

Processes for Certain Changes of Control

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 June 22, 2023.

Background

The adopted policy changes align HLC policies with recent guidance provided by the U.S. Department of Education (USDE) regarding Change of Control, Structure and Organization requirements. In September 2022, the USDE’s Federal Student Aid (FSA) office released guidance requiring a two-step approval process for institutions undergoing certain changes in ownership. This process applies to changes in ownership that constitute a merger or consolidation and involves the USDE’s separate approval of (1) the initial acquisition of the other institution by the acquiring institution (or related entities) and (2) the subsequent merger or consolidation of that institution into the acquiring institution’s structure, including through the establishment of a new additional location. Approval of step two cannot occur until both the USDE and the appropriate institutional accrediting agency (or agencies) have approved step one.

In February 2023, the USDE’s Accreditation Group released additional guidance to accrediting agencies related to the FSA guidance. The Accreditation Group guidance indicates that accrediting agencies must also follow a two-step approval process for a Change of Control, Structure or Organization that constitutes a merger or consolidation.

The adopted policy revisions do the following:

- As part of HLC’s Change of Control process, establish a two-step process in which two approvals by the Board are required to effectuate transactions that involve the acquisition of another institution (which may or may not also be an HLC member institution) by an HLC member institution and subsequent consolidation of that institution into the structure of an HLC member institution. The two-step process would include (1) the approval of the initial acquisition of the other institution, followed by (2) the approval of the subsequent merger or consolidation and any embedded substantive changes. Approval of step two can only occur following approval of step one by the HLC Board, the consummation of the transaction, and approval of a change in ownership by the USDE.

- Create a new temporary accreditation status for a member institution that is in the process of being merged or consolidated into the structure of another institution. This status will allow the HLC member institution, as required by the USDE, to retain its accreditation in good standing with HLC during the temporary transition period between consummation of an acquisition of the institution and the ultimate merger or consolidation of that institution into the structure of another institution.
- Reinforce that Change of Control, Structure or Organization is a type of substantive change and place within HLC’s policies on Change of Control, Structure or Organization all the types of changes that constitute a Change of Control, Structure or Organization.
- Clarify certain aspects of the Change of Control process, including elements of the approval process and the requirement that a Change of Control, Structure or Organization be completed within 30 days of approval by the HLC Board of Trustees.

HLC circulated these policy changes to the membership and other interested parties after the Board’s March 2023 meeting. No comments were received warranting changes in language. However, during the comment period, the USDE clarified that the FSA and Accreditation Group Guidance applied only to the acquisition and merger of an institution, or substantially all of the assets of an institution, and that the guidance did not apply to the acquisition of a component of an institution, such as an additional location or a program of an institution. Additionally, staff made minor changes to clarify language and renumbered policies related to substantive change and Change of Control, Structure or Organization. These changes are noted in the adopted policy language below.

Implementation

This policy is effective immediately. HLC has also published an updated [Change of Control, Structure or Organization procedure](#) that reflects the policy changes.

Adopted Policy Change

Wording that was deleted or revised in existing policies is shown as strikethrough (~~old wording~~); new language in existing policies, whether through addition or revision, is shown in bold (**new wording**). Changes between first and second reading in existing and new policies (i.e., the Accredited Change of Control Status policy), other than minor editing, are indicated in italics (*new wording, old wording*). These revisions have been made on HLC’s website at hlcommission.org/policies.

Policy Title: Change of Control, Structure or Organization
Number: ~~INST.B.20.040~~ INST.G.20.010

An institution shall receive HLC approval prior to undergoing a **Change of Control, Structure or Organization (referred to in these policies as a “transaction”)** that affects, or may affect, how corporate control*, structure or governance occurs at the accredited or candidate institution (hereinafter the “member institution”). **Change of Control, Structure or Organization is a type of substantive change.** Approval of the transaction resulting in the Change of Control, Structure or Organization shall be necessary prior to its consummation to effectuate the continued accreditation of the institution subsequent to the closing of the proposed transaction.

