



**A State Perspective on Consumer Protection
in the Changing Higher Education Landscape:
Practical Steps and Recommendations in Cases of Institutional Closure**

Illinois Board of Higher Education

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INTRODUCTION

Increasing volatility in the higher education sector has resulted in a growing number of institutions undergoing changes of control through mergers and acquisitions, and in some cases, closure. In the Chronicle of Higher Education, [Bauman & O'Leary \(2019\) report](#) that more than 150 postsecondary institutions in the United States closed in 2014 with this number continuing to trend upward in the intervening years. Since 2016, the Illinois Board of Higher Education (IBHE) has provided support for and responded to the closure of 40 degree-granting institutions.

The closure of a college or university takes place under a range of conditions such as the phase out of a branch campus, acquisition by another institution, or the difficult decision to shut the doors of the institution entirely. Institutional closures may be the result of declining enrollment and financial instability, delay or loss of access to Title IV federal financial aid monies, sanctions by regulators, or a combination of these and other factors. The timing and management of the closure may be orderly and well-communicated or precipitous in nature. In all cases, the closure of a college or

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university has profound effects for students and their families, alumni, faculty, staff, and surrounding communities. However, the short- and long-term consequences for students attending an institution that undergoes abrupt closure are particularly severe, ranging from issues with student loans to difficulty accessing their transcripts for the purposes of employment or transfer to another school ([Vasquez and Bauman, 2019](#)).

Institutional closures also result in new challenges for state higher education agencies to address their mandates regarding quality, access, and consumer protection. This state-level work must occur in the broader context of, and in partnership with, the other members of the regulatory

Triad, which include the U.S. Department of Education and various accrediting bodies. The State Higher Education Executive Officers Association (SHEEO) suggests ways to strengthen the state authorization process to improve quality and consumer protections in a July 2019 paper on this subject that calls attention to the importance of a combination of thoughtful state and federal policy enhancements “to ensure all students receive a high-quality postsecondary education in a rapidly evolving landscape” ([Tandberg, Bruecker, Weeden, 2019, p. 5](#)). As higher education leaders and policymakers undertake the critical work of improving the functions and interactions of the Triad, it seems likely that institutional closures across the nation will continue. “Consumer behaviors have changed, technology demands are increasing, and deflationary forces are diminishing tuition revenues” causing strains on the traditional higher education business model ([Beyer, 2019, p. 10](#)), increasing the likelihood of future closures for institutions that do not adapt.

State higher education agencies such as IBHE are, by design, often the first place affected students and other stakeholders turn for information and options as they deal with the ramifications of an institutional closure. The purpose of this paper is to provide insight into the work undertaken by state higher education agencies to support affected students and other stakeholders when a postsecondary institution closes. This paper begins with a brief overview of the statutory authorities of the Illinois Board of Higher Education and occurrences of applying these authorities to cases of closure. Next, practical steps to protect consumers and inform stakeholders during and after closure are identified and include the following:

- Identify and resolve gaps in state policy;
- Create a closure checklist;
- Establish state-level, cross-agency communication;
- Partner with the Triad;
- Secure transcripts and correct errors;
- Support educational options for affected students;
- Determine last date of attendance;
- Maintain a website; and
- Work with licensing bodies and specialized accreditors.

Throughout the paper several key takeaways and recommendations are embedded for state higher education agencies and higher education leaders to consider. In providing this practical perspective, this paper intends to contribute to the conversations occurring among members of the regulatory Triad, higher education leaders, and policymakers about ways to improve consumer protections and quality in higher education today.

ILLINOIS CONTEXT

The Illinois Board of Higher Education is a coordinating body with statutory oversight for the state’s public universities, independent colleges and universities, and private business and vocational schools. The agency was established in 1961 “to plan and coordinate Illinois’ system of colleges and universities at a time when enrollments in

Illinois Higher Education Statutes

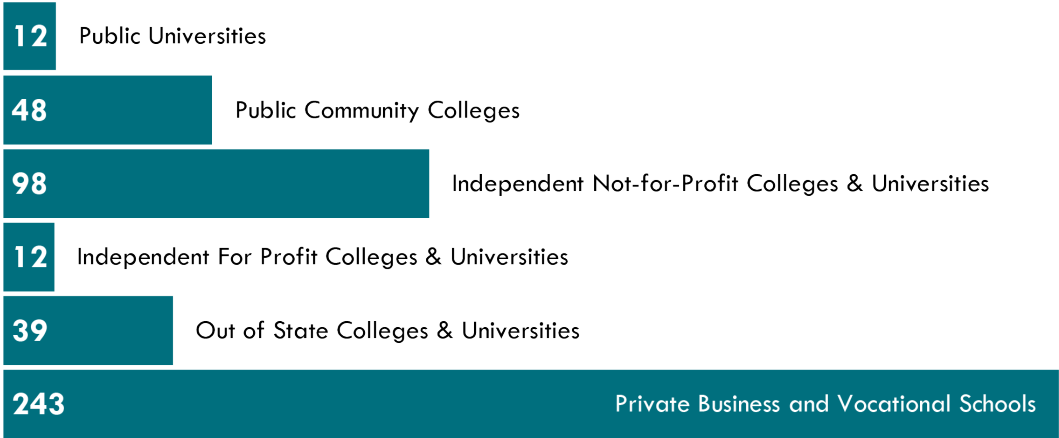
- [Academic Degree Act, IL. Stat. 110 ILCS 1010/ \(2007\)](#)
- [Board of Higher Education Act, IL. Stat. 110 ILCS 205/ \(2018\)](#)
- [Private Business and Vocational Schools Act of 2012, IL. Stat. 105 ILCS 426/ \(2012\)](#)
- [Private College Act, IL. Stat. 110 ILCS 1005/ \(2009\)](#)

