

AN INVITATION TO COLLABORATE

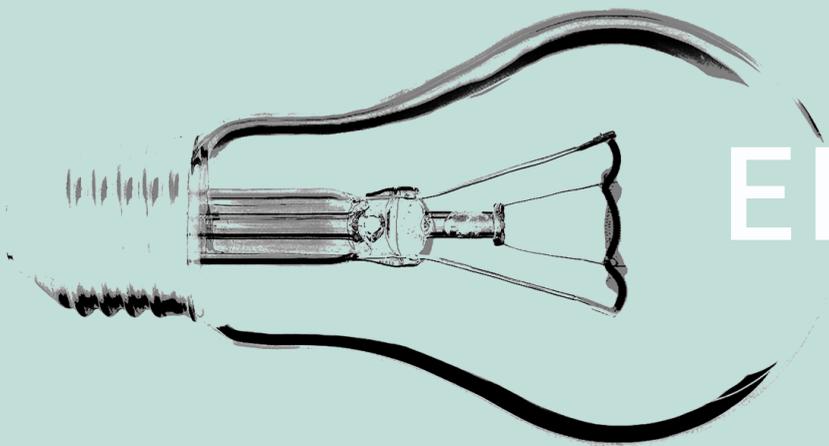
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# STUDENT-CENTRIC INFRASTRUCTURE



# OBJECTIVE :

Identify strategic models for creating a system of safety nets that fosters mobility, information symmetry, protections, and student success in higher education.



# EMERGING IDEAS :

## ■ Early Warning Systems

- provide advance notice to matriculated students and pending applicants of possible closure.
- could become self-fulfilling prophecies, limiting the options of struggling HEIs.

## ■ Teach Outs and Transfer Plans

- Federal law requires teach-out agreements when HEIs publically announce closure.
- Teach-outs or transfer plans must provide an environment for student support, success, and degree completion.

- Fulfilling the requirements of the teach-out agreements can require significant administrative support and cost from HEIs.

## ■ Tuition Refunds/Loan Forgiveness

- When an HEI shuts down, students are entitled to federal loan forgiveness.
  - Many students who have experienced HEI closure do not continue their education elsewhere or request loan forgiveness.
- Community nonprofits have addressed issues related to student equity that go beyond just access.

# QUESTIONS TO CONSIDER:

- **What factors contribute toward degree completion for students impacted by HEI decline, merger, or closure?**
- **What are the key elements of a comprehensive student safety net for students impacted by HEI closure?**
- **Who is responsible/best suited for creating student safety nets?**
- **How can the needs of the students be balanced with the needs of institutions with regard to Early Warning Systems and student safety nets?**
- **How should the disparate needs of students and institutions be balanced?**
- **Could there be better federal/state infrastructure to protect students?**
- **How can we address student-HEI information asymmetry in a way that benefits students without harming HEIs?**

“our findings suggest that students prefer campuses with students of similar demographic and socioeconomic status (SES), and that only highly qualified, low-income students choose institutions where they have fewer same-race and same-income peers.”

—KALENA E. CORTES AND JANE ARNOLD LINCOVE<sup>1</sup>

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## OVERVIEW

When an HEI abruptly closes, the student impact often includes low rates of completion and substantial debt. There have been several attempts to transfer students from declining or closing institutions into alternative institutions or provide them with alternate pathways to completion. Examples of past infrastructure used for students affected by HEI closure include, but are not limited to, the following:

## EARLY WARNING SYSTEMS

Early warning systems require an HEI to give advance notice to matriculated students and pending applicants of possible closure, as determined by a viability metric.

Early warning systems are a promising approach that provides a measure of protection for students, especially those enrolled in schools that experience abrupt closure without any contingency plans for their students. Providing timely information to students is important as they weigh their options to continue their education or pursue another trajectory. In Massachusetts, the Board of Higher Education is working to set up financial monitoring of all institutions receiving financial aid in the state. The intention of this monitoring is to notify institutions with enough time to consider realistic pathways for their students before announcement of closure, enabling them to consider teach-out plans funding streams to continue providing classes and programs so current students can obtain their degrees.

However, early warning systems could also become self-fulfilling prophecies for HEIs, effectively determining the fate of an institution as closure.<sup>2</sup> Richard Ekman, president of the Council of Independent Colleges, expressed concern that the early warning systems could cause problems for HEIs dealing with nonfatal weaknesses, noting that “the remedy is not to ask a college that’s in trouble to go advertising their troubles.”<sup>3</sup> The true impact that additional regulations will have on institutions is not yet known. And while arguments can be made that providing this information to students will serve as an important protection for them, it may also quicken the rate at which small, private colleges close by putting those tuition-dependent institutions at even more risk.<sup>4</sup>

## TEACH-OUTS & TRANSFER PLANS

Upon the public announcement of a school closing, teach-out agreements are initiated, as required by federal law. Teach-outs are partnership agreements with other HEIs meant to help students transfer and finish their degrees after their attending institution has announced closure.<sup>5</sup>

When Mount Ida College (Massachusetts) closed in 2017, a transfer plan was implemented with UMass Amherst. UMass successfully kept Mount Ida’s veterinary-technology program intact, making it possible for 150 students to complete their degrees with the same facilities, faculty, and staff.<sup>6</sup> Not all Mount Ida students were able to find a program to transfer to, however, and many were stuck putting together the pieces of continuing their education on their own.<sup>7</sup> Providing pathways for students through a teach-out or transfer agreement depends on sustaining an environment for student support, success, and degree completion.

