

# Evaluating Institutions on Accredited Change of Control Status

This document provides guidance to assist institutions and peer reviewers in the evaluation of an institution on Accredited Change of Control Status. It includes examples of relevant evidence that can be used by such institutions to demonstrate ongoing compliance with HLC requirements in accordance with such status.

The guidance and examples are not intended to be determinative or conclusive evidence of ongoing compliance with HLC requirements.

## Background on Accredited Change of Control Status

An HLC member institution is placed on Accredited Change of Control status following its acquisition as part of a merger<sup>1</sup> in which the institution will ultimately voluntarily resign its separate accreditation with HLC and become part of another accredited institution. Placement on Accredited Change of

Control status occurs following approval of a Change of Control application by the HLC Board of Trustees and the subsequent consummation of the acquisition at phase one as described in HLC's [Procedure on Change of Control, Structure or Organization](#).

An institution remains on Accredited Change of Control status until the institution voluntarily resigns its separate accreditation following the merger or the HLC Board of Trustees otherwise takes action to

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<sup>1</sup> The term "merger" in these guidelines describes an acquisition followed by merger or consolidation as described in [Change of Control, Structure or Organization \(INST.G.20.010\)](#) and [Processes for Seeking Approval of Change of Control, Structure or Organization \(INST.G.20.020\)](#).

remove the institution from Accredited Change of Control status as described in HLC policy [Processes for Seeking Approval of Change of Control, Structure or Organization \(INST.G.20.020\)](#). Accredited Change of Control status is intended to be a temporary status and only applies to an institution while it remains in the process of completing the anticipated merger.

While on Accredited Change of Control Status, an institution continues to maintain its separate accreditation with HLC, including issuing degrees under separate authority. In many respects, the institution will continue to operate as it had been prior to the acquisition that resulted in Accredited Change of Control Status until the merger is completed.

Depending on the specific plan of merger (as set forth in the application for Change of Control, Structure or Organization), the institution(s) involved in the transaction may have contemplated that certain functions, resources or authority ultimately be transferred to the acquiring institution. For example, the institution to be merged, following the acquisition, may no longer employ its own faculty, may not have complete oversight of its finances, or may not have a separate governing board. However, some of these changes may not be fully implemented following the acquisition and while the merger is ongoing.

These complexities stem from the fact that an institution that is in the process of being merged into another, separately accredited institution must continue to operate as a separate institution until (1) a Change in Ownership is approved by the U.S. Department of Education and (2) HLC approves phase two of the Change of Control application, as described in HLC's procedure on Change of Control, Structure or Organization. Accredited Change of Control status is intended to enable the institution(s) to continue making progress toward the merger while awaiting final approval on the Change in Ownership from the U.S. Department of Education. Thus, Accredited Change of Control status provides the necessary, temporary flexibility for an institution to complete the merger.

As part of its initial application for Change of Control, Structure or Organization, an institution must describe how it will continue to operate and meet HLC requirements, consistent with these guidelines, while on Accredited Change of Control status. Generally, an institution will not undergo any routine evaluations by HLC while on Accredited Change of Control status, unless explicitly required to do so. An

evaluation may be required if the institution remains on Accredited Change of Control status for a period of time that necessitates a review under HLC policy and federal regulation, or as otherwise provided by HLC policy. This could include, for example, a review required under HLC's policy on [Special Monitoring \(INST.F.20.010\)](#). Additionally, if an institution remains on Accredited Change of Control status for six months following the consummation of the transaction, it will be required to host a focused visit, as required by HLC policy and federal regulation.

## Potential Evidence of Ongoing Compliance With HLC Requirements While on Accredited Change of Control Status

If an institution on Accredited Change of Control status must undergo an evaluation, the following evidence may be used in assessing ongoing compliance with HLC requirements. These guidelines are intended to only apply to an institution on Accredited Change of Control status at the time of the evaluation. These guidelines are not intended for use during an evaluation of any other institution, including the surviving institution following the completion of a merger.

### Criterion 1. Mission

While on Accredited Change of Control status, the institution's mission should remain relatively unchanged pending completion of the merger.

The institution's mission should continue to be articulated publicly and be incorporated throughout its operations in accordance with HLC requirements.

### Criterion 2. Integrity: Ethical and Responsible Conduct.

While on Accredited Change of Control status, an institution remains responsible for maintaining and adhering to its policies and procedures.

