



social need for nearly 146 years. Bennett was founded in 1873 as a school to educate and train freedmen and women. Although originally a co-ed institution, in 1926, Bennett became a four-year women's college and remains as one of only two HBCUs in the country that enrolls only women.

2.

Plaintiff files this action to prevent irreparable harm that will occur if SACSCOC's arbitrary, unreasonable, and unlawful decision to remove the College's accreditation status is permitted to stand. If the revocation of Bennett's accreditation is not reversed and its membership in SACSCOC is not reinstated, Bennett will suffer catastrophic and irreparable harm. SACSCOC's unlawful actions—if not halted—are likely to result in the loss of federal and other financial aid and resources, student withdrawal, and the likely demise of Bennett College.

3.

SACSCOC (and its predecessor) continuously accredited Bennett College since 1935. On December 9, 2018, The Board of Trustees of SACSCOC reversed course and voted to remove Bennett as a member of SACSCOC based solely on issues relating to finances. On February 18, 2019, The Appeals Committee of SACSCOC affirmed the decision of the Board of Trustees, effectively stripping the College of its accredited status.

4.

SACSCOC did not take issue with the quality of Bennett's academic programs or the state of the College's leadership or identify any ethical or legal impropriety. The sole purported basis of SACSCOC's decision was that Bennett did not comply with Core Requirement 13.1 of the *Principles of Accreditation*, which requires an institution to have "sound financial resources" and a "stable financial base to support the mission of the institution."

5.

In making its decision to terminate the College's accreditation status and upholding that decision on appeal, SACSCOC violated its own policies and procedures, the Higher Education Act, and fundamental due process. For example, despite SACSCOC guidance expressly providing that the submission of audited financial statements is not the exclusive mechanism for demonstrating a sound and stable resource base, and thus compliance with Core Requirement 13.1, SACSCOC took the position that "unaudited financial statements are not 'verifiable,'" and should not be considered.

6.

SACSCOC also violated its own rules and Bennett's due process rights by failing to remand the case for further consideration based on Bennett's submission

of new and verifiable financial information. Since SACSCOC's December 9, 2018 decision to revoke Bennett's membership, the College has made considerable improvements to its financial standing and stability. Bennett provided new information not available in December 2018 reflecting fundraising totaling more than \$7 million. These substantial funds were raised from a wide cross-section of new and existing supporters, demonstrating the importance of Bennett College to the community. Bennett also provided evidence of a reduction and forgiveness of debt in the amount of \$1,021,700.

7.

SACSCOC's decision was the result of a flawed process in which SACSCOC failed to apply its standards in a fair and consistent manner. Rather than allow the SACSCOC's Board of Trustees to form an independent conclusion with respect to its evaluation of the new and verifiable financial information submitted by Bennett (as required by SACSCOC's appeals policies), the Appeals Committee made its own determination on the merits that the new financial information did not bring Bennett into compliance with Core Requirement 13.1.

## **PARTIES**

8.

Bennett College is a private four-year historically black liberal arts college for women located in Greensboro, North Carolina. Bennett is incorporated and has its principal place of business in North Carolina. The College was founded in 1873 and receives both governmental and private funding. The College is affiliated with the United Methodist Church and is a member of the United Negro College Fund.

9.

Defendant Southern Association of Colleges and Schools Commission on Colleges, Inc. (“SACSCOC” or the “Association”), is a nonprofit corporation incorporated under the laws of the State of Georgia, with its principal place of business located in Decatur, Georgia, within this judicial district. SACSCOC is an accrediting agency recognized by the Secretary of the United States Department of Education (hereinafter “Secretary of Education”) for the purpose of bestowing institution-wide accreditation on institutions of higher education in the State of North Carolina and ten other southern states, specifically Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, Tennessee, Texas, and Virginia. SACSCOC has published a document entitled Principles of

Accreditation: Foundations for Quality Enhancement (“Principles of Accreditation” or “Principles”), a true and correct copy of which is attached hereto and incorporated herein as Exhibit A, which contains all published accreditation standards SACSCOC applies to institutions of higher education.

### **JURISDICTION AND VENUE**

10.

This Court has jurisdiction over the subject matter of this action under one or more of the following statutory provisions: (1) 28 U.S.C. § 1331 in that this action arises under the Constitution and laws of the United States, including but not limited to the Due Process Clause of the Fifth Amendment to the United States Constitution and the Federal Higher Education Act of 1965, as amended, 20 U.S.C. § 1001 *et seq.*; (2) 20 U.S.C. § 1099b(f), providing exclusive federal jurisdiction for disputes with recognized accrediting agencies; and (3) 28 U.S.C. § 1332 in that there is complete diversity of citizenship between Bennett and the Defendant and the amount in controversy between the College and the Defendant exceeds \$75,000, exclusive of interest and costs. This Court may issue declaratory relief pursuant to 28 U.S.C. § 2201(A).

11.

This Court has jurisdiction over the person of the Defendant.

12.

Venue for this action lies in this judicial district and division under 28 U.S.C. § 1391(b), because the Defendant resides in this judicial district.

### **GENERAL ALLEGATIONS**

#### **A. History of Bennett College**

13.

Like most HBCUs, which were founded because African Americans were barred from attending predominantly white institutions of higher learning, Bennett has a long and storied history of which it is proud. Bennett was originally founded in 1873 to educate freedmen and to train both men and women as teachers. The school held its inaugural classes in the basement of Warnersville Methodist Episcopal Church North (now St. Matthew's United Methodist) in Greensboro. In 1874, the Freedman's Aid Society took over the College, and Bennett remained under its patronage for 50 years. Additionally, shortly after its founding, a group of emancipated slaves purchased the present campus site for the College in Greensboro, North Carolina. College level courses and permanent facilities were then added.

14.

Although originally founded as a coeducational institution, in 1926, the Women's Home Missionary Society helped convert the school into a women's college. Bennett is one of only two historically black colleges that enroll women exclusively. Bennett currently enrolls about 465 women and since 1930, more than 5,000 women have graduated from the College. Known as Bennett Belles, these women represent achievement in all walks of life. While Bennett's policy is to accept all qualified students without regard to race, creed, or color, its primary mission, which has been present since its inception, is to assist minority and economically disadvantaged students in receiving social equality and economic parity through education.

15.

Since its founding, Bennett has served a vital role in educating women and has accumulated numerous accolades for its quality and academic outcomes. Bennett was recently ranked by U.S. News and World Report as the 15th best college in the United States for black students and 34 out of 111 best regional colleges in the south.



**B. Accreditation History and Remediation Efforts**

16.

SACSCOC is the regional body for the accreditation of higher education institutions in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia, that award associate, baccalaureate, master's, or doctoral degrees.

17.

All institutions accredited by SACSCOC are required to undergo a review for reaffirmation of accreditation every ten years. To have its accreditation reaffirmed, an institution must be in compliance with the Association's *Principles of Accreditation*.

18.

A college's eligibility to receive federal funding, including financial aid for students under the Higher Education Act, is contingent upon the college's continued membership in an accreditation association. 34 C.F.R. pt. 600. Thus, a loss of accreditation may sound the death knell for a small, private educational institution like Bennett, which has over 95 percent of its students currently receiving such financial aid.

19.

Bennett has been fully accredited by SACSCOC since 1935. SACSCOC most recently reaffirmed Bennett's accreditation in 2009. Following the 2009 reaffirmation, SACSCOC placed Bennett on probation related to financial issues, but SACSCOC removed Bennett from probation in December 2011. The action was accompanied, however, by a request that Bennett address continued compliance with Comprehensive Standard 3.10.1 (Financial stability) in its Fifth-Year Interim Report, which was due in 2014. Bennett was required to submit a Follow-Up Report to SACSCOC to address certain financial issues as part of its Fifth-Year Interim Report.

20.

In 2015, SACSCOC asked Bennett to submit a Monitoring Report to address its financial stability, including operational deficits, dependence on endowment funds for operations, declining enrollment, and a need to stabilize fiscal operations. Bennett completed the requested First Monitoring Report. Upon review of the First Monitoring Report, SACSCOC found that Bennett had failed to comply with the Core Requirement of Financial Stability and placed Bennett on "Warning" status for twelve months.

21.

Bennett was then asked to submit a Second Monitoring Report by September 6, 2016, including enrollment and net-tuition information, a three-year projected budget, and a narrative summarizing Bennett's recent financial stability. SACSCOC reviewed the Second Monitoring Report and placed Bennett on Probation for 12 months, finding that Bennett failed to comply with Core Requirement 2.2 (Governing Board), Core Requirement 2.11.1 (Financial Resources and Stability), and Comprehensive Standard 3.10.1 (Financial Stability). Specifically, SACSCOC found that Bennett failed to comply with Core Requirement 2.2 because the governing board failed to demonstrate adequate financial oversight and also failed to comply with Core Requirement 2.11.1 and Comprehensive Standard 3.10.1 because it had not demonstrated financial stability. As a result of these findings, SACSCOC commissioned a special committee to visit Bennett's campus and directed Bennett to submit a Third Monitoring Report.

22.

Upon review of Bennett's Third Monitoring Report, SACSCOC decided that Bennett would remain on Probation for an additional twelve months for failure to comply with Core Requirement 2.11.1 (Financial Resources and

Stability) and Comprehensive Standard 3.10.1 (Financial Stability). SACSCOC once again commissioned a Special Committee to visit the College and directed Bennett to submit a Fourth Monitoring Report.

23.

Bennett submitted its Fourth Monitoring Report on September 6, 2018. In its Fourth Monitoring Report, Bennett provided detailed information about its finances, including audited financial statements demonstrating that auditors had included no new recommendations in the audit for the fiscal year ended June 30, 2018, as well as written institutional management letters showing that the College had made progress in addressing auditors' recommendations from prior years. Bennett also explained that it "secured a \$27 million capital improvement loan through the HBCU Capital Finance program" that it used "to construct a Global Learning Center (GLC), Intergenerational Children Center and Honors Residence Hall," as well as to make other improvements to the campus that would help attract students and increase enrollment. Bennett also explained that it had engaged in substantial efforts to tackle the impact its debt had on the availability of funds for operating expenses. For example, Bennett applied for—and received—a six-year deferment of its capital finance loan that obviates the need to make principal and interest payments until fiscal year 2024. This deferment will

result in a substantial financial benefit to the College as interest will not accrue or be capitalized during the deferment period. This will relieve Bennett of a debt obligation of approximately \$1.3 million annually and will result in \$647,000 in annual interest savings. These savings will result in a financial benefit of \$8,935,358 over the six-year deferment period.

24.

Bennett also explained that it is taking steps to increase its enrollment. Specifically, Bennett has retained Royall and Company to help bolster its enrollment. According to projections, Bennett expects to have nearly 700 students at the end of the loan deferment period discussed above, which will generate additional tuition revenue and will put it in a position to satisfy its deferred obligations with respect to the loan. Bennett also explained that it had made a number of other significant changes in order to improve its financial footing, including:

- Eliminating faculty and staff positions;
- Renegotiating service-provider contracts;
- Eliminating underperforming academic programs;
- Implementing a hiring freeze and curtailing non-critical travel expenses;

- Reducing salaries and fringe benefits of remaining faculty and staff; and
- Implementing new fundraising initiatives.

25.

Bennett's hard work has started to pay off. For the first time in five years, Bennett was able to reverse the trend of declining enrollment in fiscal year 2017-2018, realizing a 38% increase in first-year students and a 2.5% increase in overall enrollment.

26.

Over the past two years, Bennett College has made **significant gains in demonstrating it has sound financial resources**. As the SACSCOC Special Committee confirmed in its report dated October 22, 2018, "The audited financial statements with no material weaknesses, \$461,038 surplus in FY2018 and \$694,698 surplus in unrestricted change in new assets, revised annual budget approved by the board for FY2019, deferment of the debt portfolio, significant capital improvements, the increase in institutional fund raising, the increase in student enrollment and retention, the improved federal composite score as well as

the comprehensive strategic plan **is evidence of the College's return toward financial stability.**" See Special Committee Report, attached as Exhibit B, at p. 9.

27.

In addition, Bennett College has demonstrated other accomplishments that contribute to its financial stability:

- During FY 2018, Bennett **generated a surplus of \$461,038** or 3% over total operating revenues. Bennett had no current year audit findings resulting from the financial statements audit or the Uniform Guidance Financial and Compliance Audit Report.
- In 2018, Bennett was approved for a **capital loan deferment** of principal and interest over a six-year period. This literally took an act of Congress. The total expected financial benefit of the deferral is nearly **\$9 million** over the deferment period. Bennett received a reimbursement check from the Department of Education for over \$1.1 million on December 27, 2018.
- Bennett has steadily increased its fundraising for the past three years from \$3.47 million in FY 2016 to \$3.56 million in FY 2017 to \$4.25 million in FY 2018. **In FY 2019, as of February 17, Bennett raised over \$9.5 million.**

- Bennett's enrollment has been trending up for two years. The college exceeded its overall enrollment goal with a total enrollment of 471 as of October 2018 compared to 409 in FY 2017.
- Retention rate is also significantly up from 44% in Fall 2016 to 53% in Fall 2017.
- This FY 2018, the average GPA of new first-year students was 3.2 compared to 2.8 in FY 2017. With these higher GPAs of first years, Bennett expects to continue to improve retention rates.
- Since 2013, Bennett has worked diligently to contain costs, cutting \$4.5 million over 5 years.

