

Text of President Cathi Ho Schar's Presentation and Resolution for the ACSA Special Business Meeting

August 21, 2024, via Zoom, beginning at 7:00 pm Eastern

Welcome everyone, thank you for attending this special business meeting. My name Cathi Ho Schar, I am a faculty member at the University of Hawaii at Manoa, and I am the current ACSA president.

We sent meeting notices to all faculty as well as additional notices to faculty councilors and program heads, communicating that any member of the faculty may attend this meeting. Members of the ACSA board of directors are here. We also invited Jeff Altman of Whiteford, Taylor & Preston, our legal counsel, to join, and may call on him to speak as needed. We also have the president and or president elects of NCARB, AIA, AIAS, and NAAB joining us as attendees. I want to especially thank and recognize our recent past and present board members, Mike Monti and the ACSA staff, our colleagues from our alliance organizations, and most importantly, our members, for the extra time and attention that has been dedicated to the issues that we are discussing today.

Our goal is to give you an overview and update on ACSA's position on NAAB's current funding proposal, and to provide an opportunity for members to ask questions and provide comments.

Also, as this is an official business meeting, this initial presentation will be recorded and shared with the membership, along with minutes.

To make this an official meeting, we need to record who is here representing their school as the Faculty Councilor or as a proxy.


On screen is a list of schools that registered to attend this event. So that we may confirm who is actually present, we ask that you use the Zoom Chat function to identify yourself and the school you are representing. Please tell us if you are the Faculty Councilor or serving as a proxy representative.

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ACSA Business Meeting Presentation
August 21, 2024

Full Member School Pre-registration

<p>Academy of Art University American University in Dubai Andrews University Arizona State University Auburn University Belmont University* Boston Architectural College Bowling Green State University California Baptist University California Polytechnic State University Carleton University Carnegie Mellon University City College of New York Clemson University Cornell University Dalhousie University Drexel University Drury University Dunwoody College of Technology East Los Angeles College* Florida Agricultural and Mechanical University Florida Atlantic University Florida International University Georgia Institute of Technology Hampton University Harvard University Howard University Illinois Institute of Technology Iowa State University James Madison University* Judson University Kansas State University Kean University Kendall College of Art and Design Kennesaw State University Kent State University Lawrence Technological University Louisiana Tech University</p>	<p>Marywood University Massachusetts College of Art and Design Massachusetts Institute of Technology McGill University Miami University Mississippi State University Morgan State University New York Institute of Technology North Carolina Central University* North Carolina State University North Dakota State University Northeastern University Norwich University Oklahoma State University Pennsylvania State University Portland State University Prairie View A&M University Pratt Institute Rensselaer Polytechnic Institute Rhode Island School of Design Roger Williams University Samford University* Savannah College of Art and Design South Dakota State University Southern California Institute of Architecture Southern Illinois University State University of New York at Alfred State College Syracuse University Temple University Texas A&M University Texas Tech University The Ohio State University Thomas Jefferson University Toronto Metropolitan University Tulane University Tuskegee University Université de Montréal University at Buffalo, SUNY University of Arizona University of Arkansas</p>	<p>University of California, Berkeley University of Cincinnati University of Colorado Denver University of Detroit Mercy University of Hartford University of Hawai'i at Mānoa University of Houston University of Idaho University of Illinois, Urbana-Champaign University of Kansas University of Kentucky University of Louisiana at Lafayette University of Maine at Augusta University of Manitoba University of Maryland University of Massachusetts, Amherst University of Memphis University of Miami University of Michigan University of Minnesota University of Missouri University of Nebraska Lincoln University of New Mexico University of North Carolina, Charlotte University of Notre Dame University of Oklahoma University of Oregon University of Puerto Rico University of Tennessee, Knoxville University of Toronto University of Utah University of Virginia University of Washington University of Wisconsin, Milwaukee Utah Valley University* Virginia Tech Washington University in St. Louis Wentworth Institute of Technology Woodbury University Yale University</p>
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*Candidate or affiliate member

Either role is acceptable to make this an official business meeting, but we ask that only one person serve as the official representative.

