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Report to Rep. B. F. Sisk; by Elmer B. Staats, Comptroller  
General.

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D-Q University, located near Davis, California, was established in 1971 to provide an educational program for Native American and Chicano people. The Department of Health, Education, and Welfare (HEW) denied D-Q University's funding proposals under the developing institutions of higher education title III program for 1974 through 1976. The University had many accountability problems involving Federal funds and other matters. Those evaluating D-Q's programs had well-founded concerns and, therefore, funding denials were justified. Findings/Conclusions: Although D-Q satisfied the minimum criteria for the title III program, both GAO and the Office of Education were concerned about D-Q's progress in satisfying certain other criteria established by the Office of Education for the title III program. For example, D-Q depended on Federal funds for its support, and its reported enrollment varied greatly from year to year. Class attendance appeared to be poor, and few students transferred from the 2-year program at D-Q to 4-year colleges. Relatively few associate degrees have been awarded by the school. D-Q University has also had problems under other HEW and other Federal agency programs. D-Q should be categorized as a high risk institution when being considered for Federal funding. If, in the future, Government support for D-Q University programs is resumed, D-Q will need considerable technical assistance to protect the Federal investment in D-Q and for D-Q to continue operating. (Author/SC)

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03695



*REPORT OF THE  
COMPTROLLER GENERAL  
OF THE UNITED STATES*

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**Financial Difficulties And Funding  
At D-Q University**

**Department of Health, Education, and Welfare**

The Department of Health, Education, and Welfare denied D-Q University's funding proposals under the developing institutions of higher education program for 1974 through 1976. The university had many accountability problems involving Federal funds and other matters. Those evaluating D-Q's programs had well-founded concerns and, therefore, funding denials were justified.

If D-Q University is to receive substantial Federal support, HEW will have to provide considerable technical assistance to D-Q.



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-164031(1)

The Honorable B. F. Sisk  
House of Representatives

Dear Mr. Sisk:

This is our report containing information and our observations on certain aspects of the denial of funding of proposals submitted by D-Q University for assistance under the Title III Strengthening Developing Institutions of Higher Education Program and other matters.

We reviewed the extent to which Department of Health, Education, and Welfare assistance to D-Q University has resolved the university's problems, thereby enabling resumption of title III funding, and the appropriateness of HEW's decision to deny funds to D-Q University during the 3-year period between 1974 and 1976.

In accordance with discussions with your office, this report was discussed with the Department of Health, Education, and Welfare.

In addition, as arranged with your office, we will send copies of this report to interested parties and make copies available to others upon request.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Steals".

Comptroller General  
of the United States

COMPTROLLER GENERAL'S REPORT  
TO THE HONORABLE B. F. SISK  
HOUSE OF REPRESENTATIVES

FINANCIAL DIFFICULTIES AND  
FUNDING AT D-Q UNIVERSITY  
Department of Health,  
Education, and Welfare

D I G E S T

D-Q University has had financial difficulties for several years. This 2-year institution located near Davis, California, was established in April 1971 to provide an educational program for Native American and Chicano people.

The report answers the following questions:

--How reasonable were Department of Health, Education, and Welfare (HEW) decisions to deny the university funding under the Title III Strengthening Developing Institutions of Higher Education Program?

--How much did HEW assist D-Q in resolving its problems so funding under title III could be continued?

Under the title III program, the Office of Education makes grants to developing institutions to strengthen academic, administrative, and student services programs. D-Q University received a \$100,000 title III grant in fiscal year 1973 but was denied grants from 1974 through 1976.

D-Q satisfied the minimum criteria for the title III program, but GAO and the Office of Education were concerned about D-Q's progress in satisfying certain other criteria established by the Office of Education for the title III program. (See p. 12.)

For example, D-Q depended on Federal funds for its support, and its reported enrollment varied greatly from year to year. (See p. 16.) Class attendance appeared to be poor. In addition, few students transferred from D-Q to 4-year colleges, and relatively few associate degrees have been awarded. (See p. 19.)

The Office of Education has invited D-Q personnel to attend technical assistance workshops and, in fiscal year 1976, awarded D-Q a \$25,000 grant for preparing a fundable title III program for the 1977-78 academic year. (See p. 22.)

In addition to problems under the title III program, D-Q University has had problems under other HEW and other Federal agency programs. (See ch. 3.) For example,

- For the 1976-77 academic year, D-Q could not get funding under the Office of Education's Special Services for Disadvantaged Students Programs, although it had previously.
- Department of Labor officials had, among other things, questioned D-Q's accounting for property acquired under the Migrant Worker Program.
- HEW questioned D-Q's compliance with escrow agreements for Government surplus property which the university occupies.
- The Office of Education questioned expenditures by D-Q under a library support grant.
- D-Q did not keep detailed performance records for a project covered by the Indian Education Act.

Because of the above, title III officials were correct in doubting D-Q University's ability to efficiently and effectively use title III funds. HEW's Grants Administration Manual provides for special consideration to high risk institutions, and GAO would categorize D-Q as such an institution. (See p. 23.)

If, in the future, Government support for D-Q University programs is resumed, D-Q will need considerable technical assistance to protect the Federal investment in D-Q and for D-Q to continue operating.

An HEW review team had several suggestions for helping D-Q comply with Federal escrow agreements on surplus property. Because D-Q was

granted full accreditation by the Accrediting Commission for Junior Colleges, Western Association of Schools and Colleges, HEW Region IX officials are considering certain matters which could affect the university's future. (See pp. 27 and 32.)

The Acting Director of the Office of Education's Division of Institutional Development believed GAO's report thoroughly and objectively presents the situation at D-Q University. (See ch. 5.)

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ABBREVIATIONS

GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
OE	Office of Education

## CHAPTER 1

### INTRODUCTION

At the request of Congressman B. F. Sisk, we reviewed certain circumstances surrounding the denial of funding of proposals by D-Q University for assistance under the Title III Strengthening Developing Institutions of Higher Education Program authorized by the Higher Education Act of 1965, as amended (20 U.S.C. 1051 et seq.). D-Q University is a Native American and Chicano Institution located near Davis, California. The specific matters we were requested to review were

- the extent to which the Department of Health, Education, and Welfare (HEW) has assisted D-Q University in resolving its problems so that funding under title III could be continued, and
- the appropriateness of HEW's decision to deny D-Q University funding during the 3-year period from 1974 to 1976.

In his request letter, Mr. Sisk further advised that D-Q University could not continue to operate without Federal title III funds and that when the university was established, it was known that long-term Federal assistance would be required. Such aid was deemed appropriate because D-Q University was established to provide Native Americans and Chicanos with a meaningful education.

### BACKGROUND FOR TITLE III PROGRAM

The Office of Education (OE) offers title III grants to assist developing institutions in strengthening their academic, administrative, and student services programs. These institutions are limited in their ability to attract students, engage outstanding faculty, offer diverse curricula, and acquire adequate financial resources.

