Part 4 – Substantive Changes and Notification Requirements

Part 4A – Changes Requiring Approval Before Being Included in The Aegis of Institutional Accreditation

Section 4.0 Substantive Changes

(a) The following changes require approval from NACCAS before they will be included under the aegis of Institutional Accreditation already granted by NACCAS.

(1) Change of mission, degree or credential granted;

(2) Relocation described in *Part 4A- Sub-Part 4A.1* (see page 78);

(3) Change of Control described in *Part 4A – Sub-Part 4A.2* (see page 80);

(4) Establishment of an additional location described in *Part 4A – Sub-Part 4A.3* (see page 80);

(5) Substantive Additions or Changes to Program offerings described in *Part 4A – Sub-Part 4A.4* (see page 82);

(6) Change in the way academic programs are measured described in *Part 4A – Sub-Part 4A.4* (see page 82);

(7) Change in participation in federal student assistance programs described in *Part 4A – Sub-Part 4A.5* (see page 84); and

(8) Teach-Out or school-closure agreements described in *Part 4A – Sub-Part 4A.5* (see page 84).

(b) Approval of the following substantive changes shall require a full team (comprehensive evaluation) visit, in addition to such other conditions as may be determined by the Commission:

(1) Change of mission, degree or credential granted;
(2) Category 2 relocation, as described in *Part 4A- Sub-Part 4A.1* (see page 78), *Section 4.6(a)* (see page 79);
(3) Category 3 Change of Control, as described in *Part 4A – Sub-Part 4A.2* (see page 80) and *Appendix #9* (see page 193); and
(4) Establishment of an additional location, as described in *Part 4A – Sub-Part 4A.3* (see page 80).

Section 4.1 Change of Mission, Degree or Credential - 90 days before change

A school must notify the Commission in writing, at least ninety days in advance, of its intent to change the established mission or objectives of the institution or to offer any degree or credential at a level above that in the institution's current grant of accreditation. The school shall be required to undergo early renewal of accreditation.

Sub-Part 4A.1 – Changes of Location

Section 4.2 Categories of Relocation

There are two categories of relocation:

(a) Category 1 Relocation: A category 1 relocation takes place when an institution physically moves its facility from one location to another, where the new location is no more than 75 miles from the former location, and no further instruction is conducted at the former location. In addition to a physical move, there should be appropriate licensing and transfer of students, curriculum, administrative staff, teaching staff, equipment, supplies and records. The new facility should be of sufficient size to accommodate the students transferring locations.

(b) Category 2 Relocation: A category 2 relocation takes place when an institution, owned by a person or entity that has owned one or more NACCAS-accredited institutions for the most recent three years which have been in continuous good standing, moves from one location to another, where the new location is over 75 miles from the former location, and no further instruction is conducted at the former location. There should be appropriate licensing, administrative capability, quality of curriculum, teaching, and facilities.

Section 4.3 Requirements for Both Category 1 and Category 2 Relocation

(a) Notice to Students: Adequate notice of the relocation must be afforded students, and the institution shall make a good faith effort to provide for the education of students who are unable to transfer. The institution must give a *pro rata* refund to any student who neither transfers to the new location nor accepts alternate educational options.

(b) Evaluation Visit: The Commission and its committee shall have the right to order a visit to the school's former location, especially if the school proposes to continue the education of currently enrolled students at the former location. Such on-site evaluations shall be conducted in accordance with *Part 3* (see page 70) of these Rules, and any such visit shall be conducted at the school's expense.

(c) Relocation Across State Lines: Institutions relocating across state lines must meet the requirements of the state to which the school is relocating, must remain in continuous operation, and must re-contract students at no additional expense to the student. For students who transfer, if the new state requires more hours of training for the program or course, the institution may not charge more. If the new state requires fewer hours, the institution shall apply a pro rata refund.

Section 4.4 Requirements Specific to Category 1 Relocation

(a) 30 Days: An Application for Change of Location (*Application #11*) must be completed and returned to the Executive Director of NACCAS thirty (30) days prior to the date the school plans on relocating.

