



Commission on Colleges
Southern Association of Colleges and Schools
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CLOSING AN INSTITUTION OR PROGRAM: TEACH-OUT AGREEMENTS

- Policy Statement -

A decision to close an educational program, branch campus, or the entire institution requires thoughtful planning and careful consultation with all affected constituencies. Every effort should be devoted to informing each constituency as fully as possible about the conditions compelling consideration of a decision of such importance, and all available information should be shared. As much as possible, the determination to close a program, branch campus, or the institution should be made through a consultative process and only after alternatives have been considered, but responsibility for the final decision to close rests with the board of trustees. Since the immediate interests of current students and faculty are most directly affected, their present and future prospects require especially sensitive and timely attention and involvement.

If an institution decides to close an educational program, branch campus, or the entire institution, it must consider the following options:

1. The institution teaches out currently enrolled students; no longer admits students to programs; and terminates the program, the operations of a branch campus, or the operations of an institution after students have graduated.
2. The institution enters into a contract for another institution or organization to teach out the educational programs or program. Such a teach-out agreement requires Commission approval.

Teach-Out Agreements

A teach-out agreement is defined as a written agreement between accredited institutions that provides for the equitable treatment of students if one of those institutions stops offering an educational program before all students enrolled in that program complete the program. In accord with federal regulation 602.24 (c), if an institution enters into a teach-out agreement with another institution, it must submit the agreement to the office of the Commission on Colleges for approval prior to its implementation.

For approval by the Commission, the agreement must be between institutions that are accredited or preaccredited (candidates) by a nationally recognized accrediting agency, be consistent with applicable standards in the *Principles of Accreditation* and with Commission policies, and provide for the equitable treatment of students by ensuring that

1. the teach-out institution has the necessary experience, resources, and support services to provide an educational program that is of acceptable quality and reasonably similar in content, structure, and scheduling to that provided by the closed institution; and
2. the teach-out institution demonstrates that it can provide students access to the program and services without requiring them to move or travel substantial distances.

Closing a Program

When the decision is made to close an educational program, the institution must make a good faith effort to assist affected students, faculty, administrative and support staff so that they experience a minimal amount of disruption in the pursuit of their course of study or professional careers. In all cases, individuals should be notified of the decision to close a program as soon as possible so that they can make appropriate plans. Students who have not completed their programs should be advised by faculty or professional counselors regarding suitable options including transfer to comparable programs. Arrangements should be made to reassign faculty and staff or assist them in locating other employment.

The Commission on Colleges will work with the U.S. Department of Education and the appropriate State agency, to the extent feasible, to ensure that students are given reasonable opportunities to complete their education without additional charge.

Closing a Branch Campus

As stated in the Commission's policy "Substantive Change for Accredited Institutions of the Commission on Colleges," a branch campus is defined as a location of an institution that is geographically apart and independent of the main campus of the institution. A location is independent of the main campus if the location is (1) permanent in nature, (2) offers courses in educational programs leading to a degree, certificate, or other recognized educational credential, (3) has its own faculty and administrative or supervisory organization, and (4) has its own budgetary and hiring authority. After the decision has been made to close a branch campus, all affected constituencies should be notified promptly including students, faculty, administrative and support staff. The chief executive officer should notify the Commission in writing as soon as possible. Every effort should be made to assist current students to continue their education without disruption. Faculty and staff either should be reassigned or assisted in locating other employment.

Closing an Institution

A decision to close requires specific plans providing in appropriate ways for the students, the faculty, and the administrative and support staff, and the disposition of the institution's assets. Many considerations bear upon closing an educational institution and each situation will be unique. Nevertheless, general guidelines will be helpful to each institution considering closing.

A. The Students

Students who have not completed their degrees should be provided for according to their needs. Arrangements for transfer to other institutions will require complete academic records and all other related information gathered in dossiers which can be transmitted promptly to receiving institutions.

