

February 27, 2026

Elisa Stephens
President
Academy of Art University
79 New Montgomery Street
San Francisco, CA 94105

Dear President Stephens:

This letter serves as formal notification and official record of action taken concerning Academy of Art University (ArtU) the WASC Senior College and University Commission (WSCUC) at its meeting on February 13, 2026. At that meeting the Commission removed the Notice of Concern and issued a Warning. This action was taken after consideration of the report of the review team that conducted the Special Visit to Academy of Art on October 22-24, 2025 using the 2023 Standards of Accreditation. The Commission also reviewed the institutional report and related exhibits, the response to the Third-Party Comment and related exhibits submitted by Academy of Art prior to the Special Visit, and the institution's January 14, 2026 response to the team report. The Commission appreciated the opportunity to discuss the visit with you and your colleagues Nancy Houston, Chair Board of Directors; Chris Visslailli, Chief of Staff; Joe Vollaro, Board Member; Adam Adair, Executive Vice President of Finance; Caroline Daniels, Chair Board Finance Committee; Rachel Lawrence, Vice President of Institutional Effectiveness and WSCUC Accreditation Liaison Officer; Eileen Everett, Chief Academic Officer; Richard Winn, Trustee. Your comments were very helpful in informing the Commission's deliberations. The date of this action constitutes the effective date of the institution's status with WSCUC.

Procedural History

The October 22-24, 2025 Special Visit to Academy of Art University reviewed progress of the institution related to recommendations from the July 18, 2024 Commission Action Letter. In addition, the visit examined issues raised in a Third-Party Comment submitted to WSCUC ahead of the Special Visit in accordance with WSCUC's *Complaint and Third-Party Comment Policy*. WSCUC provided the Third-Party Comment to Academy of Art on July 21, 2025 with notification that it would be reviewed as part of the Special Visit and the option to address the comment as part of the Special Visit Report. Academy of Art did not respond to the comment as part of the Special Visit Report.

Instead, Academy of Art sent an email with an attached letter to WSCUC on September 4, 2025, requesting consideration of its concerns relating to the Third-Party Comment. On September 15, 2025, WSCUC responded in writing to Academy of Art indicating that

WSCUC's *Complaint and Third-Party Comment Policy* specifies that when the Commission receives information that raises potential compliance concerns, Commission staff has discretion to determine the manner in which such comments are processed and the appropriate course of review. Pursuant to the policy, in an email dated August 25, 2025, the WSCUC Vice President liaison provided the institution with a list of issues raised in the Comment aligning them with relevant Standards and CFRs. At the same time a summary of the issues was provided to the Special Visit team in accordance with Section 5.b of the *Third-Party Comment Procedures*. Academy of Art University was again invited to respond prior to the Special Visit. (*See Complaints and Third Party Comments Policy*, p. 8).

The issues raised in the Third-Party Comment expanded the scope of the Special Visit to include financial management, student support, complaint procedures, board governance, and physical plant management. The institution was notified on July 21, 2025 of the expanded scope of the visit and given an opportunity to provide responsive materials for consideration by the team. A copy of the Third-Party Comment and Academy of Art's September 30, 2025 institutional response to the Third-Party Comment was included in the Commission panel materials.

Actions

1. Receive the Special Visit Report
2. Remove the Notice of Concern
3. Issue a Warning
4. Schedule a Progress Report due no later than August 10, 2026 to include the following:
 - 2025 audited financial statement (this item is to be provided as soon as it is issued)
 - Monthly cash flow statements for 2026
 - 2025 and 2026 board meeting minutes (full-board and all committee minutes)
 - A 5-Year detailed financial plan outlining budget assumptions and drivers including but not limited to enrollment assumptions (income statement, balance sheet and cash flow)
5. Schedule a Special Visit in spring 2027 to include all Standards and CFRs cited in this letter

Warning

A Warning reflects the Commission's finding that an institution fails to meet one or more of the Standards of Accreditation. While on Warning, any new site or degree program initiated by the institution is regarded as a substantive change (see the Substantive Change Manual for details). The accredited status of the institution continues during the Warning period. The Commission action to issue a Warning is subject to Commission Review, described below.

When the Commission finds that an institution fails to meet one or more of the Standards of Accreditation, it is required to notify the institution of the deficiencies and establish a time period within which the deficiencies must be corrected. Under

the Commission's policies the timeframe may not exceed two years. If an institution has not remedied the deficiencies at the conclusion of this sanction period, the Commission will withdraw the institution's accreditation or extend the timeframe for good cause shown. The initial extension may not exceed two years.

An institution under sanction must address the areas cited by the Commission expeditiously, with seriousness and the full attention of the institution's leadership. It is the responsibility of the institution to demonstrate to the Commission that it has understood the issues raised in this letter, responded to them satisfactorily, and has made the necessary changes to come into compliance with Standards 2 and 3. It is the responsibility of the Commission to determine whether the institution has made the necessary corrections and has come into compliance with Commission Standards.

Areas of Noncompliance

The Commission determined that Academy of Art was out of compliance with Standard 2, CFR 2.10, and Standard 3, CFR 3.4 specifically:

Standard 2, CFR 2.10: The institution demonstrates that students make reasonable progress toward and complete their degrees in a timely manner.

IPEDS eight-year outcome measure remains materially below peer institutions, with 2023 data showing approximately 26% compared to WSCUC peer averages around 68% and national averages around 56% according to Key Indicators Dashboard data. Mission-appropriate outcomes must include transparent targets and measurable benchmarks that demonstrate reasonable progress and timely completion. While the institution has realized in-term retention improvements, they have not translated to measurable gains in graduation rates underscoring the need for a comprehensive multi-year completion plan with interim benchmarks rather than focusing primarily on short-term retention metrics.