Minimum eligibility for title III assistance requires institutions of higher education to

- provide an educational program, which awards a bachelor's degree, or be a junior or community college,

- be accredited by a nationally recognized accrediting agency or association (or be making reasonable progress toward accreditation), and
- with certain exceptions, have met the above two requirements during the 5 years preceding the grant year.

The Commissioner of Education is authorized to waive certain of these requirements for institutions located on or near Indian reservations or which have substantial Indian populations if he determines such action will increase higher education for Indians. Until the Education Amendments of 1976 deleted the provision, grants made under the Indian waiver could not exceed 1.4 percent of the annual program appropriation. The Commissioner can also waive 3 years of the 5-year requirement if he determines that higher education for Spanish-speaking people will be increased substantially.

Title III program legislation requires the Commissioner of Education, in order to approve grants to institutions of higher education, to determine that the institutions are (1) making a reasonable effort to improve the quality of teaching and administrative staff and student services and (2) struggling for survival because of financial or other reasons and isolated from the main currents of academic life. To help the Commissioner identify developing institutions through which title III program goals can be achieved, and establish priorities and criteria for making grants, the law established an Advisory Council on Developing Institutions.

Applications for title III assistance must show that Federal funds will be used to supplement and, to the extent practical, increase the level of funds that would be made available to the institution by others and not to supplant such funds.

For those institutions meeting the minimum eligibility criteria stipulated in the law, OE has established eight quantitative measures (see table on p. 13) for assessing if an institution may be classified as developing. They have been quantified by institutional type and control. Institutions outside the range of one or more of the suggested minimum quantitative criteria are allowed to demonstrate that being outside does not alter the character of the institution.

According to OE regulations, institutions meeting quantitative standards are further evaluated under certain qualitative criteria. Qualitative factors are evaluated over a 3-year period and include the following:

- Enrollment - Consideration is given to full-time equivalent enrollment; number of junior or community college graduates continuing their education at 4-year institutions, or graduates of 4-year institutions continuing their education at graduate or professional schools; high school class standing of entering freshmen; percentage of freshmen completing their first year; and the percentage of freshmen who eventually graduate from the institution. If enrollment has declined in the 3 years immediately preceding the grant application year, the institution must demonstrate that such decline does not impair continued institutional viability. OE encourages institutions to adopt open enrollment policies (any high school graduate can enter), and an OE official estimated that about 80 percent of the title III institutions have open enrollment policies.
- Institution personnel - An institution is evaluated on the quality of its personnel in the areas of institutional administration, including financial operations, student services, teaching and research. Factors considered will include the percentage of professionals with advanced degrees and the salary scale of the institution.
- Institution vitality - Factors considered include the institution's fund raising and planning capabilities and whether the institution has devised a development plan.

Those institutions meeting quantitative and qualitative criteria are classified as developing. OE further evaluates the merits of these institutions' grant applications.

For fiscal years 1974 through 1976, the developing institution program's annual appropriations were approximately \$100, \$110, and \$110 million, respectively. Amounts identified for institutions of higher education offering Indian

programs were \$3.5, \$3.9, and \$4.4 million for the same 3 years. Thus, the total percentages of funds for these 3 years allocated to institutions serving substantial Indian populations were 3.5, 3.5, and 4, respectively.

### HISTORY OF D-Q UNIVERSITY

D-Q University was established as a 2-year institution in April 1971 for the education of Native American and Chicano peoples. The university's primary concern is to direct these peoples toward self-determination and self-direction. These goals were to be accomplished by helping students to

- be aware of their cultural heritage and unique ethnic values,
- prepare educationally for service in their own communities, and
- interact between their own culture and the dominant culture.

The D-Q University main campus is on approximately 640 acres which were formerly an Army Communications Center. The university location was declared surplus property by the General Services Administration. The university operates several geographically dispersed branches in California communities. It has an open enrollment policy for students.

Funding and enrollment statistics for D-Q University are discussed in chapter 2.

### SCOPE

To respond to questions on D-Q University's denials for title III funding, we made two visits to the D-Q campus between August and December 1976. At the campus we reviewed financial records, class rosters, and attendance records; spoke with university officials and instructors; and observed classes. We spoke with HEW headquarters and regional officials associated with the title III and other OE programs to discuss D-Q's participating in higher education programs and to determine if they had evaluated D-Q's programs. We also spoke to officials of OE's Division of Eligibility and Agency Evaluation about D-Q's accreditation status. In addition, we spoke with officials of the Departments of Labor and Interior concerning D-Q's participating

**in other Federal programs and to officials at five institutions of higher education in California concerning transferability of D-Q credits to institutions offering 4-year programs.**

## CHAPTER 2

### D-Q UNIVERSITY STANDING REGARDING TITLE III

#### PROGRAM CRITERIA AND HEW ACTIONS TO HELP

OE officials have been concerned about D-Q University's reliance on Federal funds for support. The accrediting organization which gave D-Q a recognized candidacy status (and subsequent full accreditation) also noted D-Q's reliance on Federal funds for support. D-Q University has only marginally met the minimum criteria for developing institutions. However, disagreement exists among OE officials as to whether the university has been progressing toward meeting the quantitative and qualitative criteria for developing institutions. D-Q has been rated lower than many other title III applicants which were also denied funding. Also, D-Q University enrollment varied significantly in the past, class attendance was poor at classes we observed, transfer of D-Q students to 4-year colleges has been minimal, and relatively few students have graduated with associate degrees. In addition, we noted other shortcomings in D-Q's programs and facilities.

HEW has offered assistance to the university through workshop invitations and has provided a \$25,000 planning grant to assist D-Q in preparing a fundable title III proposal.

#### FUNDING FOR D-Q UNIVERSITY

The following table shows D-Q University funding sources for the 3 fiscal years, 1974 to 1976.

<u>Federal support</u>	<u>Fiscal years</u>		
	<u>1974</u>	<u>1975</u>	<u>1976</u>
Title III, Developing Institutions	\$ -	\$ -	\$ 25,000
Title IV, Part B, Indian Education Act, as amended	250,000	200,000	175,000
Special Services for Disadvantaged Students (TRIO Programs)	65,309	65,209	9,420
Student Assistance:			
College Work-Study	23,635	49,757	55,299
Supplemental Educational Opportunity Grants	31,814	106,779	85,200
Basic Educational Opportunity Grants	6,181	42,581	54,439
Bureau of Indian Affairs	6,064	35,129	42,803
Federal Library Grant	<u>4,235</u>	<u>3,918</u>	<u>3,930</u>
Total Federal	<u>\$387,238</u>	<u>\$503,473</u>	<u>\$451,091</u>
Tuition and fees	12,800	30,000	45,000
Donations (note a)	319	34,275	14,451
Sale of stock (note a)	51,797	-	-
Farm management (note a)	-	4,122	5,328
Other (note a)	<u>795</u>	<u>7,212</u>	<u>2,055</u>
Total non-Federal	<u>\$ 65,711</u>	<u>\$ 75,609</u>	<u>\$ 66,834</u>
Total	<u>\$452,949</u>	<u>\$ 579,082</u>	<u>\$517,925</u>

a/Amounts based on information provided to us by D-Q University.

