



Policy Title: ACAOM Teach-Out Policy

Approved By: ACAOM Executive Director

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Related Policies: ACAOM Notification of Change Policy

References: 34 CFR Part 602; 20 U.S. Code § 1099(b)

Responsible Official: ACAOM Director of Regulatory Affairs

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**Policy Summary:** This guidance describes the Commission's policy regarding the closure of programs and institutions, and related teach-out plans and agreements.

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## General Background

### Closing a Program

When a decision is made to close an ACAOM accredited or pre-accredited program, the program/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 must 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 must 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.

### Closing a Branch Campus

After a decision has been made to close a branch campus, all affected constituencies must be notified promptly including students, faculty, administrative and support staff. The Chief Executive Officer/College President must notify the Commission in writing as

soon as possible. Every effort must 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 the development and implementation of specific plans that address the needs of students, faculty, and administrative staff, and the disposition of the institution's assets. General guidelines for the closure of an institution are as follows:

1. **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.
2. **Academic Records and Financial Aid Transcripts:** Arrangements should be made with the state board for higher education, or other appropriate agency, for the filing of student records. If there is no state agency to 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.
3. **Provision for Faculty and Staff:** Whenever possible, the institution should arrange for continuation of those faculty and staff that are necessary for the completion of the institution's work pending the closing date. In those instances, 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 good faith efforts to assist in relocation and reassignment are expected.
4. **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 what alternatives and protection are available under applicable bankruptcy laws prior to its decision to close. 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:
  - a. 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.
  - b. 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.
  - c. 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.

5. **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 have been satisfactorily discharged.
6. **Disposition of Assets:** In the case of a not-for-profit institution, the legal requirements of the State and the IRS 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 and IRS regulations regarding the disposition of assets 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.
7. **Other Considerations:** An institution must inform the Commission of its plans for closing and of its final closing date, and promptly submit a teach-out plan for ACAOM approval. 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. The institution should make every effort to assure that its final arrangements will not be subject to later legal proceedings, which might jeopardize the records of its students or faculty.

## Teach-Out Plans - Generally

A program/institution in ACAOM's accreditation process must submit a teach-out plan to the Commission for prior approval pursuant to ACAOM's *Notification of Change Policy* upon the occurrence of any of the following events:

1. The US Department of Education notifies the Commission that it has initiated action against the institution to limit, suspend, or terminate the institution's participation in Title IV HEA programs and that a teach-out plan is required;
2. ACAOM acts to withdraw, terminate or suspend accreditation or candidacy status;
3. A State licensing or authorizing agency provides notice that the institution's legal authorization to provide an educational program in AOM has been, or will be, revoked; or,
4. The institution notifies ACAOM that it intends to cease operations entirely or close its AOM programs.

The institution must submit the teach-out plan to the Commission office for approval prior to its implementation, accompanied by documentation that cross-references the provisions of the plan to each of the criteria specified in this section below. ACAOM will evaluate the teach-out plan to ensure that it provides for the equitable treatment of students.

## Teach-Out Requirements

Teach-out plans must identify and address the following:

1. Name of program(s) being discontinued [i.e. the affected program(s)], and whether or not the institution is closing.
2. A listing by name of all students who are impacted by the closing of the institution and/or the affected acupuncture and/or Oriental medicine (AOM) program(s) and their estimated date of graduation.
3. Date of last enrollment of students in the affected AOM program(s).
4. Date of discontinuation of affected AOM program(s).
5. A description of how the institution will ensure the delivery and services to the remaining students of the affected AOM

program(s), such that:

- A. There will not be significant disruption or modification to the program(s) for which students contracted in their enrollment agreement;
  - B. The remaining obligations to students will be met;
  - C. There is a statement of the status of unearned tuition and all current refunds due to students; and
  - D. There is a statement of additional charges to students, if any, which must be appropriate and reasonable, including the plan for timely and accurate advance notification to the students of any additional charges.
6. The disposition of students' records in the affected AOM program(s) including but not limited to:
    - A. Enrollment agreements
    - B. Financial aid transcripts
    - C. Attendance records
    - D. Academic transcripts
    - E. Student accounts
    - F. Diplomas or other certificates of program completion
  7. The date(s) and substance of clear, accurate, and timely notification(s) to students and other communities of interest that the AOM program and/or institution is closing.
  8. A listing of all other accrediting agencies, institutional and programmatic, that have an affiliation with the institution.
  9. The closing program or institution will identify whether it will:
    - A. Teach-out its currently enrolled students; no longer admit new students to the AOM program(s); and terminate the AOM program(s), the operations of its branch campus (if any), or the operations of the institution after students have graduated; or
    - B. Enter into an agreement with an ACAOM-accredited or pre-accredited ("Candidate") program/institution to "teach-out" the affected AOM program(s). Such a teach-out agreement requires Commission approval prior to implementation. The teach-out plan must document that the institution identified to conduct the teach-out program:
      - a. Is accredited by or in pre-accreditation (candidacy) status with ACAOM;
      - b. Possesses the necessary experience, resources, and support services to provide an AOM program or programs that are of acceptable quality and reasonably similar content, structure and scheduling to that provided by the institution/program that is ceasing its operations;
      - c. Is administratively and financially stable; is achieving its mission, goals and objectives; and is able to meet all obligations to its existing students;
      - d. Documents that conducting the proposed teach-out program will not adversely impact the capacity of the institution to continue to meet ACAOM Standards and Criteria for Accreditation; and,
      - e. Demonstrates that it can provide students access to the AOM program(s) and services without requiring them to move or travel substantial distances and that will provide students with information about additional charges, if any.

