



May 17, 2022

Katie Daugherty
Board of Registered Nursing
1747 North Market Boulevard, Suite 150
Sacramento, CA 95834

Re: Holy Names University Response to HNU Program Director Comments included in Progress Report for ELC Meeting May 18-19, 2022

Dear Katie Daugherty,

On 4.29.22, Holy Names University Program Director, Dr. Pam Stanley, verbally advised you as HNU's BRN NEC, that HNU was in financial crisis and that the University's nursing program was facing potential closure. Dr. Stanley had reached her conclusions about the financial state of the University based on information shared with faculty and staff by the Holy Names University administration at two faculty/staff forums 4.21.22 and 4.28.22. Holy Names University would like to correct Dr. Stanley's conclusions about the financial state of the University and wishes to go on record regarding the corrections. The following are pertinent facts related to Holy Names University's recent and current financial state:

- Since 2016, Holy Names University, like many relatively small, private, not-for-profit educational institutions like us, have faced financial challenges due to declining numbers of college-age students. There has not been a sudden and dramatic change in HNU's financial condition. Rather, HNU has been operating under a multi-year Strategic Business Plan formally adopted by the Board of Trustees in 2018 to address our financial challenges. And it's important to note these challenges have been exacerbated by the Covid 19 Pandemic since early 2020.
- In Spring of 2016, just prior to my arrival at the University, the Board of Trustees determined that a change in university leadership was needed. New leadership was put in place in summer of 2016 and the University began developing a multi-year Strategic Business Plan to affect a turnaround in the University's financial state. That Plan, formally adopted by the Board of Trustees in December 2018, included growing enrollment through new and improved academic programs together with cost containment to improve net operating results. A key element of the Plan was borrowing \$49 million in the form of long-term tax-exempt bond financing to be repaid over 30 years. The borrowing was needed to invest in infrastructure improvements, improvements to the University's academic programs, and more state-of-the-art delivery of them. The

Bonds were issued in September 2019 and replaced short-term bank financing that was previously in place

- Although the Plan was proceeding well in the first two years, the onset of the Covid-19 pandemic in early 2020, disrupted progress, prompting the Board of Trustees and senior administration to re-evaluate the University's strategic options given unknown lasting effects of the Pandemic on higher education institutions. After thoroughly assessing two basic options for future financial stability and sustainability—Option A, HNU stabilizing on its own or Option B, HNU needing to partner with another institution to attain long-term financial sustainability—the Trustees determined that the University should seriously explore identifying potential partners that would result in long-term financial benefits to both HNU and a partner. A formal process was put in place in January 2022 to seek and vet potential partners.
- In the interests of transparency with the HNU Community about how the University was addressing financial challenges under our Strategic Business Plan, over the past 4+ years there have been numerous forums and other communications about both progress and revisions to the University's Strategic Business Plan to ensure financial stability in operations. Unfortunately, from two April faculty/staff forums on our progress, Dr. Stanley misunderstood what was being shared in regards to HNU's financial state and she did not seek further clarification.
- The two forums in April were designed to answer questions faculty and staff had about HNU's process for exploring potential affiliation with another or other educational institutions.
- In addition to launching a process to find an appropriate partner, the Board of Trustees, in keeping with its fiduciary responsibility, directed to administration to develop a contingency teach-out plan should the University not be able to find and enter into an agreement with a suitable partner institution.
- At the two forums in April, faculty and staff members submitted anonymous questions about the partner-exploration process, including what would happen if closure were the only option. While potential timelines for the process were discussed, there were no definitive conclusions announced at the meetings.

Dr. Stanley is not entitled to draw her own conclusions about information made available to the University's faculty and staff without seeking verification from me or HNU's CFO/VP for Finance and Administration prior to reporting her conclusions about HNU's financial condition to you as BRN NEC. Additionally, the HNU Board of Trustees approved the 2022-2023 budget at their meeting yesterday. It is unfortunate that a singular misunderstanding and misreporting has impacted our incoming BSN students in their progress towards their degree.

As, however, that has been the case, HNU has asked Samuel Merritt University if they can accommodate the 15 GBSN students who were supposed to begin their coursework on Monday, May 16th. SMU has responded graciously to HNU's request. Both institutions are petitioning the Board of Nursing to see if that's possible.

Respectfully submitted,

Mike Groener
President, Holy Names University