ACSA Issue Brief: ACSA, NAAB, and the Path Forward
2015 Administrators Conference

Since 2013 ACSA has been in discussions with the collateral organizations about the funding, governance, and organizational structure of NAAB. At this conference we seek your opinion on a set of recommendations that are the result of this process. Please attend the business lunch, Friday at 12:15 in Ballroom 4, for a short presentation and open discussion. This handout reviews the recommendations and the issues at stake in these important discussions. A summation can be found on the back of the packet.

Summary of the Process
1. Since 2013, when NAAB proposed a new collateral funding agreement with steep increases in contributions and less oversight, **ACSA has asked for fundamental change in NAAB’s funding, scope, and governance.**

2. One year ago, ACSA and NAAB announced merger discussions using a model that sought to preserve the two bodies’ independent roles and functions while combining some staff duties and leveraging other resources.

3. In February 2015 the NAAB directors voted not to pursue the merger. Instead, the organizations agreed to include all five collaterals—known as the Path Forward Task Force—in the discussions and consider multiple options.

4. The results of this most recent phase are consensus recommendations from the Path Forward Task Force.

5. The Path Forward Task Force recommendations represent compromise to balance collateral interests.

6. We are asking for the membership to review and voice whether they support these recommendations.

Overview of the Path Forward Task Force Recommendations
These recommendations represent a series of interrelated steps.

1. **Sign an MOU** outlining the collaterals’ support for realizing the recommendations.

2. **Change the governance structure** of the NAAB to increase the proportion of educators to practitioners.

3. ACSA and NAAB sign a **joint operating agreement** to realize savings and better support work with schools.

4. **Adjust the revenue model** supporting accreditation to include accreditation fees paid by architecture schools.

5. Create an **Education Coordinating Council** to develop a robust organizational structure for the continuum of education in architecture with emphasis on collegiate education.
Recommendation 1. Sign an MOU

The five collaterals should sign a memorandum of understanding (MOU) that specifies the desired ends and the means by which to ensure progress is being made.

The MOU should outline
a. The collaterals’ commitment to achieving the goals and recommendations from the Path Forward Task Force;
b. Their willingness to create an Education Coordinating Council as the body through which to seek to achieve and implement the goals and recommendations; and
c. The timeline for completion of the work.

ACSA Comments
Realizing all recommendations will take multiple years, during which time the collateral board members will change. An MOU will help keep the organizations on track without having to revisit what was originally agreed. An MOU also emphasizes the critical interrelation of the recommendations and serves to discourage their selective implementation.
Recommendation 2. Change NAAB Board Structure

5:4 ratio of educators to practitioners

Proposed Changes

- Set 5 seats for full-time educators, 4 seats for full-time practitioners, and the remaining 4 seats for students and public members.
- Remove the collateral “seats” on the NAAB and allow all collaterals to nominate for any open seats on the NAAB.
- The Path Forward Task Force agreed that expertise in education benefits accreditation in the same way that experience with practice benefits regulation of the architectural license.

ACSA Comments

- The current ratio of educators to practitioners is 1:2. This is inequitable on a board with significant influence over education.
- The recommendation helps remove the collateral politics from the NAAB board.
- There should be clear criteria for NAAB directors in the educator, practitioner, and student categories.
 Recommendation 3. Sign a Joint Operating Agreement

Auditor’s Review

This spring ACSA and NAAB engaged an independent accounting firm to identify redundancies in expenses and estimate savings possible through an operational alliance. From the report:

• “ACSA and NAAB serve the same constituent/customer base.”
• “Seek operational alignment including co-location and combined back office/administrative operations, such as Finance and HR.”

Summary of the Recommendation

• A joint operating agreement would keep unique activities separate, remove redundant expenses, and could enable future improvements in service.
• Future efforts would develop further opportunities for efficiency and strategic enhancement in areas such as communications, information and research, meeting planning, and governance administration.

ACSA Comments

Architecture spends nearly 3 times what interior design or landscape architecture spends to have an accrediting body for education. Given the overlaps of the organizations, a JOA or other combination would help use resources to support architectural education more effectively.

