

# Special Monitoring

## Proposed Policy Change Approved on First Reading

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The Higher Learning Commission (HLC) Board of Trustees (“the Board”) approved this policy on first reading at its meeting on October 31, 2024.

### Background

In addition to routine monitoring, HLC maintains a policy on special monitoring. The purpose of HLC’s special monitoring policy is to allow HLC to quickly respond to potentially significant circumstances that arise at member institutions. Currently, special monitoring may take the form of advisory visits and institutional designations.

The proposed policy changes would establish special monitoring reports as a third possible form of special monitoring. It would also clarify HLC’s practices with respect to institutional designations and special monitoring generally. This includes changing the name of one of HLC’s institutional designations from “Financial Distress” to “Financial Issue.”

### Comments Invited

HLC invites comments on this change before the Board takes final action at its meeting on February 27–28, 2025. Comments can be sent to [policycomments@hlcommission.org](mailto:policycomments@hlcommission.org). Comments are due by January 20, 2025.

### Proposed Change

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**). Wording that was moved is shown with a double underline in its new location (moved to) and a double strikethrough in its previous location (~~moved from~~).

Policy Title: **Special Monitoring**

Number: **INST.F.20.010**

**Special monitoring allows HLC to respond quickly to a developing situation at a member institution. The HLC President ~~imposes~~ **may assign** special monitoring ~~in consultation with staff and may receive~~ **based on** information **received** from a variety of sources, ~~including HLC’s routine monitoring process~~, indicating that**

special monitoring may be appropriate. ~~All s~~Special monitoring protocols are processes shall be tailored as appropriate under the circumstances and may include, but not be limited to, one or more of the following: ~~1.~~ a special monitoring report; ~~or 2.~~ an advisory team visit; ~~3.~~ or an institutional designation.

#### Presidential Recommendation

~~HLC's President shall have the authority to take a recommendation to the appropriate HLC decision-making body to require routine monitoring, a sanction, the issuance of a Show Cause Order, or denial or withdrawal of status for an institution, subject to HLC policy and procedures related to those actions.~~

~~The analysis of a special monitoring report or advisory visit team report is used to support the development of a recommendation the President makes directly to an appropriate HLC decision-making body for any action supported by the policies and practices of HLC.~~

~~Any action the President intends to recommend to a decision making body will be shared with the institution for response at least 14 days prior to the intended date of deliberation and decision.~~

#### Circumstances Giving **That May Give** Rise to Special Monitoring

~~Situations~~ **Circumstances** that may result in special monitoring include, but are not limited to:

- ~~1.~~ institutional declaration of bankruptcy, financial exigency, or intent to close;
- ~~2.~~ **1.** ~~h~~Highly publicized and divisive controversies among **public situations involving** the **institution's** governing board, the administration, and/or the faculty or the student body;
- ~~3.~~ **2.** ~~s~~Significant ~~unanticipated~~ reduction in **educational** program offerings, faculty, and/or enrollment;
- ~~4.~~ public sanctions applied by governmental agencies or by other accrediting or licensing bodies;
- ~~5.~~ serious legal, financial, or ethical investigations, including those involving adjudication in courts, whether the underlying information raises serious concerns about the institution's compliance with one or more HLC requirements;
- ~~6.~~ financial audit reports, Security Exchange Commission filings, or other information that raise serious concerns about financial viability or financial management practices; or
- ~~7.~~ **3.** ~~evidence of~~ **Information regarding potential** serious misrepresentation to students and or the public.

4. Any of the conditions related to the assignment of institutional designations, as detailed below.

### Special Monitoring Reports

A special monitoring report is a report prepared by the institution and submitted to HLC to gather further information about situations that give rise to concerns about the institution's compliance with HLC requirements.

Staff or assigned peer reviewers shall review the special monitoring report and make factual determinations related to the institution's compliance with HLC requirements without articulating any recommendation for action. Such determinations shall be used to assist the HLC President in developing an appropriate recommendation for action by an HLC decision-making body.

### Advisory Visits

An advisory visit is an on-site evaluation conducted on relatively short notice by a team of peer reviewers of appropriate size and expertise to gather further information about situations that give rise to concerns about the institution's compliance with HLC requirements. ~~An advisory visit team only makes determinations related to the institution's compliance with HLC requirements without articulating any recommendation for action. Such determinations assist the President in developing an appropriate recommendation for action by an HLC decision-making body.~~

The institution will be required to provide information about its compliance with the applicable HLC requirements identified by the HLC President in advance of the advisory visit. HLC may also make other information in the institution's record available to the team in advance of an advisory visit.

An advisory visit can be of any reasonable duration calculated to maximize the team's ability to conduct ~~fact-finding activities~~ **an effective evaluation**, including interacting with appropriate constituencies of the institution, ~~including such as~~ students, faculty, administration and the institution's board. ~~While~~ ~~the~~ timing and format of an advisory visit is in the sole discretion of HLC's President, ~~the institution is required to~~ promptly notify HLC of any circumstances that will limit the team's ability to conduct an effective visit. ~~When required by HLC, the institution provides documentary evidence of its compliance with the applicable HLC requirement in advance of the advisory visit. HLC may also make other information in the institution's record available to the team in advance of such evaluations.~~

An advisory visit team ~~only~~ shall makes **factual** determinations related to the institution's compliance with HLC requirements without articulating any recommendation for action. Such determinations **shall be used**

to assist the HLC President in developing an appropriate recommendation for action by an HLC decision-making body.