So again, if you are a Faculty Councilor, or representing your school in place of your Faculty Councilor, please identify yourself and the name of your school in the Zoom chat.

To have a quorum for business, we need one third of full member schools represented, which is 49 out of 146 full members. We will continue to monitor the chat to make sure every school who is present is counted in our attendance.

Before beginning I want to acknowledge that this is a difficult conversation to have. ACSA and NAAB have had a long and collaborative relationship. ACSA nominates three directors to the NAAB board. These are people who volunteer to serve, who do a tremendous amount of work in this role, and who desire to improve architectural education. Similarly, we nominate the dozens of volunteers who serve on NAAB visiting teams as educator representatives. Their service to the profession is significant.

Our concerns with NAAB's management and governance are not personal. Nevertheless, we believe their funding proposal represents a hardship for architecture schools, which will be most experienced by students, and is not aligned with NAAB's bylaws and NAAB's IRS nonprofit tax status.

Purpose and Desired Outcomes From This Meeting

Review timeline and evolution of funding dispute

- Unilateral decisions to charge fees and exclude the voices of collateral organizations
- Problematic justifications for steep increases in funding
- Concerns raised by external assessment
- Unified messages from NAAB's funding organizations

Collect feedback from members on NAAB's proposal and ACSA's concerns.

Discuss members' options and willingness for collective action.

Act on a resolution calling for postponement of NAAB's proposal.



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I am going to review the status of the funding discussions with NAAB, AIA, NCARB, and AIAS. I will talk about how, from ACSA's perspective, the new funding proposal removes any collective voice from schools, asks for too much of an increase, and does not reconcile any of the financial management issues that remain a concern of the collaterals.

We will invite questions from members about our perspective, and we will collect feedback from you about NAAB's proposal.

We will then discuss options and our members' willingness to take coordinated and collective action to seek changes to NAAB's funding proposal.

Finally, if the members will agree, I would like to introduce a resolution affirming the members' support for ACSA to remain the collective voice for schools and calling for continued discussion among all five collaterals.

Timeline for NAAB Negotiations with ACSA, AIA, AIAS, NCARB

- **June–September 2022:** NAAB proposes a 47% increase, then revises the proposal to spread the increase over three years. The funders decline to agree.
- **March 2023:** The organizations agree to seek a facilitator to help mediate discussions. The facilitator works until the end of 2023.
- **January 2024:** Before the facilitation process is completed, NAAB announces a schedule of direct fees to schools with no financial support from AIA or NCARB and excluding ACSA. A 90-day comment period begins.
- **January 2024:** ACSA initiates a No Confidence in NAAB vote.
- **February 2024:** NAAB and ACSA both suspend the fees comment period and vote, respectively, pending further discussion.
- **March 2024:** AIA and NCARB call for a third-party assessment of NAAB's operations as a condition of any future funding. ACSA and AIAS participate.
- **May 2024:** assessment indicates financial management issues



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We have had many conversations with ACSA members, and we have attended several of NAAB's Monday meetings about their fee proposal.

We know that people have different levels of understanding or historical knowledge. So without going through the full timeline, here are two slides on the timeline of our NAAB funding discussions. We will make the text of this presentation, with slides, available for download on the ACSA website after.

We started this process in June 2022. We worked for a year to try to come to an agreement, but were not able. We hired a facilitator in the fall of 2023 to try to help us reach an agreement. This process was not completed, stopping in January 2024 when NAAB announced that it will end its long-standing collective financial relationship with ACSA, AIA, NCARB, and AIAS, and charge fees directly to schools to cover 100% of the costs for accreditation.

From our perspective this decision gave up on finding a solution, because our facilitator was still scheduling meetings with each organization to try to find more common ground.

About two weeks after NAAB's first announcement of fees, ACSA held a special business meeting in which we introduced a vote of No Confidence.

In fact, we are now here almost 7 months to the day that we held that meeting.

Shortly after the January meeting, both NAAB and ACSA agreed to postpone their actions.

In March of this year, AIA and NCARB called for a third-party assessment of NAAB's operations as a condition of any future funding. ACSA and AIAS were invited to participate, and ACSA contributed partial funding. In order to participate, all parties were required to sign a nondisclosure agreement.

