School Closures from the Institution and Regulator Perspectives

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Background

Over the past several years, regulators and accreditors have managed the closures of:

- Argosy University
- Art Institutes (select)
- ECA schools (Golf Academy of America, Virginia College, Brightwood College, EcoTech Institute)
- Vatterott Career College
- Globe University and Minnesota School of Business
- ITT Technical College
- And many others…

Objectives:

- Highlight the information most needed by accrediting agencies and regulators upon a school's closure
- Identify the information institutions have ready or can easily pull together, and how to get it most efficiently
- Identify and expand upon best practices in cases of a sudden school closures
- Provide direction for the NASASPS School Closure Committee to collate these best practices for distribution

What do state regulators ask for when an institution closes?

- Effective or anticipated date of closure
- Copies of notifications to students
- Teach-out/train-out/transfer plans (some require copies of agreements)
- Contact information for administrator(s) after closure
- Records retention plan
- Register of students along with contact information, program progression, financial ledgers, etc.
- Evidence of refunds to students
- Evidence that recruitment and advertisement has ceased
- Return copy of state license

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- Register of students along with contact information, program progression, financial ledgers, etc.
- List of institutions offering similar programs
- Final notice of closure

How many of these items are easily accessible when an institution closes precipitously?

- Effective date of closure
- …

Themes on the most important items to secure upon an institution's closure…

- STUDENT TRANSCRIPTS
- Copies of diplomas
- Student contact information
- Other records such as attendance, program progression, financial ledgers
- Copies of teach-out agreements
- Catalogs

What about the schools?

- What is readily available?
- What can the school share and when? (for example, institutions have indicated that they are hesitant to develop teach-out agreements if they have not yet announced closure)
- What would the schools want regulators and accreditors to consider? (e.g. accepting reports already created for another agency as long as it included the state-required information)

So speaking of teach-out agreements/teach-out plans/train-outs/transfer agreements/etc.…

When do state regulators require a teach-out plan?

When does ACCSC require a teach-out plan?

- When the Commission receives notice from a state licensing or authorizing agency that a school's license or legal authorization to operate will be or has been withdrawn/revoked
- When the Commission receives notice from the U.S. Department of Education that an action has been initiated to limit, suspend, or terminate a school's participation in any Title IV program
- When the Commission receives notice from the U.S. Department of Education that an emergency action has been initiated
- When a school intends to close or, in the Commission's judgment, may lack sufficient financial resources for the proper operation of the school and discharge of obligations to students

What must be included in a teach-out agreement submitted to ACCSC?

Fundamentally, a school must demonstrate how the delivery of training and services to students will not be materially disrupted and that obligations to students will be timely met.

Through this process, ACCSC is seeking to ensure the allocation and commitment of the necessary financial and other resources and capital to support the equitable treatment of students.

Teach Out Agreements

- The teach-out school has the necessary experience, resources, and support services to meet the requirements herein and has the capacity to remain stable, carry out its mission, and meet all obligations to existing students.
- The teach-out school will provide an educational program that is of acceptable quality and reasonably similar in content, structure, and scheduling.

What's the Catch-22?

- Typically, no agency wants to be the one that sets off the dominoes
- To withdraw accreditation negates the accrediting agency's influence or authority over the institution and has major repercussions on the students
- To restrict or withhold Title IV sends an institution into a downward financial spiral (or hastens it)
- To withdraw state approval is the true kiss of death

Suggestions for best practices… for all

- Collaborate as early as possible
- Respect confidentiality
- Develop common definitions for teach-out plan/agreement/train-out, etc.
- Revisit the "Crucial Connections" presentation presented by Michale McComis and Chris Lambert at 2012 NASASPS conference: https://nasasps.org/event-calendarevent-calendar/previous-conferences/

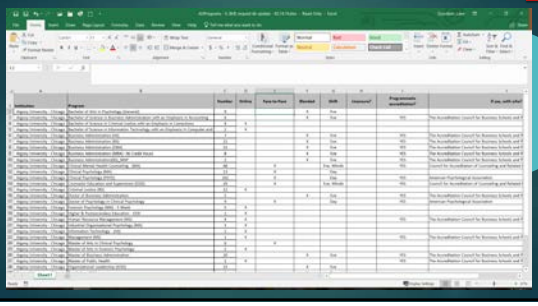
Suggestions for best practices… for state agencies