## Institutional Designations

~~Purpose and Other Details Related to Institutional Designations. The purpose of these Institutional designations shall be to inform the public that the institution is dealing with~~ **experiencing** a significant financial ~~condition(s) issue or is~~ being investigated by a governmental agency. ~~Institutional Designations are~~ **shall be** assigned as soon as possible after HLC has confirmed that a factual basis for the **institutional** designation exists. HLC does not undertake any independent evaluation of the ~~institution underlying~~ **circumstances giving rise to the institutional designation, as related to HLC requirements,** in advance of such assignment ~~assigning an institutional designation. Because such situations have the potential to affect the institution's operations, the public should be aware of this information in making a decision to attend or continue to attend the institution under the designation.~~

~~Any Information about the assignment of an institutional designation issued by the HLC President shall~~ **will** be published in a Public Disclosure Notice on the institution's Statement of Accreditation Status on HLC's website.

~~Typically, the designation period will not extend more than two years. During the designation period~~ **While an institutional designation is in place,** HLC may require that the institution ~~submit one or more reports about the underlying situation or undergo other~~ regular **monitoring** or special monitoring, ~~including advisory visits, as determined appropriate by the HLC President. An institution that has one of the above designations is not precluded from also being placed by HLC on a sanction subject to HLC policy and procedures related to such action if appropriate. During the monitoring or evaluation process, the institution may request removal of the designation, although final determination of the appropriateness of removing the designation shall remain with the HLC President or the Board if the case is otherwise subject to the Board's review.~~

~~Financial Distress~~ **Issue Designation.** ~~HLC's President, after consultation with the Board of Trustees, shall have the authority to determine that an institution undergoing a significant challenge to its fiscal capacity should be assigned this designation. Conditions that may contribute to~~ **the assignment of a Financial Issue** designation ~~of *in financial distress*~~ include, but are not limited to:

1. ~~significant diminished financial contribution from a state; significant escalation in institutional indebtedness; placement by~~ The U.S. Department of Education **places the institution on the Reimbursement payment method or Heightened Cash Monitoring 2 (HCM2)** ~~for significant reasons related to finances or financial management of the institution or any parent or superordinate entity;~~

2. **The institution files for bankruptcy.**
3. **The institution** ~~formal declaration by the institution of~~ **declares** financial exigency or **other financial** emergency;
4. **The institution's financial auditors raise serious concerns about the institution's financial viability or financial management practices, including through issuing a going concern warning by the institution's auditors;**
5. **HLC identifies a source raising serious concerns about the institution's financial viability or financial management practices, such as Security Exchange Commission filings or other similar sources.**
6. ~~or~~ **HLC identifies** other similar financial situations **affecting the institution's financial capacity.**

Governmental Investigation **Designation.** ~~HLC's President, after consultation with the Board of Trustees, shall have the authority to determine that an institution undergoing investigations by one or more governmental agency, law enforcement body, or court should be assigned this designation.~~ Conditions that may contribute to **the assignment of a Governmental Investigation** designation ~~of governmental investigation~~ include, but are not limited to:

1. **Significant investigation of an institution** by one or more ~~state attorneys general, the Federal Trade Commission, the U.S. Department of Justice or other federal agency;~~ **governmental agency, law enforcement body or court related to the institution's operations or activities.**
2. ~~a~~ **Notice of intended limitation, suspension or termination action by the U.S. Department of Education;**
3. ~~or other~~ **Significant investigations, litigation or enforcement action involving an institution that is** by or joined by a governmental authority related to ~~its institutional or academic~~ **the institution's** operations or activities.

~~Substantive Change While an Institution Has a Designation. Any substantive change application from an institution with a current designation, other than an application for approval of a Provisional Plan, will be subject to strict scrutiny and may be deferred for consideration by HLC until after the designation has been removed, or the application may be denied. Institutions that have a designation are not restricted from making changes to their existing programs, but must comply with any notification or approval requirements under HLC policy.~~

~~Process for Imposing~~ **Assigning** or Removing an **Institutional** Designation. **The HLC's President will notify the institution of the intent to assign an institutional designation** ~~designate the institution in one of the above categories~~ and will ~~allow~~ **provide** the institution a minimum of 14 days to respond before acting ~~with~~

regard to **assign** the **proposed institutional** designation. ~~(Note that the institution may request up to an additional 14 days to respond if it articulates good cause for such an extension.)~~

The **HLC** President will take into account the institution's response in making the decision whether to assign the **institutional** designation. **Upon review of the institution's response, the HLC President, after consultation with the Board of Trustees, shall have the authority to assign the institutional designation.**

~~The President or the Board will also determine when to remove a designation from an institution. The President will~~ **shall periodically** reevaluate the **institutional** designation **while in place** ~~during the designation period as new or additional information of significance becomes available to HLC, and at the end of the designation period, to determine whether the designation shall be removed.~~

The President ~~or the Board~~ will remove the **institutional** designation when in the President's ~~or Board's~~ sole judgment the **institutional** designation is no longer required. **The removal of an institutional designation could be appropriate if, for example, because the institution has resolved the issues that led to the institutional designation, or if an HLC decision-making body has taken appropriate action in light of the conditions that contributed to the institutional designation.** Any decision of the President ~~or the Board~~ related to ~~imposing~~ **assigning** or removing an **institutional** designation is final.

### **Presidential Recommendation Following Special Monitoring**

Following special monitoring, the HLC President shall have the authority to take a recommendation to the appropriate HLC decision-making body to require routine monitoring, assign a sanction, issue a Show-Cause Order, or take an adverse action with respect to the institution, subject to HLC policy and procedures related to those actions.

The institution shall be notified of any action the HLC President intends to recommend to a decision-making body at least 30 days prior to the intended date of deliberation and decision by that decision-making body. The institution shall have at least 14 days to respond in writing to any recommendation of the HLC President.