

Text of President Mo Zell's Presentation and Resolution for the ACSA Special Business Meeting

January 22, 2024, via Zoom, beginning at 7:00 pm Eastern

Welcome everyone, thank you for attending this special business meeting.

Our agenda is to discuss NAAB's recent announcement that it will end its long-standing financial relationship with ACSA and other organizations, and charge fees directly to schools.

We sent meeting 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, and I expect some members of the NAAB board of directors are also in attendance.

Our plan is to give some opportunity after my presentation for members to ask questions or speak. We will recognize faculty councilors or their proxies first, and then other member school faculty. We will have a time limit of 2 minutes, or less in the case of highly repetitive comments.

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

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 worth noting.

Our concerns with NAAB's management and governance are not personal. Nevertheless, we would not be here were it not for decisions made by NAAB's leadership. We believe these decisions are unjustified, are detrimental to architecture schools, will burden future students with higher costs, and violate NAAB's bylaws and NAAB's IRS nonprofit tax status.

ACSA plays many roles for our member schools and their faculty. Right now, we think it is imperative that you

- understand our advocacy role,

- how we serve as your voice in discussions about accreditation and regulation, and
- how important it is that we act collectively to protect architectural education.

Concerns With NAAB's Management and Governance

- New funding model breaks an 83-year relationship. The 1940 founding document states NAAB shall be supported by the societies that created it.
- New funding model breaks the equal-share principles that have guided funding agreements since 2006: ACSA, AIA, and NCARB provide equal funding, have equal voice on the NAAB board.
- NAAB has not been acting in accordance with its IRS tax-exempt status as a "supporting organization."
- NAAB refuses to comply with their bylaws, which require periodic Memoranda of Understanding governing annual funding.
- NAAB has violated previous funding MOUs stating any funds contributed for a specific fiscal year shall be spent during that fiscal year and not during any other fiscal year.



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We hear from our members that the way NAAB manages the accreditation process is inefficient and not responsive to schools. Our members tell us that the processes required to comply with the 2020 Conditions need more streamlining, and that NAAB staff do not understand architectural education. When we have opportunities to provide feedback on proposed changes to the Procedures for Accreditation, ACSA does that, and we encourage our community to comment, as well.

However, ACSA members face an even bigger challenge beyond simply improving the accreditation process. We want you to understand that NAAB's governance and management practices are out of control, and we want our members to demand change.

I will not review the history or detailed structure of how NAAB's accreditation activities are funded. You can watch the October webinar presentation we made about that on the ACSA website.

NAAB's board of directors has decided they will break an 83-year relationship among the organizations that created NAAB. They are also breaking a 17-year funding relationship with ACSA, AIA, NCARB, and AIAS in which the three major organizations contribute 33 percent each to NAAB's accreditation funding and AIAS contributes 1 percent. This model mirrors the structure of the board of directors, where each of the three collateral partners, as they are called, has the same number of seats.

Breaking this model has legal dimensions. NAAB is registered as a 501(c)3 tax-exempt organization with the Internal Revenue Service. More specifically, NAAB is defined as a “supporting organization.” This means it is [quote] “organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations.”

In short, NAAB is a tax-exempt organization, because NAAB supports the ACSA, AIA, NCARB, and AIAS. We are the “supported organizations.” However, NAAB is not adhering to its tax-exempt status as a Type III supporting organization, by taking actions that are in conflict and contrary to the interests and purposes of the supported organizations, including ACSA.

NAAB’s most recent 2022 990 tax form falsely indicates that they provided the supported organizations certain information in a timely fashion as defined by the IRS.

Moreover, NAAB reports to the IRS that its board of directors meets with the elected leaders of its supported organizations at the NAAB Annual Meeting. However, this has not happened for at least 4 years.

