

Ad-Hoc/Special Evaluation

Peer-Evaluation Report

**North Idaho College
Coeur D'Alene, Idaho**

October 30 – November 1, 2023

NWCCU Liaison to the Peer Evaluation Team:

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A confidential report of findings prepared for the
Northwest Commission on Colleges and Universities

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Introduction

Visit Summary

A four-person peer evaluation team conducted a visit to North Idaho College (NIC) from October 29 to November 1, 2023. The peer evaluation team was supported by two NWCCU staff liaisons. The evaluation team's review focused on the institution's Special Report of September 15, 2023 which addressed nine NWCCU recommendations originating from both the Spring 2022 Special Report and the Spring 2023 Special Report. Prior to the visit, the evaluation team conducted four pre-visit meetings via Zoom to review the report and prepare for the on-site meetings necessary to validate report content. During its visit, the evaluation team met with individual Board members as well as the Board as a whole, the President, individuals and groups who are part of NIC leadership, Faculty Assembly leadership, Staff Assembly leadership, leadership of the Associated Students of North Idaho College (ASNIC), and College Senate (governance unit consisting of representative from Faculty and Staff Assemblies and ASNIC).

The evaluation team found the report submitted by NIC to be comprehensive and supported appropriately by documentation. The report-writing team was comprised of representatives of all campus constituencies, including the Board. In addition, the Board was invited to provide input and feedback to the report and in meetings with the team, expressed satisfaction with the process. The evaluation team also appreciates the support provided by NIC's ALO, Steve Kurtz, and his responsiveness to additional document requests. In addition to the report and documents, the team reviewed content provided on the NIC website regarding accreditation, and Board agendas and materials. Team members also observed Board meetings live via streaming or recorded Board meeting videos available on You Tube.

The evaluation team was impressed by the resilience, dedication, and positive energy of NIC's students, administration, faculty, and staff. Their love for the institution and their belief in its potential were evident throughout the many interviews conducted onsite.

Recommendation 1, Spring 2022: *The College's Board of Trustees be constituted to include the minimum of five Trustees. (ER 9)*

[Progress on Recommendation \[Spring 2022-1\]](#)

Following Board position vacancies that left the Board without a quorum and out of compliance with NWCCU Eligibility Requirement (ER 9) during 2022, on May 6, 2022, the Idaho State Board of Education appointed three Trustees. This brought the institution into compliance with the five-member minimum, as prescribed by ER 9. The appointed Trustees served until the November 8, 2022 election, at which point their terms were assumed by three elected Trustees. Thus, NIC's Board has been fully constituted with five members since May of 2022.

Recommendation 2, Spring 2022: *The Board of Trustees reviews, affirms, and adheres to institutional and Board policies, particularly those pertaining to appropriate roles and responsibilities, expectations, professional conduct and ethics, and grievance procedures. (ER 9, Standards 2.A.1, 2.D.2)*

[Progress on Recommendation \[Spring 2022-2\]](#)

With the goal of improving governance, the Board created a subcommittee in April 2023 that has been charged with reviewing and revising Board policies. The subcommittee consists of two Trustees, the President, two ACCT consultants, and the Interim Executive Assistant to the President. This subcommittee has made substantial progress with 10 out of 12 policies reviewed, revised, and approved by the Board. The remaining two policies have been revised and drafts should come to the Board for a first reading in November 2023. It was reported at the September 27, 2023 Board meeting that the subcommittee had spent over 250 hours working on policies.

While the exercise of reviewing and revising Board policies was necessary (some policies had not been reviewed in several years), it also ensured that Board members familiarized themselves with the policies, as the process of re-approval typically included first and second readings in Board meetings prior to a Board vote. Thus, in theory, the policy review and revision process should have assured that Board members had knowledge of, and therefore, would be able to adhere to their own policies.

However, it is evident from meeting with campus constituencies, Board members themselves, and from observing Board meetings, that Board policies are not consistently followed. Representative examples for the Board's lack of adherence to their own policies include the following:

- Policy 2.01.10: Board General Conduct:

This policy provides guidelines for Board conduct, setting behavioral expectations including "...respect for others, proper decorum, confidentiality with sensitive information, speaking with one voice for external communications, and adherence to the policies and rules of the College and the Board."