28.

Despite cost reductions, Bennett continues to support mission critical activities, academic and student programs, and functions.

**C. December 2018 Adverse Action and Appeal**

29.

On December 11, 2018, Bennett received notification that the SACSCOC Board of Trustees approved the recommendation to remove Bennett from SACSCOC's membership (the "Board Recommendation"). The SACSCOC



Committee on Compliance and Reports Group B reviewed Bennett's Fourth Monitoring Report, financial statements, the Report of a Special Committee, and Bennett's response to that report. According to the Board Recommendation, the decision to remove Bennett from SACSCOC membership was "based solely on finances." SACSCOC informed Bennett that it could present to the Appeals Committee "new and verified information since the adverse action on December 9, 2018."

30.

On January 23, 2019, Bennett appealed the Board's Recommendation. Bennett argued that the "Board's decision was arbitrary, that is, was unreasonable and not based on or consistent with the published Principles of Accreditation or the policies of SACSCOC." Bennett also informed SACSCOC that it was submitting "new and verifiable financial information, material to the adverse decision" regarding the financial resources of Bennett compelling reversal of the decision to remove Bennett from SACSCOC membership. The following is a summary of that new financial information, all of which was submitted to SACSCOC as part of the appeal.

## 1. Fundraising Campaign

31.

Following the December 2018 hearing, Bennett's leadership responded with decisive and strategic action. Every asset, liability, and aspect of financial planning was examined with the goal of increasing the financial stability of the College. Individuals and companies with ideas, resources, and talents pitched in. Bennett also examined its valuable art collection and prepared a major art piece for sale, placed some real estate on the market for sale, and began negotiations with its major lender to restructure its debt.

32.

On December 11, 2018, Bennett commenced a strategic fundraising campaign, #StandWithBennett, aimed at meeting the needed resources to demonstrate financial stability and a positive stream of funds available as unrestricted net assets exclusive of plant and plant debt ("UNAEF"). The social media campaign included various electronic media and reached a broad range of people and entities around the country and the world. President Phyllis Worthy Dawkins and Bennett College representatives were featured in news media outlets, including *The London Times*, *The Chronicle of Higher Education*, *The Atlantic*, NPR, MSNBC, and UNC-TV, to name a few. Student ambassadors and speakers

supporting Bennett were invited to places of worship, community events, and education gatherings. All of the support stemmed from the fact that people understand the importance of Bennett's place in America's higher education landscape.

33.

As a result of the fundraising campaign, Bennett raised over \$9 million in gifts and contributions from July 1, 2018, through February 21, 2019. Bennett received funds in large and small amounts from a broad range of supporters, demonstrating that the education community and the community at large values the important and historic HBCU. In addition to providing funds, which materially improve Bennett's UNAEP, Bennett has developed thousands and thousands of new supporters and contacts. The overwhelming national and international media coverage of the campaign underscores the interest in preserving educational options for those underserved by larger public and private educational institutions.

## **2. Debt Restructuring**

34.

Bennett leadership undertook a reexamination of all of its financial practices, assets and liabilities since the December decision, materially changing its financial policies and practices to assure financial stability.

35.

During the December 8, 2018 meeting with SACSCOC, SACSCOC and Bennett discussed reducing the debt owed to Bennett's most significant Lender by \$240,000. Bennett met with the Lender and restructured its line of credit debt, resulting in a reduction in debt and forgiveness of debt in the amount of \$1,021,700. That material reduction in Bennett's debt service significantly improves its financial stability going forward. This is especially true when coupled with the recent deferment of debt payments owed to the United States Department of the Treasury in the HBCU Capital Financing Program<sup>1</sup> valued by the College's auditors as a \$9 million financial benefit to the College over the 6-year period. These loan reductions and restructuring are material to the financial stability of Bennett and help create a viable financial plan for the future.

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<sup>1</sup> The details of this deferment of principal and interest were outlined in the Fourth Monitoring Report Response filed September 6, 2018, p. 37.

### **3. Future Sale of Assets**

36.

Bennett has also engaged in efforts to turn noncurrent, non-liquid assets into current, unrestricted liquid assets to improve flexibility with supporting operating expenses. For example, Bennett owns several tracts of real estate not currently in use for educational purposes. It is preparing those properties for sale, and they are currently listed with a real estate agent. Bennett will finalize transactions to sell at least two properties within the current fiscal year.

37.

Additionally, Bennett has prepared an important and significant painting for sale. The piece has generated a lot of interest and is currently for sale at a prominent New York gallery. Several potential buyers are considering purchasing the painting as of the date of this filing. Bennett expects this work to generate liquid assets in excess of \$3 million.

### **4. Financial Reports**

38.

Bennett also submitted numerous financial reports describing Bennett's current and future financial positions, including the following:

- a. Unaudited Interim Statement of Financial Position as of December 31, 2018;
- b. Unaudited Interim Statement of Activities as of December 31, 2018;
- c. Unaudited Statement of Cash Flows as of December 31, 2018;

- d. Unaudited Interim Statement of Financial Position as of February 3, 2019;
- e. Unaudited Interim Statement of Activities as of February 3, 2019;
- f. Unaudited Statement of Cash Flow as of February 3, 2019;
- g. Unrestricted Net Assets Exclusive of Plant Assets and Related Plant Debt (UNAEP) as of February 3, 2019;
- h. Unaudited Projected Statement of Financial Position as of June 30, 2019;
- i. Unaudited Projected Interim Statement of Activities as of June 30, 2019;
- j. Unaudited Projected Statement of Cash Flows as of June 30, 2019;
- k. Unrestricted Net Assets Exclusive of Plant Assets and Related Plant Debt (UNAEP) as of June 30, 2019.

39.

These new documents, that were not available during the December 8, 2018 meeting, demonstrate a significant improvement in Bennett's financial standing and stability.

40.

During the December meeting, SACSCOC explained that the central issue for Bennett was that the College needed to show a positive UNAEP calculation in order to demonstrate financial stability. SACSCOC indicated during various

additional SACSCOC meetings that \$4.7 million was a good target given the cumulative deficit that had impacted the UNAEP. Since the December 8, 2018 meeting, Bennett has raised significantly more than the \$4.7 million target discussed by SACSCOC representatives. Bennett has used these funds to address the UNAEP as well as build cash reserves.

**5. Bank Statement**

41.

Bennett submitted to SASCOC a Statement of Financial Position, which as of February 3, 2019, reflected a cash balance of \$5,595,161.

**D. The Appeals Committee Denies Bennett's Appeal**

42.

On February 19, 2019, the Appeals Committee affirmed the Board's Recommendation to strip Bennett of its accreditation. With respect to the new evidence Bennett submitted, the Appeals Committee stated:

The Appeals Committee finds that Bennett College, removed from accreditation based solely on finances, failed to produce new and verifiable evidence since December 9, 2018, that is material to the Board's adverse decision. More specifically, it failed to show that the institution possesses resources demonstrating a stable financial base to support the mission and scope of programs and services. Consequently, the Appeals Committee affirms the action taken by SACSCOC Board of Trustees on December 9, 2018, without remand for consideration of additional financial information presented by Bennett College as part of the appeal.

**E. SACSCOC's Sanctions Against HBCUs**

43.

There are a number of accrediting bodies authorized by the United States Department of Education to accredit institutions of higher education. It is widely recognized that being accredited by one of the six regional accrediting organizations is the most prestigious form of accreditation. Being accredited by a regional accreditor, such as SACSCOC, is more beneficial to an institution than being accredited by a national accreditor because it allows the institution to qualify for additional forms of financial assistance and because it makes the institution more marketable to students.

Because the majority of black colleges are in the South and in border states, SACSCOC is the only regional accreditor available to most black colleges.

44.

Many HBCUs, which were established during the Jim Crow era in this country, predate the establishment of any of the regional associations, including SACSCOC, which was founded in 1895.<sup>2</sup>

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<sup>2</sup> Saran Donahoo & Wynetta Lee, *The Adversity of Diversity: Regional Associations and the Accreditation of Minority Serving Institutions*, at 294, in *Understanding Minority Institutions*, (Marybeth Gasman, Benjamin Baez, and Caroline Sotello Turner ed., New York: State University of New York Press 2008).



45.

After it was established, SACSCOC maintained both written and unwritten policies denying membership to all HBCUs.<sup>3</sup> Supported by a grant from the General Education Board, SACSCOC began to provide limited accreditation and approval to some HCBUs in 1930, without allowing any of these institutions to become full members of the association.<sup>4</sup> SACSCOC did not extend full membership to HBCUs until 1956, two years after the landmark *Brown v. Board of Education* decision.<sup>5</sup>

46.

SACSCOC's policies and procedures fail to account for the unique financial circumstances of HBCUs. SACSCOC's policies and procedures fail to recognize the historic inequity in funding of HBCUs compared to predominantly white institutions. Even now, data indicates disparities in federal funding between

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<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

HBCUs and non-HBCUs.<sup>6</sup> The most recent estimate indicates that private HBCUs receive about \$1,600 less in federal funding per FTE compared with private non-HBCUs.<sup>7</sup> These disparities extend to publicly-funded HBCUs. Research shows that publicly-funded HBCUs pay more to issue debt when they have to raise funds to make up funding gaps caused by decreased state higher-education spending.<sup>8</sup>

47.

SACSCOC's policies and procedures also fail to account for the fact that students who attend HBCUs are often more economically disadvantaged than students at predominantly white institutions. For instance, more than eighty percent of Bennett College's students are recipients of Pell Grants, which are federal government subsidies given to students with a demonstrated financial need. Relatedly, in 2011, the U.S. Department of Education added new underwriting standards for the PLUS loan program for parents and graduate students, which made it exponentially more difficult for families to borrow money

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<sup>6</sup> Krystal L. Williams & BreAnna L. Davis, *Public and Private Investments and Divestments in Historically Black Colleges and Universities*, American Council on Education 5 (Jan. 2019), <https://www.acenet.edu/news-room/Documents/public-and-private-investments-and-divestments-in-hbcus.pdf>.

<sup>7</sup> *Id.*

<sup>8</sup> Adam Harris, *Black Colleges Have to Pay More for Loans Than Other Schools*, The Atlantic, <https://www.theatlantic.com/education/archive/2018/08/black-colleges-loans-racism/568168/> (last visited Apr. 17, 2019).

for college—prompting a drop in student enrollment at many HBCUs.<sup>9</sup> In 2011, Bennett had 400 parents who applied for the PLUS loan and 250 were approved (63%). In 2012, after the change went into effect, of the 400 parents that applied for the loan, only 72 were approved (18%).<sup>10</sup> Similarly, at Tennessee State University, 42% of students who applied for the PLUS loan were approved prior to the changes but the approval rating dropped to 27% after the change.<sup>11</sup> In total, HBCUs lost an estimated \$168 million as a result of the large number of students who were not able to start or continue their college education as a result of the changes to the PLUS loan.<sup>12</sup> The relative lack of means and lack of access to credit for students who attend HBCUs make it difficult for HBCUs to raise revenue through tuition increases.

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<sup>9</sup> Williams & Davis, at 8; *see also* John Michael Lee, Jr. & Samaad Wes Keys, *Impact of Parent Plus Loan Changes on Historically Black Colleges and Universities*, Association of Public and Land-Grant Universities (Aug. 2013) <http://www.aplu.org/library/impact-of-parent-plus-loan-changes-on-historically-black-colleges-and-universities-hbcus-fact-sheet/file>.

<sup>10</sup> Lee & Keys, at 1.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

48.

As a result of SACSCOC's failure to account for the unique circumstances of HBCUs, a disproportionate number of adverse accreditation decisions have impacted HBCUs. Since obtaining full membership rights, HBCUs still only comprise roughly 9% of SACSCOC's institutional membership.<sup>13</sup> Yet, as admitted by SACSCOC President Belle S. Wheelan, in the last 30 years, of the 30 institutions SACSCOC has dropped from its membership, 13 were HBCUs (43%).<sup>14</sup> This means that, since 1989, nearly half of the institutions that have lost their accreditation from SACSCOC were historically black colleges or universities.

49.

SACSCOC and its predecessor organizations have a history of imposing disproportionately harsher sanctions on HBCUs than on other member institutions. For example, SACSCOC placed St. Andrews Presbyterian College, a predominantly white institution, on probation in 1993 for having debt in excess of \$3 million and for having a declining enrollment. SACSCOC restored St.

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<sup>13</sup> Letter from Belle S. Wheelan, Ph.D., SASCOC President, to Dr. Michael Lomax, President of the United Negro College Fund (Mar. 7, 2019), [https://www.insidehighered.com/sites/default/server\\_files/media/Letter%20from%20Belle%20Wheelan%2C%20SASCOC%20to%20Michael%20Lomax%2C%20UNCF.pdf](https://www.insidehighered.com/sites/default/server_files/media/Letter%20from%20Belle%20Wheelan%2C%20SASCOC%20to%20Michael%20Lomax%2C%20UNCF.pdf).