post-secondary education were taking flight. The goal was to...map an efficient and orderly course for the dramatic growth of higher education then underway” ([IBHE, 2019a, para. 1](#)). The complexity and volatility of the current higher education landscape would surely have been unforeseen nearly 60 years ago as the original charter for the state agency was enacted. Then as now, IBHE is responsible for developing the state’s master plan for higher education; preparing the higher education budget; authorizing postsecondary institutions to operate and grant credentials and degrees; and enacting a variety of initiatives to promote quality, equity, and student success ([IBHE, 2019b](#)). Through its institutional authorization and

review processes, the agency applies relevant statute and rules to protect students as consumers of postsecondary education.

The Illinois postsecondary landscape is large and diverse, comprised of 209 degree-granting institutions and 243 private business and vocational schools that confer shorter-term credentials (IBHE, 2019c and 2019d). Figure A highlights the number and type of postsecondary institutions. Additionally, 98 institutions held IBHE recognition for online education through the State Authorization Reciprocity Agreement. In the 2018-19 academic year, degree-granting institutions enrolled 744,161 students, while approximately 44,000 students sought shorter-term certificates or diplomas through the state’s private business and vocational schools (IBHE, 2019e).

Figure A



Sources: Degree Granting Colleges & Universities, Schools by Sector (<https://www.ibhe.org/institutions.asp>)

Private Business and Vocational Schools, Directory of Approved Schools (<https://www.ibhe.org/pbvsApprovedDir.aspx>).

Key Takeaway: Policymakers and higher education leaders may want to carefully consider the scope of state agency oversight. As one example, 65 of the 98 colleges and universities in Illinois are exempt or “grandfathered” from many aspects of IBHE authority because these institutions predated the establishment of the higher education agency. Many of these long-standing institutions carry out their historic missions with well-earned reputations. Three institutions in this category have undergone closure in the period since 2016, and IBHE has provided assistance. However, the authority of the agency to address consumer protections when an exempt institution undergoes closure is limited. Options for consumer protection are further limited if an exempt institution has elected not to seek or retain accreditation or participate in federal student financial aid programs.

TYPES OF INSTITUTIONAL CLOSURES

IBHE’s experience with institutional closures has identified two primary categories of closure – orderly and abrupt. Orderly closure may result from an institution’s strategic decision to streamline operations or be acquired by another college or university. For example, an institution may determine to close extension sites in other

states or consolidate branch campuses in their home state to focus on delivering online programs such that they will no longer have a physical presence in certain states or locations. In instances of acquisition, the new owner or institutional administration may streamline operations, limit program offerings, and discontinue branch campuses. Orderly closures as part of institutional strategic plans typically include orderly teach-outs or relatively seamless options for currently enrolled students to continue their studies uninterrupted under the auspices of the new institutional governance structure. Additionally, appropriate plans are typically made for the suitable disposition and retention of student transcripts and other records.

Abrupt closures, however, can happen at any time – prior to, during, or after – an academic term and cause tremendous disruption for students and their families, faculty, and staff. They are typically characterized by a lack of teach-out agreements and coordinated transfer options. Other issues accompanying cases of abrupt institutional closure include inaccessible transcripts, delays in obtaining transcripts, and complications from unresolved and unreconciled financial aid for the term. Abrupt closures also create significant and consequential disruptions for

