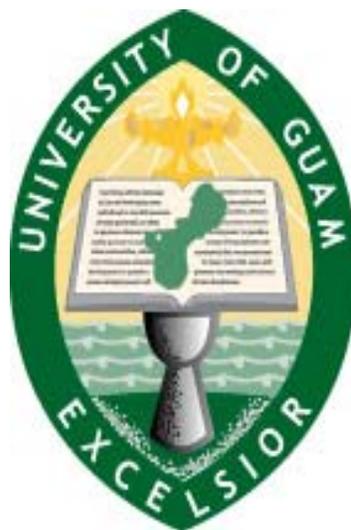

THE UNIVERSITY OF GUAM



Interim Report

Submitted

To

The Western Association of Schools and Colleges
Accrediting Commission for Senior Colleges and Universities

March 31, 2011

Robert A. Underwood, President

In its letter of June 24, 2009, transmitting the WASC Educational Effectiveness Review Visiting Team Report, the WASC Senior Commission required an Interim Report during Spring 2011. The report addresses three main areas: (i) Financial condition of the University of Guam; (ii) summary of significant changes or decisions with respect to academic programs; and (iii) student retention and graduation rates. Report data is as of September 30, 2010, except where noted.

University of Guam, UOG Station, Mangilao, Guam 96923

March 31, 2011

1. *List of Topics or Concerns (from issues identified in the Action Letter).*

This interim report addresses and updates the Commission on the following issues arising from the University of Guam's 2009 Educational Effectiveness Review (EER), as enumerated in the WASC June 24, 2009, Action Letter:

Issue #1: The financial condition of the University of Guam, including:

- a. Audited financial statements for 2008-09 and 2009-10
- b. The most recent revenue and expenditure reports filed with the Government of Guam
- c. Most recent staffing pattern legislative report
- d. Year-to-date budget-to-actual summary financial report.

Issue #2: Academic program offerings. The action letter requested a brief summary commenting on significant changes and decisions with respect to academic program offerings.

Issue #3: Retention and graduation rates. The action letter requested an update on success in increasing retention and graduation rates at the University of Guam.

2. ***Institutional Context.*** *The purpose of this section is to describe the nature of the institution so that the Interim Report Committee can understand the issues discussed in the report in context. Very briefly describe the institution's background; mission; history, including the founding date and year first accredited; geographic locations; and other pertinent information.*

The University of Guam is a public, open admissions, four-year land grant institution, located on the island of Guam in the Western Pacific Ocean. It is the southernmost island in the Marianas Island chain. The mission is *Ina, Diskubre, Setbe*: to Enlighten, to Discover, to Serve. There are 35 undergraduate degree programs (including a professional Associate Degree in Nursing) and 15 masters-level programs¹. The University is within four hours flying time of all of the major cities of Asia. It is the only U.S.-regionally-accredited, four-year, masters-level university located within the Western Pacific region: an area the size of continental U.S. that encompasses, in addition to the U.S. Territory of Guam, the Republic of Palau, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, and the Republic of the Marshall Islands. It was founded as the Territorial College of Guam in 1952 and designated a land grant institution by act of the United States Congress in 1972. Of the University's 3,639 students enrolled for Fall Semester 2010 (up 7.5% from Fall 2008—the time of the EER visit— and the highest enrollment since 2000), 51% are of Pacific Islanders, 41% are Asians. 74% attend on a full-time basis. As of September 30, 2010 there were 788 total employees, including 198 full-time faculty and 29 administrators. Consolidated gross revenues totaled \$90.3 million in FY10, excluding investment earnings. Local government appropriations are 37% of consolidated revenue. Research grants, contracts, tuition and fees form the other primary sources of revenue.

Guam's economy is tied to Asian markets. It is driven by tourism and the military, and to a lesser extent, by real estate and construction. As part of a global reallocation of U.S. armed forces, significant military resources will be shifted to Guam (with an expected direct investment of \$15 billion over 10 years), which is forecast to create a dramatic boost in Guam's economic growth over the next 10 years (*Economic Forecast, First Hawaiian Bank, 2006-2007*). The University is positioned to provide the professional needs of the build up and a subsequent sustainable middle class, in areas such as education, business, nursing and health sciences, environmental scientists, economists, entrepreneurs, and engineers.

The people of Guam are multicultural and multilingual. The indigenous inhabitants of Guam are Chamorros, and the two official languages of the island are Chamorro and English. No ethnicity on Guam comprises a majority of the population. Of the approximately 175,000 inhabitants of Guam (2008), the main ethnic identities are Chamorro 37%, Filipino 26%, other Pacific islander 11%, white 7%, other Asian 6%, other ethnic origin or race 2%, and mixed ethnicities 10% (2000 Census data). Guam is an unincorporated territory of the United States, governed by Guam's Organic Act: an act of the U.S. Congress. There is a newly elected Republican governor, Edward J.B. Calvo, and a unicameral Democratic-led legislature of 15 senators elected island-wide. The judiciary is composed of the Guam Supreme Court and the Guam Superior Court. The island's major employer is the Government of Guam, employing nearly 13,000 workers. The island's FY 11 budget projects general fund revenue available for appropriation of \$535 million.

Accreditation History

The University of Guam has been continuously accredited by the Western Association of Schools and Colleges since before the Association adopted that name (in 1962), with the first accreditation visit in 1958 and action in 1959 to accredit. Details of each visit and report concerning accreditation are attached as Appendix A: WASC Accreditation History.

