Guidance *for* Higher Education Institutions Planning to Close

Pennsylvania
State Board of Higher Education

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Higher education closures can occur for a variety of reasons. When they do, a transparent and deliberate process is in the best interests of those who work and learn at affected institutions, as well as their communities and the Commonwealth.

In accordance with Pennsylvania law, Institutions of Higher Education are required to submit documentation and, in some instances, seek approval for closure from the Pennsylvania Department of Education ("PDE"). This guidance incorporates PDE procedures and Middle States accreditation requirements, which differ by higher education sector. Supportive resources and forms are linked for additional information.

Questions about PDE resources can be directed to RA-highereducation@pa.gov. Suggestions for improving the content of this Guide can be directed to EDSBHIGHERED@pa.gov.

This Guide will be revised on a periodic basis to ensure accuracy. ***Institutions navigating a potential closure should enlist the support and advice of their counsel as they embark on discussions about their options.*** *Please note that guidance for institutions intending to merge (as opposed to close) will be issued separately.*

Definitions by Sector

Pennsylvania identifies different institutions of higher education by sector, and procedures vary by sector. Statutory definitions are below.

PASSHE: State System Institution. An institution which is part of the State System of Higher Education under Article XX-A.
(1949 Act 14 - The Official Website of the Pennsylvania General Assembly and 1949 Act 14 - The Official Website of the Pennsylvania General Assembly)

Community College: An institution created under Article XIX-A or the act of August 24, 1963 (P.L.1132, No. 484), known as the Community College Act of 1963.
(1949 Act 14 - The Official Website of the Pennsylvania General Assembly)

State Related Institution: The Pennsylvania State University, the University of Pittsburgh, Temple University and Lincoln University. (Title 24 - The Official Website of the Pennsylvania General Assembly)

Independent Nonprofit Institution: An institution of higher education which is operated not for profit, located in and incorporated or chartered by the Commonwealth and entitles to confer degrees as specified in 24 Pa.C.S. 6505 (relating to power to confer degrees) and to apply to itself the designation "college" or "university" as provided for by the standards and qualifications prescribed by the State Board of Education under 24 Pa.C.S. Ch. 65 (relating to private colleges, universities and seminaries).

Thaddeus Stevens Institute of Technology: 1949 Act 14 - The Official Website of the Pennsylvania General Assembly

Rural Regional College: A college established under Article XIX-G. *(1949 Act 14 - The Official Website of the Pennsylvania General Assembly)*

Private Licensed School: A private school licensed under the act of December 15, 1986 (P.L. 1585, No. 174) known as the Private Licensed Schools Act.

Financial Literacy & Monitoring Basics for All Institutions

Institutions of higher education and their boards should take an active role in supporting financial monitoring, literacy, and health of an institution.

The Middle States Commission on Higher Education, which accredits many Pennsylvania institutions, monitors data annually based on Accreditation Review Cycle and Monitoring Policy and Procedures. In addition to comprehensive periodic audits, the Commission monitors financial and other data annually through the Annual Institutional Update. The annual audit includes review of audited financial statements, management letters, bond rating letters, and single audits submitted to federal government.

The National Association of College and University Business Officers ("NACUBO") and other organizations provide resources on how to support ongoing institutional financial health.

Resources:

- National Association of College and University Business Officers (NABUCO) courses
- New America Policy and Practice Recommendations for Avoiding Precipitous College Closures
- AGB The Board's Role in Financial Oversight
- AGB Risk Management: An Accountability Guide for University and College Boards
- AGB Higher Education Business Models Under Stress
- Lumina Foundation Report on How to Avoid Sudden Closures

Working with the Pennsylvania Department of Education and Accreditors

Pennsylvania maintains requirements for closing institutions to ensure seamless transitions, particularly for students: 22 Pa. Code § 31.6 (information); 22 Pa. Code §§ 31.71 (notification); and 31.72 (major corporate change); 22 Pa. Code § 34.12. (discontinuance of branches or campuses) and 22 Pa. Code § 34.12a. (transfer of branches or campuses from one institution to another). and 22 Pa. Code § 34.13 (process).