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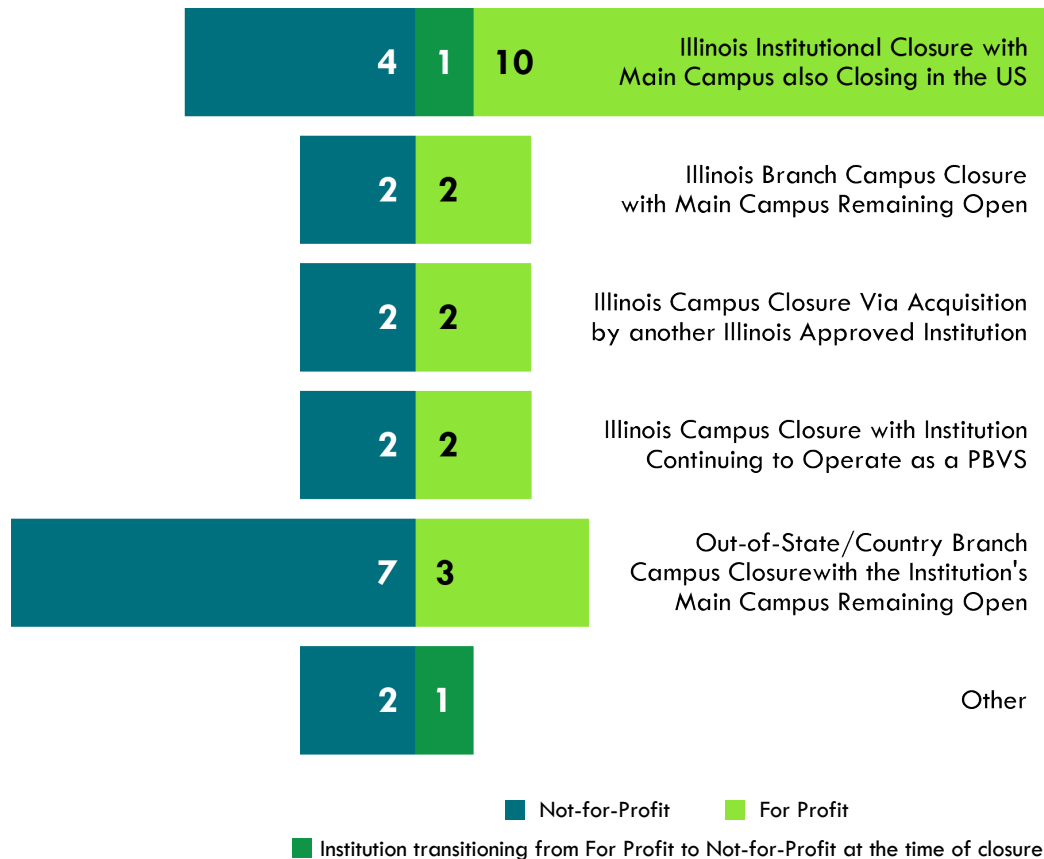
students pursuing education in fields requiring state licensure needed for employment. An abrupt closure means that currently enrolled students will have to transfer and continue their education at a new institution, ideally in a school of their choosing; but the greater pain of the disruption that impacts students' professional, financial, and personal lives can and should be mitigated.

Since 2016, IBHE has provided support for and responded to 40 institutional closures in the State of Illinois including both for-profit and not-for-profit institutions, referred to in this paper collectively as independent institutions ([IBHE, 2018](#)). These closures have impacted all sectors of higher education in that all sectors have made substantial efforts to support the teach-out and transfer of students educationally displaced by

closure. In some cases, public and independent institutions have acquired a college or university with the result that the college or university no longer functions as a stand-alone entity, but instead, may become a named academic unit inside the acquiring institution.

Figure B provides an overview of the array of institutional closures in Illinois since 2016. In the first category, 15 institutions completely closed their doors. Ten of those 15 closures were abrupt: eight degree-granting and two PBVS institutions. Five of those eight degree-granting abrupt closures were in the for-profit sector. Overall, closures were fairly evenly distributed among the for-profit and not-for-profit sectors.

Figure B



Source: Report on Closed Institutions and Teach-out Locations in Illinois (December 4, 2018) at <https://www.ibhe.org/board/2018/december/12.pdf>.

PRACTICAL STEPS AND RECOMMENDATIONS FOR MANAGING INSTITUTIONAL CLOSURES

The reasons and conditions surrounding the closure of a college or university – whether orderly or abrupt – vary widely. However, there are a number of practical steps that typically need to be considered by state agencies:

- Identify and resolve gaps in state policy;
- Create a closure checklist;
- Establish state-level, cross-agency communication;
- Partner with the Triad;
- Secure transcripts and correct errors;
- Support educational options for affected students;
- Determine last date of attendance;
- Maintain a website; and
- Work with licensing bodies and specialized accreditors.

These practical steps and recommendations are explored relative to the heightened complexities accompanying the abrupt closure of a postsecondary institution.

Identify and Resolve Gaps in State Policy

The high-profile collapse of Corinthian Colleges in 2014 and ITT Technical Institute in 2016 represented key turning points in state and national conversations about consumer protections for students in the face of abrupt institutional closure. In September 2016, as a result of the precipitous national collapse of ITT Technical Institute, Illinois was one of many states in the nation faced with educationally-displaced students who, among the serious challenges, did not have access to their transcripts in order to document their academic work and take next steps to transfer or seek employment. IBHE staff realized that existing administrative rules at the time provided insufficient authority for the agency to address several consumer protection issues in cases of institutional closure. The following section includes examples of Illinois efforts to resolve these gaps by pursuing new statutory authority and more clearly demarcating institutional responsibilities in administrative rule.

Key Takeaway: A foundational practical step for state higher education agencies is to examine and resolve gaps in state statute or rule that may impede agency ability to address matters of consumer protection in cases of institutional closure, or to allow the agencies to react effectively to the institutional warning signs when closure is imminent or likely.