During more than fifty years of continuous accreditation, there have been two periods during which the University was on probation or show cause. The first period, from 1984-85 (show cause) and 1985-88

¹ *Specialization areas in the Masters in Education program are counted individually.*

(probation), occurred about ten years after the Territorial College restructured to form the University and received Land Grant status. Issues centered on institutional autonomy and the integrity and independence of the Board, as well as a lack of planning and procedures. There were no sanctions following a full review in 1988. A period of economic prosperity followed, as Guam's economy was influenced by the Japanese and Asian markets. The second period occurred in 2000, when the University was placed on probation for failing to meet nine WASC standards and for instilling a "climate of fear" among faculty and staff. Following the formation of a Faculty Senate, the hiring of a new president and senior vice president, and the provision of experienced leadership in the financial and academic areas, the University was removed from probation in 2002, with much praise for the new spirit and commitment to mission. Since 2000 the University has hosted five visits from WASC (two focused visits, one CPR visit, a comprehensive review (2000) and an Educational Effectiveness review (2009)) and submitted 11 reports (four special reports focused on financial stability and responses to visiting team recommendations, three substantive change requests and four self studies). The University and the island community have thus sustained engagement with the reaccreditation process for quite some time. The entire process of accreditation has been woven into the planning and assessment processes of the University, and been a useful tool in preparing for the Guam build up.

In November 2001, the University began a process of self-reflection and dialogue, resulting in consensus on a set of strategic initiatives that defined areas of focus and goals for the University community: a) Enhancing Academic Quality; (b) Supporting Student Success, Institutional Visibility and Enrollment Growth; (c) Promoting the Land Grant Mission of University and Community Engagement; and (d) Strengthening Institutional Effectiveness and Efficiency. These strategic initiatives were first noted in our Proposal for Reaffirmation of Accreditation in 2004 and have endured and guided priorities and the standards for achievement throughout the past ten years.

In May 2008, the University chose its tenth president, Robert A. Underwood, Ed.D., a well-respected former faculty member, Dean and Academic Vice President, who served as Guam's elected delegate to the U.S. Congress for ten years. President Underwood continues progress on all the strategic initiatives, while guiding the University toward a common set of three overarching themes: UOG Green; UOG, the Natural Choice; and UOG Leading Change. UOG Green is a theme based on the traditional Chamorro respect for the earth and its larger ecosystems: proposing energy sustainability and efficiency, coupled with conservation. The second theme positions the University as the "natural" choice for graduating high school seniors, residents who are turning to higher education to improve their quality of life, and the large influx of population (a planned 25% increase over the next five to ten years) expected during the military build up. This leads directly into the final theme: UOG Leading Change. As the island undergoes its most dramatic transformation since World War II, economic, societal, technological and political changes are inevitable. The University's roles in these turbulent times include providing information and research to guide policy decisions; educating the next middle class of professionals who will remain on the island once the dust has settled; and responding to community needs with partnerships and support.

Following a successful Educational Effectiveness review of the University of Guam in 2009, the WASC Commission reaffirmed the institution's accreditation, requesting this interim report and setting the next EER visit for 2017. The WASC letter affirmed that the University "Fulfilled the outcomes it envisioned in its 2004 proposal for the comprehensive review. In striving to meet these self-set objectives in the face of fiscal obstacles and challenges that other institutions might have found insurmountable, the University has established strong and more effective administration structures, sounder fiscal practices and policies, and more vigorous academic programs, and a highly participatory culture of evidence and continuous improvement."

As a community, the University of Guam's success in moving ahead in unpredictable times is linked to a fiscal management plan that prioritizes student learning and is consensus-driven, using the University Planning and Budget Committee as the focus for discussion.

3. ***Statement on Report Preparation.*** *Briefly describe in narrative form the process of report preparation, providing the names and titles of those involved. Because of the focused nature of an Interim Report, the widespread and comprehensive involvement of various institutional constituencies is not normally required. Faculty, administrative staff, and others should be involved as appropriate to the topics being addressed in the preparation of the report. Campus constituencies, such as faculty leadership and, where appropriate, the governing board (depending on the scope of the visit and the nature of the issues to be addressed in the report), should review the report before it is submitted to WASC, and such reviews should be indicated in this statement.*

In preparing this report, the University reviewed the University's EER Self study, the 2009 WASC EER Visiting Team Report, the June 2009 WASC Action Letter, and the WASC Interim Report template, and obtained data, feedback, comments and consultation from a variety of sources, including the individuals listed below.

Material and data tables were compiled by the Director of Academic Assessment and Institutional Research. The drafts were reviewed by various committees and members of the Faculty Senate, President Underwood, all the Vice Presidents, and the Academic Officers Council. The Board of Regents will be briefed on the report at its next meeting on April 21, 2011.

Individuals involved in the preparation of the report:

David O'Brien, Vice President for Administration and Finance and Chair of the Administrative Council

Dr. Roseann Jones, Professor of Economics and President, Tenth Faculty Senate

Dr. Donald Rubinstein, Professor of Anthropology and Faculty Senator and Chair, Senate Committee on Institutional Effectiveness

Dr. Kyle Smith, Professor of Psychology and member, Tenth Faculty Senate

Dr. David Gugin, Assistant Professor of English and Chair, University Undergraduate Curricula Review Committee (UCRC)

Dr. Nick Goetzfridt, Professor of Library Science and Micronesian Studies and Chair, University Graduate Curricula Review Committee (GCRC)

Dr. Claret Ruane, Associate Professor of Economics

Dr. Henry Taijeron, Assessment Coordinator, CNAS

David Okada, Chief Planning Officer

Dr. James Sellmann, Dean of the College of Liberal Arts and Social Sciences

Dr. Lee Yudin, Dean of the College of Natural and Applied Sciences

Dr. Anita Borja-Enriquez, Dean of the School of Business and Public Administration

Kathryn Wood, Director of the School of Nursing and Health Sciences, Acting

Dr. Elizabeth Hawthorne, Dean of the School of Education

Dr. Julie Ulloa-Heath, Dean of Enrollment Management and Student Services

Zeny Nace, Comptroller and staff

Elaine Faculo-Gogue, Chief Human Resources Officer and staff

Deborah Leon Guerrero, Director of Academic Assessment and Institutional Research

Dr. Helen J. D. Whippy, Senior Vice President, Academic and Student Affairs and WASC Accreditation
Liaison Officer (ALO)

Dr. Robert A. Underwood, President, University of Guam

4. ***Response to Issues Identified by the Commission.*** *This main section of the Report should specifically address each issue identified by the Commission in its action letter as topics for the Interim Report. The visiting team report may provide additional context and background for the institution's understanding of issues. Identify each key issue, providing a full description of the issue, the actions taken by the institution that address this issue, and an analysis of the effectiveness of these actions to date. Have the actions taken been successful in resolving the problem? What is the evidence supporting progress? What further problems or issues remain? How will these issues be addressed, by whom, and under what timetable? How will the institution know when the issue has been fully addressed? Please include a timeline that outlines planned steps with milestones and expected outcomes for each issue.*

This interim report updates actions taken on the issues arising from the University of Guam's 2009 Educational Effectiveness Review (EER) and noted specifically in the WASC June 24, 2009, Action Letter.