(b) Visit within Six Months: Within six (6) months of the category 1 relocation, the institution shall undergo an on-site evaluation, in accordance with *Part 3* (see page 70) of these *Rules*, to review the institution's compliance with all NACCAS standards, in

accordance with the Category 1 Relocation Visit Check List. The visit shall be conducted by a NACCAS staff person and a Practitioner Evaluator. The institution must have available to the evaluation team all of the documents and information listed in *Appendix #14A* (see page 205). The visit shall be conducted at the school's expense.

Section 4.5 **Requirements Specific to a Category 2 Relocation – Phase 1**

(a) 45 Days: At least forty-five (45) days before the date the school plans to relocate, the school must submit an application for a category 2 relocation with a business plan prepared according to the "*Requirements for Development of a Business Plan for an Institution Undergoing a Category 2 Relocation*" (see Appendix #11A, page 201) to the Executive Director of NACCAS. The Executive Director of NACCAS shall require the school to submit any additional information needed to complete the record and provide the Commission with the information it needs to make a decision on the application.

Section 4.6 **Requirements Specific to a Category 2 Relocation – Phase 2**

(a) Visit Within Six Months: Within six (6) months of the category 2 relocation, the institution shall undergo an on-site evaluation, in accordance with *Part 3* (see page 70) of these *Rules*, to review the institution's compliance with all NACCAS standards, with special attention to quality education and administrative capability, in accordance with the category 2 Relocation Visit Check List. The institution must have available to the evaluation team all of the documents and information listed in *Appendix #14A* (see page 205). The visit shall be conducted at the school's expense.

(b) Renewal Within 24 months: Within 24 months of the category 2 relocation or prior to the institution's anniversary date, whichever comes first, the institution shall submit an Institutional Self-Study and undergo a full-team on-site evaluation. The visit shall be conducted at the school's expense.

(c) Commission Action: While the Commission processes a change of location application, the institution's current grant of accreditation continues at the new location only. Upon denial of an application for change of location becoming final, neither the old nor the new location has accredited status. The institution may submit an application for initial accreditation in accordance with *Section 2.5* (see page 66) of these *Rules*.

Sub-Part 4A.2– Changes of Control

Section 4.7 **Change of Control**

(a) 30 Days: The New Controlling Owner must complete and return the appropriate Change of Control application and send it to the Executive Director of NACCAS at least thirty (30) days prior to the effective date of the change of control, together with the applicable fee.

(b) Within 6 Months: The Commission shall carry out a visit (announced or unannounced) at the institution within 6 months after the effective date of the Change of Control.

(c) When a Change of Control takes place, if the application for a Change of Control is not received, the accreditation of the institution shall have been relinquished (1) in accordance with *Section 8.13(c)(2)* (see page 112) of these *Rules* or (2) the date the New Controlling Owner states, in writing, the intention of not continuing as an accredited institution, whichever comes first. An accredited institution that is undergoing a Change of Control and that submits the required application when due shall remain in accredited status until such time as NACCAS denies the application and the institution subsequently fails to appeal or has exhausted its appeal rights.

Sub-Part 4A.3 – Addition of Campuses

Section 4.8 Additional Location[6]

(a) Definitions:

(1) A "main campus" is a school of cosmetology arts and sciences that has been accredited by NACCAS for the two (2) most recent years. Any change in location of the main campus must comply with the procedures set out in *Sub-Part 4A.1* (see page 78) of these *Rules.* The main campus includes facilities located within a two (2) mile radius of the primary training site.

(2) An "additional location" is an additional training location of the main campus that provides the same administrative services as the main campus, and at least one complete program related to the programs offered at the main campus. A additional location must be located farther than two (2) miles from the main campus or any other additional location that is under the same ownership and financial structure.

(b) A school seeking to have an Additional Location approved within the accredited status of the main campus (school) must formally request such approval from the Commission by filing an application for initial Additional Location (*Application #3*, *Application #16A* and *Application #16B* found on the NACCAS website under "Applications and Forms") and undergoing a two-tiered review process. Schools seeking such approval must do the following:

(1) Comply with the *Description of Separate Facilities* (see Appendix #10, page 198);

[6] During the period following establishment of an additional location, and until provisional additional location accreditation is granted, the institution must notify its students that the additional location is not accredited. If the main campus is certified to participate in federal student financial assistance programs, that certification does not extend to any additional location; the additional location must be accredited and be certified separately by the U.S. Department of Education before any federal student financial assistance may be disbursed to students at the additional location.