**Control shall be understood to mean the possession, direct or indirect, of the power to direct or cause the direction of, the management and policies of an institution, corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise. (See related definition at 34 CFR § 600.31(b).)*

Eligibility for Change of Control

No institution shall be deemed eligible for Change of Control, Structure or Organization merely by virtue of having accredited or candidate status with HLC. Approval shall be at the sole discretion of HLC’s Board of Trustees (“the Board” or “HLC’s Board”). An institution shall apply for HLC approval of a proposed Change of Control, Structure or Organization transaction through processes outlined in ~~this policy~~ **these policies and HLC’s Change of Control procedure** and must demonstrate to the satisfaction of HLC’s Board that the ~~transaction and the member institution that will result from the transaction meet~~ **substance of the Change of Control application meets** the requirements identified in this policy and that approval of the proposed Change of Control, Structure or Organization is in the best interest of HLC.

In those cases in which HLC’s Board decides to approve a proposed Change of Control, Structure or Organization, it may decide so subject to conditions on the institution(s) or its accreditation(s). In those cases in which HLC’s Board decides, in its sole discretion, that the proposed transaction builds a new institution bypassing ~~the Eligibility Process and initial status review by means of a comprehensive evaluation~~ **HLC’s established policies for seeking accreditation**, ~~HLC the~~ Board shall not approve the Change of Control, Structure or Organization.

The Board will not consider for approval any proposed Change of Control, Structure or Organization involving an institution that is under a sanction, Show-Cause Order or adverse action from any other recognized accreditor or loss of authorization from any state entity or is under investigation by any state entity, or involving a buyer or investor who owns such an institution except as described in this policy. The Board will also not consider for approval any proposed Change of Control, Structure or

Organization for an institution the Board has determined within the previous twelve months to merit withdrawal of accreditation, even if a formal action to withdraw accreditation has not yet taken place.

The Board will consider a Change of Control, Structure or Organization for a member institution on sanction or under a Show-Cause Order only if there is substantial evidence that the proposed transaction resolves the issues the institution must address during the sanction or Show-Cause period and the transaction otherwise meets each of the Key Factors identified in this policy.

Types of Transactions

The transactions that require prior HLC approval* **pursuant to this policy** include, but are not limited to, the following:

1. Sale or transfer to, or acquisition by, a new owner (a) of all, or a substantial portion, of, the institution's assets, or (b) the assets of an **additional location, including** a branch campus. ~~or site (not including~~ **This item does not include** any transfer that constitutes only the granting of a security interest).
2. ~~Merger or consolidation of an institution with one or more institutions or entities. This includes the consolidation of an institution not accredited or in candidate status with HLC into the structure of an institution holding status with HLC; *The acquisition of an institution or entity, including for m*~~ **Merger or consolidation of an entity or institution into the structure of the institution, including through acquisition.**
3. **The acquisition of a campus, including a branch campus or an additional location, from another institution, including in order to provide for teach-out of the students from another institution.**
4. **The acquisition of an academic program from another institution.**
- ~~3.~~ 5. The division of the member institution into one or more institutions or entities.
- ~~4.~~ 6. Stock transactions including Initial Public Offerings of stock as well as those transactions wherein an individual, entity or group[†] acquires and controls 25% of the total outstanding shares of stock of the member institution, or an individual, entity or group increases or decreases its control of

* Such transactions may or may not also require approval from the U.S. Department of Education.

† For a definition of a "group" see Section 13(d)(3) of the Securities and Exchange Act of 1934.

shares to greater or less than 25%, through individual or cumulative transactions, of the total outstanding shares of the stock of the institution;

- ~~5~~. 7. Change of corporate form, governance structure, or conversion, including, but not limited to, change from *a* Limited Partnership to Corporation; *change* from *a* Limited Liability Corporation to a Corporation; *change* from a Not-for Profit Corporation to a For-Profit Corporation; *change from a Private institution to a Public institution; change from a Not-for Profit Corporation controlled by members to one controlled by its Board of Directors; or significant change in the size of the institution's governing board.*
- ~~6~~. 8. Any of the transactions in items 1 through ~~5~~ 7 above involving a parent corporation that owns or controls the member institution or in any intermediate subsidiary of a parent corporation where that subsidiary has a controlling relationship to the institution and where the transaction may reasonably affect the control of the accredited institution as determined by HLC or by the U.S. Department of Education;
- ~~7~~. 9. Sale, transfer, or release of an interest in the member institution such that there is change in the management or governance of the institution; ~~and.~~
- ~~8~~. 10. Transfer of substantial academic or operational control of the member institution to a third-party entity.