Based on observing Board meetings, the evaluation team concurs with comments made by campus constituencies that while Board conduct during its meetings may have marginally improved, there are still instances where the Board violates this policy, showing lack of respect for other Board members as well as campus community members, a lack of decorum, and a lack of confidentiality with sensitive information.

- Policy 2.01.02: Board Responsibilities and Duties:

Section III of this policy deals with "Standards of Good Practice" and includes a statement that holds the Board "... responsible for creating and maintaining a spirit of true cooperation and a mutually supportive relationship with its CEO."

In evaluation team meetings with individual Board members, some Board members stated they do not trust the current president, and clearly did not support him as the "permanent president," citing their reluctance to terminate Dr. South's contract so that Dr. South could be easily be recalled from administrative leave and re-installed as president in Dr. Swayne's place. (See also discussion under Recommendation 5.3, page 11).

- Policy 2.02.01: President's Authority and Responsibility:

This policy delineates the president's responsibilities from those of the Board. Specifically, the policy states that: "The President has final administrative authority over all matters affecting the College at the operational level" and "The President is given the authority and discretion to make day to day decisions in implementing and administering the policies of the Board of Trustees". Importantly, this policy is congruent with NWCCU Standard 2.A.1.

There are several examples of the Board attempting to or actually overstepping these boundaries. At the Board's September 27, 2023 meeting, the Board Chair attempted to interject himself into the RFP process for a strategic plan consultant, insisting to see all 21

RFP applications. During that meeting the Board Chair also demanded information on all non-profit community organizations to which NIC belongs in order “line-item veto” those that he found problematic.

Finally, Board policy 2.01.10 includes an annual affirmation that all Board members signed on September 27, 2023. Several statements within this affirmation have already been violated or contradicted by one or more Board members including the following:

- “I recognize my authority exists only when acting collectively with my fellow board members...” and “I will honor the division of responsibility between the Board and the CEO/President.” Recently, the Board Chair drafted a proposed revision to College Policy 7.01.04 that would have given the Board Chair final decision-making power in selecting professional service providers. If it were to pass, the revised 7.01.04 would be in conflict with Board policies, 2.01.02, 2.02.01, and NWCCU Standard 2.A.4 regarding participatory governance. Additionally, the Board Chair initially submitted this policy revision directly to the College Senate, bypassing the President, violating internal codified procedures regarding the process for introducing or revising policies.
- “I will work with fellow trustees in a spirit of harmony and cooperation.” Although the affirmation was signed on September 27, 2023, Board members exhibited a lack of decorum, professionalism, and civility at that meeting as well as the meeting held on October 25, 2023.
- “I represent everyone the college serves.” At its June 7, 2023 meeting, the Board voted to change athletic conferences, and at its September 27, 2023 meeting the Board voted to increase the Athletics budget to “cover tuition, fees, books, rooms and board and one round trip flight for the student athlete as permitted by NJCAA Division I rules for the full allocation of the scholarship allowed by NJCAA regulations, regardless of residency for the student...” Both of these votes were taken despite the lack of participation and input by constituent groups (See discussion under Spring 2023 Recommendation 5.6, page 14).

Recommendation 3, Spring 2022: *The institution works to rebuild its administrative and academic leadership team. This includes:*

3a. The appointment of a permanent president utilizing a process that permits an appropriate level of engagement by institutional stakeholders. (ER 10, Standards 2.A.3, 2.A.4)

Progress on Recommendation [Spring 2022-3a]

See discussion under Recommendation 5.3, Spring 2023 (page 11)

3.b Hiring for the currently vacant/interim Vice President positions after the permanent president is identified. (ER 11, Standard 2.A.2)

Progress on Recommendation [Spring 2022-3b]

North Idaho College has taken college-wide measures to reduce turnover among employees (see discussion under Recommendation 5-5, page 13). At the leadership level, progress has been steady since April 2023, despite occasional setbacks.

At the time of the visit, all dean-level positions had been filled with permanent appointees, several of whom are longtime NIC employees. In interviews onsite, it was evident that the group is skilled, committed to the college, and functional as a team. They reported unanimously that, as leaders, they have voice and are empowered by the President to make decisions both as a team and individually.

