

# Institutional Designations

Institutional designations allow HLC to respond quickly to developing situations at member institutions and are used to indicate when an institution is in financial distress or under governmental investigation. In addition to HLC's sanctions and monitoring procedures, institutional designations allow HLC to communicate to students and the public in a timely manner about situations that may affect an institution's operations.

## Process and Timeline

HLC's President, after consultation with the Board of Trustees, may determine the need for an institutional designation for developing situations at member institutions (see HLC's policy on [Special Monitoring, INST.F.20.010](#)). The situations that may lead to an institutional designation indicate that the institution's ability to operate may be compromised and may<sup>1</sup> include the following sources:

### For Financial Distress

1. HLC staff or peer review concerns from evaluation of information obtained as part of the accreditation processes
2. News media reports confirmed by HLC
3. Other accreditors notification of actions related to finances
4. Financial auditor reports of going concern
5. Institution declaration of financial exigency or other financial emergency
6. State audit entity reports of several financial issues

A designation of financial distress due to Items 4–6 will be followed by an Advisory Visit.

### For Governmental Investigations

1. HLC staff or peer review concerns from evaluation of information obtained as part of the accreditation processes
2. News media reports confirmed by HLC
3. Notification from other accreditors of actions related to investigations
4. Federal Trade Commission or Consumer Financial Protection Bureau reports of an inquiry (Civil Investigative Demand) or filing suit or consent/decree settlement
5. U.S. Department of Education report of Limitation, Suspension or Termination action or filing suit or high level enforcement action—may include Title IX or civil rights investigations at a high level
6. U.S. Department of Justice notification of joining the plaintiff in an already established whistleblower lawsuit

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<sup>1</sup> Note: HLC's policy on institutional designations allows the flexibility for HLC's President to assign a designation based on changing conditions at the institution. This list is not comprehensive and will be updated as HLC identifies new conditions recognized by HLC, other accreditors and governmental agencies.

7. State Attorney General report of investigations or published findings or consent decrees

A designation of governmental investigation due to Items 4–6 will be followed by an Advisory Visit.

When HLC’s President, after consultation with the Board of Trustees, has determined the need for an institutional designation, the Chief Executive Officer and Accreditation Liaison Officer will receive a letter from HLC’s President identifying the reason for the designation and requesting an institutional response.

## Institutional Response

HLC expects a written response from the President or Chancellor of an institution (or chief executive by a different title) within 14 days of receipt of the designation letter. The written response should not be longer than five pages and must be submitted at [hlcommission.org/upload](https://hlcommission.org/upload). Select “Requests From HLC” from the list of submission options to ensure the response is sent to the correct staff member.

After the Institutional Response period, HLC’s President will review the institution’s response. (No response from the institution indicates that the institution understands the designation and chooses not to submit a response.)

If HLC’s President, after consultation with the Board of Trustees, decides to assign the designation, HLC will send a letter to the institution notifying them of the designation assignment and that the designation will be public the next day. The President’s action to assign a designation may not be appealed.

## Statement of Accreditation Status and Public Disclosure Notice

Institutional Designations appear on the Statement of Accreditation Status on HLC’s website. Designations will appear as follows:

(Institution Name) Designation: In Financial Distress

(Institution Name) Designation: Under Governmental Investigation

In addition, the Statement of Accreditation Status will include a Public Disclosure Notice with information about why the designation was assigned, what follow-up monitoring is required of the institution and the next steps in the process. HLC will send a copy of the Public Disclosure Notice to the institution with the notification of the designation assignment.

## Monitoring Schedule

HLC requires that an institution with a designation submits regular reports or undergoes other HLC monitoring. A monitoring schedule for the two-year designation timeline will be established when the designation is imposed. The monitoring schedule may include an Advisory Visit, referral to the next comprehensive evaluation or interim reports.

An institution with a designation shall not be considered for a substantive change unless it can demonstrate that there is a compelling reason for the change and that the institution has sufficient resources to support the change. Any substantive change application from an institution with a designation will be subject to strict scrutiny and may be deferred until the removal of the designation, or the application may be denied.

## Teach-Out Plans

If HLC determines that an institution is at risk for a sudden closure or suspension of its operations because it is facing significant challenges, an institution will be required to submit a Teach-Out Plan. Review the [Teach-Out Plan Procedure](#) for more information.

## Removal of a Designation

The designation will be removed when HLC’s President determines that it is no longer required because the institution has resolved the issues that led to the designation. HLC’s President will re-evaluate the designation as new or additional information of significance becomes available to HLC and at the end of the two-year timeframe to determine whether the designation shall be removed.

At the end of the two-year timeframe, if HLC’s President determines that the designation is still appropriate, the two-year timeframe will start again with an escalation in monitoring and the potential for an Advisory Visit.

Institutions with a designation that have new or additional information of significance should submit the new information with the next monitoring report and notify their HLC staff liaison regarding the new information.

## Questions?

Contact the institution’s HLC staff liaison or email [legaffairs@hlcommission.org](mailto:legaffairs@hlcommission.org).