Administrative Rules for Closure for Independent and Public Institutions

ITT Technical Institute had four campuses in Illinois at the time of its abrupt closure in 2016. In the wake of this case, IBHE staff noted that administrative rules prior to 2016 for independent institutions provided limited address of institutional closure. The companion set of rules for public institutions at the time contained no address of institutional closure. Subsequent rulemaking adopted by IBHE in December 2017 delineated new requirements for institutional closure including guidance on required notification of the closure; identification of an institutional contact responsible for working with the agency through the closure process; submission of communication plans, teach-out agreements and articulation agreements; information on disposition of records; and identification of a registrar who could assist with correcting or modifying transcript errors ([Ill. Admin. Code tit. 23, § 1030.80, 2017](#)). Although IBHE staff do not anticipate the closure of a public institution, in an abundance of caution, comparable language was embedded in the administrative rules for public institutions ([Ill. Admin. Code tit. 23, § 1050.50, 2017](#)).

Authority to Seize Academic Records

In 2016, IBHE lacked authority to take action when a degree-granting institution failed to provide access to academic records. Due to the precipitous closure and subsequent bankruptcy filing of ITT Technical Institute, student records languished for some time in shuttered ITT facilities prior to their retention through the bankruptcy process. IBHE did not have the authority to obtain these records from the four campuses in Illinois. Further, in the months following closure, official transcripts for students graduating before 2001 were not made accessible to students – a matter

that was eventually resolved through the work of a number of state attorneys general ([ITT Educational Services, Inc., et al. v. Jointly Administered, 2018](#)).

IBHE sought to remedy this gap in policy through new statutory language. Public Act 100-1008 was signed into law in 2018, amending the Board of Higher Education Act, [IL Stat. 110 ILCS 205/ \(2018\)](#) and giving IBHE authority to seize student transcripts in cases where agency staff members have reason to believe the records are in danger of being lost, stolen, or otherwise unavailable to students. Further, the new language obliges closing institutions to develop a plan and identify a person responsible for ensuring trustworthy, accurate maintenance and transfer of student records.

Sec. 16. Closing an institution of higher education; student records.

(a) In this Section:

"Academic records" means the academic records of each former student of an institution of higher education that is traditionally provided on an academic transcript, including, but not limited to, courses taken, terms, grades, and any other similar information.

"Institution of higher education" means any publicly or privately operated university, college, junior college, business, technical or vocational school, or other educational institution offering degrees and instruction beyond the secondary school level.

"Institution of higher education" does not include a public community college.

(b) In the event an institution of higher education proposes to discontinue its operations, the chief administrative officer of the institution shall submit a plan to the Board for permanent retention of all academic records of the institution. The plan must be approved by the Executive Director of the Board before it is executed.

(c) If it appears to the Board that the academic records of an institution of higher education kept pursuant to an approved plan under subsection (b) of this Section may become lost, hidden, destroyed, or otherwise made unavailable to the Board, the Board may seize and take possession of the records, on its own motion and without order of a court.

Release Academic and Financial Holds on Student Accounts

Most institutions have a standard policy and practice to not release transcripts or diplomas to students with financial or academic holds. In cases where an institution closes but there is a corporate ownership or other governance structure continuing to operate, this policy and practice means that students owing fines, fees, or completion of academic work would potentially never have access to official copies of academic records. This lack of access to official transcripts or evidence of a diploma jeopardizes degree advancement, degree verification, and future employment for students. In some cases, students may also be unable to access and

qualify for federal aid when trying to complete a comparable program at a new institution of higher education.

In December 2017, IBHE added a new requirement in administrative rule that compels institutions undergoing closure to release all academic and financial holds, effectively allowing students to gain access to their transcripts prior to a school's closure. Specifically, the new language found in [Ill. Admin. Code tit. 23, § 1030.80 \(2017\)](#) was updated to ensure student access to transcripts regardless of financial or academic holds that may have been placed on the student's account.

D) Academic Records

In the event an institution proposes to discontinue its operations, the chief administrative officer of the institution shall arrange for all original or legible true copies of all such academic records of the institution to be maintained in a safe and suitable place as determined by the Board (such as a third party provider, a like institution, or the Board).

- i) These records shall include, at a minimum, the academic records of each former student that are traditionally provided on an academic transcript, such as, but not limited to, courses taken, terms, grades, and other such information.*
- ii) The institution shall make students aware of how to obtain transcripts from either the closed institution and/or new institution permanently retaining the records.*
- iii) The institution must release any holds on student records before operation is discontinued and the records are transferred.*

Key Take Away: IBHE has made it a recent practice to request back-up copies of student transcripts from a closing institution when the permanent repository for these student records is not the state agency. This practice is useful because IBHE staff can act on behalf of students if fulfillment of their transcript requests by another party, post-closure, are not timely or are denied.

、 Create a Closure Checklist

Administrators and staff at institutions undergoing closure may struggle with knowing exactly what to do. IBHE staff created a closure checklist as a guide for institutional administrators. The contents of the closure checklist are directly aligned with specifications in IBHE administrative rule with additional reference to the requirements of Illinois' regional accreditor. In brief, the IBHE closure checklist includes the following components:

- **Notification**
 - Official notification of closure;
 - Teach-out plans;
 - Institutional closure website;
 - Contact for closure;
 - Identification of a registrar to assist with transcript issues post closure;
 - Student list;
 - Programs requiring licensure or specialized accreditation;
 - Advising services for displaced students;
 - Approvals from accrediting agencies; and
 - Communication plan.
- **Academic Records**
 - Repository information and location;
 - Digitized records;
 - Release of all academic and financial holds; and
 - Notification for custodian of academic records.
- **External Relations**
 - Institutional spokesperson; and
 - Press release of closure.