Change of Control, Structure, or Organization Without Prior HLC Approval

Should an institution undertake a Change of Control transaction without prior approval, HLC's President shall have the authority to take a recommendation to the appropriate HLC decision-making body to require regular monitoring, a sanction, a Show-Cause Order or withdrawal of accreditation for an institution, subject to HLC policy and procedures related to those actions.

Prior to any decision-making body's review, the institution will be informed about the President's recommendation and will have at least 14 days to prepare and submit a response that the Board or Institutional Actions Council, as applicable, will have available when it considers the President's recommendation. The Board has the authority to withdraw the accreditation or candidacy of an institution that completes a Change of Control, Structure or Organization without receiving prior HLC approval, when required, from the Board of Trustees.

Notification to HLC Regarding Other Transactions

A member institution must notify HLC staff of any other Change of Control, Structure or Organization that is not separately identified in this policy or that may be separately identified in the policy but may not be reasonably known by, or under the control of, the accredited institution, a parent entity or intermediate subsidiary prior to the transaction (e.g., disposal of stock by an investor). These changes include, but are not limited to, changes in the Chief Executive Officer of the member institution, changes in the structure and composition of the Board of Trustees of the institution, other than those due to normal or mid-term completion of Board members' terms or removal or replacement of Board members or revision of corporate bylaws through regular review processes, and sale or transfer of a block of stock that constitutes less than 25% but more than 10% of the total outstanding voting shares of the member institution, its corporate parent or other entity in a controlling relationship with the institution. These changes must be reported to HLC as soon as they are reasonably known to the institution. While such changes are to be reported for information, staff may determine in certain cases that they do constitute a ~~T~~ transaction that must be approved under this policy or that require HLC follow-up under HLC policies related to monitoring.

Policy Number Key

Section INST: Institutional Processes

Chapter ~~B: Requirements for Achieving and Maintaining Membership~~ **G: Substantive Change, Including Change of Control**

Part 20: ~~Becoming and Defining a Member Institution~~ **Change of Control, Structure or Organization**

Last Revised: June 2023

First Adopted: June 2009 and February 2010

Revision History: February 2010, June 2019, June 2020, November 2020, February 2022, November 2022, June 2023

Notes: Policies combined November 2012 – 3.3, 3.3(a), 3.3(b), 3.3(e), 3.3(f). In February 2021, references to the Higher Learning Commission as “the Commission” were replaced with the term “HLC.” **Policy renumbered in June 2023 (former policy number INST.B.20.040).**

Related Policies: ~~INST.F.20.040~~ **INST.G.10.010 Substantive Change**, ~~INST.F.20.070~~ **INST.G.20.020** Processes for Seeking Approval of Change of Control, **Structure or Organization**, ~~INST.F.20.080~~ **INST.G.20.030** Monitoring Related to Change of Control, Structure or Organization

Policy Title: Processes for Seeking Approval of Change of Control, **Structure or Organization**

Number: ~~INST.F.20.070~~ **INST.G.20.020**

~~HLC's~~ **The Higher Learning Commission Board of Trustees (the "Board")** will make all decisions regarding approval of applications ~~reviewed under this policy~~ **for Change of Control, Structure or Organization** taking into consideration a Change of Control report developed as a result of the evaluation of any such application. For such Change of Control evaluations, HLC staff may require an on-site visit to gather evidence about the proposed Change of Control, Structure or Organization.

