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Definitions from Section 600.2

Teach-out: A period of time during which a program, institution, or institutional location that provides one hundred percent of at least one program offered engages in an orderly closure or when, following the closure of an institution or campus, another institution provides an opportunity for the students of the closed institution to complete their program, **regardless of their academic progress at the time of closure.** Eligible borrowers should never be prevented from accessing a closed school discharge (34 CFR 685.214) instead of a teach-out. Any **school institution** is prohibited from engaging in misrepresentation about the nature of the teach-out plans, teach-out agreements, and transfer of credit **such as advertising any transfer options that have not been approved by the accreditor or misleading students about their ability to transfer credits.**

Teach-out agreement: A written agreement between 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 one hundred percent of at least one program offered, ceases to operate **or plans to cease operations** before all enrolled students have completed their program of study. **An accrediting agency is permitted to waive requirements regarding the percentage of credits which must be earned by a student at the institution awarding a degree or certification when a student is completing his or her program through a written teach-out agreement.** The agreement must:

- (a) be made with an institution that meets financial responsibility standards as determined by that institution's agency and by the Secretary, and that the institution is not facing sanctions from the Secretary, the accrediting agency, and the state authorizing agency;
- (b) require that the institution will provide a complete list of students currently enrolled in each program and the estimated date of completion;
- ~~(c) require the institution to provide a report to each student, that identifies the status of any unearned tuition, account balances, and refunds due to currently enrolled students;~~
- (d) demonstrate a plan to provide all potentially eligible students with closed school discharge forms in accordance with 34 CFR 685.214 and, if applicable, information on state refund policies;
- (e) require the institution to provide a record retention plan to all enrolled students that delineates the final disposition of teach out records (e.g., student transcripts, billing, financial aid records);
- ~~(f) require the institution to refund to the Secretary or to students, as applicable, any tuition or fees that were not used in full;~~
- ~~(g) require the institution to ensure that official transcripts and complete academic records have been provided to students at no cost to the student;~~
- (h) ensure that the teach-out institution provides information on the number and types of credits the institution is willing to accept **teaching out the program allows students to transfer their credits;** and
- (i) ensure that the teach-out institution **teaching out the program** will clearly provide state to students the tuition and fees of the **with an educational program** **without additional costs for tuition and fees.**

Commented [A1]: The Department believes the regulations in 668 related to misrepresentation applies to teach-outs and that by adding these examples would limit enforcement of misrepresentation in other scenarios. The Department proposes the addition in the prior sentence.

Commented [A2]: *****NOTE TO ED: The language above related to misrepresentations could instead make sense in the PPA section for institutions, 34. C.F.R. 668.14(31).*****

Commented [A3]: General comment: institutions are not required to teach-out students. The Department believes that making it more difficult to be a teach-out partner will likely result in fewer institutions willing to serve students in need.

Commented [A4]: The Department does not believe this element should be included because institutions likely would not have much of this information in the time permitted.

Commented [A5]: The Department believes the regulations in 668 related to final audit procedures addresses this requirement.

Commented [A6]: The Department does not regulate on fees charged for transcripts and similar documentation. The Department believes there are a number of reasons an institution may withhold a transcript unrelated to the institution's closure.

Commented [A7]: The Department believes that the requirement with regards to tuition and fees exceeds its regulatory authority.

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Teach-out plan: A written plan developed by an institution that provides for the equitable treatment of students if an institution, or an institutional location that provides 100 percent of at least one program, ceases to operate **or plans to cease operations** before all **enrolled** students have completed their program of study, ~~and may include, if required by the institution's accrediting agency, a teach-out agreement between institutions.~~

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Regulations from Section 602.24

(c) Teach-out plans and agreements.

(1) The agency must require an institution it accredits or preaccredits to submit a teach-out plan as defined in 34 CFR 600.2 to the agency for approval upon the occurrence of any of the following events:

- (i) The Secretary notifies the agency that the institution is not financially responsible, in accordance with 34 CFR Part 668, Subpart L;
- (ii) The Secretary notifies the agency that the institution is required to provide financial protection to the Secretary; ~~or~~
- (iii) The agency acts to place an institution ~~or program~~ on a warning or equivalent status.
- (iv) The Secretary notifies the agency that it has placed the institution on Heightened Cash Monitoring I for reasons related to the institution's compliance with financial responsibility standards;
- (v) The Secretary notifies the agency that it has placed the institution on Heightened Cash Monitoring II; or
- (vi) The agency acts to place the program on probation, show cause, or an equivalent status.

(2) The agency must require an institution it accredits or preaccredits to submit a teach-out agreement as defined in 34 CFR 600.2 to the agency for approval upon the occurrence of any of the following events:

- ~~(i) The Secretary notifies the agency that it has placed the institution on Heightened Cash Monitoring I for reasons related to the institution's compliance with financial responsibility standards;~~
- ~~(ii) The Secretary notifies the agency that it has placed the institution on Heightened Cash Monitoring II;~~
- (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;~~
- ~~(iv) The agency acts to place the program on probation, show cause, or an equivalent status;~~
- (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, including if the location is being moved and is considered by the State to be a closed school ~~(which, depending upon State requirements, may or may not be treated as a teach-out or closed school) to a new location;~~ or

Commented [A8]: Note: Section 496(c) of the HEA includes only the following references to teach-out plans and agreements:
(c) OPERATING PROCEDURES REQUIRED.—No accrediting agency or association may be recognized by the Secretary as a reliable authority as to the quality of education or training offered by an institution seeking to participate in the programs authorized under this title, unless the agency or association—

...
(3) requires an institution to submit for approval to the accrediting agency a teach-out plan upon the occurrence of any of the following events:

(A) the Department notifies the accrediting agency of an action against the institution pursuant to section 487(f);
(B) the accrediting agency acts to withdraw, terminate, or suspend the accreditation of the institution; or
(C) the institution notifies the accrediting agency that the institution intends to cease operations;

...
(6) requires that teach-out agreements among institutions are subject to approval by the accrediting agency or association consistent with standards promulgated by such agency or association;

Commented [A9]: Teach-out plans and agreements are part of the regulations in 602.24 that are only applicable to institutional accrediting agencies that act as TIV gatekeepers.