See *Appendix* for the full IBHE closure checklist.

Key Take Away: One potentially important step for the members of the regulatory Triad would be to review their respective requirements for institutional closure. Each body is necessarily guided by its own governing policy documents in prescribing requirements for institutions undergoing closure. However, clarifying how these closure requirements do and do not align across the Triad may be instructive and helpful. Such an exercise would help members of the Triad address gaps and improve coordination.

• **Establish State-Level, Cross-Agency Communication**

When a college or university closes, state entities in addition to the higher education agency are involved in the process. For example, state-level veterans services agencies need to be involved when a closing institution has enrolled students who are active duty military or veterans. In early 2019, IBHE staff launched a cross-agency workgroup of several key state agencies that have varying responsibilities relative to postsecondary student consumer protection. The purpose of this cross-agency work group is to identify and resolve gaps in state policy and strengthen communication among the various agencies. The Illinois cross-agency workgroup includes membership from the Illinois Attorney General’s Office, Illinois Community College Board, Illinois State Board of Education, Illinois Department of Federal and Professional Regulation, Illinois Student Assistance Commission, Illinois Department of Veterans Affairs, and staff from the offices of federal policymakers. Through the establishment of this state-level, cross-agency group, lines of communication have been formed to ensure students, faculty, and employees are provided with up-to-

date information and assistance within days of an announcement of closure. The group has been an effective partnership in addressing consumer protection issues.

Key Take Away: Students who are attending a college or university that undergoes closure face significant uncertainties regarding their financial aid and student loans. The Illinois Attorney General's office created the Student Loan Helpline (1-800-455-2456; TTY: 1-800-964-3013) to provide struggling Illinois student borrowers with free resources about repayment options and information on avoiding default. Illinois borrowers can also call to file consumer complaints regarding issues with the billing and servicing of their loans. IBHE routinely refers Illinois students affected by closure to this resource.

Partner with the Triad

Strong relationships among the members of the Triad are also essential. Once the closure of a college or university is announced, IBHE immediately reaches out to contacts at the relevant accrediting agencies and the U.S. Department of Education. These informal communications are collaborative in nature and designed to ensure that each member of the Triad has the most up-to-date information as matters unfold relative to the institutional closure.

Secure Transcripts and Correct Errors

In Illinois, IBHE is the entity designated in statute with responsibility for serving as the permanent repository for student transcripts of closed institutions with some limited exceptions. In cases where an institution closes due to its acquisition by another college or university, it is typical for the acquiring college or university to become the repository for all student records. In other instances, a closing institution may make arrangements for a teach-out partner or private vendor to hold student transcripts.

The process of securing transcripts becomes much more complicated in cases of abrupt closure. Depending on the structure of the institution, little direction may be provided to campus-level staff about these matters. An array of problems may result, including inadvertent destruction of older computers and files, inaccurate transcripts, and failure to provide key student records archived at off-site locations.

Key Take Away: Prior to the closure of a college or university, state agencies should ask institutional personnel detailed questions about when and how grades and transcripts will be updated and whether back-up copies of transcripts are held at external locations or on specific older computers so transcripts are not destroyed. State agencies should also know the format of submission of transcripts to an agreed upon repository.

To address these types of issues, IBHE added an administrative rule in December 2017 to empower an employee to correct academic records post-closure and provide a letter of permission to access institutional properties in cases of abrupt closure ([Ill. Admin. Code tit. 23, § 1030.80, 2017](#)):

- vii. *Identification of an individual who will be empowered to act as official registrar, if needed, after the closure; and*
- viii. *Submission of a letter of permission to the Board to access all institutional properties in order to secure student records, if necessary.*

Key Take Away: State agencies should consider securing back-up copies of transcripts at each point an institution undergoes a change of ownership. This practice helps mitigate deficiencies in transcript records stemming from incompatibility across various generations of student information systems. The National Student Legal Defense Network has issued a white paper highlighting the need to digitize academic records while also providing suggestions for “policy ideas to better secure transcript and records retention” during a closure (July 2019, p. 4).

Support Educational Options for Affected Students

Students who are educationally displaced as a result of the closure of a college or university need options to finish their programs of study at other institutions of higher education. IBHE has established an administrative rule requiring closing institutions to develop a teach-out plan by making arrangements for transfer through teach-out agreements ([Ill. Admin. Code tit. 23, § 1030.80, 2017](#); [Ill. Admin. Code tit. 23, § 1050.50, 2017](#)). An institutional teach-out plan provides an overall response to the institutional closure with details on the affected students, a communication plan, information on official transcripts and records, and educational options to allow students to complete their studies. A teach-out agreement is a formal arrangement between a closing institution and one or more colleges or universities to teach out the affected students under specific terms. Teach-out agreements often entail articulated coursework for institutional programs between the closing institution and another institution, while a transfer option might provide a comparable program at another institution without any or limited articulation.