The Board may act in agreement with any recommendation put forward 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 application, thereby authorizing **the continuation of** accreditation for the institution subsequent to the close of the transaction, or it may deny the application. The Board may defer its consideration of the application to the next 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 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 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 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 HLC 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 of any Change of Control application, and that subcommittee may make a recommendation to the full Board regarding the decision on such application.

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. **The Board's approval will expire if the transaction is not consummated by the date designated. In the absence of a designated effective date, if the institution does not consummate the Change of Control within this the 30-day period following approval, the Board's approval will expire. In the event that the Board's approval expires, the institution must notify HLC and seek a revised effective date for the Board's approval, which may involve providing additional information to HLC and another action by the Board of Trustees. Any consummation of a transaction without a valid Board approval in place constitutes a Change of Control, Structure or Organization Without Prior HLC Approval as set forth in these policies.**

Evaluative Framework for Change of Control, Structure or Organization

Among multiple factors considered in determining whether to approve a particular application, the Board shall weigh the following five key factors:

1. Whether the proposed change represents the extension of the mission, educational programs, student body and faculty that were in place when HLC last conducted an on-site evaluation of the member institution;
2. The on-going continuation and maintenance of the institution that has historically been a member of HLC with regard to its objectives, outreach, scope, structure, and related factors;
3. Substantial likelihood that the institution, including the revised governance and management structure of the institution, will continue to meet HLC's Eligibility Requirements, and will continue to meet, or meet with concerns, the Criteria for Accreditation;
4. Sufficiency of financial support for the transaction; and
5. Previous experience in higher education and accreditation, qualifications, and resources of new owners, Board members or other individuals who play a key role in the institution or related entities subsequent to the transaction, as well as such parties' record of integrity in dealing with students, the business community, agencies of government or other accreditors.

If the Board determines in its sole discretion that the application ~~fails to~~ **does not** meet one or more of the five key factors, the Board will not approve the proposed Change of Control, Structure or Organization.

The Board reserves the right to deny an application based on other evidence unrelated to the five key factors, provided the Board signals its intent to the institution submitting the application, articulates its rationale and makes such evidence available to the institution for response. An institution shall have 30 days to respond to notice of the Board's intended action.

The Board may also renew **or maintain** the institution's eligibility for its existing pathways assignment or place the institution on a different pathway.

Other Board Options

The Board may act, prior to approving the proposed Change of Control, to require additional review through the Eligibility Process or through a Fact-Finding Review, which may be an additional such Review, conducted by peer reviewers or by other higher education, legal or accounting professionals. The review shall be conducted within ~~sixty~~ **60** days of the Board's action requiring such review, and the results shall be available to the Board at its next regularly scheduled or special meeting. The institution will have seven days to respond to the report prepared for the Board prior to the Board's meeting.

In cases in which the Board decides, in its sole discretion, that the proposed transaction builds a new institution bypassing the Eligibility Process and initial status review by means of a comprehensive evaluation **HLC's established policies for seeking accreditation**, ~~HLC~~ **the** Board shall not approve the Change of Control, Structure or Organization.

Evaluations Related to Change of Control, Structure or Organization

Change of Control Evaluation. 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 ~~P~~**procedures** prior to any Board decision regarding a proposed Change of Control, Structure or Organization. The role of such evaluations will be to determine the extent to which the Change of Control application meets the Key Factors for approval articulated in this policy.

Additional Requirements for Certain Transactions Constituting a Merger or Consolidation

A Change of Control, Structure or Organization involving the acquisition and subsequent merger or consolidation of an institution ~~or a component thereof~~ within the accreditation of another institution may be subject to additional requirements as set forth in this policy and HLC's Change of Control procedures.

When a member institution ~~or component thereof~~ is being acquired and subsequently merged or consolidated into the accreditation of another institution, prior review and approval of the acquisition under these policies is required. Following approval of the

acquisition, in addition to other requirements outlined in HLC policy, the *acquired* institution shall be placed on “Accredited – Change of Control” status as set forth in HLC policy until resignation of membership or the Board removes the institution from that status.