## STUDENT-CENTRIC INFRASTRUCTURE: WORKING DRAFT

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Academic match between institutions and students is key to better post-graduation outcomes for students.<sup>8</sup> How can teach-outs better account for academic match? When Saint Joseph's College (Indiana) closed in 2017, Marian University, located two hours south, announced they would accept students from Saint Joseph's College. Marian University made it a priority to honor transfer credits from Saint Joseph's College.<sup>9</sup> When one student found that the education programs did not align, she ended up on academic probation after one semester.<sup>10</sup> She adjusted by switching majors and finding social support on campus; but this cost her critical time and money. Luckily, she was able to successfully transition to a new university because Marian's president insisted on one-on-one support from professors, adjustments in the curriculum, and that academic support centers increase outreach to transfer students. The student-centric approach taken by Marian University could be considered as a model for other institutions to draw from in the future.

Students face at least three cost decisions when their HEI closes and they accept a teach-out or transfer from a closing HEI: First, there's the opportunity cost of forgoing loan forgiveness. Second, there's the difference in tuition, fees, and other hidden costs between the two institutions. When Marian University arranged a teach-out plan for students from Saint Joseph's College, students were guaranteed the same out-of-pocket payments.<sup>11</sup> However, when Mount Ida College closed, UMass tried to adjust financial aid packages to keep costs as low as possible, but did not guarantee out-of-pocket costs. Third, there are potential increases in the transportation and time costs of managing home, work, and travel to an HEI that could be farther away. When Mount Ida College closed, officials reported that 92% of their students could transfer to another program; one of these options was UMass-Dartmouth, more than an hour away.<sup>12</sup> A round-trip commute of two hours per day may be unreasonable for students who are unable to move.<sup>13</sup> While teach-outs adjust for and warn students about cost differences, and may also take into account geographic access, close examination of their development, implementation, and alignment with diverse student needs is needed to ensure equitable distribution of this safety net.<sup>14</sup>

Students need a supportive social environment to succeed in and complete a program with an HEI. For students of color, first generation, and low-income students, this is of particular importance. Research suggests that "students prefer campuses with students of similar demographic and socioeconomic status (SES), and that only highly qualified, low-income students choose institutions where they have fewer same-race and same-income peers."<sup>15</sup> A climate supportive of racial, ethnic, and socioeconomic diversity on campus can be a decisive factor for many students of color.<sup>16</sup> The student cited above who struggled in her transition from Saint Joseph's College to Marian University reported that joining the Student Organization of Latinos helped her to feel more at home.<sup>17</sup> While it is logical to provide "practical supports" such as financial aid and transfer credit, persistence and completion rates are impacted by the degree to which students engage in social support systems, many of which students must rebuild when their home institution closes.

Teach-out plans offer an important protection for students when their institutions are closing, potentially helping students complete their degrees. But the burden placed on the new institutional home of transferring students is significant. Fulfilling the requirements of the teach-out agreements and ensuring that students are provided with an equitable and actionable alternative can require significant administrative support. In 2017, Marian University opened its campus to the students of St. Joseph's College after it announced it was closing. Daniel J. Elsener, Marian's president, acknowledged the challenges inherent for students participating in teach-out plans, noting "the people you're inviting to your institution just got kicked in the shins pretty hard, and they're aching. What I've learned through this process is, whatever work you think it's going to take, it's going to take twice that much."<sup>18</sup> As part of Marian's effort to integrate St. Joseph's students, the University offered several informational sessions and events to encourage a sense of unity between former and incoming students. Additionally, professors were

asked to adapt curricula and offer one-on-one guidance to students, which many recognized as a strain on faculty, and University Academic Support Centers were tasked with reaching out directly to St. Joseph's students to offer services.

## TUITION REFUNDS & LOAN FORGIVENESS

Tuition refunds act as a buffer for those students that take on debt to attend school, but end up dropping out. They can help alleviate the scenario in which a student has debt and no certification or degree. Regulations on tuition refunds vary by state and institution type, such as nonprofit or for profit.