Standard 3, CFRs 3.4: Resource planning and development include realistic budgeting, enrollment management, and diversification of revenue sources. Resource allocation is aligned with evidence-based educational and student success objectives consistent with operational and strategic planning.

The institution has not developed realistic multi-year, scenario-based financial plans (base/optimistic/conservative) that explicitly tie enrollment mix (online/onsite, FT/PT, domestic/international) and retention assumptions to budgets, staffing, facilities, and debt/lease decisions.

Maximum Timeframe

The deficiencies identified in this letter must be corrected within the maximum timeframe which extends until February 27, 2028, unless extended by the Commission for good cause.

The institution is also required to respond to the following issues:

1. Standard 1, CFR 1.8: Ensure open and honest communication with the Commission regarding financial position.
2. Standard 3, CFRs 3.5, 3.7:
 - i. Demonstrate that the institution is financially stable and has sufficient resources to ensure long-term sustainability.
 - ii. Strengthen board oversight to ensure financial sustainability.
3. Standard 4, CFR 4.8: Assess the institution's strategic position, articulate evidence-based priorities and examine the alignment of purposes, core functions, and resources to define future directions of the institution.

If the Commission determines that the information submitted in the institution's August 10, 2026 Progress Report does not demonstrate compliance, it may expand the warning to include non-compliance with these additional Standards or take any action as set forth in the WSCUC 2023 Handbook of Accreditation, Commission Decisions on Accreditation, p. 21 of 26.

Next Steps

The Commission requires a meeting between the WSCUC staff and representatives of Academy of Art University, including the Chief Executive Officer, representatives of the governing board, and senior faculty leadership, within 90 days from the date of this letter. The purposes of the meeting are to review the reasons for the Commission's findings and bases for decision, to review the actions taken as of the date of the meeting, and to discuss the institution's plans for responding to this Commission action. WSCUC will contact Academy of Art's ALO to make arrangements for this meeting.

Commission policy requires that in the case of a sanction, a public statement will be prepared in consultation with the institution acknowledging the institution's status. The Commission reserves the right to make the final determination of the nature and content of the public statement. The institution must post the statement within seven days, along with a copy of the Commission letter, in a readily accessible location on the institution's website and accompanying every reference to WSCUC accreditation. The institution must also provide evidence to WSCUC that the public statement has been posted and provided to students as well as prospective students within seven business days.

Enclosed is a copy of a sample public statement, which Academy of Art may use as it stands. If you wish to propose revisions to the sample, your proposed changes must be forwarded by email to Vice President Huie within 24 hours of receipt of this letter. In addition, any reference to WSCUC accreditation on the website and in public

statements must be accompanied by the words “Currently on Warning.”

In accordance with Commission policy, a copy of this letter is being sent to the chair of Academy of Art’s governing board. The Commission expects that the team report and this action letter will be posted in a readily accessible location on the Academy of Art website and within seven days, widely distributed throughout the institution to promote further engagement and improvement and to support the institution's response to the specific issues identified in these documents. The team report and the Commission’s action letter will also be posted on the WSCUC website. If the institution wishes to respond to the Commission action on its own website, WSCUC will post a link to that response on the WSCUC website.

Submit a Teach-Out Plan

An institution placed on Warning by the Commission must submit to WSCUC a teach-out plan that would be implemented if the institution were to close. A teach-out plan identifies opportunities for the students of a closing institution to complete their program at other institutions offering the same or similar degree programs, certificates, or curricula leading to professional licensure, regardless of students’ academic progress at the time of closure. The WSCUC Teach-Out Plans and Agreements Policy and associated Guide provide information on what to include in a teach-out plan.¹ Submit the Teach-Out Plan to Vice President Huie no later than May 4, 2026.

Please contact me if you have any questions about this letter or the action of the Commission.

Sincerely,



A. Maria Toyoda
President

AMT/sbh

Cc: Tracy Poon Tambascia, Commission Chair
Rachel Lawrence, ALO
Nancy Houston, Board Chair

¹ 34 Code of Federal Regulations § 668.43(a) (19) states: “Information that the institution must make readily available to enrolled and prospective students under this subpart includes. . .[i]f the institution is required to maintain a teach-out plan by its accrediting agency, notice that the institution is required to maintain such teach-out plan and the reason that the accrediting agency required such plan under § 602.24(c)(1). . .”

Members of the Special Visit Team
Stephanie Huie, Vice President

WASC Senior College and University Commission Statement on the Status of Academy of Art University

On February 13, 2026, the WASC Senior College and University Commission (WSCUC) voted to issue a Warning to Academy of Art University.

A Warning reflects the Commission's finding that an institution fails to meet one or more of the Standards of Accreditation. The Commission has determined that Academy of Art University is not in compliance with WSCUC Standards 2 and 3. When the Commission finds that an institution fails to meet one or more of the Standards of Accreditation, it is required to notify the institution of these findings and give the institution a period of time to correct the deficiencies. Under the Commission's policies the timeframe may not exceed two years. It is the responsibility of the Commission to determine, at the end of the sanction period, whether the institution has made the necessary corrections and has come into compliance with Commission Standards.

The accredited status of Academy of Art University continues during the Warning period and students' status within the college is not affected by this sanction.

The Commission's decision to issue Academy of Art University a Warning is subject to the terms and conditions contained in the Commission Action Letter dated February 27, 2026. This document is available on the WSCUC website. Anyone who has questions about Academy of Art University accreditation status should contact Rachel Lawrence, Accreditation Liaison Officer at Academy of Art University.