When a member institution seeks to acquire and subsequently merge or consolidate another institution ~~or component thereof~~ into its structure, the institution must first undergo prior review and approval of the acquisition. After review and approval of the acquisition, the institution may then seek subsequent approval of the merger or consolidation of the *acquired* institution ~~or component thereof~~ into the accreditation of the member institution as set forth in HLC procedure.

Policy Number Key

Section INST: Institutional Processes

Chapter ~~F: Maintenance and Monitoring~~ **G: Substantive Change, Including Change of Control**

Part 20: ~~Intermittent Monitoring~~ **Change of Control, Structure or Organization**

Last Revised: June 2023

First Adopted: June 2009

Revision History: February 2010, February 2012, June 2012, June 2015, February 2017, November 2018, November 2019, November 2020, February 2022, November 2022, June 2023

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. In February 2021, references to the Higher Learning Commission as “the Commission” were replaced with the term “HLC.” **Policy renumbered in June 2023 (former policy number INST.F.20.070).**

Related Policies: INST.B.10.030 Related Entities, ~~INST.B.20.040~~ **INST.G.20.010** Change of Control, Structure or Organization, ~~INST.F.20.040~~ **INST.G.10.010** Substantive Change, ~~INST.F.20.080~~ **INST.G.20.040** Monitoring Related to Change of Control, Structure or Organization

Policy Title: Monitoring Related to Change of Control, Structure or Organization
Number: ~~INST.F.20.080~~ **INST.G.20.030**

Evaluation After the Change of Control (~~Post-Change of Control Visit~~). If **HLC’s Board of Trustees (“the Board” or “HLC’s Board”)** votes to approve ~~the~~ **a** Change of Control application with or without conditions, thereby authorizing **the continuation of** accreditation for the institution subsequent to consummation of the Change of Control, HLC will conduct an evaluation of the institution no later than six months after such consummation. A previously scheduled focused or comprehensive evaluation may fulfill this task provided that it is scheduled, or can be rescheduled, to be within the six-month timeframe.

The ~~Post-Change of Control Visit~~ **visit within six months after the consummation of the change** will be conducted according to HLC’s procedure for focused or comprehensive evaluations, as applicable. The evaluation will review the appropriateness of the approval of the Change of Control as well as whether the institution fulfilled any commitments made to HLC prior to that approval. The evaluation team will also document that the institution continues to meet the Criteria for Accreditation or other requirements specifically articulated by the Board.

The team may recommend further HLC monitoring, rescheduling of the next comprehensive evaluation, or HLC sanctions or withdrawal of accreditation. If the team determines that the institution is out of compliance with the Criteria for Accreditation, the team must recommend a sanction or withdrawal, as applicable under these policies. Recommendations for sanction or withdrawal will be reviewed by an Institutional Actions Council Hearing Committee and decided by HLC’s Board of Trustees in keeping with HLC policy.

Comprehensive Evaluation After the ~~Post-Change of Control Visit~~. The next comprehensive evaluation shall take place no later than five years ~~after the Post-Change of Control Visit~~ **following the consummation of the Change of Control, Structure or Organization.**

Policy Number Key

Section INST: Institutional Processes

Chapter ~~F: Maintenance and Monitoring~~ **G: Substantive Change, Including Change of Control**

Part 20: ~~Intermittent Monitoring~~ **Change of Control, Structure or Organization**

Last Revised: June 2023

First Adopted: June 2009

Revision History: February 2010, February 2012, June 2012, November 2019, June 2020, November

2020, June 2023

Notes: Policies combined November 2012 – 3.3(d)2, 3.3(d)3, 3.3(g). In February 2021, references to the Higher Learning Commission as “the Commission” were replaced with the term “HLC.” **Policy renumbered in June 2023 (former policy number INST.F.20.080)**

Related Policies: INST.B.10.030 Related Entities, ~~INST.B.20.040~~ **INST.G.20.010** Change of Control, Structure or Organization, ~~INST.F.20.040~~ **INST.G.10.010 Substantive Change**, ~~INST.F.20.070~~ **INST.G.20.020** Processes for Seeking Approval of Change of Control, **Structure or Organization**

Policy Title: Substantive Change
Number: ~~INST.F.20.040~~ **INST.G.10.010**

An institution shall have the obligation hereunder to report certain changes, some of which may constitute substantive changes under federal regulation, to HLC as identified in this policy and related policies and to seek and receive HLC approval where appropriate prior to implementing specific changes.

