

Text of President Mo Zell's Presentation for ACSA Member Update on Funding For Accreditation

October 26, 2023, via Zoom, beginning at 7:00 pm Eastern

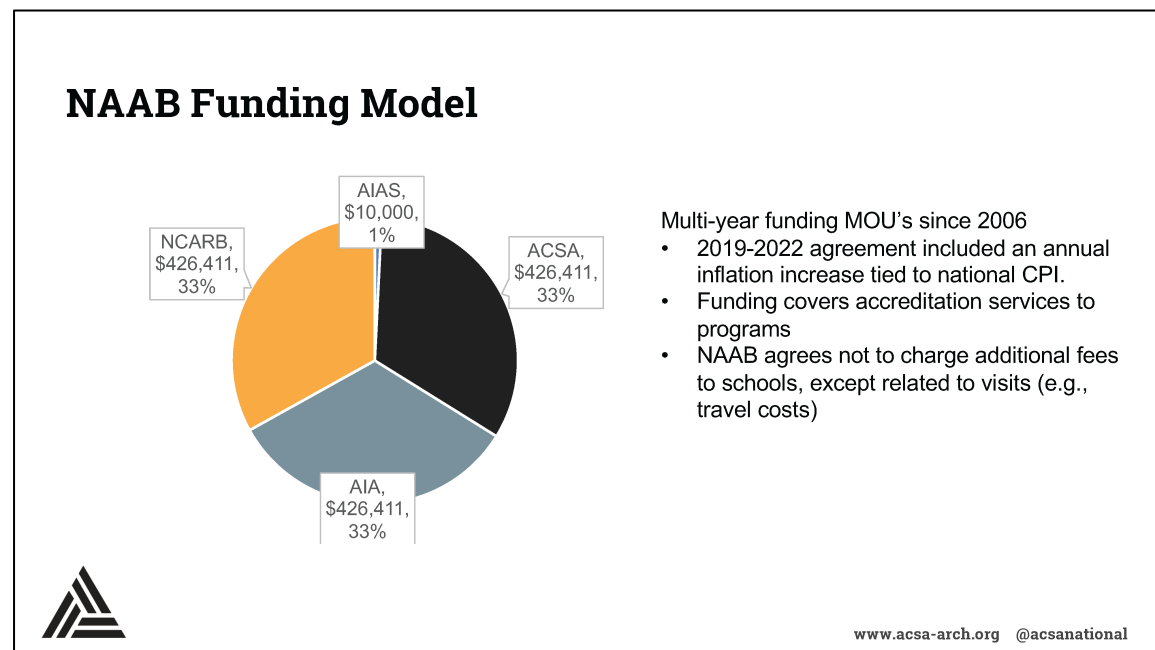
Welcome everyone, thank you for joining us this evening. I hope your semester is going well. I can't believe it's already mid-review time.

For those who don't know me, I'm Mo Zell President of ACSA and Interim Dean at UW-Milwaukee. I'm joined by ACSA Executive Director Mike Monti.

We will make a brief presentation, which is being recorded for posting online for members who cannot attend. After the presentation we will stop the recording and provide an opportunity for discussion. We also plan to use some time during our Friday lunch at the Administrators Conference next week in Buffalo to discuss this.

We will review a few items starting with the current funding model for NAAB, the context for the model, funding details and followed by ACSA concerns.

So, here are the basics of how the accreditation activities of the National Architectural Accrediting Board are funded.



NAAB is an independent 501(c)3 nonprofit organization chartered in the District of Columbia.

In addition to accreditation of architecture programs, NAAB provides certification for international architecture programs, and NAAB manages the Education Evaluation Service for Architects, which is aimed at foreign architects seeking to practice in the United States.

Accreditation services provided by NAAB are underwritten by four organizations. ACSA, AIA, and NCARB each provide 33% of the funding. In 2022 and 2023 the amount was \$426,411 per year.

AIAS provides \$10,000.

Funding has been formalized through a memorandum of understanding signed by the five organizations covering multiple years. In some cases, we have extended funding agreements by one year as the organizations continued to discuss funding.

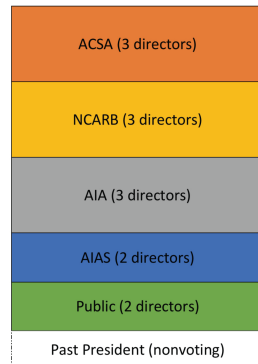
Since 2006, these memoranda have specified the scope of the funding: for accreditation services. They also stipulated that NAAB does not charge additional fees to programs, except for costs related to site visits, such as travel expenses.

The most recent multi-year agreement included an annual inflation increase indexed to the annual change of the Consumer Price Index.

For 2023, the organizations agreed to extend the MOU for one year with no increase, as we will explain.

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Funding Model Relates to Governance



NAAB officers elected from the directors nominated by ACSA, AIA, and NCARB.