Andrews Presbyterian College's accreditation in 1997, even though it had only reduced its debt by \$300,000 during the time it was on probation. By contrast, SACSCOC revoked the accreditation of Knoxville College, an HBCU, even though it had demonstrated a budget *surplus* during the last year that it was on probation.

### Count I

#### **SACSCOC Violated Bennett College's Due Process By Failing to Follow its own Rules and Procedures in Deciding to Strip the College of its Accreditation**

50.

Bennett incorporates the allegations set forth in paragraphs 1 through 49 above as if set forth fully herein.

51.

In deciding to revoke Bennett's accreditation, SACSCOC failed to follow its own rules and policies by failing to remand to the Board of Trustees to consider the impact of the new and verifiable information concerning finances, including its additional fundraising activities and the fact that one of Bennett's lenders had forgiven \$1,021,700 of interest.

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<sup>14</sup> *Id.*

52.

The Appeals Procedures of the College Delegate Assembly of SACSCOC state, in relevant part, that

The Appeals Committee shall remand the case . . . if the Appeals Committee finds that an institution, removed from accreditation based solely on finances, has produced evidence that it has available new and verifiable financial information and that the financial information is material to the Board's adverse decision.

53.

The SACSCOC Board of Trustees removed Bennett from membership “based solely on finances.” The Appeals Committee acknowledged that the Board of Trustees stripped Bennett of its accreditation because Bennett failed to comply with financial requirements.

54.

The Appeals Committee was required to remand the case to the Board of Trustees because Bennett “produced evidence that it has available new and verifiable financial information and that the financial information is material to the Board's adverse decision.”

55.

SACSCOC conceded that the financial information Bennett produced in the appeal concerning the success of Bennett's fundraising campaign and Bennett's

agreement with a lender to forgive over a million dollars of interest on a loan is both new and verifiable, and that information was material to the Board's decision to remove Bennett from membership based on its financial standing.

56.

According to its own rules and policies, the Appeals Committee was required to remand Bennett's case to the Board of Trustees.

57.

The Appeals Committee failed to follow its own procedures. Rather than remand to the Board of Trustees to consider the impact of the new and verifiable financial information on Bennett's financial position, the Appeals Committee improperly decided the merits question, concluding that Bennett "failed to show that the institution possesses resources demonstrating a stable financial base to support the mission and scope of programs and services." This was not a decision that the Appeals Committee was permitted to make in the first instance under the Appeals Committee's own procedures.

58.

SACSCOC also violated Bennett's due process by failing to review Bennett's unaudited financial statements. Despite SACSCOC policies expressly providing that the submission of audited financial statements is not the exclusive

mechanism for demonstrating a sound and stable resource base, SACSCOC took the position that “unaudited financial statements are not ‘verifiable,’” and should not be considered.

59.

SACSCOC violated Bennett’s due process by revoking Bennett’s accreditation when SACSCOC has taken less drastic action against similarly situated predominantly white institutions.

60.

Bennett has been irreparably harmed by SACSCOC’s failure to follow its own rules and policies in reaching its decision to revoke Bennett’s membership. Consequently, Bennett is entitled to declaratory and injunctive relief.

61.

Additionally, as a result of SACSCOC’s denial of due process and wrongful refusal to remand Bennett’s case to the Board of Trustees and to restore Bennett’s accreditation, Bennett has incurred and will continue to incur substantial damages, including, among other things loss of current and future students with their concomitant tuition payments, loss of future Title IV Program funding, damage to reputation, loss of goodwill, and the potential loss of its entire institution, with damages in an amount to be determined at trial.



## Count II

### **SACSCOC Failed to Afford the College Adequate Due Process in Reaching its Decision to Strip the College of its Accreditation**

62.

Bennett incorporates the allegations set forth in paragraphs 1 through 61 above as if set forth fully herein.

63.

As an accrediting body recognized by the Secretary of Education, SACSCOC “must demonstrate that the procedures it uses throughout the accrediting process satisfy due process.” 34 C.F.R. § 602.25 (2004).

64.

It is widely recognized that “quasi-public” professional organizations and accrediting agencies have a common law duty to employ fair procedures when making decisions affecting their members.

65.

SACSCOC’s own standards entitle its members to due process by providing for remand of any decision that is arbitrary or unreasonable.

66.

SACSCOC denied Bennett due process by failing to follow its own rules, procedures, and policies in deciding to strip Bennett of its accreditation by failing to remand to the Board of Trustees for reconsideration of the new, verifiable, material financial information Bennett provided in its appeal. Its failure to remand

to the Board of Trustees denied Bennett the opportunity to be heard before the Board of Trustees on the new evidence Bennett submitted with its appeal.

67.

SACSCOC also denied Bennett due process by applying policies and procedures that disparately impact HBCUs. SACSCOC's reliance on policies and procedures that do not take into account the unique circumstances of HBCUs—a history of separate but unequal public funding and systemic discrimination—has an adverse impact on HBCUs and denies them a fair and due process.

68.

As a result of the SACSCOC's denial of due process by failing to follow its own rules, procedures, and policies in deciding to strip Bennett of its accreditation without remanding Bennett's case to the Board of Trustees, Bennett has incurred and will continue to incur substantial damages, including, among other things loss of current and future students with their concomitant tuition payments, loss of future Title IV Program funding, damage to reputation, loss of goodwill, and the potential loss of its entire institution, with damages in an amount to be determined at trial.

### COUNT III

#### **SACSCOC's Decision to Strip Bennett of its Accreditation was Arbitrary, Unreasonable, and not Supported by the Record**

69.

Bennett incorporates the allegations set forth in paragraphs 1 through 68 above as if set forth fully herein.

70.

An accrediting association's decision to strip a member of accreditation may be overturned if it is arbitrary and unreasonable, or is not supported by substantial evidence in the record.

71.

SACSCOC stripped Bennett of its accreditation without first remanding to the Board of Trustees to consider in the first instance whether the new evidence Bennett submitted with its appeal warranted reversal of SACSCOC's decision to strip Bennett of its accreditation. Because SACSCOC failed to comply with its own procedures with respect to how it should have addressed this evidence, SACSCOC's decision to strip Bennett's accreditation is arbitrary, unreasonable, and not supported by substantial evidence.

72.

As a result of the SACSCOC's decision to strip Bennett of its accreditation without first remanding the decision to the Board of Trustees, a decision that was

arbitrary, unreasonable, and not supported by substantial evidence, Bennett has incurred and will continue to incur substantial damages, including, among other things loss of current and future students with their concomitant tuition payments, loss of future Title IV Program funding, damage to reputation, loss of goodwill, and the potential loss of its entire institution, with damages in an amount to be determined at trial.

### **PRAYER FOR RELIEF**

WHEREFORE Bennett asks for judgment:

(1) declaring that SACSCOC failed to follow its own rules and policies in reaching its decision to strip Bennett of its accreditation, and that the decision to revoke the College's accreditation is therefore null and void;

(2) declaring that SACSCOC violated Bennett's due process rights in reaching its decision to strip the College of its accreditation, and that the decision is therefore null and void;

(3) declaring that SACSCOC's decision to strip Bennett of its accreditation was arbitrary and unreasonable, and not supported by the record, and that the decision is therefore null and void;

(4) declaring that SACSCOC violated HEA in reaching its decision to strip the College of its accreditation, and that the decision is therefore null and void;

(5) issuing a preliminary and permanent injunction supplemental to the above declarations: (a) enjoining SACSCOC from notifying the Secretary of Education of its decision to strip Bennett of its accreditation; (b) restoring the accreditation of the College; and (c) continuing the reaffirmation process in a manner consistent with the Association's rules and policies, and providing the College with its due process rights;

(6) awarding Bennett damages in an amount to be determined at trial;

(7) awarding Bennett attorney's fees and other expenses of litigation;

(8) granting Bennett College a jury trial as to all issues triable; and

(9) granting such other and further relief as the Court deems just and equitable.

Respectfully submitted this 26<sup>th</sup> day of April, 2019.

/s/ Derin B. Dickerson  
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*Attorneys for Plaintiff Bennett College*

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

**BENNETT COLLEGE,** )  
 )  
 ) **Plaintiff,** )  
 **v.** )  
 )  
 **THE SOUTHERN ASSOCIATION** )  
 **OF COLLEGES AND SCHOOLS** )  
 **COMMISSION ON COLLEGES INC.,** )  
 )  
 **Defendant.** )  
 )  
 \_\_\_\_\_ )

**CIVIL ACTION  
FILE NO. 1:19-cv-00883-MHC**

**JURY TRIAL DEMANDED**

**CERTIFICATE OF SERVICE**

This is to certify that I have this day filed the foregoing using the CM/ECF system which will automatically send e-mail notification of such filing to the attorneys of record.

This 26th day of April, 2019.

/s/ Derin B. Dickerson  
Derin B. Dickerson

# **EXHIBIT A**



# The Principles of Accreditation: Foundations for Quality Enhancement

Adopted by the College Delegate Assembly  
December 2017



# The Principles of Accreditation: Foundations for Quality Enhancement



Sixth Edition: First Printing

Adopted by the College Delegate Assembly:  
December 2017

Approved by College Delegate Assembly:  
December 2001

Revised by the College Delegate Assembly:  
December 2006, 2007, 2009, 2011



## Mission

The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is the regional body for the accreditation of degree-granting higher education institutions in the Southern states. The Commission's mission is the enhancement of education quality throughout the region and the improvement of the effectiveness of institutions by ensuring that they meet standards established by the higher education community that address the needs of society and students. It serves as the common denominator of shared values and practices among the diverse institutions in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia, Latin America, and other international sites approved by SACSCOC that award associate, baccalaureate, master's, or doctoral degrees. SACSCOC also accepts applications from other international institutions of higher education.

Accreditation by SACSCOC signifies that the institution (1) has a mission appropriate to higher education, (2) has resources, programs, and services sufficient to accomplish and sustain that mission, and (3) maintains clearly specified educational objectives that are consistent with its mission and appropriate to the degrees it offers, and that indicate whether it is successful in achieving its stated objectives.

## Philosophy of Accreditation

Self-regulation through accreditation embodies a philosophy that a free people can and ought to govern themselves through a representative, flexible, and responsive system. Decentralization of authority honors the rich diversity of educational institutions in our pluralistic society and serves to protect both institutional autonomy and the broader culture of academic freedom in our global society. The empowerment flowing from self-regulation promotes both innovation and accountability in achieving the goals of educating and training citizens in a representative democracy. Consistent with these overarching values, accreditation is best accomplished through a voluntary association of educational institutions. Both a process and a product, accreditation relies on integrity; thoughtful and principled professional judgment; rigorous application of requirements; and a context of trust. The process provides an assessment of an institution's effectiveness in the fulfillment of its self-defined mission; its compliance with the requirements of its accrediting association; and its continuing efforts to enhance the quality of student learning and its programs and services. Based on rigorous analysis and reasoned judgment, the process stimulates evaluation and improvement, while providing a means of continuing accountability to the institutions' stakeholders and to the public.

The culmination of the accreditation process is a public statement of an institution's continuing capacity to provide effective programs and services based on agreed-upon requirements. The statement of an institution's accreditation status with SACSCOC also represents an affirmation of an institution's continuing commitment to the Commission's principles and philosophy of accreditation.

The membership expects its peers to dedicate themselves to enhancing the quality of their programs and services within the context of their respective resources and capacities and to create an environment in which teaching and learning, research, and public service occur, as appropriate to the institution's self-defined mission.

At the heart of SACSCOC's philosophy of accreditation, the concept of quality enhancement assumes that each member institution is engaged in ongoing improvement of its programs and services and can demonstrate how well it fulfills its stated mission. Although evaluation of an institution's educational quality and effectiveness in achieving its mission is a difficult task requiring careful analysis and professional judgment, an institution is expected to document the quality and effectiveness of all its programs and services.

SACSCOC supports the right of an institution to pursue its own educational mission as inherent in fundamental values of institutional autonomy; the right of faculty members to teach, investigate, and publish freely; and the right of students to access opportunities for learning and for the open expression and exchange of ideas. However, exercising these rights should not substantially interfere with the overriding obligation of an institution to offer a sound educational experience that optimizes student achievement outcomes.

**The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) adheres to the following fundamental characteristics of accreditation:**

- Participation in the accreditation process is voluntary and is an earned and renewable status.
- Member institutions develop, amend, and approve accreditation requirements.
- The process of accreditation is representative, responsive, and appropriate to the types of institutions accredited.
- Accreditation is a form of self-regulation.
- Accreditation requires institutional commitment and engagement.
- Accreditation is based upon a peer review process.
- Accreditation requires an institutional commitment to student learning and achievement.
- Accreditation acknowledges an institution's prerogative to articulate its mission, including a religious mission, within the recognized context of higher education and its responsibility to show that it is accomplishing its mission.
- Accreditation requires institutional commitment to the concept of quality enhancement through continuous assessment and improvement.
- Accreditation expects an institution to develop a balanced governing structure designed to promote institutional integrity, autonomy and flexibility of operation.
- Accreditation expects an institution to ensure that its programs are complemented by support structures and resources that allow for the total growth and development of its students.