Meanwhile, at the executive level — what NIC calls the “core cabinet” — resignations have occurred as recently as September 2023. That month, the Chief Communication and Government Relations Officer and Chief Human Resources Officer both announced their voluntary separations from NIC. In one case, the reasons for the departure are on record as reflecting governance challenges at NIC. Nonetheless, the college has moved ahead promptly to stabilize the affected leadership roles. Onsite, the evaluation team verified that a search was underway for a permanent human resources executive. For the vacant Communication and Government Relations position, the college has opted to reevaluate the role’s duties before posting a recruitment in early 2024.

Interviewees and records confirmed that the searches have followed NIC policy.

For the provost position, the college has opted to delay any further search “until more favorable conditions exist in which to hire a new permanent provost” (NIC Special Report, page 5). The President’s rationale for that decision includes a desire to await resolution of pending accreditation issues. The evaluation team found no evidence that the postponement was affecting NIC’s operations or planning. The interim provost, a longtime NIC employee, is well qualified for the role. Other administrators noted that, despite the interim qualification to the title, the provost is able to function fully as a leader.

In short, from the level of the President and below, college's leadership appears to be stable and capable. NIC has responded quickly and appropriately to recent departures. There appears to be good rationale for holding some positions as interim, with no evident impacts on the incumbents' authority.

Recommendation 2, Spring 2023: *The Board must resolve the issues underpinning all “No Confidence” resolutions and demonstrate a willingness to work with and support faculty, staff, and students when their concerns are communicated.* (ER7, Standard 2.D.2)

Progress on Recommendation [Spring 2023-2]

Standard 2.D.2 calls for grievances to be addressed in a fair, equitable, and timely manner. The recommendation includes that the Board must resolve the issues underpinning ALL “no confidence” resolutions.

Over the past two years, constituency groups have passed 13 no confidence votes against the Board, with the most recent occurring on March 30, 2023. Some concerns noted in the resolutions were addressed prior to March 30, 2023. Since then, the Board did vote to approve an official response to the votes of no confidence in their May 24, 2023 Board meeting. This response did not directly address any of the specific concerns or issues in the no confidence resolutions. Following the May 2023 statement, the Board directed the President to work with the constituency groups on the no confidence resolution issues, which he did. The result was that all constituencies agreed to consolidate the no confidence issues down to three action items they wanted to see the Board act on that would begin earning confidence. A fourth action item regarding the hiring of an attorney was then added later.

The first action item was to commit, in a clearly identified, transparent timeline and detailed action plan, to addressing the NWCCU show cause sanctions in a timely manner to address NIC accreditation (NWCCU Recommendations 1, 2, 3, & 9). This is certainly being worked on but the Board has not produced a timeline with a detailed action plan. The second action item was to finish all Board Policy revisions to clearly articulate the Board's role, functions, scope – as well as limitations of Board impact on NIC operations, in a way that is consistent with accreditation standards (NWCCU Recommendations 2, 5, 6, 7 & 8). There is a Board subcommittee composed of two Board members that have been working diligently for several months to address Board policies. They still have more to do but are making good progress. The third action item is that NIC immediately pay off Interim President Dr. Greg South's remaining contract and sever NIC's ties with him as an interim President on administrative leave. This action would confirm that Dr.

Nick Swayne is the singular NIC President in charge of all NIC operations (NWCCU Recommendations 2, 3, 10 & 11). This has not been done and the Board does not appear to have any intention of following through on this (See additional discussion under Recommendation 5-3, page 11). The fourth action item that was added to the list was that in a vote of unanimous acclamation, the Faculty of North Idaho College "...urges the Board of Trustees to complete the hiring process for the most qualified educational law firm to support NIC" (NWCCU recommendations 1, 2, 5, 6 & 7). This reflects the lack of confidence among constituency groups regarding the recent hiring of an attorney who has not had experience in representing postsecondary educational institutions and does not have expertise in higher education laws and regulations. Constituent confidence was also undermined in that the attorney hired by the Board had the lowest score amongst respondents to the RFP and in fact, had not responded to several required elements in the RFP application. As of this writing, the Board's response to this concern, while accurate, has been dismissive, simply reiterating that the authority to hire an attorney is solely the Board's.