Commented [A10]: The Department recommends moving these three actions from the teach-out agreement section to teach-out plan. Teach-out agreements are a contract that get executed at the time of closure.

Commented [A11]: NOTE TO NEGOTIATORS: The Department seeks to clarify that moving to a new location may or may not be considered a teach-out or closure, depending upon agency and State requirements regarding travel distance between campuses, and access to public transportation lines, etc. We updated the language to further clarify.

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(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.

(23) 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.~~ includes a list of academic programs offered by the institution, and the names of other institutions that offer similar programs and that could potentially enter into a teach-out agreement with the institution.

(4) The agency shall not permit an ~~receiving~~ institution to ~~provide~~ serve as a teach-out ~~plan~~ partner under the following conditions:

- (i) the institution ~~or program~~ is subject to the conditions in paragraphs (c)(1)(i), (c)(1)(iii), (c)(2)(i), or (c)(2)(ii);
- (ii) the institution is on a warning, probation, show cause, or equivalent status with its accrediting agency; or
- (iii) the institution is under investigation related to academic quality, misrepresentation, fraud, or other severe matters by a law enforcement agency.

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

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

(57)(i) 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,~~ meets the requirements of 600.2 and 602.24(c)(2), is consistent with applicable standards and regulations, and provides for the equitable treatment of students by ensuring that— the ~~teach-out~~ institution accepting students through the teach-out agreement—

(A) ~~The teach-out institution has~~ Has the necessary experience, resources, and support services to—

~~(A) P~~ provide an educational program that is of acceptable quality and reasonably similar in content, ~~structure,~~ delivery modality, and scheduling to that provided by the institution that is ceasing operations either entirely or at one of its locations, ~~;-however,~~ while an online option may be made available to students enrolled in a closing ground-based program, such an option is not sufficient unless ground-based options are also provided;

Commented [A12]: NOTE TO NEGOTIATORS: The Department has learned through recent teach-out experiences that, while teach-out agreements cannot be executed until an institution has formally entered into a teach-out, it is important to know which institutions may have comparable programs that would enable those institutions to serve as potential teach-out partners.

Commented [A13]: NOTE TO NEGOTIATORS: The Department believes that it must clarify that it is insufficient to limit a teach-out plan or teach-out agreements to providers that offer programs using a different instructional modality than the closing institution. For example, students enrolled in a ground-based program may be offered the opportunity to complete the program online, but must also be offered the opportunity to complete the program at another institution that will provide a ground-based opportunity. An online program must include, among potential teach-out options, other online programs that are similar to the program being taught out.

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~~(#B) Has the capacity ~~is able to remain stable,~~ carry out its mission, and meet all obligations to existing students;~~

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

~~(ii) The teach-out institution demonstrates~~

~~(iii) Has not been subject to a show cause, probation, or an equivalent action by the agency during the prior two years, unless the action was rescinded by the agency or resolved by the institution to the satisfaction of the agency; and~~

~~(ivC) Demonstrates that it can provide students access to the program and services without requiring them to move or travel for substantial distances or durations (by mileage or travel time) and that it will provide students with information about additional charges, if any; and~~

~~(D) Agrees to accept the transfer of credits from the closing institution school.~~

~~(ii) An accrediting agency is permitted to waive requirements regarding the percentage of credits which must be earned by a student at the institution awarding a degree or certification when a student is completing his or her program through a written teach-out agreement.~~

(8) ~~Disclosures.~~

~~(i) The agency is provided with copies of ~~approves~~ all notifications from the institution related to the institution's closure or to teach-out options prior to disclosure to ensure the ~~disclosure~~ information accurately represents students' ability to transfer credits and may require corrections; and~~

~~(ii) The agency reviews evidence documentation to ensure that all students affected by the institution school closure receive notification from the institution of teach-out options approved by the agency.~~

Commented [A14]: NOTE TO NEGOTIATORS: The Department believes that it is important for students involved in a teach-out or campus closure to be provided with teach-out options at institutions or programs that can accommodate the additional students, help them through the transition between campuses, and will be likely to be operational until the student can complete his or her program.

Commented [A15]: The Department notes that institutions are responsible for setting credit transfer policies and there could be reasons why institutions may not be able to take all credits in all cases.

Commented [A16]: The Department agrees, but has proposed a similar provision in 602.16 under Waivers.

Commented [A17]: The Department agrees with this idea, but requiring prior approval will slow down notification to students. Instead, the Department suggests required disclosure to the accrediting agency with the ability to require corrections.

Commented [A18]: The Department notes that these options are often communicated through institutions' or States' websites after the institution has closed. In such cases, this would not be possible.