## Organization Of The Southern Association Of Colleges And Schools Commission On Colleges

The Southern Association of Colleges and Schools (SACS) is a private, nonprofit, voluntary organization founded in 1895 in Atlanta, Georgia. The Association currently comprises the Commission on Colleges (SACSCOC) and the Council on Accreditation and School Improvement (SACSCASI), the K-12 arm of the Association. The two commissions carry out their missions with considerable autonomy; they develop their own standards and procedures, and govern themselves by a delegate assembly.

The College Delegate Assembly (CDA) of SACSCOC includes one voting representative (the chief executive officer or the officer's designee) from each member institution. Its responsibilities include electing the 77-member SACSCOC Board of Trustees to guide the organization's work; to approve all revisions in accrediting standards as recommended by the Board; to approve the dues of candidate and member institutions as recommended by the Board; and to elect an Appeals Committee to hear appeals of adverse accreditation decisions, and electing representatives to the Association's Board of Trustees.

The SACSCOC Board of Trustees is responsible for recommending to the College Delegate Assembly standards for candidacy and membership, authorizing special visits, taking final action on the accreditation status of institutions, nominating to the College Delegate Assembly individuals for election to succeed outgoing members of the Board, electing an Executive Council that will act for the Board while it is not in session, appointing *ad hoc* study committees as needed, and approving SACSCOC policies and procedures.

The thirteen-member Executive Council is the executive arm of the SACSCOC Board and functions on behalf of the Commission's Board and the College Delegate Assembly between sessions. However, the actions of the Council are subject to the review and approval by the Board. The Council interprets Commission policies and procedures, develops procedures for and supervises the work of *ad hoc* and standing committees of the Commission, approves goals and objectives of the Commission, reviews and approves the Commission's budget, oversees and annually evaluates the work of its president and initiates new programs, projects, and policy proposals.

The Council receives and acts on reports from all *ad hoc* and standing committees and submits them to the Commission's Board of Trustees. In the case of institutions applying for candidacy, membership, or reaffirmation of accreditation, the Executive Council receives recommendations from the Committees on Compliance and Reports



(C&R), which are the standing evaluation committees of the Commission, and, in turn, submits its recommendations to the full SACSCOC Board of Trustees.

## The Process Of Accreditation

The process for initial and continued accreditation involves a collective analysis and judgment by the institution's internal constituencies, an informed review by peers external to the institution, and a reasoned decision by the elected members of the SACSCOC Board of Trustees. Accredited institutions periodically conduct internal reviews involving their administrative officers, staffs, faculties, students, trustees, and others appropriate to the process. The internal review allows an institution to consider its effectiveness in achieving its stated mission, its compliance with *The Principles of Accreditation: Foundations for Quality Enhancement*, its efforts in enhancing the quality of student learning and the quality of programs and services offered to its constituencies, and its successes in accomplishing its mission. At the culmination of the internal review, peer evaluators representing the Board apply their professional judgment through a preliminary assessment of the institution; elected SACSCOC Board members make the final determination of an institution's compliance with the accreditation requirements.

## Application of the Requirements

SACSCOC accredits degree-granting higher education institutions and entities based on requirements in *The Principles of Accreditation: Foundations for Quality Enhancement*. These requirements apply to all institutional programs and services, wherever located or however delivered. This includes programs offered through distance and correspondence education, off-campus sites, and branch campuses. Consequently, when preparing documents for the Commission demonstrating compliance with the *Principles of Accreditation*, an institution must include these programs in its "Institutional Summary Form Prepared for Commission Reviews" and address these programs in its analysis and documentation of compliance (See Commission policy [Distance and Correspondence Education](#)). SACSCOC applies the requirements of its *Principles* to all applicant, candidate, and member institutions, regardless of the type of institution: private, for-profit, private not-for-profit, or public.

The SACSCOC Board of Trustees evaluates an institution and makes accreditation decisions based on the current edition of the *Principles of Accreditation*. The Commission's philosophy of accreditation precludes denial of membership to a degree-granting institution of higher education on any ground other than an

institution's failure to meet the above requirements in the professional judgment of peer reviewers, or failure to comply with the policies and procedures of SACSCOC.

## Components Of The Review Process

The SACSCOC Board of Trustees conducts several types of institutional reviews: (1) Candidate Committee reviews of institutions seeking candidacy, (2) Accreditation Committee reviews of candidate institutions seeking initial membership, (3) Reaffirmation Committee reviews of member institutions seeking continued accreditation following a comprehensive review, (4) Special Committee reviews of member institutions seeking continued accreditation following evaluation of institutional circumstances that are accreditation related, and (5) Substantive Change Committee reviews of member institutions seeking approval and continued accreditation following the review of a change of a significant modification or expansion to the institution's nature and scope. Each of the above types of reviews has its own evaluation documents and peer review procedures and can be found on the SACSCOC web site at [www.sacscoc.org](http://www.sacscoc.org).

The process described below is specific to a member institution seeking reaffirmation of accreditation.

### Preparation by the Institution

As part of the reaffirmation process, the institution will provide two (2) separate documents:

#### 1. *Compliance Certification*

The Compliance Certification, submitted fifteen (15) months in advance of an institution's scheduled reaffirmation, is a document completed by the institution that demonstrates its judgment of the extent of its compliance with each of the Core Requirements and Standards. The signatures of the institution's chief executive officer and accreditation liaison are required. By signing the document, these individuals certify that the process of institutional self-assessment has been thorough, honest, and forthright, and that the information contained in the document is truthful, accurate, and complete.

#### 2. *Quality Enhancement Plan*

The Quality Enhancement Plan (QEP), submitted six weeks in advance of the On-Site Reaffirmation Review Committee, is (1) a topic identified through ongoing, comprehensive and evaluation processes, (2) has a broad-based support of institutional constituencies, (3) focuses on improving specific student learning outcomes and/or student successes, (4) commits resources to initiate, implement

and complete the QEP, and (5) includes a plan to assess achievement. The plan should be focused and succinct (no more than 75 pages of narrative text and no more than 25 pages of support documentation or charts, graphs, and tables).

## **Review by the Commission on Colleges**

### ***1. The Off-Site Reaffirmation Review***

The Off-Site Reaffirmation Committee, composed of a chair and normally eight to ten peer evaluators, serves as an evaluative committee in the reaffirmation process. The committee meets in Atlanta, Georgia, and reviews Compliance Certifications of a group of institutions to determine whether each institution is in compliance with all Core Requirements and Standards (except 7.2). The group of institutions, called “a cluster,” normally will consist of no more than three institutions similar in governance and degrees offered. At the conclusion of the review, the Off-Site Reaffirmation Committee will prepare a separate report for each institution, recording and explaining its preliminary findings about compliance. The report is forwarded to the respective institution’s On-Site Reaffirmation Committee.

### ***2. The On-Site Reaffirmation Review***

The On-Site Reaffirmation Committee consists of peers and serves as an evaluative committee in the reaffirmation process. Following review by the Off-Site Reaffirmation Committee, an On-Site Reaffirmation Committee will conduct a focused evaluation at the campus to finalize issues of compliance with the Core Requirements and Standards, evaluate the QEP, and provide consultation regarding the issues addressed in the QEP. At the conclusion of its visit, the On-Site Committee will finalize the Report of the Reaffirmation Committee, a written report of its findings noting areas of noncompliance. The Report of the Reaffirmation Committee, along with the institution’s response to areas of noncompliance, is forwarded to the SACSCOC Board of Trustees for review and action on reaffirmation of accreditation.

### ***3. Review by the SACSCOC Board of Trustees***

The Committees on Compliance and Reports (C&R), standing committees of the SACSCOC Board of Trustees, review reports prepared by evaluation committees and the institutional responses to those reports. A C&R Committee’s recommendation regarding an institution’s reaffirmation of accreditation is forwarded to the Executive Council for review. The Executive Council recommends action to the full Board of Trustees, which makes the final decision on reaffirmation and any monitoring activities that it may require of an institution. The full Board of Trustees convenes twice a year.

## Institutional Responsibility For Reporting Substantive Change

SACSCOC accredits the entire institution and all programs and services, wherever located or however delivered. Accreditation is specific to an institution, is based on conditions at the time of the most recent evaluation, and is not transferable. When an accredited institution significantly modifies or expands its scope, or changes its affiliation, governance, or ownership, a substantive change review is required. The Commission is responsible for evaluating all substantive changes occurring between an institution's decennial reviews to ensure the quality of the total institution and to ensure the public that all aspects of the institution meet defined standards.

A member institution is responsible for following the [Substantive Change for SACSCOC Accredited Institutions](#) policy and procedures by notifying or securing approval from SACSCOC, as required, prior to implementation. If an institution is noncompliant with the policy, its accreditation may be in jeopardy. Refer to "Procedure One," "Procedure Two," and "Procedure Three" in the substantive change policy outlining the types of substantive change, their respective notification and approval requirements, and their reporting timelines. If an institution is unclear as to whether a change is substantive, it should contact SACSCOC staff for consultation.

An applicant or candidate institution may not undergo substantive change prior to membership.

## SECTION 1: The Principle of Integrity

Institutional integrity is essential to the purpose of higher education. Integrity functions as the basic covenant defining the relationship between the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) and its member and candidate institutions. The principle serves as the foundation of a relationship in which all parties agree to deal honestly and openly with their constituencies and with one another.

### **1. The institution operates with integrity in all matters.**

*(Integrity)* [CR]

(Note: While this principle is not addressed by the institution in its Compliance Certification or its application for accreditation, failure to adhere to this principle will lead to the imposition of a sanction, adverse action, or denial of authorization of a candidate committee.)

## SECTION 2: Mission

A clearly defined and comprehensive mission guides the public's perception of the institution. It conveys a sense of the institution's uniqueness and identifies the qualities, characteristics, and values that define its role and distinctiveness within the diverse higher education community. Fundamental to the structure of an institution's effectiveness, the mission reflects a clear understanding of the institution by its governing board, administration, faculty, students, staff, and all constituents.

### **1. The institution has a clearly defined, comprehensive, and published mission specific to the institution and appropriate for higher education. The mission addresses teaching and learning and, where applicable, research and public service.**

*(Institutional mission)* [CR]

## SECTION 3: Basic Eligibility Standard

SACSCOC accredits degree-granting institutions in the southern region of the United States and those operating in select international locations. To gain or maintain accreditation with SACSCOC, an institution is a continuously functioning organization legally authorized to grant degrees and other academic credentials, and able to demonstrate compliance with SACSCOC standards and policies.

- 1. An institution seeking to gain or maintain accredited status**
  - a. has degree-granting authority from the appropriate government agency or agencies.** (*Degree-granting authority*) [CR]
  - b. offers all coursework required for at least one degree program at each level at which it awards degrees.** (For exceptions, see SACSCOC policy [Documenting an Alternative Approach](#).) (*Coursework for degrees*) [CR]
  - c. is in operation and has students enrolled in degree programs.** (*Continuous operation*) [CR]

## SECTION 4: Governing Board

The institution's governing board holds in trust the fundamental autonomy and ultimate well-being of the institution. As the corporate body, the board ensures both the presence of viable leadership and strong financial resources to fulfill the institutional mission. Integral to strong governance is the absence of undue influence from external sources.

- 1. The institution has a governing board of at least five members that:**
  - (a) is the legal body with specific authority over the institution.**
  - (b) exercises fiduciary oversight of the institution.**
  - (c) ensures that both the presiding officer of the board and a majority of other voting members of the board are free of any contractual, employment, personal, or familial financial interest in the institution.**
  - (d) is not controlled by a minority of board members or by organizations or institutions separate from it.**
  - (e) is not presided over by the chief executive officer of the institution.**

*(Governing board characteristics)* [CR]

2. The governing board
  - a. ensures the regular review of the institution's mission.  
*(Mission review)*
  - b. ensures a clear and appropriate distinction between the policy-making function of the board and the responsibility of the administration and faculty to administer and implement policy.  
*(Board/administrative distinction)*
  - c. selects and regularly evaluates the institution's chief executive officer. *(CEO evaluation/selection)*

- d. defines and addresses potential conflict of interest for its members. (*Conflict of interest*)
  - e. has appropriate and fair processes for the dismissal of a board member. (*Board dismissal*)
  - f. protects the institution from undue influence by external persons or bodies. (*External influence*)
  - g. defines and regularly evaluates its responsibilities and expectations. (*Board self-evaluation*)
3. If an institution's governing board does not retain sole legal authority and operating control in a multiple-level governance system, then the institution clearly defines that authority and control for the following areas within its governance structure: (a) institution's mission, (b) fiscal stability of the institution, and (c) institutional policy. (*Multi-level governance*)



## SECTION 5: Administration and Organization

The institution's chief executive officer has ultimate responsibility for priorities and initiatives that advance its board-approved mission, goals, and priorities. The chief executive officer oversees an organizational structure that includes key academic and administrative officers and decision makers with credentials appropriate to their respective responsibilities.