On October 27, 2023, the Faculty Assembly produced a 10-page statement to update the evaluation team on the recommendation issues from their perspective. It includes links to evidence of their statements. Regarding the no confidence votes, they gave a history of the no confidence resolutions and how they were addressed by the Board over the past almost three years. Overall, the resolutions mostly focused on areas that have been included in the NWCCU recommendations.

Recommendation 4, Spring 2023: *Procedures for Presidential evaluation and policies for retention of Presidential evaluation records need to be developed and executed. (Standard 2.F.4)*

[Progress on Recommendation \[Spring 2023-4\]](#)

North Idaho College has made progress on developing systems for Presidential evaluation and records retention, particularly in recent months, but execution of that framework remains a work in progress.

The procedural elements for Presidential evaluation are articulated in the September 27, 2023, passage of an updated Policy 2.02.02. The final revision specifically addresses earlier concerns regarding disposition of evaluation records. Onsite, the evaluation team verified that the documents would be retained in a secure filing unit in the office of the Executive Assistant to the President, with access "limited to the Board Clerk and the Secretary/Treasurer of the Board, who can provide viewing to the President or individual trustees upon request." The policy further

provides for maintenance of a viewing log and archiving of the materials in accordance with Policy 2.01.06, "Retention of Records."

Beyond the procedures, the substantive components for evaluation have been established through the August 23, 2023, adoption of Presidential goals and October approval of associated metrics. The President verified to the evaluation team that the goals and metrics had been developed collaboratively.

Despite these path-setting accomplishments, however, the evaluation team encountered worrisome signs that execution of the processes remained on hold. For example, onsite, the President reiterated concerns, voiced openly in the September 27 Board meeting, about the initial cadence of his evaluation — quarterly versus annually — in light of his months on administrative leave during 2022-23. Similarly, the evaluators heard conflicting accounts of what information would be included in or excluded from the process, evidently a by-product of other unresolved legal matters (See discussion under Spring 2023 Recommendation 5-1 below). The evaluation team strongly encourages the Board to move forward promptly, thoroughly, and constructively to execute the Presidential evaluation policy and procedures tied to the President's goals and metrics.

Recommendation 5, Spring 2023: *The Board must advance specific policies, procedures, and take timely and definitive action to mitigate or eliminate risks identified in the NWCCU Show Cause letter, dated February 9, 2023. (ER 9)*

[Progress on Recommendation \[Spring 2023-5\]](#)

5.1: Three lawsuits, one settled and two active

At the time of the visit, neither of NIC's two pending lawsuits had been resolved. The first suit, a citizen complaint regarding Board actions, remains in the court system. Though a judge had dismissed some elements of the litigation based on the plaintiff's lack of standing, allegations of open meetings violations were allowed to go forward.

With respect to the second suit, the Board has taken deliberate steps to defer a resolution. That litigation, which arose over the Board's December 2022 decision to place President Swayne on administrative leave, prompted a judge's order to reinstate Dr. Swayne. Initially, at its May 2023 meeting, the Board declined to appeal the order. However, in August 2023, the institution's Board reversed its position, ultimately filing an appeal with the State Supreme Court. Multiple documents and interviews indicated that the full Board held no vote on the appeal. Board records indicate that the authority for the decision derived from February 22 and May 17, 2023, actions naming the Board chair as the trustees' designee to manage Dr. Swayne's suit. These actions are discussed further under Recommendation 5.3 (page 11).

In its Special Report, the college asserts that the pending suits present no financial risk, since neither seeks remuneration. Nonetheless, the institution's litigation-related expenditures for attorney fees, liability insurance, and staff time continue to mount. Though NIC's budget has been adjusted to reflect those increases in the current fiscal year, it is reasonable to conclude that protracted legal challenges may have long-term fiscal and operational impacts.

5.2: Frequent changes in leadership with little to no input from relevant stakeholders, and without following institutional policies and procedures.