Each collateral affiliate must have at least one nominee serving as an officer at all times.



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When the 5 organizations agreed to this model in 2006, they did so out of recognition that they all have stakes in the outcomes of accreditation.

In particular, AIA, NCARB, and ACSA agreed they have equal stakes in accreditation, and the number of seats for each organization is equal.

That is, each organization nominates three directors to serve three-year staggered terms. AIAS nominates two directors. NAAB has a total of 13 directors on their board plus a nonvoting past president and nonvoting executive director. All four organizations have the opportunity to nominate public directors.

NAAB's officers are elected from the sitting directors nominated by ACSA, AIA, and NCARB. They serve one-year terms in the role as part of their three-year term. The organization also has a past president who does not have a vote. Each of these organizations must be represented among the officers.

Once seated as NAAB directors, the organizational nominees are fiduciaries of NAAB and do not represent, nor are they accountable to, the organizations that nominate them.

We want to provide some additional context. Organizational models for accreditation vary by profession.

Accreditation Organization Models Vary



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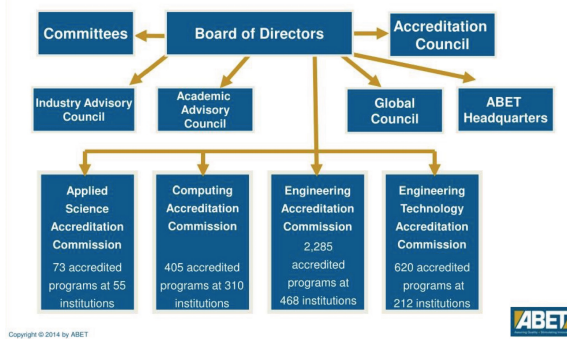
Interior design is like architecture in having an independent organization. Its funding comes primarily from the programs it accredits.

Landscape architecture's accrediting body (LAAB) is held within their professional society, the American Society of Landscape Architects (ASLA), as an autonomous *committee* of the American Society of Landscape Architects. Fees from programs cover the direct costs of accreditation visits and board meetings. The Society provides staff support and overhead for LAAB as part of ASLA's annual budget.

The Council on Social Work Education is both the membership society for social work degree programs, and it is the sole accrediting body. The Board of Accreditation is an autonomous board whose funding model is similar to ASLA's.

Accreditation Organization Models Vary

ABET Organizational Structure



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A fourth example is engineering and technology, which has an umbrella organization that is affiliated with 35 member societies and four accrediting boards.

These member societies work through ABET to set policy, develop strategy and conduct accreditation activities worldwide on behalf of their professions. Schools pay fees for accreditation to ABET.

Back to architecture accreditation and ACSA funding of NAAB.

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ACSA's Contribution Comes From Member Dues

Category	FY24 NAAB Portion	FY24 ACSA Portion	Total FY24 Dues
Full Member: Large (40+ FTE)	\$3,200	\$9,734	\$12,934
Full Member: Medium (15-39 FTE)	\$3,200	\$7,892	\$11,092
Full Member: Small (1-14 FTE)	\$3,200	\$6,393	\$9,593
Candidate Member	\$3,200	\$5,872	\$9,072
Canadian Full Member	0	\$5,781	\$5,781



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ACSA pays for its contribution to NAAB through member dues. These dues are effectively pass throughs.

The chart shows the dues for full and candidate member schools for the 2023-2024 academic year. The tiers are based on the number of FTE faculty.

Each year our annual dues renewal letter explains the overall funding model and how much the school contributes. Upon request, we can provide an invoice that breaks out the NAAB costs. For some schools this is important, because accreditation costs come from a different budget than membership dues.

ACSA sets its dues for the next academic year in April or May of the spring before.

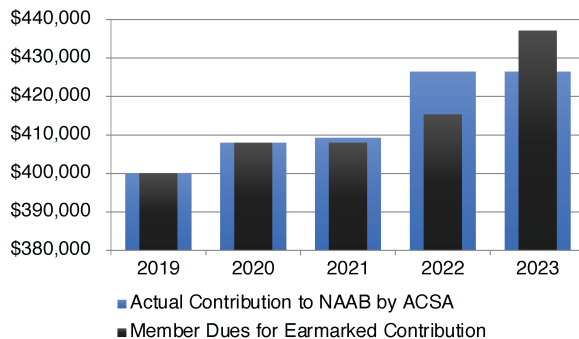
Our bylaws allow ACSA to increase member dues by a cost-of-living adjustment. Anything beyond that must be approved by a vote of the full members.

Like NAAB, we use the national Consumer Price Index as our source for an inflation adjustment.

However, in some years the board of directors decided not to increase dues by the full amount of inflation, understanding that school budgets do not always increase at the rate of inflation, particularly in years with high inflation.