(2) Be licensed, open and operating prior to submitting an application for provisional additional location accreditation;

(3) May offer any complete program(s) related to the programs offered at the main campus;

(4) Must offer only complete program(s) that meet state requirements.

(c) Visits to Additional Locations and Institutional Self-Study. Except as provided in Section 4.8(k), see page 82:

(1) Visit within 6 months: Within six months of the Additional Location receiving provisional Additional Location accreditation, the institution shall undergo an on-site evaluation.

(2) Institutional Self-Study within 6 months: Within six months after the Additional Location receives provisional initial accreditation, it must submit to the Commission an institutional self-study.

(3) Between 12 and 18 months: Between 12 and 18 months after provisional Additional Location accreditation status is granted the institution shall undergo a regular on-site evaluation.

(d) Establishment of an Additional Location by a New Owner. In the event of a Change of Control of a main campus, a new Additional Location may not be established off the main unless the New Controlling Owners have completed the Change of Control process including an on-site evaluation, review and approval by the Commission.

(e) Change of Control of an Additional Location. In the event that an Additional Location is sold and/or transferred independently of the main facility, the accreditation of such Additional Location is terminated as of the date of such sale or transfer. An application for accreditation may be submitted to the Commission should accreditation be terminated under such circumstances. The application must be consistent with requirements for an initial applicant or an Additional Location of another facility.

(f) Change from Additional Location to Freestanding Institution. In order for an Additional Location to become an accredited freestanding institution, such Additional Location must have achieved full Additional Location status.

(g) Re-designation of Main Campuses as Additional Locations. In order for a main campus (or campuses) to be re-designated as Additional Locations of another main campus, the campuses must comply with the requirements for an Additional Location set out in *Sections 4.8(a)* (see page 80) and *(b)* (see page 80) of these *Rules*.

(h) Shifting the Designation of a Main Campus and its Additional Location. An institution may request a re-designation of a main campus as an Additional Location and its Additional Location as a main campus if the Additional Location has achieved full Additional Location status from NACCAS.

(i) Additional Location-to-Additional Location Re-Designation. An institution may request that an Additional Location of a main campus be re-designated as an Additional Location of a different main campus under the same Ownership.

(j) Renewal of Accreditation. The anniversary date of an additional location and its main campus shall coincide.[7]

(k) Accreditation of Main Campus and Additional Locations Currently Accredited by Another Accrediting Agency.

1) If an institution in good standing with another accrediting agency is granted initial accreditation by NACCAS, the institution may immediately seek provisional accreditation as an additional location for any of its then-existing additional locations that are also in good standing with the other accrediting agency.

2) The existing additional locations shall (i) submit an institutional self-study at the same time as the main campus submits its Application for Initial Additional Location, (ii) undergo an on-site evaluation at the same time as the initial accreditation visit for the main campus (i.e., prior to the grant of provisional Additional Location accreditation) and (iii) undergo a regular on-site evaluation within 6 months of receiving Additional Location accreditation.

Sub-Part 4A.4 – Substantive Additions and Changes to Program Offerings

Section 4.9 Definitions

(a) The following additions or changes to program offerings are substantive:

(1) A program is added in a subject matter area not already covered by a NACCAS-approved program at the institution. Example: The school adds an instructor training program;

(2) A program is added that requires a separate state license. Example: All approved programs are licensed by a State Board of Barbering and Cosmetology when the school adds as massage program licensed by the State Board of Health.

(3) The length of a program already approved by NACCAS is increased or decreased more than 25% and including all additional requests for increases or decreases less than 25%.

(4) The school combines into one program those complete programs previously approved by the Commission and the total length for the new combined course is the same, longer, or shorter than the sum of length for the individual measurement.

[7] If an Additional Location or a main campus is granted a shorter period of accreditation, the main and all Additional Location s will have the same shortened period of accreditation.

(5) A change in the way the length of a program is measured, such as change from clock hours to credit hours, or competency-based academic measurement.