There have been frequent changes in leadership at the college over the past several years, including five presidents in the past two years and multiple administrators in interim roles. However, as previously noted under Spring 2022 Recommendation 3b (page 8), despite recent departures, staff at the leadership level seems to be stabilizing.

The only example of a hire being made with little to no input from relevant stakeholders is the interim president that is currently on administrative leave, Dr. Greg South. That hire was made by the Board with no input from other stakeholders. Other hires, including that of Dr. Swayne, did have adequate stakeholder input.

One other related concern is that the Board has tried in the past to insert itself in the hiring of positions below the President. One of these was the recent provost search last winter that was put on hold. NIC Policy 2.01.02 is clear that the Board is only involved with the hiring of a president and should not be inserting themselves into the hiring process of other positions at the college. There is no evidence that the Board has attempted to circumvent this policy since the incident mentioned above.

5.3: Uncertainty as to who is the Chief Executive Officer at North Idaho College, with a regular president placed on administrative leave (Dr. Swayne) and an interim president (Dr. South) appointed concurrent with the regular president.

Dr. Nick Swayne was hired as the President of NIC on June 22, 2022 using a search process that involved a 27-member screening committee that included people from all of the college's constituency groups, members of the community, and administration. In December 2022, the Board placed Dr. Swayne on administrative leave and hired Dr. Gregory South as Interim President. The hiring of Dr. South was made by the Board without input from any constituencies, and thus without regard to principles of participatory governance.

After being placed on administrative leave, Dr. Swayne filed a lawsuit seeking reinstatement. In March 2023, a judge ruled in Dr. Swayne's favor and against the college. Following the judge's order, the Board reinstated Dr. Swayne as President and rather than negotiate to terminate Dr. South, placed Dr. South on administrative leave. Initially, in May 2023, the Board voted not to contest the motion for summary judgment; however, in August 2023, an appeal was filed with the State Supreme Court. At the time of this writing, the outcome of the Board's appeal is unknown. Thus, since December 2022, the Board has had both a President and an Interim President under contract and are paying both full salaries and benefits accordingly. Dr. South's contract term runs through June 30, 2024, while Dr. Swayne's runs through June 30, 2025.

One of the main contentions in all of the no confidence votes by staff, faculty, and students is the issue of having two presidents and wanting to see Dr. South's contract terminated. In the most recent consolidation of action items in the votes of no confidence by all three constituency groups, that is one of the four main action items remaining, and the one that concerns them most. Moreover, in the evaluation team's on-campus meetings, it was abundantly clear that Dr. Swayne has the full support of college leadership, faculty, staff, and students. If the Board were to take action to terminate Dr. South's contract, it would be a relatively "easy win" and would be a significant step in regaining the goodwill, confidence, and trust of NIC constituents.

It should be noted that faculty and staff also voiced their concern that the Board has not taken action to terminate Dr. South's contract. They told the team that they thought that Board's rationale was to keep Dr. South under contract so that he could be brought back from administrative leave should the Board decide to terminate Dr. Swayne's contract. In individual meetings with the evaluation team, some Board members confirmed this suspicion. These Board members stated that they did not support Dr. Swayne as a permanent president and that the rationale behind not negotiating a termination of Dr. South's contract was, indeed, so that the Board could reinstate Dr. South as President in the event that Dr. Swayne's contract could be terminated.

This led to the evaluation team's conclusion that there is little evidence to support that NIC has one President and little confidence that there is a will to resolve this issue. It appears that while faculty, staff, and administration of NIC are overwhelmingly united in their support for Dr. Swayne, there is dissent within the Board and the correct perception that the Board is unwilling to remedy the confusion and additional financial burden caused by having two Presidents under contract. Ultimately it leads the evaluation team to conclude that the institution has made no progress to support that it "employs *an* (emphasis added) appropriately qualified chief executive officer" (ER 10 and Standard 2.A.3), nor that it "demonstrates an effective governance structure" (Standard 2.A.1), nor that it "...has a functioning governing board(s) responsible for the quality and integrity of the institution" (ER 9).

5.4: Declining enrollments, including termination of partnership with STEM Charter Academy, with concomitant reduction in tuition revenue.