In Some Years ACSA Increased Dues Less Than Inflation Rate

Actual Contribution to NAAB vs. Dues Collected for Contribution



	Actual Contribution to NAAB	Member Dues Earmarked for NAAB	Variance
2019	\$400,000	\$400,000	\$-
2020	\$408,000	\$408,000	\$-
2021	\$409,224	\$408,000	\$(1,224)
2022	\$426,411	\$415,362	\$(11,049)
2023	\$426,411	\$437,071	\$10,660



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These charts track the recent history of increases to ACSA dues and to our contribution to NAAB's funding. In 2021 and 2022, we did not increase the member dues at the same rate as the NAAB contribution.

This meant that we allocated member dues earmarked for ACSA to make up the variance between dues and the NAAB contribution.

However, in the 2022-2023 membership year, ACSA collected more money for the 2023 NAAB contribution than we ended up having to pay. This is because in December of 2022 we agreed to extend the NAAB funding MOU one year without an inflation increase. We will say more about this shortly.

So, of the 2022-23 dues earmarked for NAAB, we are holding approximately \$73 per school. We will apply this money to the future funding agreement we reach with NAAB, and will be accountable for every dollar in this year's dues that was earmarked for NAAB.

Now, I'd like to share a little about the NAAB funding negotiations.

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About the NAAB Funding Negotiations

- June 2022: NAAB proposes a 47% increase. The funders decline to agree to this.
- Among the reason for the proposed increase are to fund additional staff required to implement the 2020 Conditions for Accreditation and the glut of programs up for reaccreditation, due in part to COVID.
- NAAB also proposed to change the MOU to enable the organization to charge fees to programs, reversing a key tenet of the past agreements.
- The five organizations agreed on a continued resolution for 2023 and met in person in March. Following that meeting they agreed to seek a facilitator, a process that took nearly six months to begin.



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In June of 2022, NAAB proposed a 47% increase in contributions from the three major funders.

This was presented with no notice, with little time for discussion or negotiation before the expiration of the existing funding agreement, and, importantly, with no time for ACSA to notify our members about a possible increase before the academic year.

The 47% increase was proposed to happen in one year.

The justification was that NAAB needed to increase staff to implement the 2020 Conditions for Accreditation, which changed the accreditation process significantly. They also cited a glut of programs seeking accreditation in a two year period, due in part to COVID.

They argued the four funding organizations (ACSA, AIA, NCARB and AIAS) had representatives in the process that led to the changes to the Conditions. Therefore, we should approve the funding increase.

The funding organizations did not provide NAAB a blank check during the development process that led to the new Conditions. The implications for cost and administration under the new Conditions were not raised, much less discussed.

Following their proposal, NAAB provided additional information and revised their proposal to a 40% increase over three years.

Moreover, NAAB provided a draft funding MOU that removed the prohibition on charging additional fees directly to programs.

None of the funding organizations agreed to these proposals, and sent joint letters communicating their opposition.

On December 19, 2022, NAAB sent a proposed one-year extension of the MOU that removed the prohibition on charging schools directly.

After reinstating the prohibition clause, the organizations extended the funding MOU to 2023, with no increase.

The organizations met in person in March 2023. Following a meeting, the organizations agreed to seek a facilitator.

After six months, we finally agreed on a facilitator, and on October 23—this week—the organizations met again with the facilitator.

Key Issues For Funding for Discussion

- Controls on increases in costs for schools.
- The percentage of support from the profession should not decrease
- ACSA's role as voice for architecture schools
- ACSA role as conduit
- Access to data collected from schools in accreditation. In 2023 NAAB stopped giving ACSA data, but continues to give NCARB data.



We value the current funding arrangement, in which AIA and NCARB match what schools contribute to sustain NAAB's core accreditation services. We value having AIAS as a collateral affiliate and having students involved in the accreditation process.

The people whom the four organizations represent all benefit from accreditation.

Costs for accreditation are higher in architecture than in other professions, and we will continue to advocate to keep costs related to NAAB accreditation in line with the budget realities that member schools face.

We are holding this meeting in order to share with members what is at stake in the funding and to seek your feedback as we continue to engage with NAAB and the other funders.

Our two primary concerns are the first bullets on [the chart on the previous page]. We would like any funding agreement to include controls on costs for schools that are in line with budget realities and that can be predictable for schools in their budgeting processes.

Increases in the cost of accreditation are ultimately borne by students, who will see tuition and fees increase or supporting resources decrease.

We believe that, given the governance model of NAAB, the percentage of support from the profession should not decrease.

Additional issues that we are watching and for which we are seeking your support are:

- ACSA's role as the voice for programs in these discussions. We are in a sense your representative in a collective bargaining process, although we are not your union.
- ACSA's role as a conduit for funds.
- Access to data collected from schools. For 15 years, ACSA has received copies of data provided to schools, which we use to provide intelligence and insight to our members and their stakeholders.

This is the end of our presentation. We will stop the recording, which will be posted for members to watch through the ACSA website.

Questions and discussion follow.