Issue #1: The financial health of the University of Guam

Description of the Issue: One of the ongoing themes of reviews of the University for more than a decade has been the unreliability of allotment payments to the University of Guam by the Government of Guam and the subsequent unpredictability and inability to plan as a result. In addition, the University's budget has been regularly cut, sometimes by holding back allotment payments. The University has coped with these fiscal realities by changing the method of budgeting, using a base budget approach that clearly spells out the University's requirements to maintain current programs and poses any other funds as an investment with a clear outcome such as a new program or new graduates. The University implemented the use of reserves to stabilize funding for capital projects or larger replacement items. Also, the University has a close and collaborative working relationship with the Executive branch's fiscal team, allowing us to prepare cash flow models and adjust our own expenditures to meet their expected timetables. A fiscal management plan is in place and understood by University leaders, so that adjustments in expenditure levels may be made as information is available. As a result of these actions, the University has experienced several years of "low-risk" audit reports. Details of the 2010 audit report are discussed below, as well as some of the strategic institutional outcomes. The basic issue is how has the University supported student learning in such an unpredictable fiscal environment?

The documents required by the Action Letter (Audited financial statements for 2008-09 and 2009-10; the most recent revenue and expenditure reports filed with the Government of Guam; the most recent staffing pattern legislative report; the year-to-date budget-to-actual summary financial report) are attached as supporting documents.

Actions taken by the University during 2010, the impact of these actions and outcomes are summarized in the narrative following:

FY2010 FINANCIAL HIGHLIGHTS AND STRATEGIC INSTITUTIONAL OUTCOMES

One of the most important questions in evaluating the financial health of an institution is whether it is financially better off at the beginning of the year or at the end of the year. In FY2010 the University's

finances showed a \$4.9 million increase in net assets, which is a 6% surplus on total revenues. This is a \$3.6 million improvement over the prior year; this was due mainly to substantial operating revenue growth that adequately covered expense increases, ongoing financial and cash management controls in the face of government shortfalls in appropriation payments throughout the fiscal year, and unrealized gains in investments.

Important financial trends include:

- There has been a financial surplus in seven of the past eight years.
- Consolidated revenues have continued to grow and diversify.
- Revenue growth more than adequately covered additional expenditures for increased enrollment, new grants, facility upgrades, merit-based salary increases, and retirement fund contribution rate increases.
- The University has achieved low risk auditee status for the sixth consecutive year.

Significant institutional outcomes include:

- Student enrollment of 3,639 in Fall Semester 2010 is the highest since Fall 2000.
- 458 graduates in AY 2009-2010 are the highest since AY2001-2002.
- The University remains committed to academic quality, evidenced by primary accreditation for eight (8) years from the Western Association of Schools and Colleges (WASC) and by specialized accreditation for the professional schools. In 2010 Nursing received accreditation (NLNAC) for eight (8) years, the maximum, Education received full accreditation (NCATE) status in 2007 and its Elementary Education and Physical Education programs received national recognition, and Business (IACBE) was reaccredited this year for seven (7) years.
- Federal grants and contracts grew by \$6.8 million (24%) over the prior year.

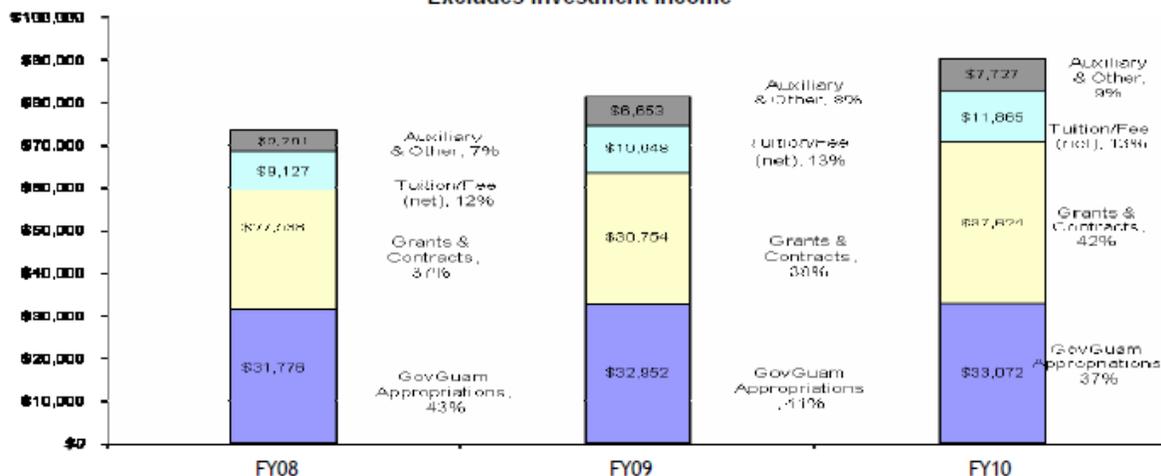
The University's overall financial condition strengthened during FY2010 due to net revenue growth, adherence to a cash-based financial management plan and successful management of the investment portfolio. Total net assets, the residual interest in assets net of liabilities, increased by \$4.9 million.