The assessment took place this past spring, with a confidential report given to all participating organizations in May. In the six weeks following this report, ACSA, AIA, NCARB, and AIAS issued two joint public statements about the outcomes from the assessment, noting in one, that "the report has identified inconsistent and erroneous financial management and accounting practices that need to be corrected."

Timeline for NAAB Funding Negotiations

July 2024: NAAB cancels discussions and issues funding proposal for comments and implementation in January 2025.

- NAAB charges direct fees. Fee amounts are provided with and without AIA/NCARB support.
- Annual fees are tiered based on the number of students.
- No clear information on how to count students in pre-architecture programs.
- Separate fees for site visits based on the number of visitors.
- Schools with two accredited degrees pay annual fees for each program.
- No role for ACSA as an advocate, nor for AIAS.
- No accountability to collaterals for funding, reserves, etc.

July 2024: ACSA gives U.S. Full and Candidate members option to receive refund of money collected for NAAB or a credit for 2024-25 dues.



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We are back now at this special business meeting, because on July 1, NAAB again announced a new comment period on a plan to charge fees directly to schools, either with or without contributions from AIA and NCARB.

Inherent in their proposal is an end to 18 years of written funding agreements between the five organizations that communicated everyone's joint interest and support for accreditation—an arrangement that is memorialized in NAAB's bylaws and reflects a shared commitment forged in NAAB's 1940 founding agreement.

In the new proposal:

- NAAB charges direct fees. Fee amounts are provided with and without AIA/NCARB support.
- Annual fees are tiered based on the number of students.

- There is no clear information currently on how to count students in pre-architecture programs.
- There appear to be separate fees for site visits based on the number of visitors.
- Schools with two accredited degrees pay annual fees for each program.

There is no role for ACSA as an advocate, nor for AIAS.

There is also no means of accountability to the collaterals for funding, reserves, etc., as there would be in the case of the written memoranda of understanding.

Example of the Impact of NAAB Fees

Public university in the Midwest with a large B.Arch program and small M.Arch Program:

In 2023-24, the total cost for ACSA and NAAB was \$11,092, paid through ACSA at the Medium category dues level: \$3,122 passed through to NAAB + \$7,970 for ACSA.

Under NAAB's proposed fee schedule, schools will face the following scenarios in 2024-25:

\$8,169 for ACSA dues (+2.5%)

Plus

Without AIA and NCARB contributing

\$9,400 for the B.Arch program paid to NAAB

\$6,500 for the M.Arch program paid to NAAB

\$15,900 total NAAB fees.

409% increase in NAAB costs

With AIA and NCARB contributing at past levels

\$3,000 for the B.Arch program paid to NAAB

\$1,500 for the M.Arch program paid to NAAB

\$4,500 total NAAB fees

44% increase in NAAB costs



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Here is a slide that describes what the impact of the NAAB fees would be at a midwestern school with a large B.Arch and a small M.Arch program.

Under this scenario, the school would pay between 44% and 409% more for accreditation in one year, depending on whether AIA and NCARB each agree to underwrite one third of the cost of accreditation.

Now, under NAAB's proposal, some small schools could contribute less than they were through the previous funding arrangements—again, contingent on AIA and NCARB underwriting their participation.

But for many schools, the costs for accreditation will increase.

We will have time for comments on NAAB's fee schedule later in this meeting.

Let me move next to look at some of the key issues for our discussion.

Key Issues for Funding Discussion

1. Shared responsibility for accreditation funding: ACSA, AIA, NCARB, AIAS
2. NAAB's legally defined role as a Supporting Organization—independence of judgment while being responsive to the needs and demands of their supported organizations
3. Controls on costs and efficiency in accreditation
4. ACSA's role as the voice and conduit for architecture schools in negotiations
5. The value-add or ROI of accreditation



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We communicated to the membership last January how important it is that we act collectively in matters related to accreditation and professional regulation.

In the last 10 days NAAB has sent messages to the membership stating that they alone bear the responsibility of assuring its financial sustainability. The collaterals do not agree with their characterizations.

