



March 10, 2014

BY CERTIFIED MAIL

Dr. Fitzgerald Hill, President
Arkansas Baptist College
1621 Dr. Martin Luther King Drive
Little Rock, AR 72202-6068

Dear President Hill:

This letter is formal notification of action taken concerning Arkansas Baptist College (“the College”) by the Higher Learning Commission Board of Trustees. At its meeting on February 27, 2014, the Board placed the College on Notice because the College is at risk of being out of compliance with the Criteria for Accreditation and Core Components identified in the Board’s findings as outlined below. In taking this action, the Board considered evaluation materials regarding the College, including the advisory visit report and supporting documents, the advisory visit team report, the recommendation of the Commission President, and the College’s responses to these documents.

The College is required to submit a Notice Report no later than August 18, 2014, providing evidence that it is no longer at risk of being out of compliance with the Criteria for Accreditation and Core Components identified in this action and that it has ameliorated the issues that led to the Notice sanction. In this report the College should also address two other topics that, while not a basis for the Notice action, are of concern to the Commission and are identified in the action. The College is also required to host a focused evaluation no later than October 2014 focused on validating the contents of the Notice Report. Commission staff will review the materials from the College and the focused visit and will prepare a staff report on whether the College should be removed from Notice because it has been able to demonstrate that it has remedied the issues identified in this action and is no longer at risk of being out of compliance with the Criteria for Accreditation and Core Components. If it has not remedied the issues that led it to be placed on Notice or has not been able to demonstrate that it is no longer at risk of being out of compliance with the Criteria for Accreditation and Core Components, the staff report may recommend Probation or other appropriate action up to and including withdrawal of accreditation. The Board will consider the staff report, the institutional materials, and the visit materials at its February 2015 meeting and will take action as appropriate.

In addition, the Board maintained the requirement that the College host a comprehensive evaluation for continued accreditation in 2015-16 as scheduled.

While the Board concluded that the College currently meets the Criteria for Accreditation, the Board nevertheless had concerns about the College’s ability to remain in compliance with the Criteria for Accreditation in the future and based its action to impose Notice upon the following findings made with regard to the College:

Arkansas Baptist College (“the College”) is at risk of being out of compliance with Criterion Five, Core Component 5.A, “the institution’s resource base supports its current

educational programs and its plans for maintaining and strengthening their quality in the future,” for the following reasons:

- the College has not deployed the human resources necessary to maintain the financial aid and fiscal operations of an expanding institution;
- the College lacks financial resources sufficient to meet its regular fiscal obligations, particularly its payroll obligations, by stated deadlines and has issued late paychecks to employees on four occasions; and
- the College lacks financial resources sufficient to pay its vendor accounts on time.

The College is at risk of being out of compliance with Criterion Five, Core Component 5.B, “the institution’s governance and administrative structures promote effective leadership and support collaborative processes that enable the institution to fulfill its mission,” for the following reasons:

- the College’s handling of administrative processes and challenges is ineffective:
 - College financial aid staff was unable to accommodate a shift to automated processes mandated by the U.S. Department of Education (“the Department”);
 - College accounting staff redeployed to assist with this task did not complete the preparation for the financial audit on time, leading to the audit not being filed with the Department until after the extended deadline of March 31, 2013;
 - accounting personnel regularly monitor cash balances using webpages of relevant banks rather than the College’s own internal financial records;
 - the College engages in a regular practice of making vendor payments late or seeking extensions because it lacks sufficient cash to pay its bills on time; and
 - the College has failed to enforce its policies on self-dealing and lacks appropriate mechanisms to do so.
- the failure to staff its offices sufficiently and meet its external obligations to the Department has resulted in the College being placed on HCM2, which has further exacerbated its cash-flow and financial challenges.

While not part of the Notice action but of general concern to the Commission are questions related to Criterion Five, Core Component 5.B, “the institution’s governance and administrative structures promote effective leadership and support collaborative processes that enable the institution to fulfill its mission,” because it appears that the team findings raise questions about the capacity of the institution to work collaboratively with faculty through appropriate processes of shared governance.

Also not part of the Notice action but of general concern to the Commission are questions related to Criterion Five, Core Component 5.C, “the institution engages in systematic and integrated planning,” because the team findings raise questions about the institution’s capacity to conduct realistic and appropriate planning.

Finally, the Board required that the College undergo a forensic audit conducted by a firm selected by the Commission and under the direction of the Commission or its appointed legal representative and that the report of this audit be available to the Commission by August 2014. Commission policy provides that the cost of such external report, including fees of local counsel overseeing production of the report,

be passed along by the Commission to the College. The Board included this requirement in its action because the Commission has recently received allegations of ethical and financial improprieties at the College, and the forensic audit will be able to examine whether or not such activity has occurred at the College. In the next few weeks, you will receive more information about how this audit will take place and who will conduct it.

The Board action resulted in changes to the affiliation of the College. These changes are reflected on the Statement of Affiliation Status (SAS). Some of the information from the SAS, such as the dates of the last and next comprehensive evaluation visits, will be posted to the Commission's website along with information from the Organizational Profile (OP).

Commission policy INST.E.10.010, Notice, subsection Disclosure of Notice Actions, requires that an institution inform its constituencies, including Board members, administrators, faculty, staff, students, prospective students, and any other constituencies about the sanction and how to contact the Commission for further information. The policy also requires that an institution on Notice disclose this status whenever it refers to its Commission accreditation. The Commission will monitor these disclosures to ensure they are accurate and in keeping with Commission policy. I ask that you copy your liaison, Vice President Anthea Sweeney, on emails or other communications with campus constituents regarding the sanction as required and provide her with a link to information on your website and samples of related disclosures.

The enclosed Public Disclosure Notice will be posted to the Commission's website not more than 24 hours after you receive this letter. The Commission will also simultaneously inform the U.S. Department of Education of the sanction by copy of this letter.

If you have questions about any of the information in this letter, please contact Dr. Sweeney. On behalf of the Board of Trustees, I thank you and your associates for your cooperation.

Sincerely,



Sylvia Manning
President

Enclosures: Public Disclosure Notice

cc: Chair of the Board of Arkansas Baptist College
Evaluation team members
Specialized and professional accrediting agencies
Charles J. Mula, Director, Accreditation and State Liaison, Office of Postsecondary Education,
U.S. Department of Education
LaCresha Newton, Chief of Staff, Arkansas Baptist College
Anthea M. Sweeney, Vice President for Accreditation Relations, Higher Learning Commission
Karen L. Solinski, Vice President for Legal and Governmental Affairs, Higher Learning
Commission