1. **The institution has a chief executive officer whose primary responsibility is to the institution.** (*Chief executive officer*) [CR]
2. The chief executive officer has ultimate responsibility for, and exercises appropriate control over, the following:
  - a. The institution's educational, administrative, and fiscal programs and services. (*CEO control*)
  - b. The institution's intercollegiate athletics program. (*Control of intercollegiate athletics*)
  - c. The institution's fund-raising activities. (*Control of fund-raising activities*)
3. For any entity organized separately from the institution and formed primarily for the purpose of supporting the institution or its programs:
  - (a) The legal authority and operating control of the institution is clearly defined with respect to that entity.
  - (b) The relationship of that entity to the institution and the extent of any liability arising from that relationship are clearly described in a formal, written manner.
  - (c) The institution demonstrates that (1) the chief executive officer controls any fund-raising activities of that entity or (2) the fund-raising activities of that entity are defined in a formal, written manner that assures those activities further the mission of the institution.  
  
(*Institution-related entities*)

4. The institution employs and regularly evaluates administrative and academic officers with appropriate experience and qualifications to lead the institution. (*Qualified administrative/academic officers*)
5. The institution publishes and implements policies regarding the appointment, employment, and regular evaluation of non-faculty personnel. (*Personnel appointment and evaluation*)

## SECTION 6: Faculty

Qualified, effective faculty members are essential to carrying out the mission of the institution and ensuring the quality and integrity of its academic programs. The tradition of shared governance within American higher education recognizes the importance of both faculty and administrative involvement in the approval of educational programs. Because student learning is central to the institution's mission and educational degrees, the faculty is responsible for directing the learning enterprise, including overseeing and coordinating educational programs to ensure that each contains essential curricular components, has appropriate content and pedagogy, and maintains discipline currency.

Achievement of the institution's mission with respect to teaching, research, and service requires a critical mass of qualified full-time faculty to provide direction and oversight of the academic programs. Due to this significant role, it is imperative that an effective system of evaluation be in place for all faculty members that addresses the institution's obligations to foster intellectual freedom of faculty to teach, serve, research, and publish.

- 1. The institution employs an adequate number of full-time faculty members to support the mission and goals of the institution.**  
*(Full-time faculty)* [CR]
  
2. For each of its educational programs, the institution
  - a. Justifies and documents the qualifications of its faculty members.  
*(Faculty qualifications)*
  - b. Employs a sufficient number of full-time faculty members to ensure curriculum and program quality, integrity, and review.  
*(Program faculty)*
  - c. Assigns appropriate responsibility for program coordination.  
*(Program coordination)*
  
3. The institution publishes and implements policies regarding the appointment, employment, and regular evaluation of faculty members, regardless of contract or tenure status.  
*(Faculty appointment and evaluation)*

4. The institution publishes and implements appropriate policies and procedures for preserving and protecting academic freedom.  
*(Academic freedom)*
  
5. The institution provides ongoing professional development opportunities for faculty members as teachers, scholars, and practitioners, consistent with the institutional mission.  
*(Faculty development)*

## SECTION 7: Institutional Planning and Effectiveness

Effective institutions demonstrate a commitment to principles of continuous improvement, based on a systematic and documented process of assessing institutional performance with respect to mission in all aspects of the institution. An institutional planning and effectiveness process involves all programs, services, and constituencies; is linked to the decision-making process at all levels; and provides a sound basis for budgetary decisions and resource allocations.

The Quality Enhancement Plan (QEP) is an integral component of the reaffirmation of accreditation process and is derived from an institution's ongoing comprehensive planning and evaluation processes. It reflects and affirms a commitment to enhance overall institutional quality and effectiveness by focusing on an issue the institution considers important to improving student learning outcomes and/or student success.

- 1. The institution engages in ongoing, comprehensive, and integrated research-based planning and evaluation processes that (a) focus on institutional quality and effectiveness and (b) incorporate a systematic review of institutional goals and outcomes consistent with its mission.** (*Institutional Planning*) [CR]
2. The institution has a QEP that (a) has a topic identified through its ongoing, comprehensive planning and evaluation processes; (b) has broad-based support of institutional constituencies; (c) focuses on improving specific student learning outcomes and/or student success; (d) commits resources to initiate, implement, and complete the QEP; and (e) includes a plan to assess achievement.  
(*Quality Enhancement Plan*)
3. The institution identifies expected outcomes of its administrative support services and demonstrates the extent to which the outcomes are achieved. (*Administrative effectiveness*)

## SECTION 8: Student Achievement

Student learning and student success are at the core of the mission of all institutions of higher learning. Effective institutions focus on the design and improvement of educational experiences to enhance student learning and support student learning outcomes for its educational programs. To meet the goals of educational programs, an institution provides appropriate academic and student services to support student success.

- 1. The institution identifies, evaluates, and publishes goals and outcomes for student achievement appropriate to the institution's mission, the nature of the students it serves, and the kinds of programs offered. The institution uses multiple measures to document student success. (*Student achievement*) [CR]**
  
2. The institution identifies expected outcomes, assesses the extent to which it achieves these outcomes, and provides evidence of seeking improvement based on analysis of the results in the areas below:
  - a. Student learning outcomes for each of its educational programs.  
(*Student outcomes: educational programs*)
  - b. Student learning outcomes for collegiate-level general education competencies of its undergraduate degree programs.  
(*Student outcomes: general education*)
  - c. Academic and student services that support student success.  
(*Student outcomes: academic and student services*)

## SECTION 9: Educational Program Structure and Content

Collegiate-level educational programs emphasize both breadth and depth of student learning. The structure and content of a program challenges students to integrate knowledge and develop skills of analysis and inquiry.

General education is an integral component of an undergraduate degree program through which students encounter the basic content and methodology of the principal areas of knowledge. Undergraduate and graduate degrees develop advanced expertise in an integrated understanding of one or more academic disciplines or concentrations.

The institution is responsible for delivering an appropriate portion of the academic experiences applicable to the degrees or credentials awarded.

- 1. Educational programs (a) embody a coherent course of study, (b) are compatible with the stated mission and goals of the institution, and (c) are based on fields of study appropriate to higher education.** (*Program content*) [CR]
- 2. The institution offers one or more degree programs based on at least 60 semester credit hours or the equivalent at the associate level; at least 120 semester credit hours or the equivalent at the baccalaureate level; or at least 30 semester credit hours or the equivalent at the post-baccalaureate, graduate, or professional level. The institution provides an explanation of equivalencies when using units other than semester credit hours. The institution provides an appropriate justification for all degree programs and combined degree programs that include fewer than the required number of semester credit hours or its equivalent unit.** (*Program length*) [CR]
- 3. The institution requires the successful completion of a general education component at the undergraduate level that:**
  - (a) is based on a coherent rationale.**

- (b) is a substantial component of each undergraduate degree program. For degree completion in associate programs, the component constitutes a minimum of 15 semester hours or the equivalent; for baccalaureate programs, a minimum of 30 semester hours or the equivalent.**
- (c) ensures breadth of knowledge. These credit hours include at least one course from each of the following areas: humanities/ fine arts, social/behavioral sciences, and natural science/ mathematics. These courses do not narrowly focus on those skills, techniques, and procedures specific to a particular occupation or profession.**

*(General education requirements)* [CR]

- 4. At least 25 percent of the credit hours required for an undergraduate degree are earned through instruction offered by the institution awarding the degree. *(Institutional credits for an undergraduate degree)*
- 5. At least one-third of the credit hours required for a graduate or a post-baccalaureate professional degree are earned through instruction offered by the institution awarding the degree. *(Institutional credits for a graduate/professional degree)*
- 6. Post-baccalaureate professional degree programs and graduate degree programs are progressively more advanced in academic content than undergraduate programs, and are structured (a) to include knowledge of the literature of the discipline and (b) to ensure engagement in research and/or appropriate professional practice and training. *(Post-baccalaureate rigor and curriculum)*
- 7. The institution publishes requirements for its undergraduate, graduate, and post-baccalaureate professional programs, as applicable. The requirements conform to commonly accepted standards and practices for degree programs. *(Program requirements)*



## SECTION 10: Educational Policies, Procedures, and Practices

Effective academic policies related to an institution's educational programs are developed in concert with appropriate input and participation of the constituencies affected by the policies, conform to commonly accepted practices and policies in higher education, accurately portray the institution's programs and services, and are disseminated to those benefiting from such practices. These academic policies lead to a teaching and learning environment that enhances the achievement of student outcomes and success.

To advance learning, all coursework taken for academic credit has rigor, substance, and standards connected to established learning outcomes. To protect the integrity of degrees offered, the institution is responsible for the quality of all coursework transcribed as if it were credit earned from the institution.

1. The institution publishes, implements, and disseminates academic policies that adhere to principles of good educational practice and that accurately represent the programs and services of the institution. (*Academic policies*)
2. The institution makes available to students and the public current academic calendars, grading policies, cost of attendance, and refund policies. (*Public information*)
3. The institution ensures the availability of archived official catalogs (digital or print) with relevant information for course and degree requirements sufficient to serve former and returning students. (*Archived information*)
4. The institution (a) publishes and implements policies on the authority of faculty in academic and governance matters, (b) demonstrates that educational programs for which academic credit is awarded are approved consistent with institutional policy, and (c) places primary responsibility for the content, quality, and effectiveness of the curriculum with its faculty. (*Academic governance*)

5. The institution publishes admissions policies consistent with its mission. Recruitment materials and presentations accurately represent the practices, policies, and accreditation status of the institution. The institution also ensures that independent contractors or agents used for recruiting purposes and for admission activities are governed by the same principles and policies as institutional employees. (*Admissions policies and practices*)

6. An institution that offers distance or correspondence education:

(a) ensures that the student who registers in a distance or correspondence education course or program is the same student who participates in and completes the course or program and receives the credit.

(b) has a written procedure for protecting the privacy of students enrolled in distance and correspondence education courses or programs.

(c) ensures that students are notified, in writing at the time of registration or enrollment, of any projected additional student charges associated with verification of student identity.

(*Distance and correspondence education*)

7. The institution publishes and implements policies for determining the amount and level of credit awarded for its courses, regardless of format or mode of delivery. These policies require oversight by persons academically qualified to make the necessary judgments. In educational programs not based on credit hours (e.g., direct assessment programs), the institution has a sound means for determining credit equivalencies. (*Policies for awarding credit*)

8. The institution publishes policies for evaluating, awarding, and accepting credit not originating from the institution. The institution ensures (a) the academic quality of any credit or coursework recorded on its transcript, (b) an approval process with oversight by persons academically qualified to make the necessary judgments,

and (c) the credit awarded is comparable to a designated credit experience and is consistent with the institution's mission.  
*(Evaluating and awarding academic credit)*

9. The institution ensures the quality and integrity of the work recorded when an institution transcribes courses or credits as its own when offered through a cooperative academic arrangement. The institution maintains formal agreements between the parties involved, and the institution regularly evaluates such agreements.  
*(Cooperative academic arrangements)*

## SECTION 11: Library and Learning/Information Resources

To provide adequate support for the institution's curriculum and mission, an institution's students, faculty, and staff have access to appropriate collections, services, and other library-related resources that support all educational, research, and public service programs wherever they are offered and at the appropriate degree level. The levels and types of educational programs offered determine the nature and extent of library and learning resources needed to support the full range of the institution's academic programs. Qualified, effective staff are essential to carrying out the goals of a library/learning resource center and the mission of the institution, and to contributing to the quality and integrity of academic programs.

- 1. The institution provides adequate and appropriate library and learning/information resources, services, and support for its mission.** (*Library and learning/information resources*) [CR]
2. The institution ensures an adequate number of professional and other staff with appropriate education or experiences in library and/or other learning/information resources to accomplish the mission of the institution. (*Library and learning/information staff*)
3. The institution provides (a) student and faculty access and user privileges to its library services and (b) access to regular and timely instruction in the use of the library and other learning/information resources. (*Library and learning/information access*)

## SECTION 12: Academic and Student Support Services

Student success is significantly affected by the learning environment. An effective institution provides appropriate academic and student support programs and services, consistent with the institution's mission, that enhance the educational and personal development experience(s) of students at all levels; contribute to the achievement of teaching and learning outcomes; ensure student success in meeting the goals of the educational programs; and provide an appropriate range of support services and programs to students at all locations. Qualified and effective faculty and staff are essential to implementing the institution's goals and mission and to ensuring the quality and integrity of its academic and student support programs and services. An effective institution has policies and procedures that support a stimulating and safe learning environment.

- 1. The institution provides appropriate academic and student support programs, services, and activities consistent with its mission.** (*Student support services*) [CR]
2. The institution ensures an adequate number of academic and student support services staff with appropriate education or experience in student support service areas to accomplish the mission of the institution. (*Student support services staff*)
3. The institution publishes clear and appropriate statement(s) of student rights and responsibilities and disseminates the statement(s) to the campus community. (*Student rights*)
4. The institution (a) publishes appropriate and clear procedures for addressing written student complaints, (b) demonstrates that it follows the procedures when resolving them, and (c) maintains a record of student complaints that can be accessed upon request by SACSCOC. (*Student complaints*)

5. The institution protects the security, confidentiality, and integrity of its student records and maintains security measures to protect and back up data. (*Student records*)
  
6. The institution provides information and guidance to help student borrowers understand how to manage their debt and repay their loans. (*Student debt*)

## Section 13: Financial and Physical Resources

Although missions vary among institutions, both a sound financial base and a pattern of financial stability provide the foundation for accomplishing an institution's mission. Adequate financial resources allow for deliberate consideration of the effective use of institutional resources to fulfill that mission. Adequate physical resources are essential to the educational environment and include facilities that are safe and appropriate for the scope of the institution's programs and services. It is reasonable that the general public, governmental entities, and current and prospective students expect sufficient financial and physical resources necessary to sustain and fulfill the institution's mission.