The Middle States Commission on Higher Education ("MSCHE") also mandates an orderly process for institutional closures through its substantive change process. The Commission differentiates between planned closures—submitted more than six months prior to the date of closure—and those that are unplanned (less than six months of closure). Planned closures must be handled under the Commission's substantive change process. The date of the closure is the point in time at which an institution has ended academic/instructional operations and has no students actively enrolled in degree programs. Similarly, PDE requirements for immediate and planned closures differ.

Pennsylvania procedures can differ based on sector. Institutions funded by the state (including PASSHE, state-related, or community colleges) must have branch closures approved by PDE. In Pennsylvania, Private Licensed Schools maintain their own procedures and closures are reviewed by the State Board of Private License Schools ("PLS Board"). Procedures specific to Private Licensed Schools are included later in this Guide. Closures of community colleges must be approved by the SBHE. 24 P.S. § 19–1910–A; 24 P.S. § 20–2011–L(d).

All institutions must follow procedures that mitigate impact on students.

Planned and Unplanned Closures

Planned Closures

Institutions planning an orderly closure should begin coordinating with PDE and their accrediting agency as early as possible, ideally at least one academic year before the anticipated closure. Early planning allows sufficient time to obtain approval of teach-out arrangements, notify students, preserve records, and complete all regulatory requirements with minimal disruption. While institutions are not required to notify PDE of closure prior to formal and approval of closure by the Board of Directors (22 Pa. Code §§ 31.71 (notification), early collaboration is encouraged. We understand the sensitivity of these discussions; however, proactive communication is encouraged to support thoughtful institutional decision making and minimize potential disruptions to students. Early engagement does not constitute formal notification of closure or indicate that a final decision has been made.

Unplanned Closures

Institutions experiencing financial distress or other circumstances that may result in immediate cessation of operations should notify PDE without delay. Prompt communication enables institutions to state and federal agencies to coordinate emergency student protections.

Resources:

- *Husch Blackwell Resources Created for United Educators for Closures*
- *May 18, 2026 Chronicle of Higher Education webinar on Managing College Closures*

Initial Notification

A degree-granting institution that anticipates ceasing operations should notify PDE as early as possible. Early notification allows sufficient time to develop teach-out opportunities, protect currently enrolled students, preserve institutional records, and coordinate communications with other regulatory agencies.

All institutions should also notify their accrediting agency and the U.S. Department of Education ("USDE") as applicable. Because accrediting agencies often establish deadlines for closure plans and teach-out approvals, institutions are encouraged to consult with their accreditor before making a public announcement whenever feasible.

If the institution participates in the State Authorization Reciprocity Agreement ("SARA"), additional notification requirements may apply.

In situations involving an unexpected or precipitous closure, institutions should contact PDE immediately at ra-highereducation@pa.gov, upon determining that operations may cease. Immediate communication allows PDE to assist in protecting students and coordinating with other agencies.

Submission of Closure Documentation

Following notification, PDE will request documentation demonstrating how the institution intends to fulfill its closure obligations.

The timeline for submission will depend upon the circumstances of the closure. Planned closures generally allow additional time for preparation, while institutions experiencing an unplanned closure may be required to submit requested information by the next business day.

Every closing institution shall designate an individual who will remain responsible for institutional matters following closure.

The institution should provide PDE with the representative's:

- name;
- title;
- mailing address;
- telephone number; and
- email address.

For private licensed schools, this representative must remain available for **at least one year following the date of closure** to respond to questions regarding student records, transcripts, financial matters, and regulatory obligations.