Agreements made with other institutions to receive transferring students and to accept their records should be in writing. Where financial aid is concerned, particularly federal or state grants, arrangements should be made with the appropriate agencies to transfer the grants to the receiving institution. Where such arrangements cannot be completed, students should be informed. In cases where students have held institutional scholarships or grants, appropriate agreements should be negotiated if there are available funds which can be legally used to support students while completing degrees at other institutions.

B. Academic Records and Financial Aid Transcripts

Arrangements should be made with the state board for higher education or another appropriate agency for filing of student records. If there is no state agency which can receive records, arrangements should be made with a state university, with the state archives, or with a private organization to preserve the records. Notification should be sent to every current and past student indicating where the records are being stored and what the accessibility to those records will be. Where possible, a copy of a student's record should also be forwarded to the individual student. The institution must notify the Commission regarding the final filing of student records.

C. Provision for Faculty and Staff

In every possible case, the institution should arrange for continuation of those faculty and staff who will be necessary for the completion of the institution's work pending the closing date. In those cases where faculty and staff will no longer be needed, the institution should make every effort to assist them in finding other employment. It should be understood that the institution can make no guarantees, but genuinely good faith efforts to assist in relocation and reassignment are essential.

D. Final Determinations

Determinations must be made to allocate whatever financial resources and assets remain after the institution provides for the basic needs of current students, faculty, and staff. When the financial resources of the institution are inadequate to honor commitments, the board should investigate prior to its decision to close what alternatives and protection are available under applicable bankruptcy laws. If bankruptcy can be avoided but funds are insufficient to maintain normal operations through the end of the closing process, the institution should not overlook the possibility of soliciting one-time gifts and donations to assist in fulfilling its final obligations.

Every effort should be made to develop defensible policies for dividing the resources equitably among those with claims against the institution. One of the best ways of achieving this goal is to involve potential claimants in the process of developing the policies. Time and effort devoted to carrying the process to a judicious conclusion may considerably reduce the likelihood of lawsuits or other forms of confrontation.

It is impossible to anticipate the many claims that might be made against the remaining resources of an institution, but institutions should give attention to the following three concerns:

1. Students have the right to expect basic minimal services during the final semester not only in the academic division, but also in the business office, financial aid office, registrar's office, counseling, and other essential support services. Staff should be retained long enough to provide these services.
2. Staff should be willing to accept the possibility of early termination of their contracts, provided that reasonable notice is given to all employees and that the reasons for retaining some personnel longer than others are based on satisfying the minimal needs of students and the legal requirements for closing.
3. Every effort should be made to honor long-term financial obligations (loans, debentures, etc.) even though the parties holding such claims may choose not to press them.

E. The Closing Date

The final action of the board of trustees should be a formal vote to terminate the institution on a specified date. That date will depend on a number of factors including the decision to file or not to file for bankruptcy. Another key factor is whether or not all obligations to students will have been satisfactorily discharged.

F. Disposition of Assets

In the case of a not-for-profit institution, the legal requirements of a state must be carefully examined with respect to the disposition of institutional assets. Arrangements for the sale of the physical plant, equipment, the library, special collections, art, or other essential holdings, and for the disposition of any endowments or special funds must be explored. In the case of wills, endowments, or special grants, the institution should discuss with the donors, grantors, executors of estates, and other providers of special funds, arrangements to accommodate their wishes. State laws regarding the disposition of funds from a non-profit institution must be meticulously followed.

All pertinent federal and state agencies need to be apprised of the institution's situation and any obligations relating to state or federal funds cleared with the proper authorities.

G. Other Considerations

An institution has the obligation to inform the Commission of its plans for closing and of its final closing date. The institution should establish a clear understanding with its creditors and all other agencies involved with its activities to assure that their claims and interests will be properly processed. Insofar as possible, the institution should assure that its final arrangements will not be subject to later legal proceedings which might jeopardize the records of its students or faculty.

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