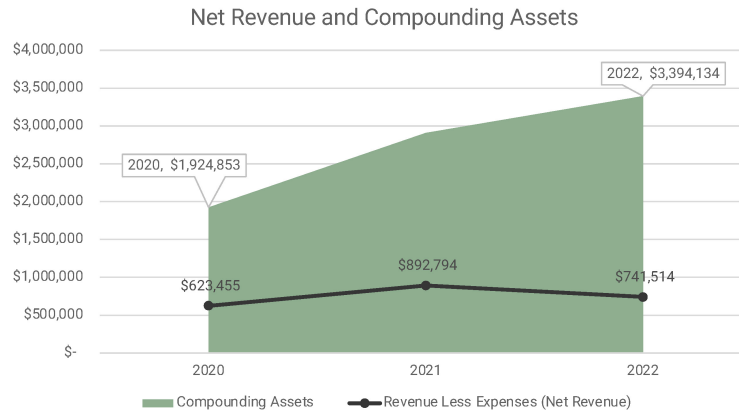
With NAAB’s recent announcement of fees to schools, they are also now refusing to comply with the letter and spirit of their bylaws, which state that “policies governing yearly financial support from the Collateral Organizations shall be governed by periodic ‘Memoranda of Understanding.’”

By telling ACSA’s full members that they intend to charge direct fees with no offsetting revenue, as they did on January 9th, they are not following their bylaws.

Another key dimension to our concerns is that NAAB has violated the express intent of the funding memoranda signed with ACSA, AIA, NCARB, and AIAS from 2019 through 2023. The MOU says that any funds contributed for a specific fiscal year shall be spent during that fiscal year and not during any other fiscal year.

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NAAB Has Collected Surpluses From Collateral Funds



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From 2020 to 2022, NAAB has kept nearly 2 point 3 million dollars in surpluses, swelling their net assets to nearly 3 point 4 million dollars, or 1 and a half years of operating expenses.

The bulk of these reserves were dollars contributed by ACSA, AIA, NCARB, and AIAS. They are now being used against us.

During our 17 months of negotiations, NAAB told the collateral organizations they would adopt a deficit budget in 2023, and hire additional staff. They also indicated that they will use reserves in 2024 as they switch to their new proposed model.

We call on NAAB to return its surplus accreditation funds to ACSA, AIA, NCARB, and AIAS or otherwise face a breach of contract.

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NAAB Proposes Outsized Increases, Covered by Education

	2023 Actual	2025 Proposed (Nov. 2023)	January 9 NAAB Email Announcement
Total Accreditation Revenue	\$1,289,233	\$1,921,116 (+49%)	Does not indicate total revenue collected.

Who Supports NAAB's Accreditation Activities?

Actual 2006-2023		November Proposal for 2025		January 9 NAAB Email Announcement for 2025*	
ACSA	33%	Schools	45%	Schools	100%?
AIA	33%	AIA	27%	AIA	0%?
NCARB	33%	NCARB	27%	NCARB	0%?
AIAS	1%	AIAS	0%	AIAS	0%?

* NAAB's email indicates their fees assume no offsetting funding from other organizations



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What NAAB did not show in its president's January 9 message to accredited schools is how much their total funding would increase.

We shared with you in our January 10 message that NAAB indicated to ACSA, AIA, NCARB, and AIAS in November that they would

- Charge schools directly beginning in 2025
- More than double the amount of funding schools would provide NAAB,
- Eliminate ACSA's role as both conduit for funding and voice in any future funding negotiations, leaving schools unrepresented in the process

The chart on the slide shows what NAAB shared with us in their November funding model. In 2023, the four collaterals contributed 1 point 29 million dollars for accreditation. NAAB's November proposal increased this by 49 percent to 1 point 92 million dollars.

NAAB told us in December that it had defined its revenue needs and that it would not compromise on the 1 point 92 million dollars total revenue included in the proposal, despite 17 months of negotiations in which the ALL funding organizations said NAAB's funding requests were not acceptable.

That was December. On January 9, before the facilitation process had even concluded, NAAB presented a fee structure that looks even worse for schools. Their email text and the fees shown seem to assume no additional funding from any of the collaterals.

So, if we assume that NAAB's revenue needs have not changed, the fees they disclosed in January seem to assume that all of NAAB's funding would come from schools.

These increased costs will ultimately be passed on to students, who will see the cost of higher education increase more.

To review:

- NAAB violated the funding MOU from 2019 to 2022 to collect millions in surpluses from the collaterals to help it gain independence from the collaterals
- It has misled the IRS about its role as a supporting organization
- It is not following a clause that it added to its bylaws in 2019 stating that it will have a funding MOU with the collateral organizations; and
- it does not seem to expect funding from AIA, NCARB, and AIAS, so it will charge the schools fully.

These actions are unacceptable.

ACSA is therefore calling on NAAB to do several things.

