



## SUBSTANTIVE CHANGE

### Policy Change Adopted on Second Reading

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The Higher Learning Commission (HLC) Board of Trustees (“the Board”) adopted this policy on second reading at its meeting on June 25–26, 2020.

#### Background

In anticipation of [revised federal regulations](#) that go into effect July 1, 2020, HLC has conducted a thorough review of its policies related to substantive change. The adopted policy change brings HLC into compliance with the new federal regulations and clarifies certain aspects of the policies. The changes related to federal regulations include the following:

- Institutions are required to obtain prior HLC approval for a change in the manner(s) in which the institution measures student progress, regardless of method.
- Institutions that are placed on a sanction or under a Show-Cause Order after July 1, 2020, or that have been on a sanction or under a Show-Cause Order in the prior three academic years (for those institutions placed on a sanction or under a Show-Cause Order after July 1, 2020), are required to obtain prior HLC approval for the changes listed below. All other institutions are required, based on the new federal regulations, to notify HLC of such changes, rather than seek prior approval:
  - Change in the mode of delivery of a program.
  - Aggregate change of 25% or more of the “clock hours, credit hours, or content” of a program.
  - The development of certain customized pathways
  - Contractual arrangements that involve outsourcing less than 25% of an academic program.

Beyond the revisions related to federal regulations, other changes include the following:

- The phrase “institutional change” is replaced with “substantive change.”

- Institutions are longer required to notify HLC when they establish or close certain course locations.
- Language regarding the processes for approval of substantive changes has been relocated to the Review of Institutional Change policy (INST.F.20.050). See the [adopted changes](#) to that policy for details.

HLC circulated these policy changes to the membership and other interested parties after the Board’s February 2020 meeting. HLC received comments on behalf of several higher education and consumer protection groups that emphasized the importance of placing appropriate substantive change restrictions on high-risk institutions. (A number of procedural recommendations also were made.) While the authors’ comments demonstrate considerable alignment with HLC’s underlying interests in quality assurance, staff determined that no adjustments to policy language were warranted. HLC also reviewed questions and comments received from a member institution related to new substantive change notification requirements applicable to all institutions. The questions and comments will be addressed as HLC works to further clarify its expectations and define terms. The institution also identified a minor drafting error that has been corrected.

## Implementation

This policy is effective immediately.

## Adopted Policy

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

Policy Title: ~~Institutional~~ **Substantive Change**

Number: INST.F.20.040

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

The institution shall use the Commission’s change reporting protocol for this purpose. Changes identified as requiring prior Commission approval prior to implementation shall be included in the institution’s accreditation only after the Commission has reviewed the change through a process identified in ~~this policy~~ **these policies** and formally acted to approve the change. Changes identified as requiring Commission

notification are **generally** included in the institution's accreditation provided that the institution provides timely notification to the Commission through the Institutional Update and other data reporting instruments established by the Commission according to a schedule established by the Commission. ~~However~~ **Additionally**, institutions that have access to the Notification Program for Additional Locations must notify the Commission and receive acknowledgment prior to initiating the Additional Location.

**As further detailed below, some of these requirements only apply to 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.**

#### **Institutional Substantive Change Requiring Notification or Approval**

1. Changes in actual or apparent mission of the institution or its educational objectives require prior COMMISSION 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 COMMISSION APPROVAL.
3. Initiation of new academic program(s) or major(s) other than those listed below, or cancellation or suspension of academic programs requires COMMISSION NOTIFICATION. (Note: HLC may provide approval on a temporary basis for the initiation of new academic programs or majors to facilitate a teach-out at another institution or for other appropriate purposes.) The following changes require prior COMMISSION APPROVAL:
  - a. The addition of academic program(s) at a degree or credential level not previously included in the institution's accreditation by the Commission;
  - 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;<sup>1</sup>
  - 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 Commission 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; ~~and~~
  - 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 COMMISSION 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 the Commission 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 requires prior COMMISSION 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 COMMISSION APPROVAL unless the institution has been

approved for access to the Notification Program for Additional Locations as outlined in INST.F.20.050.

8. Closure or suspension for more than one semester of any of the following requires COMMISSION NOTIFICATION: ~~1) a course location outside the state of the institution's main campus at which an institution offers five or more courses per year, 2)~~
- a. an additional location, or ~~3)~~
  - b. a campus, **including a branch campus.**

~~9. The establishment of a course location at either an international location or at a location outside the institution's home state at which the institution offers five or more courses per year requires prior COMMISSION NOTIFICATION.~~

~~10.~~ 9. 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 **COMMISSION 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 COMMISSION NOTIFICATION for all other institutions;**
- b. 25%-50% of any educational program outsourced to the other party requires prior COMMISSION APPROVAL;
- c. more than 50% of any educational program outsourced to the other party will receive intense scrutiny and will not be approved by the Commission except in exceptional circumstances. (Note that ~~34 CFR 668.5(3)(ii)(A)~~ **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. The following changes require COMMISSION NOTIFICATION within thirty (30) days:
- a. A change in an existing program's method of delivery.
  - b. An aggregate change of 25 percent 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 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. Beginning with institutions placed on a sanction or under a Show-Cause Order after July 1, 2020, the changes detailed above in #9 and #11 require COMMISSION APPROVAL for institutions that are currently on a sanction or are under a Show-Cause Order or that have been on a sanction or under a Show-Cause Order in the prior three academic years.

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

### Approval of Substantive Change

An institution requesting prior approval of a substantive change shall present appropriate application information seeking approval of change according to the Commission's change review protocol. Generally, such materials shall be reviewed by the Commission according to the provisions of this section; however, certain types of change may require additional review provisions as provided herein. With the exception of changes submitted under INST.F.20.030 Non-Substantive Changes in the Accreditation Relationship Between an Institution and the Commission Notification, the process will result in formal approval of all substantive changes by a Commission decision-making body effective on or after the date of the action of that body. In no case will such approval be retroactive.

Policy Number Key

*Section INST: Institutional Processes*

*Chapter F: Maintenance and Monitoring*

*Part 20: Intermittent Monitoring*

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*Last Revised: June 2020*

*First Adopted: June 2010*

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

*Notes: Policies combined November 2012 – 3.2(a), 3.2(b), 3.2(b)1*

*Related Policies: INST.B.20.040 Change of Control, Structure, or Organization, FDCR.B.10.010 Commission Approval of Institutional Teach-Out Arrangements, INST.F.20.030 Non-Substantive Changes in the Accreditation Relationship Between an Institution and the Commission*