(6) A change in the way a program is delivered. (Examples: School-based program converts to online modality; approved program is offered in a new language).

Section 4.10 Measurement of Academic Programs and Conversions

A school may measure academically in terms of clock hours, credit hours or competencies. The burden of establishing the educational validity of any measurement values assigned rests with the institution. Those institutions that desire to initially measure in terms of credit hours, or desiring to convert from clock hours to credit hours, or the reverse, must secure approval from the Commission in accordance with NACCAS' *Procedures Governing Measurement of Academic Programs* (see Appendix #4, page 137).

Section 4.11 Approval Procedure for Substantive Additions or Changes to Program Offerings

(a) NACCAS approves programs offered by institutions within the aegis of institutional accreditation granted. Substantive additions or changes to program offerings that were not approved during an institution's most recent initial or re-accreditation evaluation may not be advertised (unless approved under the Test Market Exception, detailed below) or offered until they are approved in accordance with the procedures established in this Section and the NACCAS Procedure for Addition or Change of a Substantive Program (see page 164, *Appendix 6*).

(1) Test Market Exception: An institution may advertise a maximum of one new program a year before it receives approval from NACCAS. However, the program must comply with the following:

(a) Be advertised in accordance with NACCAS *Policy on Advertisement* (see page 26);

(b) An application for approval must be submitted within 15 days of the start of the first class; and

(c) Subsequent class starts must have received NACCAS approval.

In all other particulars, the course is subject to this section of the *Rules* and related sections, policies, and accreditation requirements.

(b) Before the substantive new or changed program is offered: Prior to the scheduled beginning of the first class enrolled in the substantive new or changed program, the institution must submit the appropriate application and fee to NACCAS and obtain approval by the Commission.

(c) The Executive Director of NACCAS shall send the application to two outside program evaluators, in accordance with *Section 3.3(d)* (see page 72) of these *Rules* and the Procedure for Addition or Change of a Substantive Program who will recommend to the full Commission whether or not the program complies with requirements for final

approval and inclusion under the aegis of institutional accreditation already granted to the applicant.

Sub-Part 4A.5 – Other Changes

Section 4.12 **Change in Participation in Federal Student Financial Assistance Programs Established under Title IV of the Higher Education Act of 1965, as Amended**

(a) The accreditation granted by NACCAS allows institutions to apply for participation in federal student financial assistance programs.

(b) Within 30 days of ending Title IV participation: An institution that withdraws or is terminated from participation in federal student financial assistance programs established under Title IV of the Higher Education Act of 1965, must submit an application for change in the purpose of its accreditation, within 30 days of the change. This application must be accompanied by an eighteen-month business plan,[8] in accordance with NACCAS' requirements (see *Appendix #11B*, see page 202), indicating how the institution will sustain programs and operations which meet NACCAS' accreditation standards.

Section 4.13 **Teach-Out and Teach-Out Agreements**

(a) Submission of Teach-Out Plans and Agreements. An accredited institution:

(1) Must submit a Teach-Out Plan and associated Teach-Out Agreement(s) for approval by the Commission, not later than 15 days following the occurrence of a Teach-Out Event (see page 38, *Policy IV.05*); provided, however that in the event of the closure of an institution, the plan and agreement(s) must be submitted at least 30 days prior to the closure date;

(2) Must submit any other Teach-Out Agreement entered into other than that which is required by Section 4.13(a)(1) , see above, for approval by the Commission, not later than 15 days after entering into such agreement; and

(3) May submit a teach-out plan entered into other than as required by Section 4.13(a)(1), see above, for approval by the Commission, at any time.

(b) Submission Materials: In seeking approval of a Teach-Out Plan and/or Teach-Out Agreement(s), the institution must provide the Commission with:

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[8] The 18-month business plan for schools that cease Title IV participation covers the 18 months from:

a. the date on which the school's withdrawal from Title IV is effective, or

b. the date on which the school's termination from Title IV by the USDE went into effect.

(1) A copy of the Teach-Out Plan and any associated Teach-Out Agreement(s) (see page 38, *Policy IV.05*);

(2) A copy of the enrollment agreement for each institution that will receive students under the Teach-Out Agreement;

(3) A copy of the catalog of each institution that will receive students under the Teach-Out Agreement;

(4) Additional information, if any, requested by the Commission after items (1) through (3) have been received.