Key Take Away: Transfer fairs are a useful intermediate step in providing relief and information to students attending a closing institution. State agencies can be helpful in facilitating communication between the closing institution and potential receiving institutions through plans developed to schedule and organize one or more transfer fairs. Encouraging local and regional institutions to attend a sponsored transfer fair ensures that affected students have critical information about their educational options. IBHE staff has also attended these transfer fairs to monitor activities and address student questions.

State regulators need to request teach-out plans and agreements as soon as possible in the period leading up to or at the point closure has been announced so closing institutions can meet their obligations to students. Despite this requirement, institutions may fail to execute teach-out agreements due to staff capacity and other issues at the time of closure. Depending on the institution’s governance and organizational structure, campus-level administrators may have little information or authority to execute such agreements when the responsibility for the same is held by more senior, centralized administrators. For some teach-out agreements, the

involvement of potential receiving institutions also needs to be affirmed by regional, national, and if applicable, specialized accreditors. Delays in securing these transfer and teach-out options cause added distress for students, and they have particular consequences for international students who face deadlines for exiting the country if they are no longer enrolled in school.

Key Take Away: In late 2018 and early 2019, national, abrupt closures of Vatterott College and Argosy University involved receivership prior to bankruptcy ([Department of Higher Education & Workforce Development, 2019](#); [Eadens, 2019](#)). The matter of receivership for institutions of higher education is an area members of the regulatory Triad should jointly address. Receivership brings with it a host of additional challenges for regulators because the failing institution is being directed by a court-appointed receiver who may or may not have experience with higher education and the overall academic consequences for students of key decisions. At minimum, institutions entering into receivership should be required to produce transfer agreements and to provide electronic copies of transcripts at an agreed upon deadline prior to closure.

The national closure of Argosy University in early 2019 provides an illustrative case. Argosy University had campuses in Schaumburg and Chicago, Illinois. The Schaumburg campus closed in December 2018 with a teach-out agreement such that affected students could attend the Argosy University location in Chicago. However, the Chicago location abruptly closed months later in March 2019 while in receivership. In this example, had Argosy University Schaumburg provided its students a wider array of teach-out options, students might have been spared the compounding disruption of beginning classes at the Chicago location only to be caught up in that campus closure.

The closure of Argosy University's final location in Chicago and its locations nationally occurred in abrupt fashion in the middle of an academic term. Despite the receiver holding informational town hall meetings for students, faculty, and staff in the days prior to closure, no transfer agreements or teach-out plans were communicated to students at the time of closure. To provide students some educational options, IBHE staff encouraged other public and private institutions to attend a transfer fair at Argosy University in Chicago, supporting an array of transfer options for students. While some students were able to transfer, there was a delay in the execution of teach-out agreements, which was exacerbated by the fact that a few of Argosy University Chicago's programs required specialized accreditation and licensure for employment that required students to transfer to institutions with comparable programs with the same specialized accreditation. The sum of these conditions and other issues not treated in this paper, including not receiving federal aid stipends, caused additional stress and dire financial and living situations for those students ([Smith, 2019](#)). Ultimately, teach-out agreements and transfer options were arranged, involving the support of a number of Illinois and other institutions nationally, but the lack of timely, coordinated plans to provide students with educational options was deeply problematic.

Key Take Away: Receiving institutions must decide what is appropriate for credit transfer as they work with educationally displaced students. Teach-out and transfer partner institutions have demonstrated a reluctance to modify or waive certain institutional policies, such as residency requirements, for students affected by closure without guidance from the members of the Triad. Supporting institutions in understanding their options (e.g., waiving residency requirements and acceptance of credit from a nationally-accredited institution by a regionally-accredited institution) as they receive educationally displaced students is an area of opportunity for the Triad. These discussions would address time-to-degree completion issues, while assisting affected students faced with potentially reaching the eligibility limitations on federal loans and Pell grants.

、 Determine the Last Date of Attendance

Determining the last date of attendance at a closed institution is necessary for most students participating in federal financial aid programs. It is essential for international students who, per the terms of their visas, must be actively enrolled in postsecondary institutions and face strict time limitations to enroll in a new college or university if their former institution closes. The last date of attendance at a closed institution is also a critical piece of information for students using federal veteran educational benefits due to ramifications to the payment or potential reinstatement of benefits if an institution closes mid-term. To better understand the impact of school closures on veteran students, the House Committee on Veterans Affairs held a hearing on June 19, 2019, to examine some recent mid-term closures.

Key Take Away: It is helpful for state agencies to request, prior to institutional closure, a list of currently enrolled students with additional information including name, ID, year in school, number of credit hours earned, number of credit hours remaining, expected graduation date, veteran status, email, phone number, program of study, last date of attendance, and federal aid amounts. This same list should be updated by the closing institution with a final copy provided upon closure. This information helps state agencies respond to student inquiries, cross-reference data files with transcripts, and support cross-agency communication to support students.

、 Maintain a Website

IBHE requires, as part of its closure checklist, that an institution post information on its website within 24 hours of the announcement of closure to help direct affected students until all closure information is finalized. IBHE suggests that the institutional website include the following: a copy of the closure letter, dates and information on institutional accreditation and programmatic accreditation, details on how to secure copies of official transcripts and diplomas, lists of teach-out partners and articulation agreements, links to catalogs and course syllabi, information and links on federal student loan discharges, and details for education and employment verification. Even though tax records fall outside of the purview of IBHE, closing institutions are encouraged to provide students, parents, and employees access to copies of 1098-T forms. Form 1098-T is issued to document qualified educational expenses ([IRS, 2019](#)).