Assets. Current assets consist primarily of cash and cash equivalents (18%), government appropriations (13%), tuition receivables (14%), federal grants and contracts (19%), and others (36%). Current assets cover current liabilities 2.2 times, a positive indicator of liquidity. Noncurrent assets include restricted cash (5%), investments (17%), and capital assets (78%). Higher cash and investment balances resulted from the rebound in equity markets and higher investment portfolio valuations in an up market, lower tuition receivables and government appropriations receivables, and implementation of the Board's reserve policy. Grant and contract receivables grew, reflecting the growth.

Liabilities. These are accounts payable, deferred tuition revenue, accrued employee annual and sick leave, deposits for others and long-term debt. The increase of \$0.8 million includes additional accrued leave liability during the fiscal year and additional reserves for liability claims.

Revenues. The University brought in over \$57.2 million from operations (excluding government appropriations and investments), an unprecedented increase of \$8.9 million (18%). The growth and diversification of revenues can be seen in the graph below: i) In FY08 appropriations were 43% of consolidated net revenues (net of investments) and University-generated sources represented 53%, while by FY10 appropriations decreased to 37% of the total and University-generated sources increased to 63%; and ii) for every \$1 appropriated, the University generates \$1.73.

Major Revenue Sources FY08-10 (in \$000's)
Excludes Investment Income



Federal grants and contracts led revenue growth with an increase of \$6.9 million (24%), including multi-year grants. For FY10, the University has the following multi-year grants: cancer research (\$1.6 million); regional health education (\$1.2 million); master's program for the blind/ visually impaired (\$0.3 million); and alternative energy and green projects. Pell Grants and student loans also increased.

Gross tuition and fees contributed \$2.2 million (12%) to revenue growth.

Overall, government of Guam appropriations remained steady. Still, appropriations for operations increased \$1.1 million (4%), as the legislature provided additional funds for growth initiatives and nursing faculty. This increase was net of the 3% allotment holdback imposed, which reduced appropriation payments by \$1 million.

After several years of correction and turbulence in the global equity markets, the markets rallied during the second half of the fiscal year. Investment income was \$1.6 million (primarily unrealized gains).

Expenses. FY2010 total operating expenses were \$84.3 million, an increase of \$7 million (8%) which is not surprising given the increase in federal grants and in enrollment. Revenue growth more than adequately covered additional expenditures for increased enrollment, new grants and contracts, campus facility upgrades, employee merit increases, and retirement contribution increases. The University spent \$37.9 million directly on its core mission. Of that, 49% went to instruction, 30% to research, and 21% to public service. In addition, the University spent \$18.9 million on libraries, technology and student, academic and administrative support; \$13.6 million on student aid (net of \$8.9 million of scholarship discounts and allowances); \$7.2 million on campus maintenance; \$2.8 million in depreciation; \$3.8 million on auxiliaries; and \$2 million in debt service payments for various academic buildings. Total encumbrances (recorded obligations) were \$6 million, an increase of \$3.1million, primarily due to increasing grant activities.

Cash. The University's cash position increased by \$1.2 million. Typically, the University's cash position at fiscal year end is higher than its normal cash position during the balance of the year. This is because Fall semester tuition payments are booked at the end of the fiscal year, and the government makes catch-up allotment payments close to fiscal year-end. Tuition revenues are subsequently allocated for academic expenses during the remainder of the academic year, which overlaps the fiscal year. Financial planning requires that there be an adequate amount of cash on hand at the start of the new fiscal year to pay for prior year encumbrances, insurance premiums, continuing infrastructure restoration and operating needs. University policy requires cash reserves for sustainability and capital investment. A reserve fund and sub-accounts were established and funded in FY2009 and FY2010. As in prior years, cash flows were negatively influenced by the government deficit, which led to delays and shortfalls in allotment payments.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets. At the end of fiscal year 2010, the University had invested \$108M in capital assets and had accrued \$40M in accumulated depreciation against the assets. This represents a decrease (including additions and deletions) of \$1.4M or 2.6% from the previous year. See Note 8 in the Notes section of the attached FY10 Audited Financial Statements.

Long-Term Debt. The University has a note payable that is outstanding with the United States Department of Agriculture (USDA). The note payable was created in October 2001 through Public Law 26-48 for an amount not to exceed \$13.5M for the purposes of constructing certain facilities on campus. As of September 30, 2010, the University had a long-term debt of \$12.8M. See Note 6 in the Notes section of the attached FY10 Audited Financial Statements.

ECONOMIC AND OTHER FACTORS EXPECTED TO AFFECT THE FUTURE

In 2010 the government of Guam operated under another year of stagnant revenues and lowered expectations. The takeoff in economic growth associated with the military buildup did not materialize. After delays and political controversy, there was some progress on the military buildup with the announced Record of Decision (ROD) to proceed with the plans to relocate military forces to Guam from Okinawa. There were several other economic bright spots: air service to Guam expanded; visitor arrivals rebounded by 11%; employment increased by 2,000 jobs; and business activity increased. However, economic growth fell far short of what was anticipated. Reported General Fund revenues were below projections. Unaudited financial statements show that the General Fund deficit is expected to increase by \$89 million to \$354 million cumulative. The recent tsunami in Japan has led to a drop off in visitor arrivals from that country. It is unclear how long Japan's recovery will take and its effects on tourism in Guam which is still largely driven by Japanese visitors.

2011 has ushered in financial belt tightening. Governor Edward J.B. Calvo assumed office in January. He has inherited a stagnant economy, delays in the military buildup and a barren cash drawer. The FY2011 budget law projected General Fund revenues to increase substantially, particularly as construction associated with the military buildup and ARRA projects increases over the latter half of the year. A 3% allotment control is in place, as government expenditures are outpacing cash collections and large obligations are unbudgeted or under budgeted. The Governor has publicly called for cost austerity and has rescinded recent government staff salary adjustments to preserve cash. This will impact the University's appropriations and allotment payments, a situation that is familiar ground for the University and a challenge to which it has risen in the past.