The institution shall use HLC’s change reporting protocol for this purpose. Changes identified as requiring prior HLC approval prior to implementation shall be included in the institution’s accreditation only after HLC has reviewed the change through a process identified in these policies and formally acted to approve the change. HLC’s review and approval process is intended as far as possible to ensure that if implemented the proposed substantive change will not adversely affect the institution’s capacity to continue to meet HLC’s requirements. Changes identified as requiring HLC notification are generally included in the institution’s accreditation provided that the institution provides timely notification to HLC through the Institutional Update and other data reporting instruments established by HLC according to a schedule established by HLC. Additionally, institutions that have access to the Notification Program for Additional Locations must notify HLC and receive acknowledgment prior to initiating the Additional Location.

As further detailed below, some of these requirements only apply to institutions that (1) are currently, or in the prior three years have been, on a sanction or under a Show-Cause Order with HLC, or (2) are currently under a provisional certification with the U.S. Department of Education.

Substantive Change Requiring Notification or Approval

1. Changes in actual or apparent mission of the institution or its educational objectives require prior HLC APPROVAL.

2. Significant changes in the character or nature of the student body of the institution, particularly, but not limited to, those changes involved in seeking international students for the first time or acquiring students being taught-out of programs provided by a closing institution require prior HLC APPROVAL.
3. Initiation of new academic program(s) or major(s) other than those listed below, or cancellation or suspension of academic programs requires HLC NOTIFICATION. The following changes require prior HLC APPROVAL:
 - a. The addition of academic program(s) at a degree or credential level not previously included in the institution's accreditation by HLC;
 - b. the addition of academic program(s), including Title IV-eligible Certificate programs not related to existing degree programs, that represent a *significant departure* from programs previously included in the institution's accreditation;
 - c. the addition of a direct assessment program or the addition of competency-based programs wherein the academic program is organized around competencies;¹
 - d. the addition of academic programs that require allocation of substantial financial investment or resources, ~~or any programs acquired from another institution;~~
 - e. the addition of academic programs outside stipulations imposed by a previous HLC action limiting such activity without prior approval.
4. A change in one or more of the following requires NOTIFICATION OR APPROVAL:
 - a. change from clock to credit hours in one or more institutional programs;
 - b. substantial increase or decrease in the number of clock or credit hours required for successful completion of an academic program;
 - c. change in term length (e.g. semesters to quarters or semesters to a five-week compressed term) that affects 25% or more of all the institution's courses or programs;
 - d. increase or decrease in the number of credit hours per course in 25% or more of the courses in the institution's curriculum; and

- e. a change in the manner(s) in which an institution measures student progress, regardless of method.
5. Change in the method of delivery of courses or programs requires prior HLC APPROVAL:
- a. The initial offering of academic programs through distance, correspondence or other alternate delivery wherein 50% or more of the courses or credits in the program are provided through the alternate delivery;
 - b. The initial offering of courses through distance, correspondence or other alternate delivery if the institution is not already approved to offer programs through that delivery mechanism; and
 - c. Programs offered for the first time by an institution are subject to review and approval, if required, by HLC as a new program (see #3 of this section) prior to being reviewed as distance or correspondence education.
6. The establishment of a campus, including a branch campus, or an additional location, **including for purposes of providing teach-out**, requires prior HLC APPROVAL unless the institution has been approved for access to the Notification Program for Additional Locations as outlined in INST.F.20.050.
- ~~7. The acquisition of a campus, including a branch campus, or an additional location from another institution, including one established or acquired in order to provide for teach-out of the students from another institution, requires prior HLC APPROVAL unless the institution has been approved for access to the Notification Program for Additional Locations as outlined in INST.F.20.050.~~
- ~~8.~~ 7. Closure or suspension for more than one semester of any of the following requires HLC NOTIFICATION:
- a. an additional location, or
 - b. a campus, including a branch campus.
- ~~9.~~ 8. The initiation of a contractual or other arrangement wherein an institution outsources some portion of one or more of its educational programs to any of the following parties: an unaccredited

institution; an institution that is not accredited by an accreditor recognized by the U.S. Department of Education; or a corporation or other entity:

- a. less than 25% of any educational program outsourced to the other party requires HLC APPROVAL for institutions that are currently on a sanction or under a Show-Cause Order or that have been on a sanction or under a Show-Cause Order in the prior three academic years and requires HLC NOTIFICATION for all other institutions;
- b. 25%-50% of any educational program outsourced to the other party requires prior HLC APPROVAL;
- c. more than 50% of any educational program outsourced to the other party will receive intense scrutiny and will not be approved by HLC except in exceptional circumstances. (Note that federal regulations provides that educational programs provided through contractual arrangements between an accredited institution and an ineligible entity wherein more than 50% of the educational program is being provided by the ineligible entity will not receive Title IV assistance even if approved by the accreditor.)

~~10. A change in the legal status, form of control, or ownership of the institution shall be subject to the requirements of and procedures associated with HLC's policies related to Change of Control, Structure or Organization.~~

~~11.~~ 9. The following changes require HLC NOTIFICATION within thirty (30) days:

- a. A change in an existing program's method of delivery.
- b. An aggregate change of 25% or more of the clock hours, credit hours, or content of a program since the agency's most recent accreditation review.
- c. The development of customized pathways or abbreviated or modified courses or programs to:
 - i. Accommodate and recognize a student's existing knowledge, such as knowledge attained through employment or military service; and
 - ii. Close competency gaps between demonstrated prior knowledge or competency and the full requirements of a particular course or program.

- d. The initiation of a contractual or other arrangement wherein an institution outsources some portion of one or more of its educational programs to any of the following parties: an unaccredited institution; an institution that is not accredited by an accreditor recognized by the U.S. Department of Education; or a corporation or other entity.

~~12-~~ 10. Beginning with institutions placed on a sanction or under a Show-Cause Order with HLC after July 1, 2020, or placed under a provisional certification with the U.S. Department of Education as of that same date, the changes detailed above in **#8 and #9 and #11** require HLC APPROVAL for institutions that (1) are currently, or in the prior three years have been, on a sanction or are under a Show-Cause Order with HLC, or (2) are currently under a provisional certification with the U.S. Department of Education.

11. A Change of Control, Structure or Organization as defined by these policies requires prior HLC APPROVAL.

¹ For institutions that offered competency-based programs prior to December 1, 2014, HLC will validate the ongoing approval of the programs and their inclusion in the accreditation of the institution.

Policy Number Key

Section INST: Institutional Processes

Chapter ~~F: Maintenance and Monitoring~~ **G: Substantive Change, Including Change of Control**

Part ~~20: Intermittent Monitoring~~ **10: General**

Last Revised: June 2023

First Adopted: June 2010

Revision History: November 2011, November 2012, April 2013, November 2013, February 2014, February 2016, February 2020, June 2020, June 2022, June 2023

Notes: Policies combined November 2012 – 3.2(a), 3.2(b), 3.2(b)1. In February 2021, references to the Higher Learning Commission as “the Commission” were replaced with the term “HLC.” **Policy renumbered in June 2023 (former policy number INST.F.20.040)**

Related Policies: ~~INST.B.20.040~~ **INST.G.20.010** Change of Control, Structure or Organization, FDCR.B.10.010 HLC Approval of Institutional Teach-Out Arrangements, ~~INST.F.20.030~~