NAAB was created by AIA, NCARB, and ACSA in 1940. They were incorporated as a 501(c)3 not-for-profit organization, which gives them independence. However, their tax-exempt status is defined as a Type III Supporting Organization. Under this definition NAAB must be operated in connection with one or more publicly supported organizations—that is, the collaterals. According to the IRS, supporting organizations like NAAB “must be responsive to the needs and demands of, and must constitute an integral part of or maintain significant involvement in, their supported organizations.”

NAAB's Bylaws reflect this arrangement, as well. Their Bylaws explicitly state that there shall be periodic “Memoranda of Understanding” setting forth commitments for financial support of NAAB's accreditation function.

By announcing direct fees to schools without collateral participation, they are violating their Bylaws, as no memorandum has been offered that includes all of the collaterals.

This move excludes ACSA as the voice for architecture schools. With ACSA's role diminished, NAAB can continue to escalate its scope and the costs. For this reason, we think that it is important for ACSA to be both the voice for schools as well as a conduit for funding.

We want to clarify that the NAAB board members that are nominated by the collaterals have a fiduciary responsibility to NAAB, and no official relationship or responsibility to represent the organizations, which helps to explain some of this impasse.

One final point on this slide is that we have heard from our members that the value added by changes to NAAB's Conditions and Procedures for Accreditation is not commensurate with the additional cost borne by schools to comply.

We surveyed our members, and we will continue to finalize this survey and share the results.

One thing we are learning in our conversations with members is that they are reticent about speaking publicly against NAAB's costs and its management of the accreditation process out of a fear of retribution. This again points to the need for having a voice to represent schools to NAAB and the other collateral organizations on accreditation matters.

We at ACSA value the sharing of responsibility for accreditation with the profession and the students. This is one area in which NAAB is unique, when compared to other accrediting agencies, and we think it is actually a strength.

I would like to focus more on NAAB's fee proposal. The proposal has two scenarios—one in which AIA and NCARB each contribute 33% to underwrite the revenue NAAB says is required to operate, and the other in which schools pay 100% of the cost for NAAB in the form of fees.

NAAB July Funding Proposal

	Actual Gross Revenue for Accreditation From 4 Collaterals	July 2024 Proposal			
		Scenario 1: AIA and NCARB contribute 33% each, with school fees covering the remaining gross amount		Scenario 2: School fees cover 100% of the gross amount	
		Gross Amount of Revenue to NAAB	Effect on Schools as a Whole	Gross Amount of Revenue to NAAB	Effect on Schools as a Whole
2023	\$1,289,233				
2024					
2025		\$1,614,144	25% increase over 2023	\$1,614,144	75% increase over 2023
2026		\$1,694,850		\$1,694,850	
2027		\$1,779,591		\$1,779,591	
2028		\$1,868,568	45% increase over 2023	\$1,868,568	135% increase over 2023



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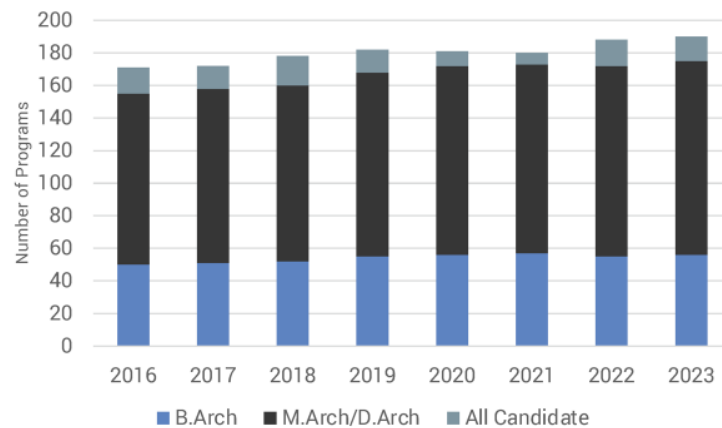
You can see in scenario 1 that the total cost to schools would be 25% higher in 2025 than in 2023, and 45% higher total increase in 2028 than in 2023.