IBHE also hosts a closed school page on its website to provide necessary information to students and parents. There is some overlap with the information required of the closing school's website; however, the IBHE site also provides detailed information on toll-free and local numbers to call for assistance regarding loans, employee rights, consumer fraud complaints, veteran benefits, college choice, and financial aid assistance. IBHE school closure page is updated with information on further developments regarding teach-out and transfer options and provides links to the U.S. Department of Education's information webpage for students on Closed School Discharge and Borrower Defense for federal student loans. The U.S. Department of Education also provides a link to IBHE site from its closure page.

Key Take Away: Websites for closing institutions are temporary and may only be live for a few years. State higher education agencies should be prepared to archive information from the websites of closed institutions and enhance the agency websites with relevant historic details.

、 Work with Licensing Bodies and Specialized Accreditors

It is important to work with licensing boards and specialized accrediting bodies when a closing college or university offers programs of study that require specialized accreditation and/or state licensure. Students in these programs have particular needs as they seek licensure and subsequent employment after their institution has closed. The abrupt closure of ITT Technical Institute and Argosy University are illustrative examples of closure-induced licensure problems, which include lack of access to transcripts, inability to secure official signatures, and concerns regarding the disposition of documentation regarding clinical experiences.

In 2016, when ITT Technical Institute abruptly closed and subsequently filed bankruptcy, administrators at Illinois locations made a last-minute decision to remove from transcripts the graduation requirement of an exit exam, called the Exit-HESI for nursing students, thus creating transcripts fraught with errors. Uncertain if a solution would be found, IBHE staff worked with the Illinois Department of Financial and Professional Regulation (IDFPR) to devise a plan to help those students positioned to take the NCLEX for licensure without much delay. IDFPR quickly responded to assist students in becoming licensed nurses in the State of Illinois.

In August 2019, IBHE engaged the National Council of Schools and Programs of Professional Psychology (NCSPP) to explore the issues surrounding the closure of Argosy University, a regionally-accredited institution with a national footprint in programs leading to licensure. During the Argosy University Chicago closure, transcripts for those students enrolled from the early 1990s to 2001 at the Illinois School of Professional Psychology (which existed prior to Argosy's acquisition of the School) were housed on a specific computer and inadvertently destroyed. Additionally, the National Student Legal Defense Network (2019) was made aware that clinical licensure records for approximately 60 graduate students at Argosy's Georgia School of Professional Psychology were destroyed, leaving students without the proper documentation needed to secure licensure after graduation (p. 2). The NCSPP will develop a solution-oriented response for affected Argosy students and

participate in discussions with the Association of State and Provincial Psychology Boards, which oversees membership for state and provincial licensure psychology boards.

Key Take Away: It seems likely there may be further cases of closure involving institutions that offer programs of study requiring specialized accreditation and licensure of graduates. Specialized accreditors and licensing entities have been willing to engage in problem-solving to support affected students who no longer have access to official educational records or to school personnel who can sign licensure forms, but these matters have often been handled on a case-by-case basis. There is a need to engage in a broader, more proactive conversation to develop guidelines and effective practices that systematically address licensure processes for educationally displaced students as a result of institutional closure. The Federation of Association of Regulatory Boards is one entity with which state regulators might work to identify the best practices for servicing these types of records and determining potential alternative pathways to assist those students with missing or destroyed documentation needed for licensure.

ADDITIONAL CONSIDERATIONS

Additional areas for consideration when addressing challenges resulting from and associated with institutional closure include the use of surety bonds and tuition recovery funds and the destruction of personally-identifying information.

Surety Bonds and Tuition Recovery Funds

According to [Tandberg, Bruecker, & Weeden \(2019\)](#), a survey of state higher education agencies indicates that out of 70 state authorizing agencies, 50 require surety bonds as consumer protection provisions, while only 23 require a student protection fund (also known as the tuition recovery fund). IBHE does not require independent, degree-granting institutions to hold surety bonds as a condition of their operation in Illinois. As a result, Illinois students do not have this avenue for seeking financial relief for lost tuition when an independent, degree-granting institution closes. IBHE also does not have the option to use these funds to support the costs associated with institutional closures. The State of Missouri is an example of a state that has legislated such protections by requiring proprietary institutions to hold surety bonds and outlining the ability of the state agency to collect on a surety bond under specific conditions ([Mo. Code Regs. Ann. tit. 6, § 10-5.010, 2016](#)):

In the event a school ceases operations without meeting refund, teach out, or record storage obligations, the school may forfeit the security deposit as required by section 173.612, RSMo. The department may utilize proceeds from the security deposit to indemnify students or enrollees suffering a loss or damage or to secure student records as a result of the school's noncompliance with any statutes or regulations pertaining to certification to operate (Mo. Code Regs. Ann. tit. 6, § 10-5.010, 2016).

Key Take Away: It is important for state agencies to evaluate whether they should require surety bonds for private, not-for-profit and for-profit institutions. Such provisions may provide some financial relief to students and may support agencies with the additional expenses associated with executing their consumer protection roles related to the recovery, digitization, and housing of academic records.