The consultant’s report identified other accreditation organizations that combine or consolidate duties, while maintaining an independent accrediting body.

<table>
<thead>
<tr>
<th>ACSA</th>
<th>SHARED</th>
<th>NAAB</th>
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<tbody>
<tr>
<td>Scholarly Programs</td>
<td>ADMIN</td>
<td>Accreditation</td>
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<tr>
<td>Membership Services</td>
<td>FINANCE</td>
<td>EESA</td>
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<td>Educational Programs</td>
<td>HR</td>
<td>Substantial Equivalency</td>
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<td>Non-dues Revenue</td>
<td>OFFICE SPACE</td>
<td>Canberra Accord</td>
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<td>Information + Research</td>
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<td>Information + Research</td>
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<td>Communications</td>
<td>redundancies</td>
<td>Communications</td>
</tr>
<tr>
<td>Governance Administration</td>
<td>POTENTIAL SAVINGS NOT YET EXPLORED</td>
<td>Governance Administration</td>
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<tr>
<td>Meeting Planning</td>
<td></td>
<td>Meeting Planning</td>
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<td>Information Technology</td>
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<td>Information Technology</td>
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2012 ACSA Study of Per-Program Accrediting Board Costs

- $10,000
- $8,000
- $6,000
- $4,000
- $2,000
- $0

- Architecture
- Landscape Architecture
- Interior Design
- Planning PAB

POTENTIAL SAVINGS $180k (5%) from O'Connor recommendations and additional areas

ACSA Study of Per-Program Accrediting Board Costs

<table>
<thead>
<tr>
<th>Architecture NAAB</th>
<th>Landscape Architecture LAAB</th>
<th>Interior Design CIDA</th>
<th>Planning PAB</th>
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<tr>
<td>$10,000</td>
<td>$8,000</td>
<td>$6,000</td>
<td>$4,000</td>
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Recommendation 4. Adjust the Revenue Model

This recommendation changes the ways in which NAAB receives revenue for accreditation and changes the proportional allocation of funding between schools and the profession.

Background on Current Funding Model

<table>
<thead>
<tr>
<th>NAAB Funding Sources</th>
<th>$1.8 million total annual budget</th>
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<tbody>
<tr>
<td>Accreditation 74%</td>
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<tr>
<td>AIA 24%</td>
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<td>AIAS 1%</td>
<td></td>
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<tr>
<td>NCARB 24%</td>
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<tr>
<td>Other 2%</td>
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<td>International 25%</td>
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ACSA Comments

- NAAB’s funding comes from a multi-year agreement signed by the collaterals.
- ACSA represents schools’ interests in negotiating funding agreements. We continue to advocate for limiting increases in NAAB contributions to cost-of-living adjustments only (i.e., due to inflation).
- Free Rider Problem: currently U.S. full- and candidate member schools contribute support for NAAB through ACSA dues. Membership in ACSA is not required (and cannot be, by law). Programs that do not join currently are getting accreditation services for free.
- 100% of accredited programs are ACSA members currently. A small handful of programs in candidacy with NAAB have not joined ACSA as candidate members.

*The recommendation continues on the next page...*
Recommendation 4. Adjust the Revenue Model (continued)

The recommendation addresses the ongoing issues of accountability, transparency, and cost control, shared by ACSA as well as other collaterals.

1. Architecture programs pay fees.
   - ACSA Members:
     - pay accreditation fees through ACSA
   - Non-Members:
     - pay 75% premium on accreditation fees over ACSA members

<table>
<thead>
<tr>
<th>Year</th>
<th>ACSA (fees)</th>
<th>NCARB</th>
<th>AIA</th>
<th>AIAS</th>
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<tbody>
<tr>
<td>1</td>
<td>0</td>
<td>33</td>
<td>66</td>
<td>99</td>
</tr>
<tr>
<td>6</td>
<td>0</td>
<td>50</td>
<td>75</td>
<td>100</td>
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$1.3 million \rightarrow $1.9 million

ACSA Comments
- Separating fees from dues addresses the Free Rider Problem.
- Separating fees from dues introduces risk to ACSA. This risk is mitigated by non-members paying a premium on accreditation fees, and by ACSA bundling fees from its members.
- The change in proportional support for accreditation to 50% fees from programs parallels the proposed changes to NAAB’s governance in Recommendation 2.