For the 3 fiscal years from 1974 to 1976, Federal support each year represented approximately 85, 87, and 87 percent, respectively, of D-Q's budget. D-Q has relied heavily on the Federal Government as its major source of funds

D-Q first applied for support under title III in fiscal year 1973 (academic year 1973-74). For academic year 1973-74, D-Q received a \$100,000 title III grant under the program's Indian waiver (according to OE officials, only one other institution has ever been granted funding under this waiver). The D-Q grant included assistance for the Indian and Chicano components at D-Q and had two major purposes--library development, including salaries for two positions, and academic development for Tiburcio Vasquez College. The latter amount included the salary of the director and associate director. Remaining funds supported two clerk typist positions, expenses for library workshops, academic workshops, and general expenses, including supplies and communications.

On February 23, 1972, the Department of Labor contracted with D-Q to coordinate a Migrant Worker Program to provide orientation, basic education, vocational training, and supportive services for 550 migrant farm workers. The contract allowed approximately \$2 million to be used between June 1972 and December 1973.

In its August 23, 1974, report on an interim audit of D-Q University, the Office of the Assistant Secretary for Administration, Department of Labor, said D-Q had failed to maintain proper control of property acquired under the contract. The Department questioned expenditures of \$107,128 and said that the university's accounting system and internal controls could not adequately safeguard the assets made available to D-Q under the program. This matter had not been resolved as of June 1, 1977.

D-Q has also received funding under Title IV, Part B of the Indian Education Act, as amended (20 U.S.C. 241aa et seq., Supp. V, 1975). Funds for fiscal years 1974 to 1976 were used for language materials and native language reading and writing for training two Indian tribes. We discuss this project in more detail on page 29.

D-Q requested funding under title III for fiscal years 1974 and 1975 but was refused by OE (see p. 16). The two proposals were essentially to expand upon the 1973 proposal and to include several new positions. In lieu of the \$339,000 title III request by D-Q for fiscal year 1976, OE provided a \$25,000 title III planning grant to assist D-Q in developing a fundable proposal.

In addition to D-Q's participation in the College Work-Study, Supplemental Educational Opportunity Grants, and Bureau of Indian Affairs student aid programs, most students

at D-Q qualify for Basic Educational Opportunity Grants which are administered by OE. D-Q's authorized levels for the Basic Grant program were \$10,700, \$46,256, and \$128,038 in fiscal years 1974 to 1976, respectively. However, authorized amounts can differ from actual amounts awarded to students, depending on demand for such funds. As shown by the table on page 7, D-Q disbursed \$6,181, \$42,581, and \$54,439 (latest amount available) to D-Q students for the same fiscal years.

#### D-Q HAS ONLY marginally MET MINIMUM TITLE III CRITERIA

D-Q University, despite its name, is a junior college. Effective July 1, 1977, it received full accreditation by the Accrediting Commission for Junior Colleges, Western Association of Schools and Colleges, a nationally recognized accrediting association for Western States junior and community colleges.

For fiscal year 1973, D-Q qualified under the Indian waiver. Therefore, it did not have to meet certain OE requirements for the 5 years preceding the grant. No question exists that D-Q has been struggling for survival because of financial reasons and is isolated from the main currents of academic life. However, questions have arisen concerning the reasonableness of D-Q's efforts to improve the quality of teaching and administrative staffs and student services. (See pp. 12 to 19.)

#### D-Q HAS BEEN GRANTED FULL ACCREDITATION

As mentioned previously, developing institutions need accreditation by a nationally recognized accrediting agency or association or should be making reasonable progress toward it. In 1972 D-Q University applied to the Accrediting Commission for Junior Colleges, Western Association of Schools and Colleges, for accreditation. The Commission made a site visit to D-Q before granting the university's initial candidacy status.

In a letter dated July 5, 1972, the Accrediting Commission informed D-Q of its acceptance as a recognized candidate for accreditation for the period July 1, 1972 to June 30, 1973. The Commission stated that acceptance as a recognized candidate for accreditation implies that an institution

'\* \* \* appears to be offering students on at least a minimally satisfactory level, the educational opportunities implied by its objectives. In the commission's view the institution's organization, structure, and staffing are acceptable for its stage of development, its sponsors are committed to supplying its needs and are able to do so, its governing board is functioning properly, and its academic and financial plans are well designed. Candidacy is not accreditation. It indicates that an institution is progressing steadily and properly toward accreditation, but does not assure or even imply eventual accreditation."

In its July 5 letter, the Accrediting Commission told D-Q that it was particularly concerned about D-Q's fiscal accountability.

In its June 7, 1973, report on D-Q University, the Accrediting Commission made the following comments on D-Q's status.

- The teaching staff comprises 5 full-time and about 14 part-time instructors and teaching assistants. Their salaries are low, but their commitment appears high. The rather high turnover may have both negative and positive effects. The quality of instruction in some fields may be uncertain from year to year as may be the continuity in planning. However, the contributing faculty brought to D-Q their specialized training and enthusiasm.
- The free and informal manner of the staff allowed students to grow naturally, free from the tensions of some educational institutions.
- The library is being expanded, and some space exists for developing instructional, service, and storage areas.
- Equipment for science laboratories, business, and occupational training is urgently needed.
- Much progress has been made in student services to include sound policies for admissions, tutoring, testing and placement, and a program for students

needing precollege services.

- Because D-Q prepares students to return to their communities, academics should not be the issue.
- The university is now operating primarily with Federal funds.
- Weaknesses noted by an auditor's report were being revised or corrected.
- The board of trustees broadly represents Native American and Chicano national interests.

The Accrediting Commission's conclusions were that D-Q's approach is effective for educating Native American and Chicano students. The university's growth and progress depend on a constant source of funds to provide building, facilities, and operating expenses. Expanding to include baccalaureate and graduate studies should be planned carefully without haste and with concern for academic standards, instructional resources, and stable financing. The institution should try to retain permanent staff to give continuity to planning and establishing programs and services.

