

Closure/Teach-Out Policy

Standards: Document 2, Sections II-A and III-A

Rationale: Institutions seek to ensure that students are afforded every opportunity to complete their training, whether it is with another institution that has agreed to teach those students, by the institution itself, or through a refund paid to students so that they may continue their education elsewhere. In addition, AAHEA will work with the U.S. Department of Education and the appropriate state agency(ies), to the extent feasible, to make sure that students are given reasonable opportunities to complete their education without additional charge. An institution which intends to close or which, in AAHEA's judgment, lacks sufficient financial or administrative resources or the ability to sustain the proper operation of the institution in discharging its obligations to the students is required to submit a comprehensive closure and teach-out plan.

Teach-Out Plans

The plan must contain, at a minimum, the following items:

1. a listing by name and, if applicable, social security number of all students in each program and their estimated graduation dates;
2. the status of unearned tuition, all current refunds due and account balances;
3. arrangements for disposition of all student records, including educational, accounting and financial aid records, in an accessible location and in accordance with applicable legal requirements in the event the institution closes;
4. an explanation, accompanied by appropriate supporting documentation and timelines, of how the closing institution will notify students in the event of closure and, if applicable, how the closing institution will notify the students of the teach out, the teach-out institution's programs, facilities, faculty, equipment, services, etc.;
5. procedures to ensure that the delivery of training and services to students will not be materially disrupted and that obligations to students will be timely met;
6. a plan for notifying students prior to the institution closing, 30 days in advance, if possible;
7. a statement which evidences that state guidelines regarding a student protection fund and/or bonds are followed (if applicable); and
8. An executed teach-out agreement with one or more institutions located in reasonable geographic proximity which currently offer programs similar to those offered at the closing institution and have agreed to conduct the teach-out, the institution's plan to teach out its own students, or a description of how the tuition recovery fund or other means will be used to make student refunds.

Teach-Out Agreement

If an institution enters into a teach-out agreement, the agreement must be approved by AAHEA prior to implementation. In such cases, the institution must provide documentation to demonstrate that the educational program provided by the teach-out institution is of acceptable quality. The teach-out institution must have sufficient experience, resources, and support services; a program comparable in content, structure, and scheduling to that of the closing institution; and an accessible location within a reasonable distance to the closing institution. The following elements will be considered in approving the agreement:

1. The agreement is with one or more institutions accredited by an agency that is nationally recognized by the U.S. Department of Education, state licensed, and currently offer programs similar to those offered at the closing institution or would be capable of conducting a teach-out.
2. The agreement states that the student will be provided all of the instruction, without additional cost, for which the student originally contracted and paid, but did not receive due to the closure of the institution. This does not preclude a student from the closing institution from voluntarily transferring into the teach-out institution and receiving additional training for an additional cost.
3. The agreement clarifies the financial responsibilities of all parties, including the assumption of any liability.
4. The agreement indicates the location and type of facility where the student will be taught out, as well as any arrangements for the absorption or addition of sites.
5. The agreement states whether, upon completion of the program, the student will receive a diploma or certificate from the teach-out institution, or whether the closing institution will award the diploma or certificate.
6. The agreement indicates whether students who had already enrolled, but who had not yet started their program of study at the closing institution, or who are on a leave of absence from the closing institution would be entitled to begin training or re-enroll at the teach-out institution.
7. The agreement states that the closing institution will provide the teach-out institution with copies of the following records for the students being taught out: (a) Enrollment Agreements; (b) Financial Aid Transcripts; (c) Attendance Records; (d) Academic Transcripts; (e) Student Registration List; and (f) Student Account Records.
8. The agreement provides for placement services to students who complete their courses of study.
9. The agreement requires that the teach-out institution separately maintain records and documents performance under accrediting standards for the students being taught out.
10. The agreement provides for appropriate notification to the Accrediting Body and federal and state authorities.
11. The agreement complies with applicable federal and state law.