2. Collateral funding agreement sets a 5-year transition.
   - Agreement sets fees, contributions, and reporting parameters.
   - Sources of revenue adjust over time to 50% program fees, 50% collateral contributions.

3. Revenue for accreditation increases from growth in new programs, while annual fees for continuing programs remains tied to inflation.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Programs</th>
<th>Total Accreditation Revenue</th>
<th>Annual Accreditation Fees</th>
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<tbody>
<tr>
<td>2017</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2018</td>
<td>10</td>
<td>10</td>
<td>10</td>
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<tr>
<td>2019</td>
<td>20</td>
<td>20</td>
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<td>2020</td>
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<td>2022</td>
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Recommendation 5. Create the Education Coordinating Council

The Recommendation in Summary
- The task force identified a number of long-term aspirations that included better coordination of the continuum of education from K–12 to continuing education.
- The recommendation creates a Council composed of collateral representatives to explore ways to achieve these aspirations while addressing the need for resolution in the funding, governance, and organizational structure of NAAB.

ECC Purpose
An Education Coordinating Council would develop a robust organizational structure for the continuum of education in architecture.

ECC Deliverable
The Coordinating Council will deliver a model for an umbrella organization for collegiate education in architecture, including accreditation, that involves robust participation of the collaterals.

ACSA Comments
The task force agreed that successfully addressing the funding, governance, and oversight of the NAAB was premised on a larger interest of the five collateral organizations to sustain the growth and development of the full spectrum of architectural education. It was acknowledged that this had implications for the structures of both NAAB and ACSA.

Among the aspirational goals that would inform the next steps in determining the funding, governance, and oversight of the NAAB are:
- Speaking with a coherent and coordinated voice to the public about opportunities for education in architecture and pathways into the profession.
- Creating a population of architectural professionals that represents the diversity of the communities that the profession serves.
- Strengthening the reciprocal role of research and practice to advance architecture as a profession and as a discipline.
Why Schools Should Demand Change

Failure to come to agreement over NAAB will lead to a crisis.

- Decisions about NAAB rest in some ways with the NAAB directors and in other ways with the collaterals.
- NAAB ultimately determines its sources of revenue and how it uses this revenue. Absent a five-collateral funding agreement, NAAB may decide to charge schools directly, or NAAB may seek contributions from one or more collaterals to supplement fees from schools.
- NAAB may alter its governance structure through a change to its bylaws, but ACSA, AIA, or NCARB are empowered to reject any bylaws changes.
- NAAB’s authority as “the sole agency authorized to accredit U.S. professional degree programs” lies in the 38 states that specify NAAB accreditation as a licensure requirement and in NCARB’s Model Law, which specifies NAAB by name.

Architecture schools only have power when we speak with a clear voice.

- ACSA is a voluntary membership organization with no statutory authority.
- There is no other organization to speak on behalf of schools to organizations with statutory authority.
- Significant change to NAAB that excludes ACSA will jeopardize the ability of schools to advocate for themselves.

The ACSA believes:

- The current system is inequitable for schools, which are affected by NAAB’s decisions, and too expensive when compared with peer professions.
- We have negotiated in good faith for two years for outcomes that reduce costs, affirm NAAB’s independence of decision-making, and enhance schools’ ability to educate students and carry out research.
- The NAAB has indicated an unwillingness to fundamental change in its scope and operations.
- Our members should publicly demand fundamental change.

Next Steps

- Each collateral board will receive the recommendations and decide on action.
- NAAB has already voted to reject aspects of the Education Coordinating Council that recommended continued study of changing NAAB’s relationship to the collaterals, particularly to ACSA.
- This weekend, the ACSA board will vote on the recommendations, based on feedback gathered at this conference and at our October online caucuses.