



July 11, 2016

BY CERTIFIED MAIL

Dr. Thomas J. Calhoun, President  
Chicago State University  
9501 S. King Dr., ADM-313  
Chicago, IL 60628-1598

Dear President Calhoun:

This letter is formal notification of action concerning Chicago State University (“the University”) by the Higher Learning Commission (“HLC” or “the Commission”) Board of Trustees (“the Board”). At its meeting on June 30, 2016, the Board placed the University on Notice because the University 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. This action is effective as of the date action was taken. In taking this action, the Board considered materials from the Advisory Visit, including but not limited to the report the University submitted, the report from the Advisory Visit team and my letter accompanying the Advisory Visit report, institutional responses to these documents, and other materials relevant to this evaluation. The action to impose Notice is subject to the requirements outlined in this letter.

The Board required that the University remain on the Standard Pathway but that its currently scheduled fall 2016 comprehensive evaluation be postponed until spring 2017.

The Board required that the University in its Assurance Filing, due no later than December 2016, in preparation for its next comprehensive evaluation in early spring 2017, provide evidence that the University is no longer at risk for non-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.

The comprehensive evaluation team will also review the concerns identified in this action and validate the evidence presented relative to resolution of the concerns leading to the Notice sanction.

The Board will review the Assurance Review documents at its June 2017 meeting or thereafter to determine whether the institution has demonstrated that it is no longer at risk for non-compliance with the Criteria for Accreditation and Core Components identified in this action and whether Notice can be removed, and accreditation continued, or if the University has not demonstrated compliance, whether accreditation should be withdrawn or other action taken.

The Board based its action on the following findings made with regard to the University:

The University is at risk of noncompliance with Criterion Five, Core Component 5.A for the

following reasons:

- The institution's financial situation in FY2016 has been unstable due to the state budget impasse:
  - In FY2016 the State of Illinois ("the State") never adopted a budget and thus did not provide the University with \$35 million in anticipated funding, which represents approximately 30% of the University's operational budget, nor did the State provide the financial assistance promised to University students (Monetary Award Program or "MAP"), which was approximately another \$5 million;
  - As a result, the University determined that it lacked cash to meet payroll and other expenses beginning April 30, 2016 despite its efforts to trim the budget significantly beginning in June 2015 by cutting approximately 175 jobs and taking other appropriate action; it declared financial exigency on February 4, 2016 in recognition of its financial position; and
  - While the State provided stop-gap funding on April 22, 2016, the University received only \$20.2 million of the funds it had previously anticipated and its pro rata share of MAP funds in the amount of \$2.5 million;
- The University continues to have diminished financial resources and is accounting in its planning for continued diminution of its resources in the near future:
  - As of April 29, 2016, the University had approximately \$7.3 million in cash;
  - The University's endowment remains at approximately \$6 million;
  - The University laid off 300 qualified administrative and non-faculty staff at the end of April 2016, and began in mid-June to lay off a number of qualified faculty; the quality of faculty and staff is likely to suffer in the future as qualified potential applicants are likely to be concerned about continued instability;
  - The University determined to use some of its remaining cash reserves to fund the remaining 50% of MAP for FY2016 so that students would not owe any monies to the University for the remaining unpaid MAP funds for FY2016, further challenging its available cash;
  - The University's FY2017 budget is now at \$70 million, down from the initial estimate of \$95 million; and
  - The University anticipates a flat fall enrollment given that class sections are being eliminated, class sizes increased, and programs trimmed;
- While the University has committed to reducing its operating budget for FY2017 by 30% in less than one year (the proportion represented by state appropriations) while maintaining quality programs and services, this commitment will be compromised as a practical matter by the abbreviated timeframe in which complicated planning of this nature must occur given the challenges of the state funding patterns;
- As of the date of this action, the State of Illinois has yet to pass a comprehensive state budget for either FY2016 or FY2017, nor has the State of Illinois funded the remainder of the MAP student assistant grants for FY2016 or the grants for FY2017, thus further exacerbating the financial challenges and lack of financial predictability for the University;<sup>1</sup> and

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<sup>1</sup> While the State of Illinois provided additional stop-gap funding on July 1, 2016 that funded the remainder of the FY2016 MAP student assistant grants and approximately six months of additional higher education funding, the State has not yet adopted a comprehensive budget for FY2017 that provides full funding for higher education.

- While the University has articulated its goal to no longer be reliant on state funding, it has not yet demonstrated that it can rely on fundraising on a regular basis to complete its funding.

The University is at risk of noncompliance with Criterion Five, Core Component 5.C for the following reasons:

- While the University has taken appropriate steps to prioritize programs, properly align its workforce and allocate resources, and while it has engaged in an inclusive budgeting and planning process, the University has not sufficiently clarified roles among its Management Action Committee, the University Advisory Committee and the University Budget Committee to optimize the decision-making process;
- The University lacks a definitive and long-term approach to planning for student recruitment and retention and has not sufficiently focused on low-producing programs as determined by Illinois Board of Higher Education (IBHE) performance metrics in identifying programs for sunset; and
- While the HLC evaluation team expressed strong confidence in the leadership of the University's new President, there has been high turnover in recent years, and many key staff members are relatively new including the Chief Financial Officer (who is interim) and members of the Enrollment Management Staff, thereby heightening the urgency for high levels of engagement, transparency and planning.

The University otherwise meets Core Components 5.B related to effective administration and governance and 5.D related to systematic improvement, and Assumed Practices D.1 related to meeting current financial obligations, D.3 related to future financial projections, and D.6 related to appropriate administrative personnel.

The Board action resulted in changes to the affiliation of the University. These changes are reflected on the Institutional Status and Requirements Report. Some of the information on that document, such as the dates of the last and next comprehensive evaluation visits, will be posted to the Commission's website.

Information about the sanction is provided to members of the public and to other constituents in several ways. Commission policy INST.G.10.010, Management of Commission Information, anticipates that the Commission will release action letters related to the imposition of a sanction to members of the public. The Commission will do so by posting this action letter to its website. Also, the enclosed Public Disclosure Notice will be posted to the Commission's website not more than 24 hours after this letter is sent to you.

In addition, Commission policy COMM.A.10.010, Commission Public Notices and Statements, requires that the Commission prepare a summary of actions to be sent to appropriate state and federal agencies and accrediting associations and published on its website. The summary will include the Commission Board action regarding the University. The Commission will simultaneously inform the U.S. Department of Education of the sanction by copy of this letter.

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 Dr. Anthea Sweeney on emails or other communications regarding the sanction and provide her with a link to information on your website and samples of related disclosures.

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,



Barbara Gellman-Danley  
President

Enclosure: Public Disclosure Notice

cc: Chair of the Board, Chicago State University  
Angela Henderson, Accreditation Liaison Officer, Chicago State University  
Anthea Sweeney, Vice President for Accreditation Relations, Higher Learning  
Commission  
Karen Peterson Solinski, Executive Vice President for Legal and Governmental Affairs,  
Higher Learning Commission  
Herman Bounds, Accreditation and State Liaison, Office of Postsecondary Education,  
U.S. Department of Education  
Dan Cullen, Deputy Director, Illinois Board of Higher Education