Properly Destroying Personally-Identifying Information

In an abrupt closure, administrators may give little attention to destroying personally-identifying information in a secure and safe way. Illinois administrative rules for degree-granting public and independent institutions do not provide guidance on this matter. However, proper destruction is very important and a key concern for students, parents, and employees. The Illinois Board of Higher Education's administrative rules for private business and vocational schools provide some guidance ([Ill. Admin. Code tit. 23, § 1095.270](#)):

6) If the institution is in possession of any record or material, paper or electronic, that is not an academic record but contains personal information, a term that is defined by Section 5 of the Illinois Personal Information Protection Act [815 ILCS 530], the institution must retain a document or material destruction company to destroy those documents or materials, if permitted by the Family Educational Rights and Privacy Act (20 USC 1232g), in accordance with Section 40 of the Illinois Personal Information Protection Act.

Key Take Away: The matter of how closing institutions handle personally-identifying information for employee and other student records beyond transcripts is an important area for collaborative effort among the members of the Triad.

CONCLUSION

The complexities associated with the closure of a college or university are many. This paper highlights some of the key issues and problems that must be responded to and managed in executing key consumer protection responsibilities. While higher education agencies bear primary responsibility, resolving these issues related to institutional closure involves critical collaboration with other state agencies, members of the regulatory Triad, higher education leaders, and policymakers. These collaborative efforts have yielded important solutions for students impacted by closure and will continue to inform the efforts moving forward (Lumina Foundation, 2019, p. 26). There is much work yet to be done.

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APPENDIX – IBHE CHECKLIST FOR INDEPENDENT INSTITUTION CLOSURE



ILLINOIS BOARD OF HIGHER EDUCATION

Checklist for Independent Institution Closure

According to Illinois Administrative Rules (23 Ill. Adm. Code 1030.70), an independent institution which is closing, either voluntarily or involuntarily, is required to immediately notify the Illinois Board of Higher Education (IBHE or the Board):

Notice Requirements:

- 1. Send official notice of the closure to the Academic Affairs Division and file an institutional change request in the IBHE system and upload the required documentation.
Illinois Board of Higher Education, Division of Academic Affairs
1 N. Old Capitol Plaza, Suite 333 | Springfield, Illinois 62701-1377
- 2. Provide teach-out plans for currently enrolled students who have not completed their program or course of instruction. Also provide details regarding arrangements for transferring students to another approved institution. The teach-out agreement must demonstrate equitable treatment of students and provide avenues for students to complete their degree programs within a reasonable period of time. Include all transfer agreements and provide a copy of the letter notifying your accrediting agency.
- 3. Post an institutional closure website within 24 hours of the announcement with relevant information for students regarding teach-out plans, student meetings, advising assistance, financial aid questions, transfer fairs, and state regulatory and agency contact information. Include links to the U.S. Department of Education's information webpage for students on Closed School Discharge and Borrower Defense for federal student loans. Provide the URL to IBHE.
- 4. Provide the name, email, address, and phone number of the person responsible for managing the closure.
- 5. Provide the name, email, address, and phone number of the person responsible and legally authorized by the institution to serve as the registrar to assist with transcript issues post institutional closure.
- 6. Provide a list of names and contact information for those student services personnel assisting with the closure (i.e., advising, financial aid, etc.), in case of a need for a referral.
- 7. Provide a list of students affected and anticipated decisions regarding graduation, transfer, or teach out for each student (name, student I.D., classification, number of hours earned and hours remaining, expected graduation date, veteran status, email, phone number, program of study, last date of attendance, and federal aid amounts). The last date of attendance is necessary for mid-term closures.
- 8. Provide a list of any specialized accreditation held by the institution or programs requiring licensure.
- 9. Provide a plan for the advising services offered to students (meetings, dates, agenda, etc.).
- 10. Furnish copies of all accrediting agency approvals.
- 11. Furnish copies of the communication plan that includes the proposed timeline and methods for notifying students of the teach-out plan, including any students who may be on approved leaves of absence, as well as to faculty, staff, and other institutional constituents.

Academic Records:

- 12. Provide detailed information on how all original or legible true copies of the institution's academic records will be kept, which shall include, at a minimum, the academic records of each former student that is traditionally provided on an academic transcript, such as, but not limited to, courses taken, terms, grades, and other such information. Additionally, please provide detailed information on how student documentation required for licensure will be kept and how the educational verification for those records will be certified post closure.
- 13. Convert all paper records to digital records at the time of closure.
- 14. Release all academic and financial holds on students prior to closure. Provide a list of those students with academic and financial holds.
- 15. Notify all previous and currently enrolled students of which institution or entity will become the custodian of all academic records for the closing school (please provide a copy of this communication). The Board maintains a list of closed degree-granting institutions for which academic records are available.
- 16. IBHE shall be notified of where all records are located. IBHE shall be given written legal authorization for access to all facilities where academic records are stored prior to closure.

External Relations:

- 17. Provide institutional spokesperson contact information to IBHE.
- 18. Provide a copy of the press release and other campus communication regarding the closure.

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