On May 15-16, 1975, representatives of the Accrediting Commission for Junior Colleges visited D-Q to consider re-viewing D-Q's candidacy for accreditation and subsequently reported to the Commission that D-Q met all eligibility conditions. However, in a letter of July 16, 1975, the Commission advised D-Q as follows:

"The Commission decided that a sufficiently serious deficiency existed at the time of the visit to justify a decision to permit candidacy to lapse on June 30, 1975. However, the Commission recognized that such a decision might render it more difficult as a practical matter to remedy this area of deficiency. Accordingly, the Commission voted to extend to D-Q University a special status. Under this decision, candidacy will be continued for a period of one year only, until June 30, 1976. During this one year, the College will be required to remedy this deficiency and demonstrate why its status should not be terminated on June 30, 1976."

D-Q had been found to be seriously deficient in its ability to achieve a stable financial condition. This had affected its ability to provide for an adequate full-time teaching staff.

The Commission further informed D-Q that the Commission report was inaccurate in its statement that D-Q had met all conditions for candidacy eligibility. For example, D-Q had not furnished the visiting committee with financial statements. D-Q also failed to submit audited financial statements to the Commission to show the existence of an "adequate financial base of funding commitments."

The Commission, therefore, requested that D-Q furnish the Commission with a certified audit for fiscal year 1975 and budget for fiscal year 1976, indicating an adequate financial plan for the continuing operation of the institution. This was to be done by November 15, 1975. Furthermore, the Commission expressed concern about (1) D-Q's provisions for supervising and coordinating the 13 branch centers it was establishing and the effect the centers would have on D-Q's financial condition, and (2) D-Q's ability to offer an effective instructional program with a staff of teachers which is largely part-time and volunteer.

After receiving an accreditation renewal report and a certified audit from D-Q, the Commission extended D-Q's candidacy for accreditation to June 30, 1977. Based on a site visit in April 1977, the Commission granted D-Q full accreditation effective July 1, 1977.

We contacted officials of OE's Division of Eligibility and Agency Evaluation, which assists the Commissioner of Education in recognizing national accrediting organizations for institutions of higher education, concerning D-Q's accreditation status. Officials there could only tell us that D-Q was eligible for Federal funding since the university had been accredited by the nationally recognized Western Association of Schools and Colleges.

#### D-Q UNIVERSITY DOES NOT COMPARE FAVORABLY TO OTHER PRIVATE 2-YEAR INSTITUTIONS

D-Q University has not compared favorably with other 2-year institutions rated under OE's Title III evaluation procedures. This may be due, at least partially, to D-Q's special philosophy for serving Native American and Chicano students.

#### Quantitative factors

D-Q was rated on the eight quantitative factors for developing institutions established by OE for those institutions. These are listed in column one of the table which follows. For academic years 1972-73, 1973-74, 1974-75, and 1975-76, the table shows D-Q's status with regard to these eight factors.

Suggested Minimum Quantitative Factors Employed  
by OE for Respective Academic Years  
Compared to Statistics Reported to OE by D-Q

	1972-1973		1973-1974		1974-1975		1975-1976	
	Suggested levels (note a)	D-Q actual	Suggested levels (note b)	D-Q actual	Suggested levels (note c)	D-Q actual	Suggested levels (note d)	D-Q actual
1. Full-time equivalent enrollment	436	629	300	e/ 87	200	e/ 62	147	240
2. Full-time enrollment	401	610	250	e/ 75	160	e/ 62	123	240
3. Percentage of faculty with masters degrees	f/ -	1	50	e/ 38	50	67	60	e/ -
4. Average faculty salary	\$ 8,856	\$ 10,000	\$ 7,000	\$ 10,160	\$ 6,225	e/\$ 5,490	\$ 6,225	e/\$ -
5. Percentage of students from low-income families	f/ -	100	20	100	16	f/ -	17	79
6. Total education and general expenditures	\$716,382	e/ \$164,800	\$500,000	e/\$321,000	\$350,000	e/\$273,542	\$315,562	e/\$180,946
7. Education and general expenditures/full-time equivalent enrollment	\$ 1,564	e/ \$ 262	\$ 500	\$ 3,690	\$ 500	\$ 4,412	\$ 555	\$ 754
8. Volumes in library	19,823	21,000	15,000	25,000	6,500	10,000	5,510	20,000

a/ In the absence of established criteria for the 1972-73 academic year, OE compared D-Q statistics to the national averages for 2-year private schools compiled by the National Center for Educational Statistics.

b/ Data based on Proposed Rules for Developing Institutions approved by the Secretary, HEW, in November 1973.

c/ Data based on Proposed Rules for Developing Institutions approved by the Secretary, HEW, in November 1974.

d/ Data based on Proposed Rules for Developing Institutions approved by the Secretary, HEW, in June 1975. Amounts reflect the average quantitative factors met by the lowest 5 percent of fiscal year 1974 grantees.

e/ Statistics not provided or not applicable.

f/ Did not meet minimum standards.

OE panel review process

Proposals submitted to OE by institutions of higher education for title III support are subject to review by outside reviewers. The following table shows the ratings given to D-Q's request for funds for academic years 1974-75, 1975-76, and 1976-77. The numbers one to five in each column are a scale, with five being the highest rating for each category.

Category on which rated	Academic year 1976-77					Academic year 1975-76					Academic year 1974-75					
	Rater 1976-77		Rater 1976-77		Rater 1976-77		Rater 1976-77		Rater 1976-77		Rater 1976-77		Rater 1976-77		Rater 1976-77	
	1	2	3	4	5	1	2	3	4	1	2	3	4	1	2	3
Institutional eligibility narrative	3	3	1	2	2	5	1	1	1	4	5	4	5	4	5	-
Program eligibility narrative	2	3	1	2	2	5	3	1	1	3	4	4	4	4	4	-
Major focus on low-income students	3	3	1	2	2	5	5	1	1	4	4	4	4	4	4	-
Evidence of good communication between faculty, students, administration, and local communities in planning and implementing programs	2	3	1	1	2	4	4	1	1	-	4	4	-	-	4	-
Program serves students in urban areas	3	3	N/A	3	N/A	-	5	-	1	3	4	4	-	-	-	-
Program evaluation	1	3	-	1	1	4	4	-	1	-	-	-	-	-	-	-
Summary rating	a/3	3	1	1	2	b/-	b/-	1	1	4	4	4	4	c/2	2	-

a/ Rater's narrative summary rated D-Q marginally adequate.

b/ Raters 1 and 2 independently rated D-Q and subsequently discussed D-Q's proposal. They then arrived at a consensus rating of 3. However, their narrative comments implied a reluctance to fur. the proposal as written.

c/ Rating did not contain any narrative comments. Therefore, OE effectively disregarded the rating.

