



November 15, 2022

BY CERTIFIED MAIL

Dr. Robert Matz, President
Hannibal-LaGrange University
2800 Palmyra Road
Hannibal, MO 63401-1999

Dear President Matz:

This letter is formal notification of action taken by the Higher Learning Commission (HLC) Board of Trustees (“the Board”) concerning Hannibal-LaGrange University (“the Institution”). This action is effective as of the date the Board acted, November 3, 2022. In taking this action, the Board considered materials from the most recent Advisory Visit, including, but not limited to: the Advisory Visit Report, the recommendation of the HLC President, and the institutional response to the report and recommendation.

Summary of the Action: The Institution has been placed on Probation because it is out of compliance with the Criteria for Accreditation. The Institution meets Core Component 3.C with concerns. The Institution does not meet Core Components 2.C and 5.B and Assumed Practice D.3. The Institution is required to host a comprehensive evaluation no later than April 2024 to determine whether the Institution has ameliorated the findings that led to the imposition of the sanction.

Institutional Disclosure Obligation: HLC policy¹ 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 HLC for further information. The policy also requires that an institution on sanction disclose this status whenever it refers to its HLC accreditation. HLC will monitor these disclosures to ensure they are accurate and in keeping with HLC policy. The Institution must submit drafts of its planned disclosures to these various audiences to its HLC Staff Liaison in advance of transmission and provide the staff liaison with a link to relevant information on its website. At a minimum, an institution must: i) provide a copy of this Action Letter to its governing board, administration, and faculty, ii) provide a copy of the enclosed Public Disclosure Notice to its currently enrolled students, and iii) prominently display the Mark of Accreditation Status where accreditation status is described on its website. Once disclosures have been made, the Institution must submit copies of its disclosure documents as a single .pdf file to www.hlcommission.org/upload (by selecting “Information about Institutional Disclosures”) no later than seven (7) business days following receipt of this Action Letter. HLC will retain this information as part of the Institution’s record.

¹ INST.E.20.010, Probation.

Provisional Plan: HLC policy also requires that the Institution file a Provisional Plan with HLC for review and approval by the Institutional Actions Council according to HLC's substantive change procedures. This Provisional Plan must comport with HLC's requirements for Provisional Plans.² The Institution previously submitted a Provisional Plan for IAC approval, but must update the Provisional Plan for HLC's records within 90 calendar days of this letter.

Substantive Change: HLC policy³ states that while an institution may file one or more applications for substantive change during the probation period, such applications will be subject to strict scrutiny and are likely to be denied or deferred until after the probationary period. HLC policy also requires that an institution placed on Probation be subject to additional requirements for substantive change during the probationary period and for three (3) years following the removal of Probation.⁴

Notification Program: HLC policy⁵ states that an institution placed on Probation is ineligible for the Notification Program for Additional Locations until it has completed ten (10) years in good standing as required for access.

Board Rationale

The Board based its action on the following findings made with regard to the Institution as well as the entire record before the Board:

Hannibal-LaGrange University does not meet Criterion Two, Core Component 2.C, "the governing board of the institution is autonomous to make decisions in the best interest of the institution in compliance with board policies and to ensure the institution's integrity," for the following reasons:

- Although the Institution's Board of Trustees plans to provide closer oversight of its financial situation and has implemented several new practices in this regard, there has been insufficient time to determine how the board's new focus on its fiduciary responsibility will materialize in practice, particularly given the lack of oversight in the years leading up to the current situation.
- While its short-term cash flow problems have been addressed and the Institution has developed what it considers a balanced and sustainable budget for the coming academic year, a long-standing culture of complacency with unbalanced budgets and operating deficits, with little to no exercise of fiduciary responsibility by the Board of Trustees, remains cause for concern.

The Institution meets, but with concerns, Criterion Three, Core Component 3.C, "the institution has the faculty and staff needed for effective, high-quality programs and student services," for the following reasons:

² FDCR.B.10.010, Commission Approval of Institutional Teach-Out Arrangements.

³ INST.E.20.010, Probation.

⁴ INST.F.20.040, Substantive Change.

⁵ INST.E.20.010, Probation.

- Documents reviewed prior to the HLC Advisory Visit and interviews conducted with the faculty, academic support staff, and academic administrators affirmed that staffing is in place to provide instruction for courses and the requisite academic support with the reduced course schedule. However, it is unclear how the uncertainty of enrollment and external funding, coupled with fewer faculty positions, will result in a sustainable capacity to meet the Institution's needs and serve its students.
- The faculty and staff that remained after recent layoffs were unable to confirm that they have the resources to continue to provide a quality education.