Nevertheless, 2011 is expected to be Guam's long-awaited transition to several years of unprecedented economic growth and social change, as the military buildup gains steam. By mid-year increases in U.S. Department of Defense construction projects, even with the phasing-in of the military investment due to financial and social constraints, and the fulfillment of the \$240 million of American Recovery and Reinvestment Act (ARRA) projects, which were awarded last year but are just now getting underway, will bring employment, investments and substantial cash infusions. The University has \$17 million of ARRA projects either underway or bid. The federally funded projects are an extraordinary infrastructure investment in technology and building renovations.

The table below summarizes UOG budget requests vs. received appropriations over the past three years. Financial Management plans have been applied throughout. In part the FY11 Financial Management Plan states: "In managing our resources and forecasting our cash position, we believe it necessary to implement actions and controls called for in the University's financial management plan, which has been updated, as below, for present circumstances. We must seek out the new BBMR and DOA directors and plan ahead for our bi-weekly payroll requirements, monitor the government's and University's financial positions, improve our allotment payments from DOA and implement additional cost savings, where possible." In order to stabilize and strengthen the University's cash position during this period, the University and Governor's

Office recently established an agreement on the commitment, timing and amount of future allotment payments for FY 11.

FY	General Ops Base Budget		Growth Initiative		Total	
	Requested	Approved	Requested	Approved	Requested	Approved
2009	\$29.3	\$27.1	\$4.9	\$0.650	\$34.2	\$27.8
2010	\$28.5	\$27.7	\$2.9	\$1.2	\$31.4	\$28.9
2011	\$29.7	\$27.2	\$1.8		\$31.5	\$27.2

The University is seeking new capacity to lead change and train the professionals who will deliver economic growth. The University sees itself as more than just the institution of higher education for Guam and the Micronesian region. It is an economic driver and the region's primary instrument of creating a professional class, which will become the middle class for island societies into the foreseeable future. To those ends, the University has identified strategic challenges: i) Increased enrollment of high school graduates who enter the University prepared to pursue college degrees; ii) Institution-wide implementation of distance education courses and programs and new technological capacity; iii) Strengthening of professional programs and the creation of a School of Engineering; iv) Additional infrastructure capacity in a Student Services Center and Engineering Annex; and v) A fully functional Center for Island Sustainability within the University with a regional advisory council to coordinate with regional states and institutions for the purposes of conducting research, developing policy and leading public discussion on critical environmental, economic and social issues.

In summary, this is a familiar story re-told – rekindled optimism and opportunity tempered by the reality of the government's financial and cash position. It is clear that the optimism is based on real progress in our institutional capacity to generate new sources of external funds, our ability to anticipate and react to challenges, and our deliberate prioritization of student learning. Moreover, the opportunities are real, even if they are delayed by a year or two. The University will be responsive to the challenges our island societies face to develop a sustainable economy that protects our environment and enhances the quality of our lives.

Please note that our response to an unpredictable fiscal situation has been careful and measured, grounded in the realities of our island economy. Our approach has been used as a model for other government agencies, and our Vice President for Administration and Finance is a sought-after participant and leader in task forces and working sessions for broader government-wide financial planning and tracking.

For further news and up-to-date information concerning the University of Guam, please visit the website at www.uog.edu for the University's annual report, interim financial statements, WASC reports and other publications.

Issue #2: A brief summary commenting on significant changes and decisions with respect to academic program offerings.

Description of the Issue: The Educational Effectiveness Visiting Team report (2009) urged the University of Guam to “continue its efforts to resize, redirect, and realign its base budget to live within its means; in particular, narrow its portfolio of program offerings, determining the relative size and balance of those offerings (e.g. undergraduate vs. graduate; professional vs. liberal arts/sciences, etc.), including which programs should be discontinued.” The team felt that the number of programs strained the University’s resources. At the time, there was an overall review of the undergraduate programs called the Program Sustainability Review. Data was collected on undergraduate programs (number of graduates, number of majors, credit hour production, FTE faculty, cost per student) over the past three years. These data were distributed to programs and each program was asked to provide a brief qualitative summary of their program, using criteria such as: external recognition of quality; assessment plans and SLOs in use; centrality to mission; support of strategic initiatives; meeting student needs; closing the loop on program review. An ad hoc committee led by the Faculty Senate prepared a report categorizing the programs as low, medium or high. Low programs were to be phased out, medium levels were to combine with another program or restructure to be more efficient. This information was provided to the schools and colleges and the Deans were charged with implementing the provisions of the report. At the time of the Educational Effectiveness review, no changes had been made, and there appeared to be no movement in the direction of revising the curriculum, narrowing offerings, or making choices among programs to better support student learning.

Actions taken by the University since 2009: The University of Guam is a comprehensive, land-grant institution. There are no other regionally-accredited, masters-level US institutions within nearly 4000 miles (University of Hawaii). The deans and faculty argue that all of the programs are needed. The fact remains that the University, if current trends continue, will not be able to support all of its programs and still ensure quality student learning.

Actions to date include:

1. One graduate program, the Masters in Social Work, has been deleted from our offerings. The program faculty are in discussions with another university to arrange a partnership, allowing students to take a MSW from another institution while resident on Guam.
2. One “concentration” has been deleted from the Fine Arts program, instead focusing their offerings on courses with the most student demand.
3. East Asian Studies is in the process of combining with Japanese Studies for a consolidated degree.
4. Agriculture has completed a review and restructured its curriculum, in the process producing the first UOG lab-based science course taught completely on line.
5. Following a program review recommendation, the Communication major is consolidating four tracks into two tracks.

6. The Interdisciplinary Arts and Sciences program has been recommended by the faculty for deletion.
7. The Nursing program has capped enrollment at 35 students, chosen from a list of 60 eligible students.
8. A new Masters of Arts in Teaching (MAT) was added in 2010 and currently has 45 students enrolled.
9. A catalog review is underway during which all courses that have not been offered in the last eight (8) semesters will be deleted from the catalog. This should be evident in the 2011-2012 catalog.
10. A fiscal note or business plan is now required for new programs, ensuring that sustainability of the program is part of the plan.
11. Program enrollment and costs are reviewed annually by the schools and colleges. Regular reports are provided each spring from the Institutional Researcher for this purpose. This information becomes part of the budget cycle.
12. The M.Ed. in Language and Literacy was renamed M.Ed. in Reading and is currently under review by the WASC Substantive Change committee to be a fully online program.
13. The M. Ed. in Special Education and the MA in Teaching moved to a cohort model, allowing better use of resources.
14. Faculty Senate criteria for review includes: for each new course proposed, one should be deleted from the catalog.
15. The Health Science program requested to add two new concentrations, giving a total of four possible tracks within the program. This was not approved and it was returned to the program with comments on sustainability.