Regardless of the reason for the closure of an ACAOM accredited or pre-accredited institution/program, such a decision requires planning and consultation with all affected constituencies. Accordingly, a teach-out plan must include provisions for informing the communities of interest of the institution's or program's closure. 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. However, responsibility for the final decision rests with the governing board of the institution. Since the immediate interests of current students and faculty are most directly affected, their present and future prospects require timely attention and involvement.

If ACAOM approves a teach-out plan for an institution that offers a program or program(s) accredited by another recognized accrediting agency, the Commission will notify that agency of its approval.

Following Commission approval of a teach-out plan that includes arrangements with another accredited or pre-accredited institution to teach-out students of a closing institution/program, the closing and teach-out institutions must submit to the

Commission for approval a teach-out agreement that addresses each of the requirements specified below.

If an ACAOM accredited or pre-accredited institution/program closes without a teach-out plan or agreement, ACAOM will work with the Department of Education and appropriate state agencies to assist students in finding reasonable opportunities to complete their education without additional charges.

## Teach-Out Agreements

### Agreement Specifications

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 have completed it. If an institution enters into a teach-out agreement with another institution, it must submit the agreement, signed by all parties, to the Commission office for approval prior to its implementation. The institution must also provide documentation that cross-references the provisions of the agreement to each of the criteria specified in the section below. For approval by the Commission, the agreement must be between institutions that offer ACAOM accredited or pre-accredited programs; be consistent with relevant ACAOM Eligibility Requirements, Standards, Policies and Procedures; and provide for the equitable treatment of students.

The Commission will approve a teach-out agreement only if it determines that the following criteria have been met:

1. The teach-out institution has stipulated that it will provide for the equitable treatment of students.
2. The teach-out institution has the necessary experience, resources and support services to provide an educational program in AOM that is of acceptable quality and is reasonably similar in content, structure and scheduling to that provided by the institution/program that is ceasing its operations.
3. The teach-out institution is administratively and financially stable, is achieving its mission, goals and objectives, and conducting the teach-out will not adversely impact the ability of the institution to meet all obligations to its existing students or its capacity to continue to meet ACAOM standards.
4. The teach-out institution demonstrates that it can provide students access to the program and services for which the students originally contracted and paid, but did not receive due to the closure, without requiring them to move or travel substantial distances, and that it will provide students with timely and accurate advance information about additional charges, if any.
5. The teach-out agreement must be with one or more ACAOM accredited or pre-accredited programs, licensed and in good standing with the applicable government authorizing agency, which currently offer programs similar in content, structure, and scheduling to those offered at the closing program, and which would be capable of conducting a teach-out. The program conducting the teach-out must demonstrate that it possesses the necessary expertise, resources, and support services to provide a quality teach-out program that meets all relevant ACAOM accreditation standards.
6. The agreement must provide that, when the closing program terminates its teaching activities, the teach-out program will, upon a set schedule, in which the closing program provided the original course of study, offer each student enrolled at the closing program a reasonable opportunity to promptly resume and complete the course of study--or a substantially similar course of study--in the same geographic area as the closing program (if possible).
7. The agreement must include a listing by name of all students who are affected by the closing of the program and their estimated date of graduation.
8. If any students have paid for training at the closing program, the agreement must state that the students will be provided all of the instruction for which students originally contracted, but did not receive due to the closure of the program, without additional cost. Nothing in this paragraph precludes a student from the closing program from voluntarily transferring into another program and receiving additional training for an additional cost.

9. The closing program must provide the status of unearned tuition, all current refunds--and information, if applicable--due to students on the state tuition recovery fund, and how it may be used to discharge the program's obligations to students.
10. The closing program must provide notice in a timely manner to each student of the availability of the teach-out and effectively advertise the availability of a teach-out. The teach-out program must agree to provide to students enrolled at the closing program--at their request with respect to the teach-out program's facilities, faculty, equipment, services, policies--information about the manner and means by which it will accomplish the teach-out, and other information pertinent to the teach-out.
11. The agreement must specify the financial responsibilities of all parties, including additional charges to students, if any, and timely and accurate notification to students of any additional charges.
12. The agreement must clearly indicate the location where the students will be taught out.
13. The agreement must state whether, upon completion of the program, the student will receive a degree, diploma, or certificate from the teach-out program or by the closing program.
14. The agreement must indicate whether students who had already enrolled but had not yet started their course of study at the closing program or who had been on leave of absence from the closing program, would be entitled to begin training or re-enroll at the teach-out program.
15. The agreement must state that the closing program will provide the teach-out program 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 accounts
  - F. Diplomas or other certificates of program completion
16. The agreement must require that the teach-out program separately maintain records and document performance for the students being taught out at that program.
17. The agreement must provide appropriate notification to the Commission, students, and federal and state authorities. Appropriate notification includes a report, at least annually, on the status and progress of the implementation of the teach-out agreement provisions, and the equitable treatment of students.
18. The agreement must comply with applicable federal and state law.

**Revision History**

Date Revised	Summary of Revisions	Approved By
11 Jan 2017	Updating and reformatting of existing ACAOM Teach-Out Policy and Teach-Out Agreement guidance.	Commission