The Institution does not meet Criterion Five, Core Component 5.B, "the institution's resource base supports its educational offerings and its plans for maintaining and strengthening their quality in the future," for the following reasons:

- The Institution has suffered from a high rotation of professionals in its CFO position and there are a limited number of staff able to effectively operate the financial reporting infrastructure.
- Internal stakeholders (including the CFO) informed the HLC team that for many years the Institution had known of financial issues that were not addressed. Thus, during that time, the Institution operated at a loss and borrowed from its endowment.
- The total endowment as of June 30, 2021 was \$8,815,105.52. However, the Institution has borrowed \$6,118,125.45 from its endowment, which constitutes 75% of the total endowment.
- The most recent financial exigency was declared due to cash flow issues. Those cash flow issues have been resolved primarily with special donations from the community. However, this is not a structural and sustainable solution.
- The Institution conducted an internal analysis, which led to a plan to reduce expenses. The impact of this plan on program quality and retention of qualified faculty remains to be seen.

The Institution does not meet Assumed Practice D.3, "The institution has future financial projections addressing its long-term financial sustainability," for the reasons stated above related to Core Component 5.B.

The Board of Trustees of the Higher Learning Commission determined based on the preceding findings and evidence in the record that the Institution is not in compliance with the Criteria for Accreditation and should therefore be placed on Probation.

Next Steps in the HLC Review Process

Assurance Filing: The Board required that the Institution submit an Assurance Filing no later than February 1, 2024, or at least eight weeks prior to the comprehensive evaluation, providing evidence that the Institution has ameliorated the findings of noncompliance identified in this action that

resulted in the imposition of Probation and the findings of Met with Concerns, and providing evidence that the Institution meets the Criteria for Accreditation, Federal Compliance Requirements, and the cited Assumed Practices.

Comprehensive Evaluation: The Institution will host a comprehensive evaluation no later than April 2024 to enable a team of peer reviewers to determine whether the Institution has ameliorated the findings of noncompliance that led to the imposition of Probation and whether the Institution otherwise meets the Criteria for Accreditation, and to make a recommendation about whether the Board should remove Probation or take other action.

Board Review: The Board will review the documents associated with the evaluation at its October/November 2024 meeting to determine whether Probation shall be removed, or if the Institution has not provided sufficient evidence of amelioration as noted above, whether other action should be taken, up to and including withdrawal of accreditation.

Institutional Designation: The Institution was assigned the Institutional Designation of “Financial Distress” in June 2022. The purpose of the designation was to signal to the public and others that HLC was aware of the Institution’s financial circumstances, including its previous declaration of financial exigency and that HLC would be conducting a further review of the Institution. As the comprehensive evaluation that led to this action afforded an opportunity for HLC to thoroughly review the Institution’s ongoing compliance with Core Component 5.B, the Institutional Designation is no longer necessary. Therefore, the designation is removed effective as of the date of the HLC Board’s action.

HLC Disclosure Obligations

The Board action resulted in changes that will be reflected in the Institution’s Statement of Accreditation Status as well as the Institutional Status and Requirements Report. The Statement of Accreditation Status, including the dates of the last and next comprehensive evaluation visits, will be posted to the HLC website.

In accordance with HLC policy,⁶ information about this action is provided to members of the public and to other constituents in several ways. This Action Letter and the enclosed Public Disclosure Notice will be posted to HLC’s website not more than one business day after this letter is sent to the Institution. Additionally, a summary of Board actions will be sent to appropriate state and federal agencies and accrediting associations. This summary also will be published on HLC’s website. The summary will include this HLC action regarding the Institution.

⁶ COMM.A.10.010, Notice of Accreditation Actions, HLC Public Notices and Public Statements

On behalf of the Board of Trustees, thank you in advance for your cooperation. If you have questions about any of the information in this letter, please contact your HLC Staff Liaison, Dr. Linnea Stenson.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Gellman-Danley".

Barbara Gellman-Danley
President

Enc: Public Disclosure Notice

Cc: Chair of the Board of Trustees, Hannibal-LaGrange University
Ray Carty, Vice President for Institutional Advancement, Hannibal-LaGrange University
Evaluation Team Chair
Linnea A. Stenson, Vice President of Accreditation Relations, Higher Learning Commission
Anthea Sweeney, Vice President of Legal and Regulatory Affairs, Higher Learning
Commission
Laura Vedenhaupt, Director of Academic Affairs, Missouri Department of Higher Education
Herman Bounds, Director, Accreditation Group, Office of Postsecondary Education, U.S.
Department of Education