Scenario 2 triples the burden on schools as a whole

We also know that NAAB has changed its story when justifying its large increases. In June 2022, when NAAB proposed a 47% funding increase, NAAB's president wrote that the increase was due to the implementation of the 2020 Conditions and Procedures. This winter and spring, NAAB's president cited the growth in the number of programs. This week, NAAB cited all of the above.

Let's look at the growth in the number of programs.

Total Number of NAAB Programs



From 2019 to 2023, the total number of programs has grown 4.4%.

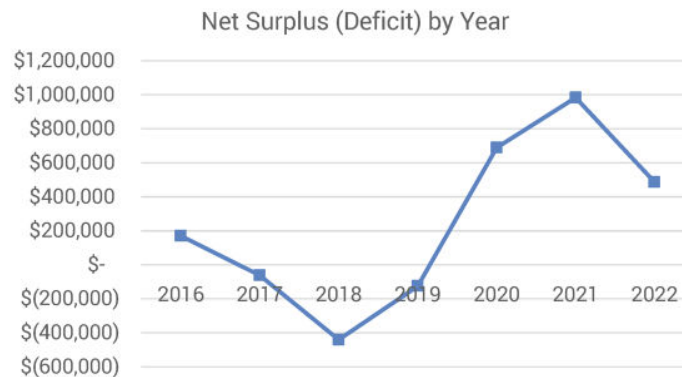
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Since 2019, the total number of programs accredited, in eligibility, or in candidacy with NAAB has grown 4.4%, or an average of less than 1% per year.

This data comes from NAAB's annual reports on accreditation.

We do not think that this rate of growth justifies the amount of increase that NAAB seeks.

NAAB Financial Outcomes



- From 2020 to 2022 NAAB's net surpluses total \$2,157,761.
- Surpluses from collateral contributions are allocated to general reserves contrary to written contract.
- From 2017 to 2022 NAAB's net surpluses total \$1,701,323.

