



CHANGE OF CONTROL REVIEW PROCEDURES

Policy Change Adopted on Second Reading

The Higher Learning Commission (HLC) Board of Trustees (“the Board”) adopted this policy on second reading at its meeting on November 5–6, 2020.

Background

The adopted policy changes provide HLC staff the flexibility to update procedure documentation as needed and simplify the nomenclature used for Change of Control procedures. The revisions also relocate language related more closely to monitoring after approval of a Change of Control to the [appropriate policy](#).

HLC circulated these policy changes to the membership and other interested parties after the Board’s June 2020 meeting. No comments were received.

Implementation

This policy is effective immediately.

Adopted Policy

Wording that was deleted or revised is shown as strikethrough (~~old wording~~); new language, whether through addition or revision, is shown in bold (**new wording**). These revisions have been made on HLC’s website at hlcommission.org/policies.

Policy Title: Processes for Seeking Approval of Change of Control

Number: INST.F.20.070

The Commission’s Board will make all decisions regarding approval of ~~transactions~~ **applications reviewed** under this policy taking into consideration ~~the summary report made by Commission staff~~ **a Change of Control report developed as a result of the evaluation of any such application**. For such Change of Control evaluations, Commission staff may seek external assistance from peer reviewers or individuals with appropriate expertise **in conducting a review of the institution’s documentation**, or may require an ~~immediate~~ on-site ~~Fact-Finding~~

~~Review visit to gather information evidence about the proposed Change of Control, Structure or Organization in making a summary report to the Board. The summary report may contain a recommendation regarding approval of the transaction made by the institution's Commission staff liaison or by the Commission staff. Commission staff will provide the institution with a copy of the summary report, including the staff recommendation, if any, being provided to the Board and allow the institution 14 calendar days to prepare a response to that summary report; that response will be shared with the Board prior to its decision.~~

The Board may act in agreement with any recommendation put forward by ~~Commission staff~~ **in a Change of Control report (if one is made)** or the Board may develop and act on its own recommendation. The Board may elect to provide the institution with thirty days to respond to any recommendation **the Board develops** before the Board takes final action.

The Board may approve the **change application**, thereby authorizing accreditation for the institution subsequent to the close of the transaction, or it may deny ~~approval for the change application~~. The Board may defer its consideration of the ~~proposed Change of Control, Structure or Organization application~~ to the next ~~public~~ Board meeting date pending receipt of additional information or action by a third party such as the state or another recognized accreditor. The Board may make use of other options identified in this section.

The Board may approve the **change application** subject to certain conditions. Such conditions may include, but are not limited to, limitations on new educational programs, student enrollment growth, development of new campuses or sites, etc. Related to these conditions, the Board may require that it review and approve certain changes at the institution prior to their inception. The institution and other parties involved in the transaction have 14 calendar days after receiving the Board's action letter to indicate in writing the acceptance of these conditions. If the institution and the other parties do not respond in writing or decline to accept the conditions, the Board may immediately act to rescind its approval. **Under such circumstances, ~~the parties to the Change of Control, Structure or Organization may not act to close the transaction~~ consummate the Change of Control contemplated by the Change of Control application until accepting in writing the Board's conditions, if any. A Change of Control consummated after failing to accept the Board's conditions shall be treated as not having received prior Commission approval under these policies and the resulting institution's accreditation may be withdrawn.**

The Board reserves the right to delegate to a Board subcommittee, **prior to the decision by the full Board**, the review, ~~prior to the decision by the full Board~~, of changes proposed under this policy **any Change of Control application**, and that subcommittee may make a recommendation to the full Board regarding the decision on ~~the proposed transaction~~ **such application**.

~~If the Board votes to approve the change with or without conditions, thereby authorizing accreditation for the institution subsequent to the close of the transaction, the Commission will conduct a focused or other evaluation to the institution within six months of the consummation of the transaction. A previously scheduled comprehensive or focused evaluation may fulfill this task provided that it is scheduled, or can be rescheduled, within the six-month timeframe. The Board's action to approve a Change of Control, Structure or Organization application may designate an effective date of approval provided that such date will be not later than 30 days from the date of the action. If the institution does not effect the transaction consummate the Change of Control within this 30-day period, the institution must notify the Commission and seek a revised effective date, which may involve providing additional information to the Commission and another action by the Board of Trustees.~~

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Evaluations ~~Visits~~ Related to Change of Control, Structure, or Organization

~~Fact-Finding Review Change of Control Evaluation. Commission staff may call for a Fact-Finding Review prior to making a summary report to the Evaluations conducted under this policy, which may involve an on-site visit in addition to a documentary review, shall be conducted in accordance with HLC's published Change of Control Procedures prior to any Board decision regarding a proposed Change of Control, Structure or Organization. The role of the Fact-Finding Review such evaluations will be to gather information and advise staff regarding the summary report to the Board determine the extent to which the Change of Control application meets the Key Factors for approval articulated in this policy. The Fact-Finding Review Team will not prepare a formal team report but may prepare a written summary of activities and findings. A Fact-Finding Review may take place on-site at the institution or at any other location appropriate to its activities.~~

Policy Number Key

Section INST: Institutional Processes

Chapter F: Maintenance and Monitoring

Part 20: Intermittent Monitoring

Last Revised: November 2020

First Adopted: June 2009

Revision History: February 2010, February 2012, June 2012, June 2015, February 2017, November 2018, November 2019, November 2020

Notes: Policies combined November 2012 – 3.3(c), 3.3(c)1, 3.3(c)2, 3.3(c)3, 3.3(d), 3.3(d)1

Related Policies: INST.B.10.030 Related Entities, INST.B.20.040 Change of Control, Structure, or Organization, INST.F.20.080 Monitoring Related to Change of Control, Structure or Organization