Events that Activate Teach-Out Planning and Agreements: The circumstances listed in 34 CFR 602.24 (c) should require recognized accrediting agencies to implement teach-out plans and agreements.

- **Teach-Out Plans:** The accrediting agency must require a teach-out plan when it determines the institution is failing to meet the agency’s financial stability standards (including if the institution has a failing financial responsibility score or is required to post a letter of credit with the Education Department) or when the agency places an institution on probation or equivalent status.

- **Teach-Out Agreements:** In addition to the circumstances listed in 34 CFR 602.24 (c), an accrediting agency must require a teach-out agreement for an institution or program(s) upon the occurrence of any of these triggering events, to include additional events at its discretion. Accrediting agencies, state agencies, and the Department of Education should coordinate the review and approval of teach-out agreements.
  - Heightened cash monitoring status (HCM1 for financial responsibility concerns; HCM2 for any reason)
  - Specialized accreditor probation or equivalent status issued for an accredited program.

**Required Teach-Out Agreements:** Institutions must ensure that teach-out agreements with closing institutions include the following provisions and receive approval from the Education Department, accrediting agency, and state authorizing agency (34 CFR 600.2):

- Evidence that the institution providing the teach out to students is financially sound, in good standing with the Education Department, accrediting agency and state authorizing agency;
- A complete list of students currently enrolled in each program and the estimated date of completion;
- A report that accounts for the status of any unearned tuition, account balances and refunds due for currently enrolled students;
- Plans to provide all students with closed school discharge forms and information on state refunds, if applicable;
- A record retention plan that accounts for the final disposition of teach-out records (e.g., student transcripts, billing, financial aid records) and the location where such records may be accessed in accordance with applicable legal requirements;
- A commitment to refund any tuition or fees that were not used in full;
- A complete academic record and official transcript is provided at no cost to each student;
- Agreement to accept the transfer of credits from students affected by the closing school; and
- Guarantee that students will not be charged higher tuition and fees upon transferring to the institution providing the teach-out.

**Recognition Standards for Teach-Outs:** Recognition standards (34 CFR 602.24) should require that agencies:

- Require teach-out plans and agreements to meet all provisions set forth under 34 CFR 600.2;
- Restrict an institution from providing a teach-out when it is failing financial responsibility scores, on heightened cash monitoring, is subject to a warning, probation or equivalent status, or is under
investigation related to academic quality, misrepresentation, fraud, or other investigation by law enforcement;

- Approve all notifications of the school closure and teach-out plans prior to providing such notice to students and review evidence that all students affected by school closure received the notification of the approved teach-out agreement and plan; and
- Prohibit predatory behavior or misrepresentations about the nature of the teach-out (e.g., advertising schools as approved for teach-out institutions when they are not approved by the accreditor or misleading students about their ability to transfer credits).

Closed School Discharge: Eligible borrowers should never be prevented from accessing a closed school discharge (34 CFR 685.214) instead of a teach-out, no matter how strong the teach-out. That decision should be left to the student.

###

Current Language:

34 CFR § 602.24 - Additional procedures certain institutional accreditors must have.

(c) Teach-out plans and agreements.

(1) The agency must require an institution it accredits or preaccredits to submit a teach-out plan to the agency for approval upon the occurrence of any of the following events:

   (i) The Secretary notifies the agency that the Secretary has initiated an emergency action against an institution, in accordance with section 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, and that a teach-out plan is required.

   (ii) The agency acts to withdraw, terminate, or suspend the accreditation or preaccreditation of the institution.

   (iii) The institution notifies the agency that it intends to cease operations entirely or close a location that provides one hundred percent of at least one program.

   (iv) A State licensing or authorizing agency notifies the agency that an institution's license or legal authorization to provide an educational program has been or will be revoked.

(2) The agency must evaluate the teach-out plan to ensure it provides for the equitable treatment of students under criteria established by the agency, specifies additional charges, if any, and provides for notification to the students of any additional charges.

(3) If the agency approves a teach-out plan that includes a program that is accredited by another recognized accrediting agency, it must notify that accrediting agency of its approval.

(4) The agency may require an institution it accredits or preaccredits to enter into a teach-out agreement as part of its teach-out plan.

(5) The agency must require an institution it accredits or preaccredits that enters into a teach-out agreement, either on its own or at the request of the agency, to submit that teach-out agreement for approval. The agency may approve the teach-out agreement only if the agreement is between institutions that are accredited or preaccredited by a nationally recognized accrediting agency, is consistent with applicable standards and regulations, and provides for the equitable treatment of students by ensuring that -
(i) The teach-out institution has the necessary experience, resources, and support services to - 

(A) Provide an educational program that is of acceptable quality and reasonably similar in content, structure, and scheduling to that provided by the institution that is ceasing operations either entirely or at one of its locations; and 

(B) Remain stable, carry out its mission, and meet all obligations to existing students; and 

(ii) 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 and that it will provide students with information about additional charges, if any. 

(d) Closed institution. If an institution the agency accredits or preaccredits closes without a teach-out plan or agreement, the agency must work with the Department and the appropriate State agency, to the extent feasible, to assist students in finding reasonable opportunities to complete their education without additional charges.