Impact of the Actions taken and measures of success: The ongoing campus dialog has heightened awareness of the fiscal situation, allowed faculty buy-in for streamlining and re-engineering the curriculum, and provided a basis for professional development and engagement with the community. Some actions are not planned until next year, but the renewed emphasis on retention, advisement, graduation rate and consolidation of programs has shown some minor positive results in numbers since 2008. Retention and graduation rates are provided in the next section.

Plans and timetable for addressing the issue: By 2013, all undergraduate programs will have undergone the revised program review process, which includes a sustainability review, use of SLOs and assessment to inform the curriculum, and a requirement to implement previous review recommendations and tie changes to budgets. At this stage, there will be significant changes in our offerings. Given current staffing levels, the programs are projected to be sustainable with about 30 undergraduate and 15 graduate programs. The target should be reached by 2013.

How will the University know when the issue is fully addressed? This issue is tightly linked to the financial issues, so the University will consider the issue fully addressed when we do not have any need to restrict expenditures because of budget constraints. When the targeted number of majors is reached, we will assess our capability and move to the next level

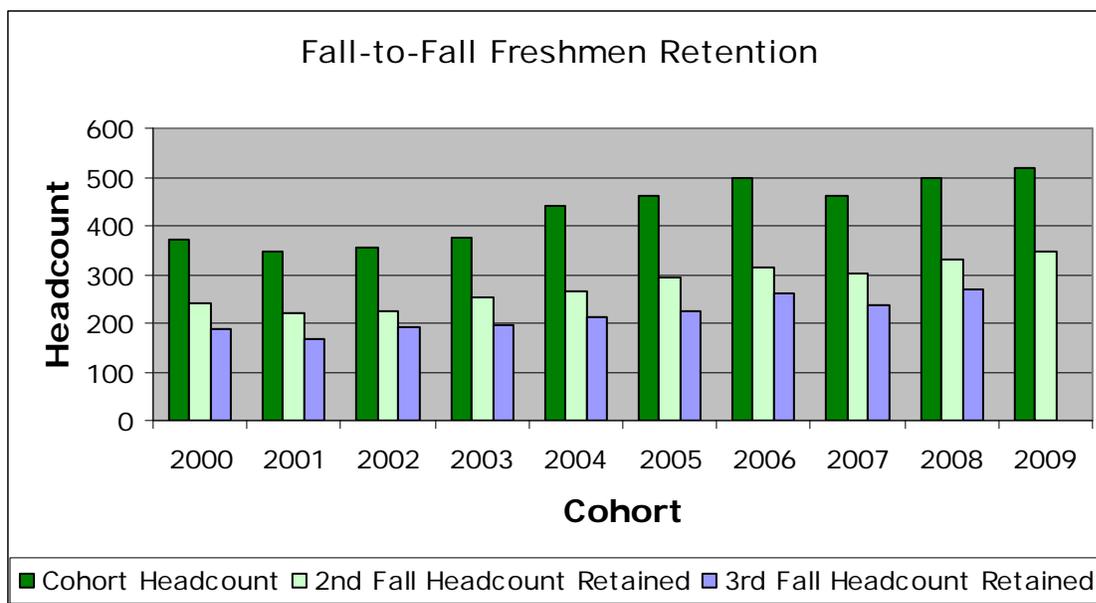
Issue #3: An update on success in increasing retention and graduation rates.

Description of the Issue: At the time of the Educational Effectiveness review, Freshman to Sophomore retention rates were low at 63%, and the six-year graduation rate was only 27%. Even given the fact the University of Guam is an open-admission institution, these rates are a source of major concern.

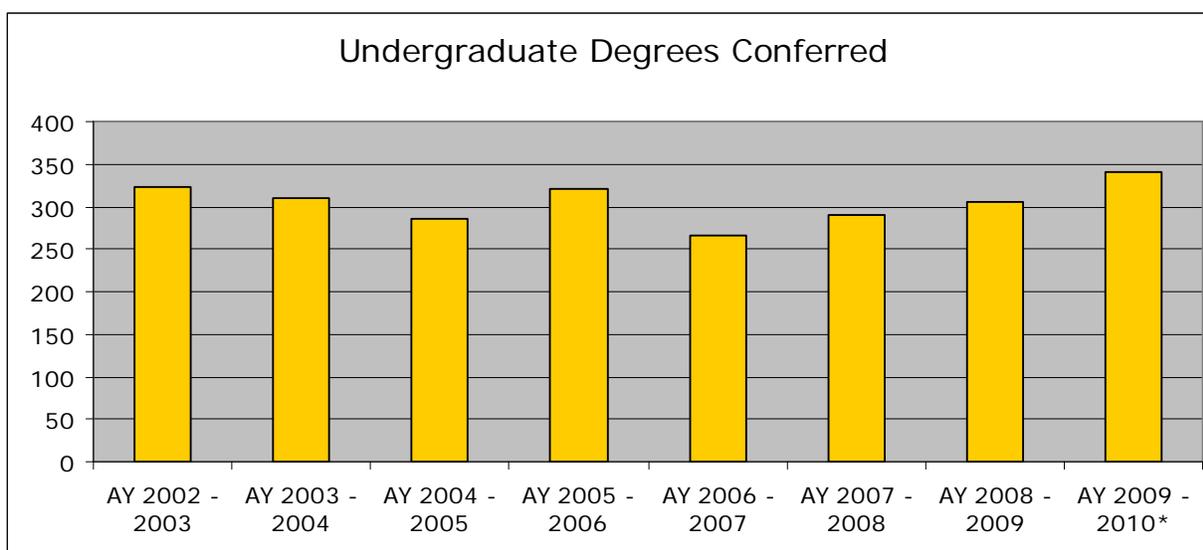
Actions taken by the University since 2009: In order to identify the depth of the problem, and for tracking and performance comparisons, a list of peer institutions was chosen based on the following selection criteria: (i) open admissions policy, (ii) public control, (iii) offering both baccalaureate and masters degrees, but primarily graduating undergraduates, (iv) offering Title IV federal financial assistance programs, and (v) having a comparable enrollment size. Another set of institutions called the Aspirant Benchmarks was chosen based on their good performance on student satisfaction, high retention rates, with comparable size, and offering masters degrees. The University compares performance to this group to remain competitive as an open-admission university.