As noted in the NIC Special Report, as NIC awaited the outcome of the June meeting with the NWCCU commissioners, senior leadership organized a contingency planning task force to address the impact of the commission decision. After receipt of the July 7, 2023, letter, and an affirmative response on the continuation of Show Cause, the contingency planning task force transitioned to a special recruiting and marketing task force. As a result of the commitment and hard work of this task force the team observed that their work helped ensure that NIC met its tuition budget target and contributed to the recruitment of 747 new students. NIC is strategically focused on the need and the impact of enrollments on the financial stability of the college. Additionally, outreach activities in the community and with education partners provided by executive leadership has also helped create a welcoming environment for new students.

It was evident that while in the evaluation team's on-campus meetings with faculty and staff they expressed their commitment to increasing enrollments and a focus on students is a priority; however, they also expressed a perceived barrier to this work in the ongoing reputational challenges faced due to the current contentious governance environment.

5.5: Continued exodus of faculty, staff, and senior administrators

As noted in the college's Special Report (page 11), North Idaho College has taken tangible steps to stem the rate of departures and turnover among employees — among them, the President's assurance of FY24 job continuance for all benefits-eligible employees, early issuance of FY24 contracts, and an 8 percent increase in FY24 salary allocations. Of these, the last may be the most impactful, given that exit surveys and onsite conversations cite compensation as the most-cited reason for leaving NIC. Other retention initiatives have emphasized employee engagement and wellness. Further underscoring NIC's commitment to these matters, records indicate that the President's Cabinet members and trustees now receive regular reports on separations, retention, and search outcomes.

While these actions signal a sincere intention to stabilize staffing, their effectiveness remains to be seen. NIC's data reveal that FY23 departures (n = 104) were, in fact, slightly higher than FY22's (n = 102). With 31 resignations already accepted this year, data suggest that 2023-24 is on track to continue that trend. While boosts in salary and benefits will likely help to stem this tide, other factors remain of interest. Exit surveys indicate that, while the majority of respondents (just

under 60%) cite compensation as a reason to leave NIC, institutional reputation remains a motivating factor for many (approximately 45%).

Some 21 vacancies (nine faculty, 12 staff) have been intentionally left open in the current-year budget. Onsite, respondents were consistent in reporting that those savings were redirected, in whole or part, to fund FY24's salary increases. The evaluation team was provided with convincing evidence that the choices were guided by thoughtful analysis of enrollment demands, opportunities for position realignments, and current program status. The college has prioritized searches and position reassignments in areas — for example, the library and advising — where vacancies are impacting continuity of service. There is a commitment to reevaluate the other vacancies as conditions change.

In interviews on campus, many groups and individuals noted that, by and large, people who wanted to leave NIC have already done so, leaving a stable core of retained employees who are motivated by loyalty to NIC and the enjoyment of their tasks. The team's interactions with employee groups amply reinforced that impression. While that level of human commitment is commendable, the data suggest that as part of its efforts to sustain operations and morale, NIC should continue to monitor turnover rates, the reasons for them, and the sustainability of any vacancies left unfilled.

5.6: Decision with little to no input to expand the athletics program and to change athletic conferences with potential added costs

At its June 7, 2023 meeting, the Board voted to approve moving NIC athletics to NJCAA for all SWAC-affiliated sports. The move was reaffirmed at the September 27, 2023 meeting to transition NIC athletics to a Division I institutionally funded NJCAA program and the Board directed the Administration to expand support to include fees, books, room and board, one round trip flight home for each student-athlete, and tuition regardless of the student's residency status. At the September 27, 2023 meeting, NIC Vice President of Finance, Sarah Garcia, presented a preliminary estimate of the budgetary impact at \$2.6 million per year.

Board meeting minutes from September 27, 2023, indicate that the Board reaffirmed its decision to move to a Division I athletic conference following an ad hoc working group meeting to address "NIC Budget Consideration of Athletics" held on September 25, 2023. Meeting attendees included NIC Board Chair McKenzie, Board Trustee Banducci, President Swayne, VP of Finance Garcia, and Dean of Students, Alex Harris. Discussions with constituent groups indicated that they were not requested to provide input on this decision and pointed to this as an example of a lack of commitment to a structure of governance that is inclusive in its planning and decision-making.