Additionally, institutions should be prepared to provide, at a minimum:

- An official notice of closure;
- A current student roster, including contact information;
- Copies of all approved or proposed teach-out agreements or teach-out plans;
- Anticipated dates for cessation of instruction and institutional closure;
- Plans for student notification;
- Information regarding the preservation of academic records and transcript services; and
- Any additional information requested by PDE, the accrediting agency, or USDE.

Developing and Implementing a Closure Plan

Institutions are responsible for developing and implementing a comprehensive closure plan that protects students and satisfies all applicable legal and regulatory requirements.

At a minimum, institutions should address the following areas.

Student Notification

Institutions should provide timely written notice to all currently enrolled students regarding the closure. Notifications should clearly explain:

- The anticipated closure timeline;
- The last date of instruction;
- Available teach-out opportunities;
- Procedures for requesting transcripts;
- Institutional points of contact; and
- Additional resources available to students.

Institutions should also notify faculty, staff, alumni, and other affected stakeholders, as appropriate.

Copies of all public notices and student communications should be provided to PDE.

Teach-Out Agreements

Institutions should work to establish teach-out agreements that allow students to complete their educational programs whenever possible. Teach-out agreements with other institutions are the primary means to ensure that students in a closing or merging institution can complete their programs of study.

In all closure procedures, there is a requirement that institutions create or submit teach-out agreements to accreditors and PDE. PDE accepts the form of teach-out agreement specified by MSCHE for all closings other than Private Licensed Schools, which maintain their own form.

Institutions should provide PDE with copies of executed teach-out agreements and maintain updated information regarding student participation in teach-out arrangements throughout the closure process.

Sample Teach-Out Agreements:

- *Middle States Teach Out Agreement form*

Resources:

- *Association for Chief Academic Officers Guidance on Teach Out Agreements*
- *Higher Learning Commission Teach-Out Toolkit*

Student Records and Transcripts

Institutions remain responsible for safeguarding academic records.

Before closure, institutions shall:

- Ensure all student academic records are complete and accurate;
- Convert records into a usable and retrievable format, when necessary;
- Designate a permanent records repository;
- Establish procedures for transcript requests after closure; and
- Notify current students and alumni where permanent records will be maintained.

Institutions are strongly encouraged to provide graduating and currently enrolled students with official transcripts before closure whenever possible.

Private licensed schools shall provide all academic transcripts to the Board's designated central repository within one week of closure and confirm submission to the Board Administrator.

Institutional Records

Institutions should preserve all institutional records required by law.

Institutions should also develop plans for the appropriate disposition of institutional assets and address any required corporate dissolution or governance actions.

Public Information

Institutions should maintain accurate closure information on their websites throughout the closure process.

Closure information should be prominently displayed on the institution's homepage and should include:

- Closure announcements
- Teach-out information;
- Transcript request procedures;
- Contact information for student assistance; and
- Any additional resources that will assist students during the transition.

Students and members of the public should be able to locate this information without difficulty.

Coordination with Government Agencies

Throughout the closure process, institutions should maintain ongoing communication with all applicable oversight agencies.

Depending upon the institution and the programs offered, this may include:

- Pennsylvania Department of Education;
- Institutional accrediting agency;
- U.S. Department of Education;
- Pennsylvania Higher Education Assistance Agency (PHEAA);
- Pennsylvania Department of Labor & Industry;
- NC-SARA and the Southern Regional Board (for SARA institutions); and
- Other agencies with oversight responsibilities for specialized programs.

Institutions offering educator preparation programs, veterans' education programs, or other regulated programs should also coordinate with the appropriate PDE offices.

Continued Responsibilities During Closure

Institutional responsibilities continue until all closure obligations have been completed.

Throughout the closure process, institutions should:

- Respond promptly to requests for additional information;
- Provide updated student enrollment information as requested;
- Report changes to closure timelines;
- Update teach-out participation information;
- Notify PDE of any significant developments affecting students; and
- Maintain regular communication with assigned PDE staff.