OE could not provide records comparing D-Q's rating to those for other institutions which were denied funds in academic year 1974-75. Reviewers' comments indicated D-Q was clearly eligible for title III funding and that it appeared to be working toward making progress. Some reservation existed about D-Q's dependence on Federal support to continue functioning. We noted that D-Q received a lower overall rating on its proposals for academic years 1975-76 and 1976-77 than several other 2-year institutions. For example, on its academic year 1975-76 proposal D-Q received an average rating of less than three on the scale of five. Seventy-seven nonfunded 2-year institutions received ratings of four or above. On their academic year 1976-77 proposal, D-Q's average rating was less than three. Seventy-one nonfunded 2-year institutions were rated four or above.

#### Reasons OE denied title III funding

In a July 24, 1974, letter, the Director, Division of Institutional Development, advised D-Q that its academic year 1974-75 proposal for title III funding was denied because:

--Enrollment dropped below a level consistent with the title III intention of selecting institutions with growth potential and a possibility of moving into the mainstream of American higher education.

--Although the 1973-74 title III grant to D-Q came under the Indian waiver, the university appeared to be serving primarily Chicano students.

The project officer for D-Q's proposals gave us an internal memorandum from OE officials regarding D-Q's 1973 proposal. In that proposal, D-Q reported its student enrollment as 54 in academic year 1971-72. They expected this to increase to 720 in academic year 1973-74. According to OE, D-Q's academic year 1974-75 proposal showed 75 students. OE did not conduct a site visit to confirm D-Q's enrollment statistics for the 1974-75 school year.

In fiscal year 1975 the Advisory Council on Developing Institutions defined a Native American institution as "having 100 or more American Indian students which constitute at least 10 percent of the total enrollment." Accordingly, OE designated 10 fiscal year 1975 title III applicants as Native American institutions. An OE official told us D-Q was not included on the list because its enrollment did not include 100 American Indian students. Information on numbers of students given student assistance from the Bureau of Indian Affairs

(see p. 7) showed that 5, 24, and 45 students received aid in 1974, 1975, and 1976, respectively. Criteria for this program state that applicants must be at least one-quarter Indian and be members of a federally recognized Indian tribe.

In a letter dated September 11, 1974, the chairman of the board of trustees at D-Q advised OE that the large drop in the university's enrollment resulted from students graduating through the Migrant Worker Program, which is supported by the Department of Labor. (See p. 8.) The chairman said that because D-Q provided total financial support for its students, it could not afford to admit all the students who had applied. He also told OE that D-Q's program was uniquely designed for Indian students and the Indian community.

In a June 30, 1975, letter to D-Q, the Director, Division of Institutional Development, stated that OE could not fund the academic year 1975-76 D-Q proposal for the following reasons:

- Outside readers gave the proposal an overall insufficient rating to warrant recommending support. The proposal failed to project a well-planned program.
- OE staff had difficulty getting accurate enrollment data on D-Q University. The revised proposal failed to provide an enrollment breakdown for Indian students. This was a critical factor since D-Q's proposal was submitted under the Indian waiver.
- OE received considerable mail from persons interested in D-Q's continued operation. Much of this correspondence suggested the college would not survive without title III support.
- The outside readers found the philosophic statement of the institution's program well articulated. However, the readers said the university proposal did not explain how goals were to be achieved.
- Concerns arose concerning the consortium of Indian and Chicano colleges proposed by D-Q. Most of the institutions listed were ineligible for support because they were not accredited. The request seemed geared to paying the staffs of each college.

In response to this letter, the chairman of the board of trustees of D-Q wrote to the Commissioner of OE on July 16, 1975. The letter questioned the Director's reasons for denying D-Q's funding, stating the reasons were either untrue or subject to challenge. He further stated that:

- The Accrediting Commission's report on D-Q provided an excellent evaluation of D-Q's educational program. This report, which was done by professional educators, contradicted the Director's evaluation.
- Enrollment data were discussed with title III program officials in January 1975, and at that time a documented enrollment of 220 students was accepted by OE. Over 70 percent of those enrolled were Indians.
- At the January 1975 meeting, D-Q was told it could qualify under either the Indian or the Spanish-speaking waiver. This matter was to be left open because D-Q might find it advantageous to apply under both waivers.
- Mail suggesting D-Q could not survive without title III funds should not be used to justify denying funds to D-Q. The letters do indicate D-Q's role in the Indian and Chicano communities, but statements in the letters should not replace documented records used for evaluating proposals.
- The program narrative, the title III evaluation report, and the "Accrediting Commission for Junior Colleges Accreditation Report" explained how goals were to be achieved.
- Concerns about the eligibility of participants in the consortium of Indian and Chicano colleges which may not be accredited are unfounded. D-Q as an accredited institution, acting as the coordinating college, submitted a second arrangement for that reason. The consortium was patterned after another group of unaccredited Indian colleges which has continued to receive title III support.

The title III project officer for D-Q proposals told us the university was advised by telephone that its 1976 proposal was not recommended for funding. However, OE offered D-Q a \$25,000 planning grant so D-Q could obtain assistance to prepare a fundable proposal for the next year.

#### OE title III program reviews

An OE title III representative has made only one visit to D-Q University. The Assistant Director, Division of Institutional Development, conducted the visit to D-Q University on November 3-4, 1975. His November 20, 1975, site visit report,

expressed his conviction that D-Q was progressing satisfactorily toward the goals set for the university. He recommended support for D-Q but called for frequent and careful monitoring of fund expenditures and program progress. He said D-Q's farm management program could provide the university with great financial assets. Enrollment totaled 240 full-time students, with 33 at the main campus and 207 in the off-campus centers. Enrollment was expected to increase by 80 on the main campus by the spring 1976 semester. In addition, student financial aid had increased.

Others in OE, however, believed D-Q had not demonstrated sufficient capacity to use title III funds to develop its educational programs. In addition to other reasons for denying D-Q funds, an OE employee rated D-Q University's proposal for the 1976-77 program year and placed D-Q in the lowest category for each area. The rater made several comments regarding the proposal, including:

- The university is relying solely on title III funds for basic operations.
- The initial Federal title III funding had little impact.
- The institution is requesting support, not developmental funds.
- A well-planned program is not projected in the proposal.
- In 1975-76 only five full-time faculty were onboard.
- A proposed college of medicine is totally unrealistic for a 2-year college.

OBSERVATIONS ON STUDENT ENROLLMENT,  
CLASS ATTENDANCE, CREDIT TRANSFER,  
AND OTHER ACTIVITIES

In several reviews at D-Q and in several reports submitted to OE and the Department of Labor, student enrollment figures varied. Based on our visits to D-Q, class attendance at the university's main campus appeared to be poor. Few former D-Q students have gone on to 4-year institutions, and relatively few associate degrees have been awarded. Other problems were also noted during our visits to D-Q.