ACSA Schools Call for NAAB

1. To reset its funding expectations: either return the accreditation surpluses or account for them in future funding models; funding should increase by the rate of inflation;
2. To follow its bylaws and create a multi-party funding agreement;
3. To streamline accreditation review and obligations for compliance by schools;
4. To return to being accountable to their "supported organizations"; and
5. To share the data it collects from schools with the funding organizations.



First, we want NAAB to reset its funding expectations.

This means either returning the accreditation surpluses it kept in violation of the funding MOU, or accounting for these surpluses in its revenue model, which should track the rate of inflation.

Second, we want NAAB to follow its bylaws and create a multi-party funding agreement.

Third, we want NAAB to alter its management processes to streamline accreditation review and streamline obligations for compliance by schools, so that accreditation costs less and takes less time to demonstrate compliance. Many schools have to dedicate additional FTE faculty or staff to meet and sustain the new accreditation and assessment requirements, which is another accreditation cost burden on schools.

Fourth, we want NAAB to change its behavior so that it is accountable to its “supported organizations,” to use the IRS’s term, over their funding and scope.

Finally, we want NAAB to share the data it collects from schools with the funding organizations.

We are going to stop the recording now, and pause for questions and comments, before we introduce a resolution for a member vote over the next two weeks. On the recording, we will show the text of the resolution presented.

We will recognize official representatives from our full and candidate member schools first. So please raise your hand using the Zoom function, and bear with us as we may need to take a second to recognize you.

Questions and comments for approximately 30 minutes.

Thank you for your comments and questions.

On the screen is a resolution that we are sending to our full member schools for a vote and sharing with the NAAB board of directors and the public. I will read the resolution.

Begin Resolution Text

Whereas ACSA is an association of collegiate schools of architecture whose member schools and their faculty endeavor to improve the quality of architectural education

- for the benefit of students seeking rewarding careers in architecture and affiliated disciplines, and
- for the enhancement of the discipline and profession of architecture;

Whereas ACSA's full members have degree programs accredited by NAAB or its Canadian equivalent, the Canadian Architectural Certification Board;

Whereas the quality, scope, and cost of accreditation for schools remain abiding concerns for all ACSA members; and

Whereas the NAAB has demonstrated that it is unwilling

- to control the cost of accreditation for its supported organizations
- to follow the funding model provided in its bylaws and funding agreements
- to adhere to its tax-exempt status with the Internal Revenue Service;

Be it resolved that the Full Members of ACSA hereby

- Voice No Confidence in the governance and management of the NAAB for their refusal to reduce their funding requirements, their refusal to alter their procedures to manage and carry out their accreditation function within a budget, and their decision to seek further independence and reduce their responsiveness to the organizations that founded and fund them: ACSA, AIA, NCARB, and AIAS; and
- Call on NAAB to halt plans to charge direct fees to schools and to restore a multi-year funding agreement with all four funding organizations that accounts for years of surpluses and increases fees only according to the U.S. rate of inflation; and, finally,
- Call on NAAB to initiate a process within the architecture profession to review their Conditions and Procedures for Accreditation to restore the aim of streamlining the accreditation process both within the NAAB organization and in the requirements levied upon schools for compliance.
- Affirm their support for ACSA to continue to serve as the voice for architecture schools in these matters.

Should the NAAB fail to communicate these intentions within 45 days, the organization calls on ACSA, AIA, NCARB, AIAS, and any other relevant and willing stakeholder organizations to explore alternate means of determining minimum standards for education of future architectural practitioners.

End Resolution Text

You can download this resolution in the link coming into the chat.

There is also a link to vote in the chat.

Please note that only faculty councilors or their proxies are entitled to vote.

The electronic ballot asks you to indicate your role. We will verify every vote, and ask for confirmation from each school that has a proxy vote, so that we adhere to our bylaws and rules.

The deadline to vote is Monday, February 5 at 5 pm Pacific time. [Note: later in the business meeting, it was requested that ACSA extend the deadline to a later date, which the organization agreed to consider.]

We will send the voting link to full member schools along with the resolution, so that you can notify your faculty and discuss it with them.

We will also share minutes from this meeting, and a recording of my presentation.

Finally, we will have the opportunity for further discussion in February at the ACSA member caucuses on February 28, and in March at the 112th ACSA Annual Meeting, March 14 to 17, and at the ACSA Annual Business Meeting on March 27.

Thank you for attending. You can also contact me at president@acsa-arch.org with any questions or additional comments and concerns.