- 1. The institution has sound financial resources and a demonstrated, stable financial base to support the mission of the institution and the scope of its programs and services. (*Financial resources*) [CR]**
- 2. The member institution provides the following financial statements:**
  - (a) an institutional audit (or Standard Review Report issued in accordance with *Statements on Standards for Accounting and Review Services* issued by the AICPA for those institutions audited as part of a system-wide or statewide audit) for the most recent fiscal year prepared by an independent certified public accountant and/or an appropriate governmental auditing agency employing the appropriate audit (or Standard Review Report) guide.**
  - (b) a statement of financial position of unrestricted net assets, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net assets attributable to operations for the most recent year.**

- (c) **an annual budget that is preceded by sound planning, is subject to sound fiscal procedures, and is approved by the governing board.**

For applicant and candidate institutions, including an applicant seeking separate accreditation from a current SACSCOC accredited institution, the institution provides the financial information, including audit requirements, specified in the SACSCOC policy entitled [Accreditation Procedures for Applicant Institutions](#).

*(Financial documents)* [CR]

3. The institution manages its financial resources in a responsible manner. *(Financial responsibility)*
4. The institution exercises appropriate control over all its financial resources. *(Control of finances)*
5. The institution maintains financial control over externally funded or sponsored research and programs.  
*(Control of sponsored research/external funds)*
6. The institution (a) is in compliance with its program responsibilities under Title IV of the most recent Higher Education Act as amended and (b) audits financial aid programs as required by federal and state regulations. In reviewing the institution's compliance with these program responsibilities under Title IV, SACSCOC relies on documentation forwarded to it by the U.S. Department of Education. *(Federal and state responsibilities)*
7. The institution ensures adequate physical facilities and resources, both on and off campus, that appropriately serve the needs of the institution's educational programs, support services, and other mission-related activities. *(Physical resources)*



8. The institution takes reasonable steps to provide a healthy, safe, and secure environment for all members of the campus community.  
*(Institutional environment)*

## SECTION 14: Transparency and Institutional Representation

An institution is responsible for representing accurately to the public its status and relationship with SACSCOC; reporting accurately to the public its status with state or the federal government, if receiving funding from either or both; maintaining openness in all accreditation-related activities; ensuring the availability of institutional policies to students and the public; and publishing appropriate information with respect to student achievement. SACSCOC's philosophy of accreditation precludes removal from or denial of membership or candidacy to a degree-granting institution of higher education on any ground other than an institution's failure to meet the standards of the membership as determined by the professional judgment of peer reviewers, or failure to comply with SACSCOC policies and procedures.

1. The institution (a) accurately represents its accreditation status and publishes the name, address, and telephone number of SACSCOC in accordance with SACSCOC's requirements and federal policy; and (b) ensures all its branch campuses include the name of that institution and make it clear that their accreditation depends on the continued accreditation of the parent campus.  
*(Publication of accreditation status)*
2. The institution has a policy and procedure to ensure that all substantive changes are reported in accordance with SACSCOC policy.  
*(Substantive change)*
3. The institution applies all appropriate standards and policies to its distance learning programs, branch campuses, and off-campus instructional sites.  
*(Comprehensive institutional reviews)*
4. The institution (a) represents itself accurately to all U.S. Department of Education recognized accrediting agencies with which it holds accreditation and (b) informs those agencies of any change of accreditation status, including the imposition of public sanctions.

(See SACSCOC policy [Accrediting Decisions of Other Agencies.](#))  
(*Representation to other agencies*)

5. The institution complies with SACSCOC’s policy statements that pertain to new or additional institutional obligations that may arise that are not part of the standards in the current *Principles of Accreditation.* (*Policy compliance*)

(Note: For applicable policies, institutions should refer to the SACSCOC website: [www.sacscoc.org](http://www.sacscoc.org) )

## Commission Policies

**Definition:** A policy is a required course of action to be followed by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) or its member or candidate institutions. SACSCOC policies may also include procedures, which are likewise a required course of action to be followed by SACSCOC or its member or candidate institutions. The *Principles of Accreditation* require that an institution comply with the policies and procedures of SACSCOC. Policies are approved by vote of the SACSCOC Board of Trustees. At its discretion, the Board may choose to forward a policy to the College Delegate Assembly for approval.

Examples of policy topics include substantive changes, standing rules, procedures for applicant institutions, special committee procedures, sanctions and adverse actions, or appeals procedures. All policies are available on the SACSCOC website ([www.sacscoc.org](http://www.sacscoc.org)). SACSCOC maintains currency on the website and reserves the right to add, modify, or delete any of the policies listed.

## Commission Guidelines

**Definition:** A guideline is an advisory statement designed to assist institutions in fulfilling accreditation requirements. As such, guidelines describe recommended educational practices for documenting requirements of the *Principles of Accreditation* and are approved by the Executive Council of the SACSCOC Board of Trustees. The guidelines are examples of commonly accepted practices that constitute compliance with the standard. Depending on the nature and mission of the institution, however, other approaches may be more appropriate and also provide evidence of compliance.

Examples of guideline topics include advertising, student recruitment, contractual relationships, travel and committee visits, or faculty credentials. All guidelines are available on the SACSCOC website ([www.sacscoc.org](http://www.sacscoc.org)). SACSCOC maintains currency on the website and reserves the right to add, modify, or delete any of the guidelines listed.

## Commission Good Practices

**Definition:** Good practices are commonly-accepted practices within the higher education community which enhance institutional quality. Good practices may be formulated by outside agencies and organizations and endorsed by the Executive Council of the SACSCOC Board of Trustees or the Board itself. Good practice documents are available on the SACSCOC website ([www.sacscoc.org](http://www.sacscoc.org)). SACSCOC

maintains currency on the website and reserves the right to add, modify, or delete any of the good practices listed.

## Commission Position Statements

**Definition:** A position statement examines an issue facing the SACSCOC membership, describes appropriate approaches, and states the SACSCOC stance on the issue. It is endorsed by the Executive Council of the SACSCOC Board of Trustees or the SACSCOC Board of Trustees. Position statements are available on the SACSCOC website ([www.sacscoc.org](http://www.sacscoc.org)). SACSCOC maintains currency on the website and reserves the right to add, modify, or delete any of the position statements listed.







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# **EXHIBIT B**



October 22, 2018

BENNETT COLLEGE  
OFFICE OF THE PRESIDENT  
OCT 24 2018  
RECEIVED

Dr. Phyllis Worthy Dawkins  
President  
Bennett College  
900 East Washington Street  
Greensboro, NC 27401

Dear Dr. Dawkins:

Thank you again for the hospitality and helpfulness extended to the **Special Committee** during its visit to **Bennett College on October 9 – 11, 2018**. Enclosed is the final report prepared by the Committee.

The report represents the professional judgment of the Special Committee made in accordance with the *Principles of Accreditation: Foundations for Quality Enhancement* and subject to review by the SACSCOC Board of Trustees and its standing review committees—the Committees on Compliance and Reports. Some parts of the report are directly related to the requirements of the *Principles*, while others may represent advisory comments offered by the visiting committee in a spirit of helpfulness. A formal recommendation is included when a visiting committee judges that the institution does not comply with a particular standard of the *Principles*. All recommendations included in a visiting committee report have been adopted by the total committee and require an institutional response.

The SACSCOC Board of Trustees and its Committees on Compliance and Reports meet officially in June and in December. Final decisions on accreditation are posted on SACSCOC website with public announcement regarding official actions continuing to be made at SACSCOC Annual Meeting in December. The report of the committee which visited your institution will be reviewed in **December 2018**. For that meeting, you should prepare a written statement of your response to the recommendation contained in the Committee's report.

Please provide six copies of your response to my attention at the office of SACSCOC on or before **Friday, November 16, 2018**. **Guidelines for the response are enclosed and it is critical that they be followed when developing your institutional response.**

An institution may publicly release its visiting committee report; however, release of this report in its entirety or in part must be accompanied by the following statement: "The findings of this visiting committee represent a preliminary assessment of the institution at this time; final action on the report rests with the Commission on Colleges." If the institution releases part of its report, that part must contain a note stating: "A copy of the entire report can be obtained from the institution."

Please express my sincere appreciation to all members of your faculty and staff for their cooperation and assistance during the review process.

Sincerely,

Michael T. Hoefler, Ph.D.  
Vice President

MTH:ktf

Enclosures



**FINAL  
Special Committee Roster**

#16640  
Private – Level II

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**Date of Visit: October 9 – 11, 2018**

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SOUTHERN ASSOCIATION OF COLLEGES AND SCHOOLS  
COMMISSION ON COLLEGES

*Southern Association of Colleges and Schools  
Commission on Colleges*

## REPORT OF THE SPECIAL COMMITTEE

### Statement Regarding the Report

*The Commission on Colleges will make its determination on the accreditation of an institution based on the findings contained in this committee report, the institution's response to issues contained in the report, other assessments relevant to the review, and application of the Commission's policies and procedures. Final interpretation of the Principles of Accreditation and final action on the accreditation status of the institution rest with the Commission on Colleges.*

**Name of the Institution:** Bennett College

**Date of the Review:** October 9 – 11, 2018

**COC Staff Member:** Dr. Michael T. Hoefler

**Chair of the Committee:** Dr. Haywood L. Strickland  
President and CEO (Retired)  
Wiley College  
Marshall, TX

**Part I. Overview and Introduction to the Institution:**

Bennett College is a private, four-year Historically Black College (HBCU) affiliated with the United Methodist Church. Located in Greensboro, North Carolina, the College was founded in 1873 as a normal school to educate freedmen and to train men and women as teachers. Though originally co-ed, it became a four-year women's college in 1926. The Bennett College mission statement indicates that it "prepares women of color through a transformative liberal arts education to lead with purpose, integrity, and a strong sense of self-worth" and that it "provides education access to students while promoting inquiry, civic engagement, social justice, lifelong learning, and equity for all".

The College presently holds accreditation with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC); Council for the Accreditation of Educator Preparation (CAEP) and, Council of Social Work Education (CSWE).

In regards to the SACSCOC accreditation, the College is in its fourth year of sanctions. It has been required to submit monitoring reports for the past four years; First Monitoring, January 13, 2015 (warning), Second monitoring, January 19, 2016 (warning); Third monitoring, January 11, 2017 (probation); Fourth monitoring, January 12, 2018 (probation).

The charge to the Special Committee visiting Bennett College October 9 – 11, 2018 is to review the Fourth Monitoring Report addressing Core Requirement 2.11.1 (Financial Resources and Stability), and Comprehensive Standard 3.10.1 (Financial Stability) along with financial audit reports and management letters for continued compliance with the Principles of Accreditation. The effect of the fiscal issues on the various operations of the College is also considered.

In response to the charge, the Committee utilized the materials sent prior to the visit, documents requested by team members, documents provided on-site and on campus interviews to make the determination and findings enclosed herein. It is clear that the College community is committed to addressing the issues which brought them to this point.

The Committee wishes to express appreciation to the Bennett family for its warm hospitality and its responses to the requests for information. Special thanks to President Phyllis Worthy Dawkins, Dr. Anne Hayes, Dr. Karen James and Mrs. Patricia Woodard are given.

**Part II. Assessment of Compliance**

**A. Assessment of Compliance with Section 1: The Principle of Integrity**

**1.1 The institution operates with integrity in all matters. (Integrity)**

The Committee found no evidence to indicate that Bennett College does not operate with integrity.

**B. Assessment of Compliance with Section 2: Core Requirements**

**2.11.1 The institution has a sound financial base and demonstrated financial stability to support the mission of the institution and the scope of its programs and services.**

**Overview**

This standard requires that the institution shows a sound financial base and a demonstrated financial stability to support the mission of the institution and the scope of its programs (academic and support) as well as all other services being provided. Additionally, the institution is required to provide financial statements, written management letters by an external auditing firm or agency; a statement of financial position of unrestricted net assets, exclusive of plant assets and plant-related debt and the change in unrestricted net assets in the most recent year. Finally, the institution is to provide evidence the annual budget is preceded by sound planning, is subject to sound fiscal procedures and is approved by the governing board.

**Audited Financial Statements**

The College has provided audited financial statements for FY 2016, FY 2017 and FY 2018 and it is the auditor's opinion that the financial statements present fairly, in all material respects the financial position of Bennett College. The written management letters from the auditors found no material weaknesses in internal controls during the years under examination and prior audit recommendations were addressed.