Number of students enrolled at D-Q

In their academic year 1973-74 application to title III, D-Q reported an enrollment of 610 students during academic

year 1972-73. The university projected that enrollment would increase to 720 for academic year 1973-74. However, D-Q's academic year 1974-75 application showed only 75 students enrolled for 1973-74 and gave no projection statistics. The drastic decrease in enrollment was attributed to the terminated Department of Labor Migrant Workers Project. (See p. 8.) In January 1975 D-Q reported to OE an enrollment of 220 students. In December 1976 we visited D-Q and calculated enrollment at 161 (see table below). In January 1977 HEW regional officials visited D-Q and confirmed that 85 students were enrolled on campus for the 1977 spring semester.

Location And Numbers Of Students  
Enrolled At D-Q University

<u>Location</u>	<u>Number of students</u>
Main campus - Davis	a/70
Centers - Covelo	<u>b/29</u>
Lakeport	5
Mendocino	17
Willits	<u>b/40</u>
Total	<u>161</u> ---

a/ Includes 7 students involved in independent study outside of the classroom, and at least 22 are taking less than 12 units.

b/ Includes four part-time students.

D-Q's president told us he anticipated an increase of at least 70 students at the 5 additional centers by the end of the semester (Greenville-30, Healdsburg-15, Redding-10, Santa Rosa-13, and Livermore-2). As of December 7, 1976, none of these centers were affiliated with D-Q. Due to time constraints, we did not visit the centers to verify enrollment and other information which we had obtained during visits to D-Q's main campus.

Class Attendance

We determined that at least 38 students (the number living on campus) were physically present on the Davis campus. Class attendance, however, appeared to be poor based on our review

of attendance records (where available) and observations of certain classes. For example, the average absentee rate was 32 percent in the 3 classes we observed. In 1 class, 2 of the 5 students enrolled missed 8 of the first 10 sessions, and only 1 student was present for the mid-term examination. Also, a faculty member was enrolled in the three classes we observed yet did not attend any class meetings. In another course, records showed he attended only 2 of the first 10 classes.

### Transfer of D-Q credits

We contacted five 4-year institutions to which D-Q had sent student transcripts to determine if they would accept credits earned by D-Q students. School officials at all five institutions follow the recommendations listed in the American Association of Collegiate Registrars and Admissions Officers' "Report of Credit Given by Educational Institutions." This report recommends that D-Q's credits be accepted provisionally insofar as they are applicable to a student's program. For appropriate postsecondary academic courses or courses comparable to their own, the schools give conditional credit. Full credit is given for such courses after a transfer student has completed a minimum of 24 units with at least a "C" average.

Additionally, one university official gave us a list of D-Q courses for which the university had given credit in the past. We found that two of four D-Q students known to have transferred to this university had graduated, and two had withdrawn. The registrar at D-Q could only remember sending about 20 student transcripts to 4-year institutions since the school opened in 1971.

### Other information obtained during visits to D-Q

During our visits to D-Q University we noted the following:

- Relatively few students have graduated with associate degrees (degrees conferred by institutions offering programs based on at least 2 but less than 4 years of work beyond high school). Five such degrees were issued at the end of the spring 1976 term.
- Two D-Q students were awarded associate degrees based on "life experiences." They received science course credits for skydiving and fishing.

- The affiliation between D-Q and its community education branch centers appears questionable in light of the limited support provided by D-Q. Much uncertainty exists concerning the centers' continued existence based on the frequency of their closings and/or termination of their affiliations with D-Q. As of December 7, 1976, only 4 of the 10 centers listed in D-Q's last self-study were offering D-Q courses.
- The university's acting president told us he intends to transport community education branch center students to the main campus for two weekends a month, if necessary, in order to count them in satisfying the HEW land grant condition which requires a minimum enrollment of 200 students on the main campus by June 30, 1977. (See p. 25.)
- D-Q lacks physical facilities and needs to repair existing ones. For instance, D-Q had no campus bookstore. In need of repair were holes in the windows, floors, and gymnasium walls. In the main classroom we found a hole in the middle of the blackboard.
- The library appeared disorganized.

#### OE ACTIONS TO ASSIST D-Q UNIVERSITY

In a letter dated October 17, 1975, the Secretary of HEW stated that OE would assist D-Q in preparing its academic year 1976-77 title III application which was due on or before October 31, 1975. The Director, Institutional Development Program, had previously offered to assist D-Q in developing a fundable proposal. The extent of OE's direct assistance to D-Q since July 1973 has included the following:

- In September 1974, OE invited D-Q to attend an OE technical assistance workshop in San Francisco, California. D-Q sent a representative to the workshop, but its pending 1974-75 academic year proposal was not discussed.
- D-Q was a member of the American Indian Higher Education Consortium, coordinated by the Navajo Community College, which received \$350,000 of OE title III support in fiscal year 1975. However, D-Q left this consortium because the university believed it received very little benefit from this group. D-Q believed it had more expertise than the other consortium schools.

- In January 1975 title III officials and HEW Indian Education representatives met with D-Q officials and discussed D-Q's 1976 title III proposal. D-Q presented updated student enrollment figures.
- In June 1975 OE invited D-Q to attend a September title III informational workshop in Denver, Colorado. D-Q sent a representative to the workshop.
- In November 1975 a title III official came to D-Q for 2 days to visit the main campus and D-Q's five community branch centers.
- In June 1976 OE approved a \$25,000 planning grant to D-Q to assist in preparing a fundable proposal.
- In October 1976, a D-Q representative attended a workshop in Chicago, Illinois along with 131 representatives from other nonfunded institutions.

Assistance to D-Q, therefore, has consisted of comments on weaknesses in D-Q's proposals and invitations to attend workshops to improve its proposals. Also, OE provided D-Q with the \$25,000 planning grant.

We noted that Part III, Section 2, of the HEW Grants Administration Manual provides for special consideration for organizations it determines as high risk. These organizations are identified by any or all of the following criteria:

- Poor financial stability (that is, insolvency or threat of insolvency).
- Inexperience such as that of newly formed organizations or that of organizations which have not previously received Federal grants.
- Financial dependence on Federal support (that is, 80 percent or more of an organization's revenues expected to be derived from Federal awards in forthcoming years).
- Serious deficiencies in program or business management systems (for example, substantial failure to comply with the financial management standards or procurement standards in 45 C.F.R. Part 100).
- History of unsatisfactory performance, material violations of grant terms and conditions, or large cost disallowances on previous awards from the same or other Federal program.

--An advocacy organization whose purposes diverge from or conflict with those of the published rules and regulations of the prospective grant.

Organizations identified as high risk should be brought to the attention of the Director, Grant and Procurement Management Division, who will decide to (1) not award a grant, (2) award a grant, but with special terms and conditions and require closer monitoring by OE, or (3) award a grant but through a separate contract to provide appropriate technical assistance to the grantee.

According to our evaluations, D-Q would have qualified as a high risk institution. However, an OE grants and contracts official told us this manual provision was added in February 1977, and, therefore, D-Q could not have been considered under it for its 1974 through 1976 proposals.