While the University is encouraged that its retention rates and graduation rates are improving as illustrated in the two trend graphs below, it recognizes that there is still much to be done and has made significant steps toward increasing student retention and graduation rates through the following four outcomes based activities. First, the University Retention Committee developed a targeted retention plan and proceeded to apply for grants to support it and the Committee advocated for upgraded software for tracking students. Second, AANAPISI Grant activities and tutoring will increase student success in demonstrating math skills and increase freshman-to-sophomore retention. Third, FIPSE Grant activities will improve student success in English and Math thereby impacting academic success and graduation. Fourth, Public Law 30-201 provides for a much needed expansion of the Student Services Center.

On a broader level, the University is working with the Guam Department of Education (DOE) and Guam Community College (GCC) on simultaneously increasing the level of postsecondary enrollment and preparation for Guam students. Through a recently passed "tri-board" resolution (UOG Board of Regents, GCC Board of Trustees, DOE Board of Education), the three institutions are aligning curriculum to encourage greater rates of postsecondary enrollment and meet the requirements of basic skills standards in place both at the University and the community college.



Source: Office of Academic Assessment & Institutional Research; Colleague; UOG.ENR, CSRDE



Source: Office of Academic Assessment & Institutional Research; Colleague; ACAD.CREDENTIALS

A brief summary of actions follows:

- The University Retention Committee reviewed available data and targeted Pacific Islanders and developmental students for interventions. They then applied for grants to support the plans. In addition, after advocating for upgraded software, the University acquired retention alert software as part of an eWorks Project upgrade from Datatel. This includes WebAdvisor and Retention Alert. Training is underway to allow faculty and staff to use the system. The Datatel Retention/Early Alert software module will link student data with tracking students and coordinate intervention efforts between faculty and counselors. This will be fully implemented by 2012.
- Several graduate and undergraduate programs hosted recruitment and retention events to advise new and continuing students and to generate a sense of community crucial to retention.

- Student retention is identified as a priority in the University's FY 11 and 12 budgets, and college-based projects are funded.
- An Asian American Native American and Pacific Islander Serving Institutions (AANAPISI) Grant was awarded in 2010 to provide additional services to at-risk freshmen using mentoring and tutoring services. This particular program will (i) increase the number of freshmen who succeed in mathematics; and (ii) increase the Pacific Islander freshmen-to-sophomore retention rate.
- A FIPSE Grant was awarded to a collaborative group including UOG and Guam Community College in 2010 to prepare students to succeed at college level work. Multi-year data show that approximately 31% of Guam's high school graduates enroll at the University of Guam in the fall semester immediately following graduation. National rates of college enrollment immediately after high school completion have fluctuated between 62 and 69 percent since 2002 (NCES). Of the University of Guam's entering freshmen, 54% test into developmental math, while 26% test into both developmental English and Math. The island's community college tells a similar story with 80% of entering students unable to perform college-level work. Both institutions serve a majority of Asian-Pacific Islander students who account for more than 90% of the total student populations. Through the FIPSE grant, the island's educational entities will reverse these trends and better prepare a greater number of students to succeed at the college level. Part of this grant will also implement a research project to identify factors influencing student behavior at key transition points, suggesting other interventions.
- Funding has been identified by Public Law 30-201 for a new Student Services Center. Such a Center will fully integrate all student services into one building, providing improved access and service to students, and a one-stop registration and financial aid area. Improved services are predicted to improve retention and graduation rates.

Impact of the Actions taken and measures of success: Comparing key indicators from Fall 2008 (data used for the last review) to Fall 2010, there is clear improvement in number of degrees granted, Freshman to Sophomore retention rates, and number of graduate degrees awarded. There is no change in the six-year baccalaureate graduation rate, however, any actions taken in 2010 may begin to effect the graduation rate by 2013, but the full impact will not be seen until 2016, when the Freshman cohort from Fall 2010 are measured for a six year graduation rate.

Key indicators:

Measure	Fall 2008	Fall 2010	Improvement
Number of degrees earned (AY)	357	458	28% increase
Graduate degrees earned (AY)	62	121	95% increase
Freshman-to-Sophomore retention rate	63%	67%	Rate increase of 4%
Six year graduation rate (baccalaureate only)	27%	27%	No change

How will the University know when the issue is fully addressed? Ideally, the retention issue will be fully addressed when each student who is capable of doing so persists to earn a degree at the University of Guam. Practically, however, the target measures chosen are: a Freshman-to-Sophomore retention rate above the median in our Aspirant Peer List (above 75%); a six year graduation rate above the median in the same list (above 53%); and 600 degrees earned per year (or 1/6th of the current enrollment).

5. **Identification of Other Changes and Issues Currently Facing the Institution.** *This brief section should identify any other significant changes that have occurred or issues that have arisen at the institution (e.g., changes in key personnel, addition of major new programs, modifications in the governance structure, unanticipated challenges, or significant financial results) that are not otherwise described in the preceding section. This information will help the Interim Report Committee gain a clearer sense of the current status of the institution and understand the context in which the actions of the institution discussed in the previous section have taken place.*

Changes in key personnel and organizational changes: An organizational chart is attached which highlights changes in personnel and structure since the EER review.