As part of its relationship with the acquiring institution, it may be necessary for an institution on Accredited Change of Control status to develop new policies and procedures as appropriate. For

example, if an institution's CEO is employed through the acquiring institution and subsequently tasked with overseeing the institution to be merged, the CEO's duties and responsibilities must be thoroughly documented, as should the CEO's relationship to both the institutions involved in the merger. The institution is then responsible for abiding by those policies and procedures while on Accredited Change of Control status. (Core Component 2.A. Integrity)

An institution on Accredited Change of Control status must remain candid and transparent to students and the public. This includes that an institution must clearly and completely disclose its status with HLC and other recognized accreditors, and its relationship with the acquiring institution. The institution may provide additional information about the purpose of Accredited Change of Control status and that the institution ultimately intends to undergo a merger that will result in the voluntary resignation of the institution's separate accreditation. Such disclosures, if made, must be clear and accurate. (Core Component 2.B. Transparency) While on Accredited Change of Control status, an institution must continue to display the Mark of Accreditation Status on its website, which will reflect the institution's status with HLC. (Obligation of Membership #12)

An institution on Accredited Change of Control status must demonstrate that it has an appropriately authorized governing body that is qualified, free from undue external influence, and empowered to act in the best interest of the institution. As part of effectuating the merger, while on Accredited Change of Control status, the institution's pre-acquisition governing body may be dissolved and replaced by a governing body that is indistinguishable from the institution with which the institution intends to merge. Nonetheless, the governing body of an institution on Accredited Change of Control status must be appropriately free from undue external influence, either from the perspective of the institution or the institution with which it intends to merge. If the governing board of the institution is identical to the governing board of the institution with which it intends to merge, the institution must be able to demonstrate that it would meet HLC requirements if it were a component of that institution. (Core Component 2.C. Board Governance)

### Criterion 3. Teaching and Learning for Student Success

While on Accredited Change of Control status, an institution's programs, learning outcomes, and its resources to support effective teaching and student learning largely should not significantly change. Any changes to existing offerings, modalities, etc. may require approval under HLC policy [Substantive Change \(INST.G.10.010\)](#).<sup>2</sup>

An institution on Accredited Change of Control status must demonstrate that it has sufficient faculty and staff to support its operations and programs. In some cases, an institution on Accredited Change of Control status may no longer directly employ its faculty, staff and/or administrators. Similarly, an institution on Accredited Change of Control status may no longer have ownership of resources or infrastructure to support the academic enterprise, including, for example, learning management systems. For purposes of HLC requirements, compliance can be demonstrated by evidence that the institution with which the institution intends to merge employs sufficient faculty and staff to support the institution's operations and programs. (Core Component 3.C. Sufficiency of Faculty and Staff)

Relatedly, an institution on Accredited Change of Control status must demonstrate that it has appropriate resources and infrastructure in place to support student learning and teaching. For purposes of HLC requirements, such sufficiency can be demonstrated by evidence that the institution with which the institution intends to merge employs sufficient faculty and staff to support student learning and effective teaching. (Core Component 3.D. Support for Student Learning and Resources for Teaching)

Any model whereby services and/or resources are provided to an institution by the institution with which it intends to merge must be supported and evidenced by appropriate policies and procedures. (see Core Component 2.A. Integrity, above)

While on Accredited Change of Control status, an institution remains responsible for having a regularized system of program review and assessment of student learning, and demonstrating attention to student success outcomes. These processes and procedures must be tailored to the specific institution

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<sup>2</sup> As noted in HLC's procedure on Change of Control, Structure or Organization, an institution on Accredited Change of Control status will generally not be considered for substantive change.

and not aggregated with the institution with which it intends to merge. Thus, generally, an institution's approach to these areas should not directly be impacted by the acquisition prior to completion of the planned merger. However, an institution may begin to transition to models and approaches implemented by the institution with which it will merge, if so desired. In such cases, the institution must be able demonstrate attention to the outcomes of its particular students and programs. (Core Components 3.E. Assessment of Student Learning, 3.F. Program Review and 3.G. Student Success Outcomes)

## **Criterion 4. Sustainability: Institutional Effectiveness, Resources and Planning**

As noted above under Criterion 2, an institution on Accredited Change of Control status must demonstrate that its governing body is free from undue external influence from the perspective of either the institution or the institution with which it intends to merge. If the governing body is identical to the governing body of the institution with which it intends to merge, the institution must be able to demonstrate that it would meet Core Component 2.C Board Governance if it were a component of that institution (i.e., following the merger). Relatedly, an institution on Accredited Change of Control may demonstrate compliance with HLC requirements related to administrative structures and collaborative processes by demonstrating that it would meet these requirements if it were a component of the institution with which it intends to merge. (Core Component 4.A. Effective Administrative Structures)

An institution on Accredited Change of Control status must be able to demonstrate that there are sufficient financial and personnel resources to support its current operations. If the institution's financial operations have been consolidated with the institution with which it intends to merge, a separate schedule for the institution on Accredited Change of Control status must be provided, providing evidence that there are sufficient resources to support the accredited institution's operations while on Accredited Change of Control Status. (Core Component 4.B. Resource Base and Sustainability)

An institution on Accredited Change of Control must be able to demonstrate that it undergoes systematic strategic planning processes for quality improvement. The current planning processes may incorporate the expectation of a consummated merger. As necessary, these processes should anticipate any obstacles or changes to the contemplated transaction and the impacts those changes may have on the institution, if any. If the institution's planning processes are incorporated into the institution with which it intends to merge during this period, the institution must be able to demonstrate that it would meet HLC requirements if it were a component of that institution. (Core Component 4.C. Planning for Quality Improvement)

### **Questions?**

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