## CHAPTER 3

### D-Q UNIVERSITY HAS HAD PROBLEMS

#### IN OTHER FEDERAL PROGRAMS

D-Q University has received assistance under several Federal programs. An HEW regional review team reviewed D-Q's compliance with escrow agreements on the 640 acres of the school's main campus. The team found that D-Q served more cultural than educational purposes and concluded that the school was not complying with the law under which it received this surplus property from HEW. The review team recognized D-Q's unique situation and tried not to measure the university against established colleges and universities. Because D-Q University has full accreditation by the Accrediting Commission for Junior Colleges, Western Association of Schools and Colleges, HEW Region IX officials are planning to visit D-Q University to review other matters which could affect the future of the school.

OE's Special Services for Disadvantaged Students Program had also provided funds to D-Q University to cover the period through August 31, 1976. Reviewers of D-Q's funding proposals for previous years had certain concerns about D-Q's programs but they generally believed that the programs deserved funding. However, D-Q's most recent funding proposal was denied.

We included D-Q University in a previous review (HRD-76-172; March 14, 1977) of institutions which had participated in projects under Part B of the Indian Education Act of 1972. At that time, we found that records were not being kept to measure the level of participation in or the objectives of the projects.

#### HEW REGION IX EXPRESSES CONCERN ABOUT D-Q'S FUTURE

In January 1977 an HEW Region IX review team visited D-Q University to evaluate the school's progress in meeting accreditation and increased enrollment standards. These efforts were to comply with the escrow agreements covering the 640 acres of surplus property which D-Q occupies. Following are the points discussed by the Region IX team with D-Q personnel:

1. Verifying onsite and offsite student enrollment.

2. Status of D-Q's accreditation.
3. Discussing title III funding endeavors.
4. Verifying Chicano presence and participation in student and faculty programs.
5. Status of D-Q's reply to audit exceptions.
6. Verifying academic courses being held onsite and offsite.
7. Funding received from other Federal agencies.
8. Disposing of agricultural funds generated at D-Q.

The original escrow agreement with HEW, which transferred the surplus property to D-Q in April 1971, required that D-Q obtain full junior college accreditation and have 500 full- and part-time students on the main campus by October 1, 1975. The escrow agreement was amended in September 1974 to (1) require full junior college accreditation by October 1, 1976, and (2) change the required number of students to 125 by the fall of 1974, 150 by the spring of 1975, and 200 by the fall of 1975.

In June 1976 a second amendment to the escrow agreement changed the required date for full junior college accreditation to June 30, 1977. This change reflected an extension of candidacy status to June 30, 1977, by the Accrediting Commission for Junior Colleges. The amendment also extended the requirement for enrollment of 200 full- and part-time students until June 30, 1977.

The HEW Region IX review team stated in its February 8, 1977, site visit report:

"From the initial inception of DQU, the Region IX Office of Federal Property Assistance has tried not to measure it against the standards of established colleges and universities owing to its unique situation. After approximately six years of existence it is apparent that the Federal property transferred to DQU is serving more cultural than educational purposes. DQU[']s programs appear to be heavily committed to Indian culture. While such cultural purposes are certainly important to the Indian people and needed by them, unfortunately,

such purposes are not eligible for transfer of real property by this Department under PL-152 81st Congress, as amended and by which the property was conveyed."

The following options were suggested to the HEW Regional Director, Region IX, by the site review team as possible ways of dealing with the property occupied by D-Q University:

- Return the property to the General Services Administration for their disposal, possibly by transferring it to the Department of the Interior, Bureau of Indian Affairs, for development under some tribal government.
- Provide HEW support for seeking congressional legislative relief in behalf of D-Q. This would require enlisting the aid of congressional representatives to reintroduce legislation similar to H.R. 14785 of July 21, 1976, to convey land to D-Q for establishing a cultural center. This legislation would eliminate the current educational limitations which prohibit establishing such a center.
- Return about 400 acres of unimproved land to the General Services Administration for disposal. About 200 acres would remain, including the buildings for D-Q's educational program. Such action would probably require a new escrow agreement containing rigid controls. Furthermore, OE headquarters would be required to provide adequate resources to insure success of the educational program. Without OE financial assistance, this option would do nothing more than prolong facing the same problem. The third option could be exercised in conjunction with the second.

The review team recommended that action be postponed pending the June 1977 decision of the Accrediting Commission for Junior Colleges regarding D-Q's accreditation. Assuming D-Q would receive a favorable decision, the team recommended the third option. This would hinge on OE assurance of substantial financial assistance to enable D-Q to increase its enrollment.

As a result of D-Q's receipt of full accreditation, HEW Region IX officials met on August 9, 1977, to consider the D-Q situation. At that time, these officials tentatively decided to extend the escrow agreements pending

- a site visit to the university and its branch centers by HEW Region IX officials,

- a review of the status and outlook of legislation to transfer title of the surplus property to D-Q without the current restrictions imposed on the university by the escrow agreements,
- a review of the status of audit exceptions noted by D-Q's auditor, and
- discussions with Department of Labor officials regarding the exceptions noted by a review team which visited D-Q in connection with a migrant workers contract.

FEDERAL SUPPORT DENIED BY  
SPECIAL SERVICES PROGRAM

The Special Services for Disadvantaged Students Program, for which D-Q earlier received but was later denied Federal funding, uses an outside panel review process somewhat similar to that used in the title III program. D-Q received funding of \$65,309 under the special services program in each of fiscal years 1974 and 1975 and \$9,420 in fiscal year 1976.

D-Q's request for funds was reviewed in May 1974, and reviewers voiced some concern for D-Q's proposal. Nonetheless, they generally believed that the proposal had some merit. Some of the reviewers' summary comments were as follows:

- D-Q's concern seems more with theory, philosophy, and structure than with the students themselves.
- The university realizes the importance of positive regard for the students' culture and is responding to this need.
- A site visitation should be made.
- The university's project should continue to provide needed services to the special service student population. By incorporating increased cultural activities, the total program will be enriched to benefit the students. Although the number of students served is small, it must be recognized that these students' needs are very great.

However, for academic year 1976-77, OE denied funding to D-Q under the Special Services for Disadvantaged Students Program. In July 1976 reviewers commented that D-Q's 1976 funds request was:

--Recommended but the proposal's lack of fiscal management was affecting program activities. The proposal's overall rating is fair, but flaws exist.

--Not recommended because accreditation status at D-Q is unclear, and the school's course offerings appear too limited.

--Not recommended because serious doubt exists as to the program's credibility.

In 1976, 58 applicants submitted proposals to the special services program, and OE funded 32. D-Q ranked 42d among the applicants, receiving 135 out of a maximum of 200 ranking points.