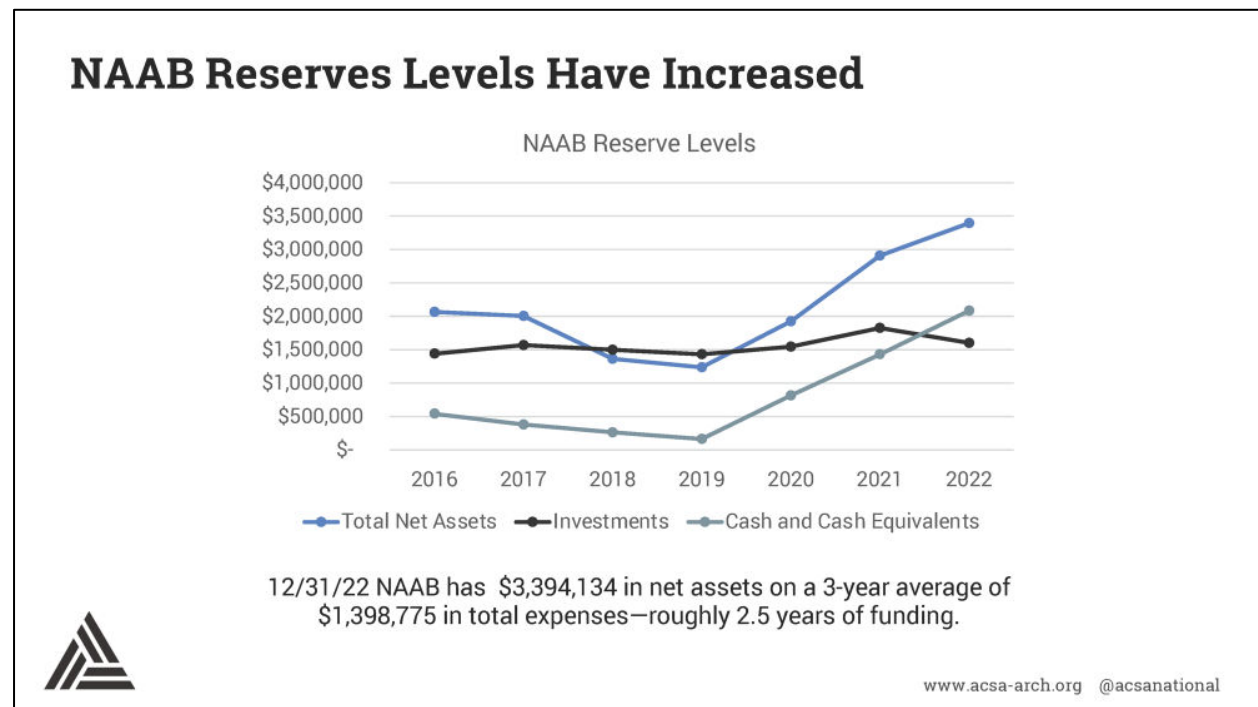


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Here is a look at NAAB's net financial outcomes from 2016 to 2022, the latest date we have. From 2020 to 2022, NAAB's resources grew. In fact, according to their tax forms, over those three years NAAB collected surpluses totaling \$2,157,761.

As ACSA reported to its members in January of this year, NAAB reported surpluses from funds contributed by ACSA, AIA, NCARB, and AIAS. According to the written funding agreement, "funds contributed by a collateral organization for a specific fiscal year shall be expended by the NAAB only for expenses incurred during that fiscal year, and not during any other fiscal year."

NAAB continues to reject this claim, stating that its Bylaws enable them to move any surpluses to their general reserves. Our position is that general accounting principles obligate them to treat the funds as encumbered and restricted and that the funds can be used at a future time only with the agreement of the collateral organizations or else they should be returned.



Next, here is data on NAAB's financial reserves.

NAAB's total net assets on December 31, 2022, are \$3,394,134. This is nearly two and a half years of funding.

As part of our written funding agreement, the four funding organizations receive audited financial statements and a copy of NAAB's 990 tax form. As we mentioned, one of the issues we have relates to the use of unspent accreditation funds to stockpile reserves.

The 2022 audited financial statements say that "The Organization's goal is to maintain financial assets to meet at least 90 days of operating expenses (approximately \$300,000)." This is way over that.

Finally, we want to reiterate what ACSA, AIA, NCARB, and AIAS have said in repeated public statements, which are available on our website.

Financial Management Concerns, May 2024



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Association of Collegiate
Schools of Architecture



May 28, 2024

JOINT STATUS UPDATE FROM THE NAAB COLLATERALS TO OUR MEMBERS

The report has identified inconsistent and erroneous financial management and accounting practices that need to be corrected and that impact the baseline funding that the NAAB has indicated it needs to cover expenses for accreditation staff and operations and other services outside of accreditation.



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Because of the nondisclosure agreement, we are not able to provide details about the outcomes of the assessment, but we want to show you what we communicated in May and June, following the completion and review of the report.

Our joint letter from May 28 said, “The report has identified inconsistent and erroneous financial management and accounting practices that need to be corrected.” NAAB made some corrections, but has declined to accept other outstanding concerns of the collaterals.

At this point, the collaterals do not have confidence that the funding provided to NAAB has and will be fairly accounted for.

In June, about two months ago, the four organizations released another statement that said,

Based on the results of this [external assessment] review, our organizations have concluded that NAAB has sufficient assets on hand, including funds from unspent collateral investments, to support the continued operations of the accreditation process through the 2025 calendar year -- without further investment at this juncture including any direct payments from schools and/or programs. In the meantime, our organizations will continue to engage in conversations with NAAB regarding their proposed future funding models and look forward to working with them to find a solution that meets the needs of all stakeholders.

Financial Management Concerns, June 2024



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Association of Collegiate
Schools of Architecture



Member Message – Update on NAAB funding proposal

To the Members of AIA, AIAS, ACSA and NCARB:

Based on the results of this review, our organizations have concluded that NAAB has sufficient assets on hand, including funds from unspent collateral investments, to support the continued operations of the accreditation process through the 2025 calendar year -- without further investment at this juncture including any direct payments from schools and/or programs. In the meantime, our organizations will continue to engage in conversations with NAAB regarding their proposed future funding models and look forward to working with them to find a solution that meets the needs of all stakeholders.