When an HEI shuts down, students are entitled to federal loan forgiveness. However, information collected during the Obama Administration revealed that many students who have experienced HEI closure have not continued their education elsewhere or requested loan forgiveness.<sup>19</sup>

Tuition refunds may not be possible in the case of the sudden closure of an institution with insufficient funds. Surety bonds are one form of a tuition refund that can protect students when a closing institution lacks sufficient funds to reimburse tuition. For example, the for-profit Arizona Summit Law School was required to post a \$1.5 million surety bond after the school was put on probation by the American Bar Association.<sup>20</sup>

One significant barrier to student loan forgiveness is the amount of effort needed for students to follow application requirements, which depends on contacting their student loan servicer. According to Federal Student Aid, students who attended an institution that closed may be eligible for loan forgiveness if they meet certain criteria: be enrolled when the school closed, be on an approved leave of absence when the school closed, or the school closed within 120 days of student withdrawal.<sup>21</sup> Students are not eligible if they withdrew more than 120 days before the school closed, if they chose to complete their education through a teach-out or transfer, or if they completed all the coursework for the program, even if a diploma or certificate was not issued. This criteria limits options for students who may have been harmed by lack of transparency at their institution. The U.S. Department of Education has another program called the Borrower Defense, but the two programs do not fully address the challenges that students face in accessing this forgiveness.<sup>22</sup>

Marketwatch reported that "as of March 31, 2019, the Department [of Education] had received 239,937 applications for debt relief from these borrowers with 179,377 applications pending. As of that date, the agency had approved 47,942, a number that hasn't budged since June 30, 2018. The number of denials also hasn't increased since the end of June 2018."<sup>23</sup> During that time, the Department received 74,000 additional applications. Because of the lack of response from the Department of Education, students filed a class-action lawsuit on June 25, 2019 against the Department of Education, stating that at least 158,000 borrower defense claims were illegally stalled.<sup>24</sup> A recent survey of students involved in the lawsuit showed that 96% feel they are worse off as a result of attending school.<sup>25</sup> One student said her crushing debt ruined her credit score, which made it difficult to purchase a car and get a job in her field, as the application process requires a credit check.<sup>26</sup> It is clear that in its current form, this student safety net does not adequately address the harm experienced by hundreds of thousands of students across the country.

## COMMUNITY SUPPORT FOR STUDENTS

While HEIs continue to grapple with balancing institution, student, and community needs, non-profits have taken the lead on intervening in the higher education space. Issues related to equity beyond just access have remained the primary focus. A handful of nonprofits across the U.S. have taken steps to support students, primarily through mentorship, to address equity issues beyond admittance. Mentorship efforts are viewed as a community implemented safety net, acting as a means to increase not only higher education completion, but persistence and excellence. An increase in the number of nonprofits in the K-12 space has also emerged seeking to equip students in “navigating higher education waters” and diversifying majors. Diversifying student majors involves exposing students in secondary education to majors that provide a higher rate of return on investment; so providing exposure to more STEM, Law, and Medical academic options.<sup>27</sup> Community-led safety nets for students are demonstrated in programs like Girls Who Code and TechHive. Communities are weaving their own student safety nets under the premise that all students should not just survive in the higher education space but thrive.



## STUDENT VOICE

Kendrik Harrison, a disabled Iraq War veteran enrolled at the for-profit Argosy University to earn a degree in business. Harrison quit his job as a youth basketball coach to pursue his education. Argosy University was eligible for Harrison's federal financial aid. He received a quarterly financial aid stipend from the GI Bill, and any leftover money helped support his and his family's living expenses.

Argosy University suddenly closed on March 8th, 2019,<sup>28</sup> displacing 10,000 students and shuttering the doors of 20 campuses in total.<sup>29</sup> During investigations into the closure, federal officials discovered that Dream Center Education, the parent company of Argosy University, had illegally used \$13 million of federal aid money to cover payroll in its time of distress.<sup>30</sup> These funds were supposed to be distributed to students like Harrison. Whether Harrison receives his stipend will be determined by the courts. According to The Chronicle, "The Education Department has posted on its website that federal regulations prevent the agency from solving the issue by steering additional financial-aid funds to Argosy to distribute, or providing the money directly to students. Instead, the federal government is deferring to Mark Dottore, the court-appointed receiver who is managing what remains of Dream Center's assets as the company winds down."

Harrison's stipend was worth \$2,449. Unable to pay rent, he ended up in court. The judge over his eviction proceedings expressed sympathy for Harrison's situation, but ordered his family to leave their home within 10 days. Harrison, his wife, and their six children were not able to find an apartment, and instead found themselves homeless. They were forced to put their belongings in storage and live out of a hotel room. "This school really ruined my life," Harrison said. Harrison's story makes clear that students are especially vulnerable when an HEI closes, the effects often reach beyond their inability to obtain a degree, and the student protection measures in place during HEI closure are often inadequate.



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