112	General Chemistry II	4
CHEM 221	Organic Chemistry I	4
CHEM 222	Organic Chemistry II	4
MATH 120	Elementary Statistics	4
PHYS 211	General Physics I	4
PHYS 212	General Physics II	4
Total Required Credit Hours (Core)		44
Required Cognates (Total # courses required = 12)		
ANTH 215	Cultural Anthropology	3
BIOL 121	Anatomy and Physiology I	4
BIOL 122	Anatomy and Physiology II	4
BIOL 285	General Microbiology	4
BIOL 301	Medical Terminology	2
BIOL 491	Research Methods	1
MATH 181	Applied Calculus	4
PSYC 100	Introduction to Psychology	3
PSYC 120	Developmental Psychology	3
SOCI 100	Introduction to Sociology	3
SPCH 221	Interpersonal Communication	1
SPCH 223	Public Address	1
Total Required Credit Hours (Cognates)		33

Community Engagement General Education Core

Community Engagement Core Courses (Total # of courses required = 7)		
Course Number	Course Title	Credit Hours
CMNT 101	Introduction to Community Engagement: Freedom and Responsibility	3
CMNT/RELB 125	Life and Teaching of Jesus	3
CMNT/PSYC 120 <i>or</i> CMNT/SOCI 100	Developmental Psychology* <i>or</i> Introduction to Sociology* (fulfilled through required cognates)	(3)
CMNT/ENGL 210	Cultural Themes in Literature	3
CMNT/HMNT 212	Humanities and the Community	3
CMNT/PLSC 214	American National Government	3
CMNT/HIST 305	Radicals and Reformers	3
CMNT/BIOL 322	Field Natural History*	(3)
CMNT/BIOL 341	Life in the Balance: Humans and the Environment*	(3)
	Biology majors may substitute CMNT 322/BIOL 322 and/or CMNT 341/BIOL 341 with courses from their required cognates	
CMNT 420	Capstone	3
	Total Community Engagement Core Credits Required	21**
General Core Courses (Total courses required = 20) (attach list of choices if needed)		
ENGL 101-102	College Writing I & II	3-3
	Foreign Language (Beginning level)	3-3
	One Humanities or Literature Course beyond the required Community Engagement Core	3
MATH 130	College Algebra can be fulfilled by passing the math placement test or can be fulfilled by demonstrated competency (or equivalent course)	(3)
PEAC 100	Fitness and Wellness	2
	Religion (Three courses beyond the required Community Engagement Core)	9
	Social Science* One course beyond the required Community Engagement Core *ANTH 215 from the required cognates will fulfill this requirement	(3)
	Total General Education Credits Required	26**

Curriculum Summary

Total number of courses required for the degree	39
Total credit hours required for degree	124

** If numbers have () around them the credits are not included in the totals, as they are being credited elsewhere in the major's core and cognate requirements.

Budget Attachments

NEW ACADEMIC PROGRAM BUDGET

Religion/Theology Department

One Time/ Start-up Costs	Cost Categories	Annual Expenses			
		Year 1	Year 2	Year 3	Year 4
	Full Time Faculty (Salary & Fringe)	\$104,296	\$108,468	\$112,807	\$112,807
	Part Time/Adjunct Faculty (Salary & Fringe)	\$ -	\$ -	\$ -	\$ -
	Staff-Student & Work Study	\$ 954	\$ 992	\$ 1,032	\$ 1,032
	General Administrative Costs	\$ 1,417	\$ 1,474	\$ 1,533	\$ 1,533
	* Instructional Materials, Library Acquisitions	\$ 3,800	\$ 3,952	\$ 4,110	\$ 4,110
	Facilities/Space/Equipment	\$ 15,000	\$ 15,600	\$ 16,224	\$ 16,873
	Field & Clinical Resources	\$ 1,510	\$ 1,570	\$ 1,633	\$ 1,633
	** Marketing	\$ -	\$ -	\$ -	\$ -
	Meals, Sales, Misc-Transfer	\$ -	\$ -	\$ -	\$ -
	TOTALS	\$126,977	\$ 132,056	\$137,339	\$137,988

One Time/ Start-up Support	Revenue Sources	Annual Income			
		Year 1	Year 2	Year 3	Year 4
	Grants	\$ -	\$ -	\$ -	\$ -
	Tuition	\$ 399,825	\$476,162	\$ 685,498	\$808,888
	Fees	\$ 87,585	\$ 94,472	\$ 123,586	\$137,601
	Departmental	\$ 144,628	\$150,000	\$ 175,003	\$206,503
	Reallocated Funds	\$ -	\$ -	\$ -	\$ -
	Other (Specify)	\$ 17,547	\$ 13,628	\$ 12,399	\$ 12,535
	TOTALS	\$ 649,585	\$734,262	\$996,486	\$1,165,527

- * The Library and General studies are centrally funded.
- ** Marketing is centrally funded.

NEW ACADEMIC PROGRAM BUDGET

Natural Science (Restated)

One Time/ Start-up Costs	Cost Categories	One Time/ Start-up Costs	Annual Expenses			
			Year 1	Year 2	Year 3	Year 4
	Full Time Faculty (Salary & Fringe)*	\$ 18,229	\$157,289	\$163,581	\$221,783	\$221,783
	Part Time/Adjunct Faculty (Salary & Fringe)		\$ -	\$ -	\$ -	\$ -
	Staff-Student & Work Study		\$ 606	\$ 630	\$ 2,655	\$ 2,655
	General Administrative Costs		\$ 1,255	\$ 1,265	\$ 1,276	\$ 1,276
**	Instructional Materials, Library Acquisitions	\$ 15,000	\$ 12,307	\$ 12,759	\$ 14,815	\$ 14,815
	Facilities/Space/Equipment		\$ 50,000	\$ 52,200	\$ 54,488	\$ 56,868
	Field & Clinical Resources		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
***	Marketing		\$ -	\$ -	\$ -	\$ -
	Meals, Sales, Misc-Transfer		\$ 800	\$ 832	\$ 865	\$ 865
	TOTAL	\$ 33,229	\$227,257	\$236,267	\$300,882	\$303,262

One Time/ Start-up Support	Revenue Sources	Annual Income			
		Year 1	Year 2	Year 3	Year 4
	Grants	\$ -	\$ -	\$ -	\$ -

Tuition	\$ 982,426	\$1,153,864	\$1,645,194	\$1,933,103
Fees	\$ 215,210	\$ 220,562	\$ 296,607	\$ 328,842
Departmental	\$ 355,372	\$ 375,000	\$ 420,007	\$ 493,508
Reallocated Funds	\$ -	\$ -	\$ -	\$ -
Endowment Gains	\$ -	\$ -	\$ -	\$ -
Other (Finance Charges)	\$ 43,116	\$ 30,662	\$ 29,758	\$ 29,956
TOTAL	\$1,596,124	\$1,780,088	\$2,391,566	\$2,785,409

- * Certain fringe benefits are budgeted centrally
 - ** The Library and General studies are centrally funded.
 - *** Marketing is centrally funded.
- Compiled from Budget Book included in Site Team Reading Room- Budget Presented to BOT*