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In the absence of any further information from NAAB, the four organizations concluded that there are unspent collateral investments and therefore NAAB should not collect additional funding from schools at this juncture.

Some 11 days later, NAAB published its fees and started the 90 day comment period.

Now it is time to talk about next steps. On the screen you will see what ACSA continues to seek from the negotiation.

What Are Next Steps?

ACSA's Desired Outcomes

- Postpone the comment period and implementation of fees in January 2025.
- Continue the pre-existing multi-party funding relationship, via binding MOU.
- Discuss options that may influence funding: inflation rate and growth in number of programs.
- Discuss with NAAB, the collaterals, and ACSA members ways to contain costs and make accreditation more efficient.

Collective and Individual Actions by Schools If NAAB Will Not Suspend Comment Period

- Respond to NAAB's fee schedule with comments in writing.

Other Actions by Schools

- Respond to ACSA's administrators survey on experience with NAAB review.



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We know there is a lot of fear among schools about providing direct feedback to NAAB. This is why we think it is important that ACSA work in close consultation with our members and speak collectively on schools' behalf.

We are looking to:

- Postpone the comment period and implementation of fees in January 2025.
- Continue the pre-existing multi-party funding relationship, via a binding MOU.
- Discuss options that may influence funding, such as the inflation rate and the growth in number of programs served by NAAB.
- Discuss with NAAB, the collaterals, and ACSA members ways to contain costs and make accreditation more efficient.

We do encourage individual and collective action by the schools. NAAB is hosting meetings every other Monday to collect feedback. At those meeting they also recommend that schools provide their comments *in writing*.

ACSA will also be recirculating our administrator's survey to gather anonymous data and testimony related to your experience and perspectives on the current accreditation model.

We know that students are the ones most impacted here, and we want to find a solution that works for all, including the funding organization, AIA, AIAS, NCARB, and other related stakeholders.

I would like to pause now to entertain questions.

The Zoom recording is stopped, as participants ask questions orally and in the Zoom chat.

Following the questions and discussion, the recording continues.

Michael Monti provides an overview of the board of directors resolution prepared for the meeting, then gives a member, Kenneth Schwartz, the opportunity to discuss a resolution he had wanted to offer during the discussion.

Schwartz acknowledges that the board's resolution sounds similar, so the group considers the resolution presented on the screen.

After discussion, the resolution is amended in two parts. The following slides present the resolution with edited text highlighted in yellow.

ACSA Resolution

Whereas ACSA, the American Institute of Architects (AIA), the National Council of Architectural Registration Boards (NCARB), and the American Institute of Architecture Students (AIAS) have been in discussions with the National Architectural Accrediting Board (NAAB) since June 2022 for an agreement to fund activities that support NAAB's core accreditation purposes;

Whereas AIA and NCARB, with the support of ACSA and AIAS, commissioned an external assessment of NAAB's operations and management;

Whereas on two occasions—January 9, 2024, and July 1, 2024—NAAB announced direct fees to programs beginning in 2025 that would exclude ACSA from representing schools in a written funding agreement between the collateral organizations as specified in NAAB's Bylaws; and

Whereas in the last month AIA and NCARB notified their members they were not consulted on NAAB's fee model and "will continue to advocate toward a more cost-effective approach that includes the voices of all the collateral organizations, restores the role of volunteers, and places a focus on operational efficiency and user experience";

Be it resolved that the Full Members of ACSA hereby

- Call on NAAB to again postpone the comment period and return to good-faith discussions of a funding agreement with all five organizations that avoids significant increases in cost for NAAB's core accreditation purposes; and
- Affirm ACSA's role as representative of the schools in discussions with the National Architectural Accrediting Board and the other collateral organizations for a new written, multi-year, multi-party funding agreement; and
- Call on the collaterals to consider mediation or other mechanism to reach an agreement



Michael Monti describes the voting process. A link to the ballot will be sent on August 22. Voting is scheduled to remain open until September 24. Faculty Councilors or their proxies officially vote.

Members with further questions or comments are invited to contact Cathi Ho Schar (cathi@hawaii.edu) or Michael Monti (mmonti@acsa-arch.org).