- Request explicit instructions for locating and extracting student and faculty records as part of the renewal/reporting process
- Be willing to accept information from the institutions as submitted to other agencies
- For states that don't have resources to manage student records, consider at minimum housing electronic records
- Also consider requesting clinical site information, leaseholder contact information, program chair contact information on a regular basis

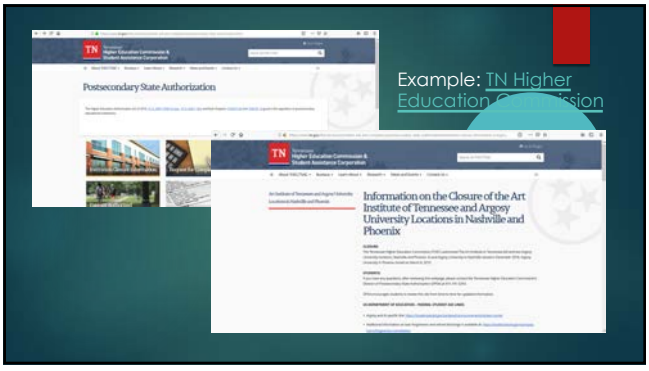
Suggestions for best practices… for state agencies

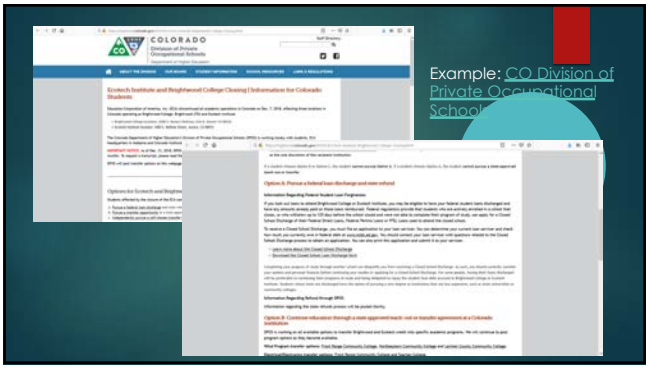
- Maintain a list of programs offered by institution with relevant information such as state licensure requirements, specialized accreditation, modality, relevant certification exam, etc. Request periodic updates from institutions or establish triggers that would prompt collection of such information.
- Develop a template for collection of information regarding similar programs to facilitate cross-walks and teach-out agreements (see Illinois example)
- Where possible, develop a line of communication with non-regulated institutions in your state and enlist assistance from commissioners/board members/etc.
- Upon an institution's closure, request (or demand) to share information or a link in a prominent place on your agency's website (see examples- MN, CO, TN)

Template for similar programs information collection



Example: MN Office of Higher Education
Information for Argosy University


Example: TN Higher Education Commission
Postsecondary State Authorization
Information on the Closure of the Art Institute of Tennessee and Argosy University Locations in Nashville and Phoenix


Example: CO Division of Private Occupational Schools
COLORADO

Suggestions for best practices… for accrediting agencies

- The Triad exists for a reason
- Put students first

Suggestions for best practices… for institutions

Closing institutions:

- Open communication with regulators and accrediting agencies
- Be realistic with plan for services during wind-down/closure
- Be consistent: student facing
- Transcript are critical

Receiving institutions:

- Be receptive to transfer of credit, especially from programs with specialized programmatic accreditation
- Immediately gain permission from accrediting agency to waive 25% requirement
- Be willing to participate in transfer fairs, host open houses, or assign dedicated staff to assist displaced students

Suggestions for best practices… for the USDE

- Consider increasing institutional Letters of Credit to fund teach-outs and records maintenance where states are unable
- Where an institution meets a certain trigger, such as HCM, consider requiring teach-out plans on a yearly basis to include a list of similar programs
- Making allowances for accreditation to "wind down" so that institution can close in an orderly fashion
- Re-establish state liaison

What else? Share your ideas…