

**Report from the Distance Learning and Educational Innovation Subcommittee
on proposed definitions and regulations related to
teach-out, teach-out plan and teach-out agreement in Sections 600.2 and 602.24**

Prior to the final Subcommittee meeting, two members of the Subcommittee (representing an accreditor and a legal aid organization) provided an issue paper and redline edits to the definitions of “teach-out,” “teach-out agreement,” and “teach-out plan” in Section 600.2 and the regulations related to accrediting agency policy and procedures addressing these issues in Section 602.24(c). This proposal was generally supported by the subcommittee, with some exceptions noted below. The proposed language after the discussion of the Subcommittee is included in redlines provided by the Department for Sections 600.2 and 602.24(c). The significant issues discussed by the Subcommittee on these topics are included in this brief for the benefit of the Accreditation and Innovation Committee.

“Teach-out agreement” definition from Section 600.2

The Subcommittee proposal included the addition of several items that must be part of any teach-out agreement. There was significant discussion as to whether those required elements should be moved to the regulations related to accrediting agency policy and procedures addressing these issues in Section 602.24(c). The Subcommittee thought that the inclusion of these elements in the definition would be important, as it is referenced by States and other approval entities. Besides the applicability of this definition in Section 602.24(c), the Department researched the other sections where it is used and found it limited to Sections 668.188 ad 668.207 related to cohort default rates. Some Subcommittee members thought that for consistency of the use of definitions that it would move the proposed required elements of a teach-out agreement to Section 602.24(c)(6), while others thought that it should remain in the definition so that it remained standard across accreditors.

As noted, the Subcommittee proposal included the addition of several items that must be part of any teach-out agreement (which are now reflected in Section 602.24(c)). The Department agreed with most of the additions, but eliminated the ones that either 1) are not feasible to include based on experience with teach-out agreements, 2) the Department believes are addressed in other regulations, or 3) are not within the Department’s authority to regulate.

The Subcommittee proposal included language that would allow an accrediting agency to waive requirements related to the percentage of credits earned at the teach-out institution that were to award the degree or certificate to a student completing her or his program through a teach-out agreement. The Department agreed with the proposal but believes the proposal related to waivers by accrediting agencies in Section 602.16(g)(3) would cover this situation.

Regulations from Section 602.24(c)

The Subcommittee proposal included the addition of many elements to the regulations related to accrediting agency policy and procedures addressing these issues in Section 602.24(c). The Subcommittee and Department agreed on most of the elements of the proposal to this section.

One proposal was to provide additional specific events that would instruct an accrediting agency to require a teach-out plan, as well as specific events that would also require a teach-out agreement. Overall, the Subcommittee agreed on the need for an institution to provide a teach-out plan at points when the status of institution were to first indicate there might be an issue, but did not agree on one proposed point of notice or action. For the most part, the subcommittee agreed on what events should trigger the requirement to provide a teach-out plan and a teach-out agreement. The one area of disagreement was whether an agency should require a teach-out plan for an institution placed on Heightened Cash Monitoring 1 (HCM1) or for an institution that is deemed not financially responsible in accordance with 34 CFR Part 668, Subpart L. Several Subcommittee members believed that to be too low of a bar and would require institutions that were placed on HCM1 based on administrative or minor issues, or based on financial responsibility standards that are calculated in a flawed manner and are therefore not an accurate indicator of institutions at risk of closure, to develop a teach-out plan. These Subcommittee members felt such a requirement would be a waste of institutional resources for such institutions. The Department was not comfortable removing the HCM1 or financial responsibility language altogether, as there were institutions that would be deemed such by the Department and from whom a teach-out plan was warranted.

Another proposal was to separate the requirements of an institution that an agency could permit to serve as a teach-out institution into its own element. The Subcommittee mostly agreed about the requirements for such an institution except in one area related to an institution under investigation by a law enforcement agency. The Subcommittee agreed that they wanted to limit the ability of an institution that should not be serving as a teach-out institution based on such an investigation, but acknowledged that many good institutions are under investigation for minor issues for many reasons. The Department and Subcommittee worked on language to address those concerns.

The Subcommittee also discussed the need to revise the language related to the acceptable educational program options related to the “delivery modality” in a teach-out agreement. The Department agreed to make edits in line with definition and language proposals from other parts of the Subcommittee’s agenda.