Near the completion of the closure process, PDE may request a final accounting of each student's educational outcome, including graduation, teach-out participation, transfer, withdrawal, or other disposition.

Revocation of State Authorization

An institution's authorization to award degrees does not automatically terminate when instruction ceases.

PDE will initiate the formal revocation process after confirming the date on which the institution's accreditation will cease. This approach allows eligible students to complete degree requirements before state authorization expires.

The revocation process includes publication of the proposed action in the Pennsylvania Bulletin and provides an opportunity for hearings or protests as required by law.

Once the revocation process has been completed, PDE will issue a final revocation letter establishing the effective date on which the institution is no longer authorized to operate or confer degrees in the Commonwealth.

Processing and Managing Student Refunds

Students who paid for programs they cannot complete due to closures may be entitled to refunds. PDE requires closing institutions to provide a plan for how students are to be refunded for deposits paid for semesters that the institution will not be operating. Pennsylvania law requires each institution to maintain a minimum $500,000 protective endowment in part to cover these expenses.

Institutions should plan to reimburse students for unused tuition during the institution's wind down period.

Resources:

- *24 Pa. C.S.A. § 6502 (protective endowment floor)*
- *21 Pa.C.S.A. § 51.6 (financial responsibility of Private Licensed Schools)*

Maintaining Access to Student and Other Records

Pennsylvania law requires institutions to maintain student academic records and to store student and other records (faculty and staff employment records, IRS, and corporate records) in a readily accessible repository upon closing. 22 Pa. Code § 31.72.

Resources:

- AACRACO Guidance on Managing Student Records
- HIgher Learing Commission Student Records Access for Success

Notice(s) to Faculty and Staff

Under the federal WARN Act, certain employers are required to provide a 60-day notice before conducting mass layoffs. Terminations should be conducted in a thoughtful, planned way, in consultation with counsel, and in accordance with faculty and staff handbooks as well as federal and state legal requirements.

Many higher education institutions employ long term faculty and staff and enjoy reputations as excellent employers. In addition to legal requirements, institutions should strive to ensure transparency in communications about impending closures and resulting layoffs. In recent years, excellent higher education institutions have publicly announced the need for layoffs even absent branch or campus closures, reducing the stigma for affected employees. Resources for addressing these difficult circumstances are linked below.

Resources:

- Worker Training and Adjustment Notification ("WARN") Act
- Pennsylvania Department of Labor and Industry summary of WARN Act
- United Educators article on federal WARN Act requirements

- *Department of Labor federal WARN Act guide*
- *AAUP Standards for Terminating Tenured Faculty*
- *10/15/25 Chronicle of Higher Education: "Layoffs Are Happening: How to Do Them Thoughtfully"*
- *Staff Reductions and Reductions in Force: Managing the Risks*

Procedures Specific to Private Licensed Schools

PDE Procedures for the closing of Private Licensed Schools differ from those for other sectors, and the closures are approved by the Private Licensed Schools Board. Private licensed schools shall notify the PLS Board **at least 30 calendar days before the anticipated closure date**. Notification should be submitted electronically to the PLS Board Administrator. Failure to notify the PLS Board or comply with closure requirements may constitute regulatory violations that remain subject to enforcement, even after a school's license or registration has terminated.

Private licensed schools shall provide all academic transcripts to the PLS Board's designated central repository **within one week of closure** and confirm submission to the PLS Board Administrator.

Private Licensed Schools must maintain surety bonds and must pay unearned tuition until they expend the amount of the bond.

For private licensed schools, closure results in the automatic termination of the school's license or registration. Any future operation of the institution requires submission and approval of a new original application for licensure.

PLS Procedures mandate storage of student transcripts in a central repository.

PLS Forms:

- *PDE Closures Procedures for Private Licensed Schools*
- *Private Licensed Schools Sample Teach-Out Agreement*
- *Private Licensed Schools Central Repository*