

Teach-Out Plans and Agreements Policy

Effective Date: September 1, 2020

Contents

- I. Purpose
- II. Statement of Policy
- III. Procedures
- IV. Definitions

I. Purpose

The Middle States Commission on Higher Education (MSCHE or the Commission) seeks to ensure that institutions submit a written teach-out plan to ensure the equitable treatment of students upon the occurrence of certain events or circumstances. The purpose of this policy is to outline the circumstances under which the Commission will require candidate and accredited institutions to submit a teach-out plan and/or teach-out agreement. See the accompanying documents *Teach-Out Plans and Agreements Procedures* and *Teach-Out Plans and Agreements Form*. See also the Commission's *Substantive Change Policy and Procedures* as some substantive changes require the submission of a teach-out plan in conjunction with the substantive change request.

II. Statement of Policy

The Commission shall require candidate and accredited institutions to submit a written, comprehensive, and implementable teach-out plan and if practicable, teach-out agreements to the Commission for review and approval, prior to implementation, upon the occurrence of any of the following events:

1. The institution is applying for or has Candidate for Accreditation status with the Commission;
2. For a nonprofit or proprietary institution, the Secretary notifies the Commission of a determination by the institution's independent auditor expressing doubt about the institution's ability to operate as a going concern or indicating an adverse opinion or a finding of material weakness related to financial stability;
3. The Commission takes a non-compliance action of probation or show cause;
4. The Secretary notifies the Commission that the institution is participating in title IV, HEA programs under a provisional program participation agreement and the Secretary has required a teach-out plan as a condition of participation;
5. The Secretary notifies the agency that it has placed the institution on the reimbursement payment method under 34 CFR 668.162(c) or the heightened cash monitoring payment method requiring the Secretary's review of the institution's supporting documentation under 34 CFR 668.162(d)(2);
6. The Secretary of Education notifies the Commission that the Secretary has initiated an emergency action against the institution under 487(c)(1)(G) of the HEA or an action to limit, suspend, or terminate an institution participating in any title IV, HEA program in accordance with section 487(c)(1)(F) of the HEA;

7. The Commission takes an adverse action to deny candidate status, deny accreditation, or withdraw the candidate status or accreditation of the institution;
8. The institution notifies the Commission that it intends to cease operations entirely;
9. The institution intends to close any location (with students enrolled) that provides one hundred percent of at least one educational program;
10. A State licensing or authorizing agency notifies the Commission that the institution's license or legal authorization to provide an educational program has been or will be revoked;
11. The institution is voluntarily surrendering its candidate for accreditation status or accreditation and membership;
12. The institution is submitting any other substantive change for which a teach out plan and if practicable teach-out agreement(s) are necessary.
13. At the Commission's discretion, other circumstances including but not limited to, when an institution is placed on warning, in financial distress, under governmental investigation, at risk for a sudden closure or suspension of some or all of its operations, or is facing other significant challenges.

A. Early Notification

The Commission shall require the institution to provide early notification of a potential circumstance requiring a teach-out plan.

B. Submission of Teach-Out Plans and Teach-Out Agreements

The institution shall submit the teach-out plan and any teach-out agreements according to established procedures. The Commission may require the institution, or the institution may elect, to enter into one or more teach-out agreement(s) with other accredited institutions as part of the teach-out plan in accordance with federal regulation *34 CFR § 602.24(c)(5)*,

C. Review and Action on Teach-Out Plans and Agreements

The Commission shall review the teach-out plan and any teach-out agreements in accordance with federal regulation *34 CFR § 602.24(c)*. The Commission shall take action on the teach-out plan and any teach-out agreements in accordance with the *Accreditation Actions Policy and Procedures*.

III. Procedures

The Commission staff will develop procedures as are necessary to ensure the consistent implementation of policies. See the Commission's *Teach-Out Plans and Agreements Procedures* and the *Teach-Out Plans and Agreements Form*.

IV. Definitions

The following definitions are used in this policy and/or procedures:

- A. Member institution.** All institutions that are accredited by MSCHE and all institutions that have been granted Candidate for Accreditation Status by MSCHE, that are in good standing with respect to payment of dues and fees, shall be institutional members of MSCHE. Accreditation and candidacy shall be established according to the standards for accreditation, requirements of affiliation, policies and

- procedures, and applicable federal regulatory requirements adopted by the Commission.
- B. Teach-out.** A process during which an institution or institutional location that provides 100 percent of at least one program engages in an orderly closure or when, following the closure of an institution or location, another institution provides an opportunity for the students of the closed school to complete their program, regardless of their academic progress at the time of closure. (*federal definition found in 34 CFR § 600.2, slightly modified to remove the word “program”*)
- C. Teach-Out agreement.** A written agreement between two or more institutions that provides for the equitable treatment of students and a reasonable opportunity for students to complete their program of study if an institution, or an institutional location that provides 100 percent of at least one program offered, ceases to operate before all enrolled students have completed their program of study. (*federal definition found in 34 CFR § 600.2*)
- D. Teach-out period.** The start and end date for the full implementation of the teach-out plan and any teach-out agreements.
- E. Teach-out plan.** A written plan developed by the institution that provides for the equitable treatment of students to complete their education, including any teach-out agreements that the institution has entered into or intends to enter into with another institution. (*federal definition found in 34 CFR § 600.2*)

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Related Documents: *Teach-Out Plans and Agreements Procedures; Teach-Out Plans and Agreements Form; Substantive Change Policy, Substantive Change Procedures;*

Federal Regulations: *34 CFR § 602.23(f)(1)(ii); § 602.24(c)(1-10) Teach Out plans and agreements and § 602.24(d) Closed institution.*