- An administrative slot was reconfigured as the Chief Planning Officer and a person hired for that position.
- A Vice President retired and the position was not filled, instead it was used to support graduate studies and research with the hire of an Assistant Vice President for Graduate Studies, Research and Sponsored Programs.
- New deans or directors were hired for the College of Liberal Arts and Social Sciences, the School of Education, the School of Nursing and Health Sciences, the Marine Laboratory, the Financial Aid Office, the Human Resources Office and Professional and International Programs.
- Though there were no new undergraduate major degree programs, a strategic focus on sustainability and renewable energy was supported with a new Center for Island Sustainability, which is fully grant supported.
- The Center for Distance Education was established to coordinate and support the increase in the use of blended teaching methods and courses using technology-enhanced learning methods.
- An office of sponsored programs was organized and a position funded to support pre and post grant award activities.

A projected and planned new program, the School of Engineering. To address the current / growing demand for engineering expertise in Guam's private and public sectors and to keep local talent in Guam for engineering opportunities, and as part of the University's Strategic Plan, a School of Engineering is planned, complete with a four-year, ABET-accredited program. The University currently supports a pre-engineering program with articulation and transfer MOUs with two other institutions to complete the degree. This is a long-term plan to provide locally-trained engineers for the military build up and to support the island when the wave of the build up recedes. As funding and support become available, faculty and facilities will be added to the University. At the moment, there is one position identified, and funding for the physical space appears likely.

There were no modifications in the governance structure at the University of Guam. The Faculty Senate continues to work well and is entering its 11th year; the Board of Regents provides sound guidance to the University; the Student Government Association and Staff Council are both active.

6. Concluding Statement. Reflect on how the institutional responses to the issues raised by the Commission have had an impact upon the institution, setting forth follow-up steps to be taken.

Previous WASC visits and attention have caused cosmetic changes and the organization rebounded to the old ways as soon as the review was complete. However, the new extended version of the WASC review compelled the University of Guam to confront issues in depth and in a sustained manner. The explanation used was that before 2002, WASC was like a circus coming to the island, they would swoop in and set up tents, have parades, and create activities, but then they would be gone, leaving little but a (short) memory. Now, by contrast, the new system is more like having the Olympics come to the island, whereby permanent structures are built to support the continued attention paid to issues and initiatives. It seems to the University of Guam that WASC is always with us. In fact, it is no longer a discussion of what WASC wants, but what the University wants and what is best for the island. The University of Guam has used the methods and resources from WASC and adapted them to our community of scholars. These processes (using evidence, SLOs and assessment, closing the loop, linking budget to assessment and planning, attention to key indicators, etc.) are part of everyday life on our campus. Some examples and further discussion follow.

The University's responses to WASC and continued attention to defined issues and strategic initiatives have contributed to maintenance of its low risk auditee status, to the financial surplus for seven of the past eight years, and the establishment of cash reserves; it has led to an increase in the amount (up 24% this year) and the diversity of grants, contracts and entrepreneurial activities and to an improvement in retention rates and numbers of graduates. It has focused our attention on strategic thinking and planning, and sharpened the link between planning, assessment and budgeting.

The Commission raised academic issues as well as fiscal over the period of the three-stage review, and the University's response has been beneficial to the programs and students by structuring a dialog about evidence and assessment. The University's long term investment in information technology with ARRA and University funding and the purchase of TracDat software have supported long-term assessment plans and efforts to further document student learning results, student achievement and student success program by programs over time. As a result, UOG faculty members and programs are involved in course and program-level student learning outcomes assessment. The Graduate Curriculum Review Committee has had new program self-study guidelines endorsed by the Faculty Senate.

The recent investment in Datatel and Portal software as a result of retention and institutional efficiency and effectiveness efforts based on the WASC responses will further enhance and improve student teacher contact and communication. The use of student retention and student early alert software will allow advisors to identify students who are at risk early on in the semester so that interventions can occur in a timely manner. The formation of a University Retention Committee, and subsequent workshops on retention were direct results of WASC's attention in this area.

Although academic institutions and programs are notoriously slow to change, UOG has maintained and persisted with a discussion about narrowing program offerings since 2008. Because UOG is the only accredited four year institution in the region, the faculty feel compelled to offer B.A. and B.S. majors in the standard disciplines to serve the region's students so that they need not attend universities on the mainland. Programmatic changes are underway, however, as fiscal realities and assessment results provide evidence that change is needed.

Overall the University continues to make steady progress in responding to the June 2009 Action Letter from the Commission. Despite unfavorable global economic conditions, the University continues to manage its diverse funding sources and to live within its means while generating a surplus.

7. *Required Documentation for all Interim Reports*

- **Current catalog(s)**—CD-ROM or link to web-based catalog will suffice

The AY2010-2011 undergraduate catalog and graduate bulletin are attached.

- **Summary Data Form**—may be found at <http://www.wascsenior.org/InterimReport>

The Summary Data Form is attached.

- Complete set of **Required Data Exhibits to Support Proposals, Special Visit Reports & Interim Reports**—may be found at <http://www.wascsenior.org/InterimReport>

The required Data Exhibits are attached.

- Most recent **audited financial statements** by an independent certified public accountant or, if a public institution, by the appropriate state agency; **management letters**, if any

The audited financials for FY10 are attached.

- **Organization charts or tables**, both administrative and academic, highlighting any major changes since the last visit

The University's organizational chart as of February 18, 2011 with changes to the organizational chart from since the EER is attached.

8. *Additional Documentation Required ONLY for Interim Reports with Financial Issues*

- **Financial statements** for the current fiscal year including Budgeted and Actual Year-to-Date and Budgeted and Actual Last Year Totals

The financials for period ending February 28, 2011, for the current FY11 YTD and with a comparison to FY 10 YTD February are attached.

An analysis of the FY 11 general operations budget as compared to actual for the period ending Dec. 30, 2010 and a full-year forecast are attached.

- **Projected budgets** for the upcoming three fiscal years, including the key assumptions for each set of projections.

The projected budgets are attached.