**Analysis of Financial Statements for Sound Financial Base and Financial Stability**

**Annual Operating Excess (Deficits)**

Operating excesses (deficits) for each fiscal year are as follows:

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Operating Excess (Deficits)	\$461,038 Surplus	\$(1,181,845)	\$(1,502,890)	\$(1,822,528)

Operating deficits have been lessening due to the cost containment measures implemented by the College. The operating deficit of \$1.8M in FY2015 declined by over \$300,000 in FY2016 and then by another \$320,000 in FY2017. This financial management improvement came during a period of time when the

student enrollment declined from 553 students in FY2015 to 400 students in FY2017 – an enrollment decline of 28%. The student enrollment steadied in FY2018, and actually increased by 10 students. The operating deficit trend was reversed with a surplus in FY2018 of over \$460,000 primarily due to the deferment of the DOE debt service payments.

Based upon the Board of Trustees approved budget for fiscal year 2018-2019, it appears that the College anticipates an end of year operating budget surplus of \$381,423 as of June 30, 2019. This budget is based upon the actual student enrollment of 465 students for Fall 2018.

#### **Operating Cash and Accounts Payable**

Operating cash and accounts payable at the end of each year are as follows:

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Operating Cash	\$330,251	\$231,592	\$123,063	\$667,889
Account Payable, Deposits, and Accruals	\$1,192,220	\$1,072,774	\$1,449,670	\$1,400,967

The accounts payable has been identified on the financial statements as high as \$1.4M in FY2015; \$1.4M again in FY2016; \$1.1M in FY2017 and \$1.2M in FY2018. The Special Committee discovered that operating accounts payable only accounted for \$504,451 for 6/30/18 and the remainder balance is composed of accrued payroll expenses, student deposits, and deferred revenues. Based upon the size of the operating budget, this level of accounts payable appears to be reasonable.

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Total Operating Expenses	\$15,621,346	\$15,898,423	\$17,378,815	\$18,170,969

Operating expenses have been contained during this same period as FY2015 operating expenses were \$18.17M; then FY2016 operating expenses dropped to \$17.38M; followed by \$15.90M operating expenses in FY2017 and then \$15.62M of operating expenses in FY2018. These cost containment strategies were implemented to offset the significant decline in student enrollment from 553 students in FY2015 to 410 students in FY2018. Cost containment strategies resulted in an operating excess for June 30, 2018, of \$461,038, after three years of significant operating deficits.

#### **Tuition & Fees**

Discount rates, net tuition, and auxiliary income are as follows:

	6/30/19 Budget	6/30/2018 Actual	6/30/2017 Actual	6/30/2016 Actual	6/30/2015 Actual
Discount Rates	45.45%	38.12%	22.25%	23.76%	17.78%
Net Tuition	\$4,561,478	\$4,800,439	\$5,871,976	\$6,941,114	\$7,722,909
Auxiliary Income	\$2,750,646	\$2,401,504	\$1,986,603	\$2,585,727	\$2,506,652
Net Tuition and Auxiliary Income	\$7,312,124	\$7,201,943	\$7,858,579	\$9,526,841	\$10,229,561
Revenue per student	\$15,725	\$17,608	\$19,646	\$18,754	\$18,498

Another financial concern on the revenue side of the financial statements is that in FY2015, 553 students generated \$7,722,909 of tuition and fee revenue, or approximately \$13,965 of tuition and fee revenue per FTE student. In FY2015, the College reported \$1,669,680 of scholarships or institutional aid, which equates to about an 18% tuition discount rate. That discount rate increased to about 24% in FY2016 as enrollment declined, resulting in a \$781,795 drop in net tuition and fees.

The tuition discount rate decreased slightly to 22% in FY2017 but as student enrollment dropped nearly 20% in one year, the loss of tuition and fee revenue dropped by over \$1.0M. In FY2018 the student enrollment stabilized and increased by 10 students, but the College increased the scholarship line from \$1.68M to \$2.96M, an increase of \$1.28M. In FY2018, the net tuition and fees associated with 410 students was reported as \$4,800,439 while in the previous year the student enrollment of 400 students generated \$5,871,976 of net tuition and fees. The College saw a loss of over \$1,000,000 in net tuition and fees despite the student enrollment increase of ten students.

In Fall 2018, the College realized a 13.4% increase in student enrollment as their fall student reached 465 students compared to the previous year of 410 students. Gross tuition and fees estimated at \$8.3 million will be offset by projected institutional aid of \$3.8 million achieving net tuition and fees of \$4.5 million. This student enrollment strategy achieved the enrollment growth, but because the institutional aid increased significantly, resulting in a 45.7% tuition discount rate, the net tuition and fee revenue will decrease approximately \$239,000 despite the student enrollment growth.

This student enrollment growth did result in an incoming class with an improved high school academic profile and a higher estimated family contribution (EFC) profile.

The administration is aware of the loss in tuition and fee revenue and they have adopted an aggressive strategy to assist students in receiving third party scholarships and grants, which will improve tuition and fee revenue. The college will also implement a financial aid packaging strategy that will more clearly monitor the packaging of aid process to ensure achievement of a pre-determined tuition discount rate.

It should be noted that the College implemented strategies with on-campus housing and dining that significantly increased the revenue from these auxiliary enterprises sources of net income.

#### **Auxiliary Enterprises**

Finally, on the revenue side of the financial statements, the auxiliary enterprise revenue of \$2,506,652 in FY2015, increased to \$2.585M in FY2016 despite a 10% decline in student enrollment. This significant source of operating revenue dropped to \$1.986M in FY2017, as the student enrollment dropped by over 20%, and then surprisingly increased by over \$400,000 to \$2,401,504 in FY2018 as student enrollment remained stable (+ 10 students). The College explains the increase in auxiliary enterprise revenue as related to a 22% increase in housing occupancy in FY2018 despite only a small increase in actual enrollment.



In fiscal year 2018-2019 the College experienced an increase of approximately \$500,000 in the net income from on-campus housing and dining. The College attributes this improvement in housing to:

- More restrictive commuter policy
- Capital improvement to older residential facilities
- Increase in freshmen and sophomores who are required to live on campus
- Coeducation visitation changes in the residential halls.

These changes resulted in the adoption of fiscal 2018-2019 operating budget that includes a \$265,000 increase in housing revenue and a \$245,000 increase in dining revenue.

When looking at available funding, one of the more important financial indicators is the net tuition, fees, room and board (TFRB) at student enrollment-tuition dependent institutions, it is important that this level of funding increase annually and that the TFRB per student be increasing as well. This trend will need to be strategically managed to ensure that future student enrollment growth results in improved TFRB per student.

**Net Assets**

<u>Net Assets</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Unrestricted	\$ 855,559	\$ 160,861	\$ 481,841	\$ 2,937,888
Temp Restricted	\$ 1,779,441	\$ 2,530,082	\$ 2,578,819	\$ 2,320,600
Perm Restricted	\$ 11,629,956	\$ 11,558,343	\$ 11,405,462	\$ 11,277,293
<b>Total Net Assets</b>	<b>\$ 14,264,956</b>	<b>\$ 14,249,286</b>	<b>\$ 14,466,122</b>	<b>\$ 16,535,781</b>

The change in unrestricted net assets over the years appeared to be problematic but is improving in the most recent years. The FY2015 change in unrestricted net assets was (\$1,526,477), followed by FY2016 at (\$2,456,047) and then FY2017 at (\$320,980) and then in FY2018 the change in unrestricted net assets is \$694,698. The increased financial position is related to the DOE deferment of debt payments and still does not nearly begin to address the \$4.3M decrease in net assets over the previous three years.

**Student Enrollment and Retention**

Enrollment numbers have increased over the past two years.

	<u>Fall 2018</u>	<u>Fall 2017</u>	<u>Fall 2016</u>	<u>Fall 2015</u>	<u>Fall 2014</u>
<u>Enrollment (Fall Headcount)</u>	465	410	400	508	553

Although the student retention rate at Bennett College, (freshwomen to sophomore) was 72.6% in FY2010 and declined to 44.3% retention in fall 2016, the freshmen to sophomore improved significantly to 50.3% for the fall of 2017 freshmen class.

**Contributory Revenue (Fundraising)**

	6/30/19 Budget	6/30/2018 Actual	6/30/2017 Actual	6/30/2016 Actual	6/30/2015 Actual
Unrestricted Contributions	\$4,557,841	\$4,247,532	\$3,557,811	\$3,477,365	\$3,208,474

The College has seen a significant increase in the level of contributions and grants as they were generating \$3.2M in FY2015, then \$3.47M in FY2016; \$3.56M in FY2017 and then \$4.24M in FY2018. This fundraising improvement clearly is of assistance in improving the financial condition of the College. Projections for Fiscal 2019 at \$4.5M appear to be reasonable based upon the change in senior leadership and the development plan provided to the special committee.

**Capital Loan Deferment**

In FY2009-FY2011 the College secured a total of \$27M capital improvement loans through the HBCU Capital Finance program. All debt service payments on the capital loan have been made by Bennett College in a timely manner. In March 2018 the Omnibus Bill was passed and included \$10M allocations for HBCU institutions meeting certain financial conditions for a maximum of six years. On June 29, 2018 Bennett College was informed that it was one of the schools selected and that they were receiving a deferment of its loan for a period of six years. This deferment is a temporary postponement of principal and interest payments. During the deferment period interest will not accrue. No principal payments are required to be made during the deferment period, and the maturity terms of the loan will be extended as necessary. However, year to year approval of this deferment is contingent upon annual re-appropriations. The College was informed that for fiscal 2019 appropriations were funded to continue this deferment.

Since the first year of the deferment of the loan is FY2018, Bennett College will be reimbursed for the principal and interest payments made during FY2018 which total \$1,185,573. The College confirmed that the impact of this deferment is the elimination of approximately \$650,000 of interest expense per year.

Debt balances at the end of each year are as follows:

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Line of Credit	\$8,552,466	\$7,262,206	\$5,506,330	\$5,503,174
DOE Bonds	\$26,858,633	\$26,858,633	\$27,762,972	\$28,632,466
Total Debt	\$35,411,099	\$34,120,839	\$33,269,302	\$34,135,640

Increases in the Line of Credit funded the yearly losses. The DOE Bonds were being retired according to schedule but are now in deferment. The Line of Credit is listed under long term liabilities in the financials even though the Line of Credit is described in the notes to the financial statements as due on demand. Normally all liabilities due on demand are classified as current liabilities and not as long-term liabilities.

The College confirmed with the Special Committee that the Line of Credit was maximized in the fall of 2018. The College is pursuing a repayment schedule of approximately \$740,000 annually including a payment of \$240,000 in November of 2018.

**Unrestricted Net Assets Exclusive of Plant and Plant-Related Debt (UNAEP)**

The College provided a Statement of Financial Position of Unrestricted Net Assets Exclusive of Plant and Plant Related Debt. The results are as follows.

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Unrestricted Net Assets Exclusive of Plant Assets and Plant Related Debt	(\$4,354,496)	(\$5,955,303)	(\$4,220,624)	Not Provided

The purpose of calculating UNAEP is to determine the level of assets available to meet the day-to-day obligations of the institution. The larger the positive number the better. The results here identify the stress the institution is under. Additionally, the College has included in its calculation of assets available for operations certain deposits held by the bond trustee under the terms of the bond covenants. These deposits total \$2,378,167, \$2,363,834, and \$1,948,812 for the fiscal years 2016, 2017, and 2018 respectively.

If these assets were removed from the calculation, UNAEP for each year would be a higher negative amount. Also excluded from the calculation of UNAEP was the line of credit the College holds as a long-term debt even though the instrument was described as payable on demand. If the line of credit was included in the calculation of UNAEP, the negative balances would be much larger.

**Budgets**

The College presented both a two-year and ten-year budget. An adequate budget process was described that included final approval from the Board of Trustees. Efforts are being made to both increase enrollments and control costs. Budgets are monitored through a system of budget managers and reviewed monthly by the President and Vice President of Business Affairs. Budget reports are also sent monthly to the Chair of the Finance Committee and the Chair of the Board of Trustees.

**10 Year Budget Forecasting Model**

The College will be in a position where over the next six years significant surplus dollars must be set aside to meet the debt service payments that will begin following FY2023. The 10-year budget forecast of the Unrestricted Operating Budget is helpful, but some of the assumptions appear overly optimistic based upon the past years' history of the College. Bennett College is indeed enrollment driven, and the 10-year budget forecast projects an enrollment increase of over 90% climbing from 410 students in FY2018 to 781 FTE students in FY2028.

Even in the short term the budget forecast projects growing student enrollment by 11.4% up to 518 students in FY2020 up from 465 students in fiscal year 2019.

**CONCLUSION**

While the College has clearly shown a recent history of cost containment, the letter of credit has increased and the current increase in student enrollment has been offset by a significant increase in institutional aid resulting in a decline in net

tuition revenue. However, auxiliary income has mitigated some loss in net tuition revenue.

The standard requires the institution to have a sound financial base and demonstrated financial stability to support the mission of the institution and the scope of its programs and services. The College has numerous stress factors including inadequate cash flows, overall declining net tuition, a history of operating deficits, the maximization of the Line of Credit, and large negative amounts of UNAEP. The audited financial statements with no material weaknesses, \$461,038 surplus in FY2018 and \$694,698 surplus in the unrestricted change in new assets, revised annual budget approved by the board for FY2019, deferment of the debt portfolio, significant capital improvements, the increase in institutional fund raising, the increase in student enrollment and retention, the improved federal composite score, as well as the comprehensive strategic plan is evidence of the College's return toward financial stability.