PROBLEMS ENCOUNTERED BY  
OTHER FEDERAL AGENCIES  
PROVIDING ASSISTANCE TO D-Q

In addition to problems in accounting for property acquired under the Migrant Workers Program of the Department of Labor (see p. 8.), OE's Federal Library Grant Program has requested that D-Q remit about \$2,800 because of unauthorized fiscal year 1974 expenditures.

We also noted problems encountered in a previous review. <sup>1/</sup>In that report we examined funding granted to D-Q under Title IV, Part B, of the Indian Education Act. We reported on the special educational needs of Indian students and efforts to assess these special needs. D-Q was one of the institutions which we reviewed and which had received funding under Title III, part B, of the Indian Education Act. We found that under projects in which D-Q participated:

--Four beginning native-language reading booklets and 30 instructional charts were developed and reproduced. Project officials said five training classes were conducted during fiscal year 1975, but four classes did not start until the end of the fiscal year. According to these officials, about 85 individuals were enrolled in classes meeting 1 day a week for 4 to 6 hours. However, the project kept no records showing (1) student enrollment, attendance, and achievement, (2) frequency of classes, and (3) subject matter covered.

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<sup>1/</sup>"Indian Education In The Public School System Needs More Direction From The Congress," (HRD-76-172; March 14, 1977).

--We could not determine if the part B project was improving educational opportunities for Indians because measurable project objectives generally were inadequate.

## CHAPTER 4

### SUMMARY AND CONCLUSIONS

Throughout its existence D-Q University has been struggling for survival, because it is isolated from the main currents of academic life. In a marginal way, D-Q has met the minimum standards of the Title III, Strengthening Developing Institutions of Higher Education Program. However, Federal and other officials have voiced many concerns about D-Q's dependence on the Federal Government for support, its ability to maintain student enrollment and attract full-time faculty, and other matters. We believe that if Federal participation in D-Q's funding continues and its survival depends on such support, substantial technical assistance will be necessary to make it truly viable as an institution of higher education.

### CONCLUSIONS

It does not appear that D-Q University can survive without Federal support. It does not have sufficient other funding sources to pay its operating expenses and acquire badly needed facilities and equipment.

D-Q University has met the minimum criteria of the Title III, Strengthening Developing Institutions of Higher Education Program in a marginal way. However, D-Q's funding proposal reviewers have found it deficient according to certain OE quantitative and qualitative criteria used to evaluate institutions which apply for title III support.

We also noted that student enrollment reported by D-Q has repeatedly been questioned. Based on our limited review, class attendance was low, few transfer students have gone on to 4-year colleges and universities, and few students have graduated from D-Q with associate degrees since the school's opening in 1971.

The Accrediting Commission for Junior Colleges, Western Association of Schools and Colleges, granted D-Q full accreditation effective July 1, 1977. Earlier, the Commission expressed concern over D-Q's financial situation and dependence on part-time faculty.

These deficiencies are significant enough to warrant concern by title III officials regarding continued funding of D-Q. The law states that the purpose of title III is not to supplant funds that otherwise would be made available to an

institution but rather to supplement or, to the extent practical, increase the level of funds. HEW officials believe that continued title III support to D-Q would further increase D-Q's reliance on the Federal Government.

OE has advised D-Q of weaknesses in its proposals and has invited D-Q to attend OE technical assistance workshops for title III applicants. Also, in 1976 OE awarded D-Q a \$25,000 planning grant for D-Q to use in obtaining assistance in preparing a fundable fiscal year 1977 proposal.

D-Q has received funding under several other Federal programs. HEW program officials, Department of Labor officials, and we have been concerned about some of these programs.

OE has also questioned D-Q's adherence to escrow agreements for the surplus property it occupies. These agreements were dependent on D-Q's offering an educational program for Indians. However, D-Q appears to be offering an Indian cultural rather than an educational program.

Because of the many problems noted above and the unique character of D-Q University, we believe much concerted effort will be necessary to give D-Q the extensive technical assistance it needs to become an institution of higher education which will effectively and efficiently use Federal funds.

The HEW Region IX review team which evaluated D-Q's compliance with the escrow agreements on the surplus property recognized the need to provide D-Q with adequate resources to insure the success of its educational programs. The review team's suggested options for dealing with D-Q included:

- Return the surplus property to the General Services Administration for transfer to the Department of the Interior.
- Provide HEW support for legislation transferring the surplus property to D-Q for establishing a cultural center.
- Allow D-Q to retain 200 acres of surplus property and insure that OE headquarters provides adequate resources for D-Q's educational program.

An HEW Region IX official told us that because D-Q University was granted full accreditation with the Accrediting Commission of Junior Colleges, Western Association of Schools and Colleges, a meeting was held on August 9, 1977.

At the meeting it was tentatively decided that the escrow agreement would be extended pending a site visit to D-Q University and review of certain legislation and other matters which could affect D-Q's future. It appears to us that HEW is actively considering the needs of D-Q University and also taking steps to protect the Federal Government's interests.

## CHAPTER 5

### AGENCY COMMENTS

On August 24, 1977, we discussed our findings and conclusions with the Acting Director, Division of Institutional Development. He said that this report represented a thorough and objective review of the situation at D-Q University. Also, he made certain clarifying suggestions for some sections of the draft report which were incorporated herein.

**B. F. SISK**

19TH DISTRICT, CALIFORNIA

COMMITTEE ON RULES

HOUSE OFFICE BUILDING  
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ADMINISTRATIVE ASSISTANTCONGRESS OF THE UNITED STATES  
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June 21, 1976

Mr. Elmer B. Staats  
Comptroller General  
General Accounting Office  
441 "G" Street, N. W.  
Washington, D. C. 20548

Dear Elmer:

I come to you as a last resort; but after three years I believe it essential that the Congress be provided with a definitive report on the funding difficulties of D-Q University, near Davis, California.

For three consecutive years the U. S. Department of Health, Education and Welfare has denied D-Q's application for funding pursuant to Title III of the Higher Education Act of 1965.

A number of congressmen, among them myself, have attempted to resolve whatever problems have existed with the applications. We have been consistently told by HEW that it would work closely with D-Q officials to resolve the problems so that funding could be continued. Each year, however, the result is the same.

There have been charges made by D-Q officials that HEW is biased against them and has not made any meaningful effort to assist them in preparing a fundable application.

After three years of false promises, I must conclude that those charges have merit.

D-Q University cannot possibly continue to operate without federal Title III funds. Indeed, when the university was established it was known to everyone that federal assistance would be required over the long-term. That aid was deemed appropriate, however, because D-Q University was established for the sole purpose of providing Indians and Chicanos with meaningful education.

It may be that HEW's position is correct. Thus far, however, no evidence has been provided to support that posture.

I respectfully request a thorough review of this entire case.

Sincerely,


B. F. SISK  
MEMBER OF CONGRESS

DISTRICT OFFICES:  
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