COMM.B.10.040 Non-Substantive Changes in the Accreditation Relationship Between an Institution and HLC, ~~INST.F.20.070~~ **INST.G.20.020 Processes for Seeking Approval of Change of Control, Structure or Organization**, ~~INST.F.20.080~~ **INST.G.20.030 Monitoring Related to Change of Control, Structure or Organization**

Policy Title: Accredited Change of Control Status

Number: **INST.G.20.040**

In accordance with federal regulations, a Change of Control Structure or Organization constituting the acquisition and subsequent merger or consolidation of an institution ~~or component thereof~~ shall require prior review and approval by HLC following a two-step process described in these policies and HLC's Change of Control procedures.*

*For more information, see 34 CFR § 600.31(b), 34 CFR § 602.22(a)(1)(ii)(G) and GENERAL-22-70: Updated Guidance and Procedures for Changes in Ownership.

In the event that a member institution ~~or component thereof~~ seeks to be acquired and subsequently merged or consolidated into the accreditation of another institution, prior review and approval of the acquisition by the HLC Board of Trustees ("the Board") is required under these policies. Only following HLC Board approval may a member institution consummate an acquisition or other transaction in which it, ~~or a component thereof~~, will subsequently be merged or consolidated within the accreditation of another institution. Such transactions are also subject to other requirements set forth in HLC policy.

Placement on Accredited Change of Control Status

As part of its approval of a Change of Control, Structure or Organization described in this policy, the Board shall require that the member institution be placed on Accredited Change of Control status effective upon consummation of the transaction. As part of its placement on this status, the institution will be removed from its accreditation pathway.

Placement on Accredited Change of Control status shall typically be for no more than two years. During this period, the institution will not be required to participate in routine evaluative processes. However, the institution must continue to abide by the Obligations of Membership at all times.

An institution on Accredited Change of Control status may be restricted in its ability to apply for substantive change.

Removal from Accredited Change of Control Status

In most instances, an institution that was placed on Accredited Change of Control status will subsequently voluntarily resign its accreditation with HLC following the completion of the merger or consolidation of the institution into the accreditation of another institution that formed the basis of placement on Accredited Change of Control status.

An institution may apply for removal from Accredited Change of Control status following completion of the merger or consolidation of a component of the institution into the accreditation of another institution that formed the basis of placement on Accredited Change of Control Status in accordance with HLC's Change of Control procedures. The Board will act upon all requests for removal from Accredited Change of Control status. In any action to remove an institution from Accredited Change of Control status, the Board shall reaffirm the institution's accreditation and place it on an accreditation pathway in accordance with HLC policy.

If an institution was placed on Accredited Change of Control status following its acquisition by another entity with the intent to merge or consolidate the institution within the accreditation of another institution and the merger or consolidation does not proceed, the institution must seek approval for a Change of Control, Structure or Organization as set forth in these policies. If approved by the Board, the Board will set forth the evaluative schedule of the institution in accordance with HLC policy **by removing it from Accredited Change of Control status and placing it on the appropriate accreditation status, including the appropriate accreditation pathway.**

The Board may also withdraw the institution's accreditation or take other action as provided in HLC policy following the expiration of the period in which the institution may be on Accredited Change of Control status.

Policy Number Key

Section ~~FBD~~ **INST: Institutional Processes**

Chapter ~~FBD~~ **G: Substantive Change, Including Change of Control**

Part ~~FBD~~ **20: Change of Control, Structure or Organization**

Last Revised:

First Adopted: June 2023

Revision History:

Notes:

Related Policies: ~~INST.B.20.040~~ **INST.G.20.010** Change of Control, **Structure or Organization**, INST.B.30.010 Voluntary Resignation of Accreditation or Candidacy, ~~INST.B.30.020~~ **CRRT.C.10.010** Obligations of Membership, INST.F.10.010 Routine Monitoring and Data Collection, ~~INST.F.20.040~~ **INST.G.10.010** Substantive Change, ~~INST.F.20.070~~ **INST.G.20.020** Processes for Seeking Approval of Change of Control, **Structure or Organization**, ~~INST.F.20.080~~ **INST.G.20.030** Monitoring Related to Change of Control, Structure or Organization