In spite of their financial restraints over the last few years Bennett College seems to be adequately serving its students, faculty, programs, and community. The College appears to have ample space for continued student enrollment growth including residential and academic program expansion. Bennett College's faculty and staff appear to be of high morale and dedicated to the mission of the institution. Administrative and academic officers appear to be qualified, competent, and expressed confidence in the future of the institution.

However, a strict reading and interpretation of the core requirement does not seem to have been met by the College.

**Recommendation 1: The Special Committee recommends the institution demonstrate that it has sound financial resources and a demonstrated, stable financial base to support the mission of the institution and the scope of its programs and services.**

### C. Assessment of Compliance with Section 3: Comprehensive Standards

#### 3.10.1 The institution's recent financial history demonstrates financial stability. (Financial stability)

##### Background

This standard expects an institution's most recent financial history to demonstrate financial stability. In December 2014 Bennett College was placed on warning for failure to demonstrate compliance with the Comprehensive Standard 3.10.1 (Financial Stability) of the *Principles of Accreditation*.

This sanction was based upon three consecutive years of operating deficits (\$1.8M, \$1.5M and \$1.2 M) in FY2015, FY2016 and FY2017. The College did report a \$461,038 surplus in FY2018 and a \$694,698 surplus in the unrestricted change in new assets. It should be noted however that these surpluses were directly or indirectly attributed to the loan deferment which reduced operating expenses considerably in FY2018.

The College has subsequently been placed on extended warning and now probation. Unrestricted Net Assets have declined from \$2.9M in FY2015 to \$481,841 in FY2016; to \$160,861 in FY2017 and to \$694,609 surplus in FY2018, which is directly attributable to the deferment of the Capital Finance Loan.

The fourth and final monitoring report was submitted on September 6, 2018, prior to the special committee's visit. The report addressed both Core Requirement 2.11.1 (Financial Resources) and Comprehensive Standard 3.10.1 (Financial Stability).

**Institutional Response to 3.10.1**

The College responded to its recent financial history by addressing components of its finances that they believe mitigate the overall financial stress the College has experienced in its recent history. Additionally, the College has outlined comprehensive plans to secure its future. The main points they articulated are as follows.

The College responded to its recent operating deficits of \$1.8 million in 2015, \$1.5 million in 2016, and \$1.2 million in 2017 by noting its operating excess in 2018 of \$461,000 and the total increase in unrestricted net assets in 2018 of \$695,000. The College acknowledges the reduction in interest expense of \$487,000 due to the loan deferment program contributed to this excess. Future interest expense reductions will be approximately \$650,000 annually. The College points out that accounts payable has remained consistent over the given time period and employees, creditors, and vendors are current with payments.

The College demonstrated that by excluding depreciation expense (a noncash expense) the operating deficits become operating excesses for 2016, 2017, and 2018. However, depreciation expense is a required component in generally accepted accounting principles and cannot be removed from the evaluation of the College's financial performance. Accounting for depreciation does create a positive cash flow that allows for principal debt service and capital replacements. The College was current on its debt service prior to the deferment program and has expended funds during the years under examination for capital improvements. The Board of Trustees have approved a financial plan that includes the gradual inclusion of budgeting for depreciation.

The College noted it received unqualified opinions on its audited financial statements and no findings of material weaknesses were noted for those years. Audits by their nature only serve to inform the user that the statements are materially correct and are not an evaluation of the performance of the entity. Material weaknesses in internal control would weaken the auditor's reliance on management's reports requiring the external auditor to perform additional tests.

The College addressed its operating deficits and reductions in unrestricted net assets by outlining a formal plan to increase enrollment and control operating expenses. Enrollments were up in fiscal 2018 by 2% and housing by 22%. For fiscal 2019 (Fall 2018) the College is reporting an FTE of 465 representing an increase of 55 students or a 14% increase. The College has engaged outside consultants to help reach recruitment goals.

The loan deferment program is an important component of the College's plan to return to financial stability. The College is participating in a six-year loan

deferment program with the DOE from 2018 through 2023 whereby principal and interest payments are deferred and the principal balance remains at the same level when the deferment began. The College states that the deferment will relieve the College of debt service payments of approximately \$1.7 million annually and eliminate approximately \$647,000 in interest expense annually. The College states, "the deferment period will provide for us to methodically implement our strategic goals, implement new programs and construct an awareness of the Bennett Brand so that we can build upon the legacy/promise of 21<sup>st</sup> Century global Belles."

Fundraising is another component of the College's plan to stabilize their financial health and is a major component of their current operating revenues. Unrestricted private gifts and grants totaled \$1.6 million in fiscal 2015, \$1.8 million in fiscal 2016, \$1.8 million in fiscal 2017, and \$2.8 million in fiscal 2018. In fiscal 2018 private gifts and grants accounted for almost 18% of unrestricted operating revenues. Total funds raised in fiscal 2018 was \$4.2 million including temporary and permanently restricted funds. Contributions remain an important component of the College's ten-year budget projection.

The College acknowledges its recent years of financial challenges, but it feels it has responded in a comprehensive fashion to secure the future of school. Steps have been taken to increase enrollment, reduce and control expenses, raise additional contributions, and move the school forward. The plan is comprehensive and positive results were observed in the most recent year presented.

#### **Special Committee's Response**

Student Enrollment has dropped nearly 40% from 651 students in fall 2011 to 410 students in fall 2017. Although there was student enrollment increases in fall 2017 and fall 2018, the net tuition, fees and room and board declined in FY2018 and increased slightly in FY2019. The Special Committee noted that the two-year decline in net tuition, fees, room and board was approximately \$550,000.

Cash flow issues are indicative of the underlying need for the College to continue increasing its line of credit. A line of credit is commonly established to meet high expense months (June, July & August) before the revenue cycle begins again in September. The idea is to repay the line of credit before the next summer months when the line of credit might be needed again. The line of credit of \$5.5M in FY2015 has now grown to \$8.5M in FY2018. The line of credit reached its maximum limit in early fiscal year 2019. The College has a repayment plan of \$740,000 annually and the Special Committee confirmed the September repayment was made.

The College's unrestricted private gifts and grants total \$2.8M in FY2018. This is a significant increase over the \$1.6M raised in FY2015. With restricted and unrestricted donations representing about 18% of unrestricted operating revenue, these contributions are an important component in the College's strategic goals.

The unqualified opinions received by the auditors and the finding of no material weaknesses is a significant positive in the evaluation.

The loan deferment program is an extremely important component of the College's plan to turn around the financial stress currently felt by the College. Bennett College acknowledges that \$1.7M of expenses and principal payments will now annually be eliminated. This is a federal loan deferment program and Bennett College has been advised that they have been approved for a six-year deferment beginning in (FY2017-2018). The deferment is contingent upon annual renewals from federal appropriations. The College confirmed the deferment was renewed for FY2018-2019.

The College made the case that by eliminating the debt service payments and, no longer needing to incur the debt service expenses annually, the budget will improve considerably.

### **Conclusion**

The College responded to the former standard of 3.10.1 where recent financial history must demonstrate financial stability. Under the new standard of 13.3 the institution is required to demonstrate that it manages its financial resources in a responsible manner. The Special Committee found evidence that the College manages its financial resources in a responsible manner.

The financial staff at the College are qualified and experienced in their roles. The College has policies and procedures in place to serve the college community which it adheres to. Oversight is provided through monthly budget reports which are reviewed by the Vice President of Business Affairs as well as the President of the College. In addition, the reports are forwarded to the Chair of the Board of Trustees and the Chair of the Finance Committee.

Cost containment strategies have been employed in recent years that have reduced the operating losses while maintaining adequate services to students, faculty, and staff. Debt service payments have been made timely and vendor payments remain within current terms. Payroll and payroll taxes are made on time.

Declining enrollment trends are being reversed with the assistance of an outside consulting firm. The College has projected continued enrollment growth while instituting new measures to control its discount rate.

The College promotes its mission to prospective donors with continued success and is resourceful in its ability to secure federal and independent grants that serve its mission. Securing the deferment of the bond payments, both principal and interest, for six years is an example of the College's resourcefulness.

The college realized its first operating budget surplus in recent years in FY2018 and the Committees review of first quarter of FY2019 indicates the likelihood of another operating budget surplus. Although the line of credit increased in FY2018, the Board approved budget for FY2019 includes line of credit repayments of approximately \$700,000.

Although the special committee found that the college's financial resources did not currently demonstrate a sustainable financial base to support the scope of its programs and services, the available financial resources appear to be managed in a responsible manner.

### **Part III. Observations and Comments**

In spite of financial restraints over the last few years, Bennett College seems to be adequately serving its students, faculty, and community.

Bennett College has administrative and academic officers who appear to be qualified, competent and eager to provide leadership to the institution. Several, including the President, are relatively new in their current positions, but all who were interviewed expressed confidence in the future of the institution. Some have a number of years at Bennett in more than one position.

Academic support services at Bennett College include an active program of mentoring, tutoring, and Supplemental Instruction programs. The tutoring program doubled the number of students served during 2017-2018. New for 2018-2019 is a program of Academic Learning Communities based on student interests. Plans are that by fall 2019 each of the five Living-Learning Communities will be housed in a specific residence hall.

Bennett College faculty members, in spite of across the board salary reductions in the last few years due to budget restrictions, appear to be dedicated to the institution and its students. Many have years of experience on the Bennett College faculty and continue to be excited about its mission and the students being served.

The college promotes faculty development by means of providing training in areas such as grant writing, pedagogy, and ways to engage students, and by providing funds to attend conferences. The Interim Provost reported that in 2017-2018 a total of 28 of the 33 full-time faculty members attended conferences in their fields. While faculty must apply for funds, the Interim Provost reported that the amount available for faculty development has been raised from \$2,000 to \$2,500 for each faculty member annually. Bennett College also helps students with funds to attend various conferences and meetings, including opportunities to attend or present at international meetings.

Bennett College has a number of smart classrooms, especially for the sciences, with infused technology appropriate to the subject area. Title III funds and grant money is used to provide honor students and all faculty members with Apple MacBook Pro computers and HP laptops with appropriate software packages. The library is in the midst of a \$393,000 renovation to better serve students and has appropriate access to research databases. It is adequately staffed, recently filling one new position and has another position waiting to be filled.

The institution encourages faculty members to apply for grants that provide opportunities for students to engage in academic research. Students are required to include an internship as part of their degree program of studies. The institution requires 80 hours of community service for each student as part of graduation requirements. Bennett College has a history and culture of student involvement in the community and encourages civic activism.

Bennett College has a Student Affairs staff appropriate to its mission. The increase in students in fall 2018 enabled the institution to add a nurse practitioner and another residence hall director. Most of the staff members have a long history of working in this field at Bennett College.

Bennett College has a spacious campus with broad lawns and athletic fields. Its buildings date from the 1920's up to the last decade. The college appears to have ample space for continued



enrollment growth, including at least one residence hall that is usable but currently closed due to lower than expected enrollment. The college contracts with Sodexo for both food service and facilities maintenance. Buildings appear to be clean and well maintained although some are definitely showing their age. The college has renovated and repurposed buildings in innovative ways, such as turning their old heating plant into a center for journalism and media studies, and turning a building previously used for humanities into a museum with classroom space.

Bennett College's students are all female on a campus that is next to a state university and in a community that has all of the problems of a typical city environment. However, students reported feeling very safe and informed of their need to be aware of their environment. First year students have curfews and residence halls are secured and have Resident Directors and student assistants in the building. The college, for the first time in its history, began allowing males to visit residents in their rooms until curfew this year. They had previously only been allowed in the lobbies of resident halls. Safety measures instituted included requiring male visitors to present their ID's to the Public Safety Office and to check in and out with the hall Resident Director. When leaving they must retrieve the ID from Public Safety. Students also spoke of a culture where students support and accompany each other, both on campus and when leaving campus.

## APPENDIX A

### Roster of the Special Committee

Dr. Haywood L. Strickland - **CHAIR**  
President and CEO (Retired)  
Wiley College  
Marshall, TX

Dr. Douglas G. Barlar  
Music Department Chair  
Florida College  
Temple Terrace, FL

Mr. Eric A. McDonald, CPA, CGMA  
Executive Vice President for Business Affairs  
Spartanburg Methodist College  
Spartanburg, SC

Dr. Maurice W. Scherrens  
President  
Newberry College  
Newberry, SC

#### STAFF REPRESENTATIVE

Dr. Michael T. Hoefler  
Vice President  
SACSCOC  
Decatur, GA

**APPENDIX B**

**Off-Campus Sites or Distance Learning Programs  
Evaluated as Part of the Special Committee Review**

Non-applicable.

## **APPENDIX C**

### **List of Recommendations Cited in the Report of the Special Committee**

#### **CR 13.1 (Financial resources) [formerly 2.11.1]**

**Recommendation 1: The Special Committee recommends the institution demonstrate that it has sound financial resources and a demonstrated, stable financial base to support the mission of the institution and the scope of its programs and services.**