In addition to the concerns raised around participatory governance, faculty and staff also expressed concerns about the budgetary impact of the decision, the effect on student learning with anticipated student athlete class absences due to increased travel requirements, and the potential for decreased opportunities for local students to participate in the athletic programs as a result of national and international recruiting efforts.

5.7: Multiple No Confidence Resolutions from the Associated Students of NIC, NIC Faculty Assembly, and NIC Staff Assembly.

Please refer to discussion under Recommendation 2, Spring 2023 (page 8).

5.8: Risk of significant financial stress including but not limited to: Expanded payroll for two presidents, interim provost, and special assistant to the interim president, along with moving expenses, and other contracted charges and/or obligations. Significantly increased insurance costs with higher deductibles, Moody's Bond Rating review for potential downgrade. Declining donor support

Expanded payroll for two presidents, interim provost, and special assistant to the interim president, along with moving expenses, and other contracted charges and/or obligations.

As noted in the NIC Special report, for the Fiscal Year 2023, the college's general fund realized a surplus. This surplus was due to a combination of factors including increased interest income revenue and reduced spending on salary and benefits due to vacant positions. These factors as well as a very solid fund balance, extremely competent financial staff, and solid audits, work together to help alleviate the potential for significant financial risk.

Significantly increased insurance costs with higher deductibles.

The FY24 budget is balanced with the increased insurance costs taken into consideration. The finance office continues to keep an eye on potential additional insurance risk but has built the budget conservatively to address any additional impacts.

Moody's Bond Rating review for potential downgrade.

Moody's released an announcement that with the continuation of the show cause sanction, the college's issuer and bond ratings remain at A3 and the outlook remains "negative." While this

announcement has reputational impact it has little impact on the college's financial future, given that NIC's existing bond debt is fixed and no additional borrowing is anticipated.

Declining donor support.

The NIC Foundation continues to fulfill its mission of providing support to NIC students, faculty, and staff. With a healthy endowment developed over many years of strong Foundation Board leadership and community support it now faces the loss of donors. In the last few years, due to continued turmoil in NIC leadership and governance the Foundation has seen a 25% decrease in donors. The Foundation has not seen a decrease in funds raised but is concerned that continued turmoil will have adverse effects on future fund raising. Additionally, the Foundation Board has begun addressing the need for updated policies and procedure to address current challenges in its interactions with the NIC Board.

Recommendation 6, Spring 2023: *Through its governance system, North Idaho College should work to achieve consensus between the Board and college leadership to identify internal and external strategic initiatives and to jointly create and execute plans to address them. (Standard 1.B.4)*

[Progress on Recommendation \[Spring 2023-6\]](#)

Both the Board and the college leadership are in agreement that the existing strategic plan is inadequate and that a new strategic plan needs to be developed in order to advance the mission of the college. To that end, a strategic planning consultant has been engaged to assist in this effort. The evaluation team acknowledges this as a positive first step forward in addressing this recommendation. As the planning process unfolds, the evaluation team encourages the institution to engage all constituencies, including the Board, so that ultimately, the institution's strategic plan represents the consensus of all institutional stakeholders.

The evaluation team also notes the positive progress shown in the development and adoption of both Board goals and goals for the President. It is encouraging that both the Board and the President have identified satisfying NWCCU accreditation requirements as their top priority which speaks to their awareness of the criticality of NWCCU's Show Cause sanction and their commitment to compliance with NWCCU Eligibility Requirements and Standards for Accreditation. The President has developed, and the Board is working on, specific action items to achieve the goals outlined in their respective plans. The next key step for the Board and the

President will be executing the plans and assessing whether actions taken have achieved the priority goal of satisfying accreditation requirements as well as the other goals.

Recommendation 7, Spring 2023: *The Board and College President should ensure that they adhere to the inclusive articulation in the college's planning and decision-making processes. The Board and College President should demonstrate a commitment to an environment respectful of meaningful discourse, in their official capacities and when interacting with each other. (Standard 2-Preamble)*

[Progress on Recommendation \[Spring 2023-7\]](#)

From the level of the President and below, the decision-making process at NIC is inclusive, providing opportunities for engagement in its governance structure that includes the Faculty Assembly, the Staff Assembly, the Associated Students of North Idaho College (ASNIC), and the College Senate. In addition, on September 27, 2023 each member of the Board signed a statement affirming that they will “consider information received from all sources” in their decision-making processes. However, at that same meeting, the Board reaffirmed the vote to change athletic conferences. Meetings with faculty, staff, and students confirmed that their input and perspectives were not sought prior to the Board’s decision. Members of the Faculty Assembly, in particular, voiced concerns regarding the impact of this action, citing the estimated additional annual cost of \$2.6 million, and the negative impact of student participation and travel on students’ academic success.

The affirmation statement also asserts Board members’ commitment to “...work with fellow trustees in a spirit of harmony and cooperation, and respect differences of opinion.” However, in meetings with the Board, the President, and members of the campus community, observed behaviors that would validate this commitment is perceived as uneven at best. Meetings with members of the campus community as well as the evaluation team’s observation are congruent noting that at times, interactions in Board meetings reflect positive and respectful discourse, at other times Board meeting discussions devolve into dialogue (or monologue) that would be characterized as inflammatory, unprofessional, and disrespectful.

While the signed affirmation represents a positive step forward in the Board’s commitment to both the shared governance process, as well as behavior that is respectful, cooperative, and positive, it is clear that the Board has not yet consistently demonstrated its commitment to its tenets. One Board member did state that there is an initiative underway to develop a Board policy on civility. The site visit team encourages the Board to move this initiative forward with haste to

support demonstrable and consistent change, holding all members of the campus community responsible for maintaining “an environment respectful of meaningful discourse” per the Preamble to NWCCU Standard 2.

Recommendation 12, Spring 2023: *The college must ensure transparency regarding financial resources by ensuring that processes to inform faculty and staff are consistent from year to year and processes to inform Board members regarding financial decisions are applied equitably. (Standard 2.E.3)*

[Progress on Recommendation \[Spring 2023-12\]](#)

NIC has a robust budget process that insures input from all stakeholders of the college. There is a documented process that is shared broadly and as evidenced in conversations with the campus community, they feel included in the process. As noted in the NIC special report departments are encouraged to discuss budget development with the outcomes of those discussions then submitted to the office of finance for incorporation into the overall campus budget for further discussion. It is the responsibility of the Vice President of finance and business affairs to provide budget development updates to all stakeholders. Additionally, the budget is presented individually to each Board member before it is taken to a Board meeting for approval.

Meetings with the campus community, confirmed that constituents have the ability to provide input into the budget process, have access to budget information, and can freely share comments and concerns about the budget.

Summary

As noted earlier, the evaluation team was impressed with dedication and resilience of NIC’s administration, faculty, staff, and students. They are clearly committed to the success of NIC and are working diligently to address the issues outlined in the Show Cause notification. The team found it noteworthy that regarding the recommendations that were within the purview and control of NIC administration, the President and his team created an action plan, worked the plan, and produced positive outcomes.

On the other hand, the evaluation team was concerned that the recommendations that require Board response and action had shown little to no progress. The evaluation team acknowledges and commends the hard work by the Board subcommittee tasked with reviewing and revising

Board policies as a necessary and positive initial action. The evaluation team also recognizes the Board's various written statements addressing their commitment to retaining NWCCU accreditation, to continuing Board training with ACCT consultants, to improving relationships with constituencies and working toward a resolution on the votes of no confidence, and to adhering to policies and the tenets of participatory governance as potential steps forward. However, the campus constituencies are clearly skeptical given that Board action or inaction continues to contradict their written statements. Frankly, that skepticism is validated throughout the evaluation team's analysis provided in this report.

Reiterating the observation under Recommendation 5.3 (page 12), the Board's behavior and actions lead the evaluation team to conclude that:

- The institution has made no progress to support that it “employs *an* (emphasis added) appropriately qualified chief executive officer” (ER 10 and Standard 2.A.3);
- The institution has not demonstrated “an effective governance structure” (Standard 2.A.1);
- The institution does not have “...a functioning governing board(s) responsible for the quality and integrity of the institution” (ER 9).