(c) Advisory Opinion: Institutions may submit draft versions of the Teach-Out Agreement to the Commission for an advisory opinion prior to the Agreement being finalized. A favorable opinion by the Commission will not constitute approval of the Agreement, and does not excuse the institution from undergoing the review and approval process once the final Agreement has been executed.

(d) Teach-Out Institution. The Commission shall not approve any Teach-Out Agreement unless it has determined that each institution to which students are to be transferred to complete their programs:

(1) Has the necessary experience, resources, and support services to:

(A) Provide an educational program that is of acceptable quality and reasonably similar in content, structure, and scheduling to that provided by the institution that is ceasing operations or terminating the applicable program; and

(B) Remain stable, carry out its mission, and meet all obligations to existing students; and

(2) Provide students access to the program and services without requiring them to move or travel substantial distances, and that it will provide students with information about additional charges, if any.

(e) Notification of Closure: When an institution party to a Teach-Out Agreement learns that another party to the Agreement plans to close, or has closed, it shall notify NACCAS within ten (10) days of learning of the closure.

(f) Closed Institution. If an institution accredited by NACCAS closes without a Teach-Out Plan or Teach-Out Agreement, NACCAS shall work with the U.S. Department of Education and the appropriate State agency, to the extent feasible, to assist students in finding reasonable opportunities to complete their education without additional charges.

(g) In the event that, pursuant to *Section 4.13(a)* (see page 84) of these *Rules*, the Commission approves a Teach-Out Plan or Teach-Out Agreement that includes a program that is accredited by another recognized accrediting agency, NACCAS shall notify the other accrediting agency of its approval.

(h) For purposes of these Rules, the term "Teach-Out Event" shall mean the occurrence of any one or more of the following events involving a NACCAS-accredited institution:

(1) The U.S. Department of Education notifies the Commission that the Secretary of Education has initiated an emergency action against the institution, in accordance with section 487(c)(1)(G) of the Higher Education Act (or a successor statute)(the "HEA"), or an action to limit, suspend, or terminate an institution participating in any title IV, HEA program, in accordance with section 487(c)(1)(F) of the HEA (or a successor statute), and that a Teach-Out Plan is required.

(2) The Commission acts to withdraw the accreditation of the institution.

(3) The Commission acts to place the institution's accreditation on Probation.

(4) The institution notifies the Commission that it intends to cease operations entirely.

(5) A State licensing or authorizing agency notifies the Commission that an institution's license or legal authorization to provide an educational program has been or will be revoked.

Part 4A.6 – Commission Actions on Substantive Changes

Section 4.14 Commission Action on Substantive Changes

With respect to applications for substantive changes under this Part, the record for the application will be taken up and considered by the full Commission.

(a) The Commission may receive recommendations from the Executive Director and/or a designated committee.

(b) The full Commission may approve the change, and continue the institution's accreditation or take any of the actions set out in *Part 8* (see page 105) of these *Rules.* Such approval may be given prior to the effective date of the change for which approval by the Commission is sought; provided, however, that:

(1) Such approval shall be subject to such stipulations as the Commission shall deem appropriate (including the stipulation that the change occur not later than a fixed date); and

(2) The effective date of such approval shall be the date on which such stipulations are met, and shall in no case be retroactive.

(c) Deny Approval: A denial of approval of a change under this Part is appealable in accordance with *Part 9* (see page 118) of these *Rules*.

Part 4B Non-Substantive Changes Requiring Notification and an Abbreviated Procedure

Section 4.15 Definitions of Non-Substantive Changes

(a) Changes of Ownership Not Resulting in a Change of Control:

(1) Transfer of Non-Voting Interests.

(2) Transfer of less than 50% of Voting Interests, without any Change of Control.

(3) Transfer of Voting Interests among existing owners, without any Change of Control.

(4) Transfer of the Voting Interests of an Owner who has died or retired, to (a) a Family Member of the deceased or retiring Owner or (b) one or more of the remaining Owners; provided that, in either case, the person to whom such Voting Interests are transferred (i) is a Natural Person who (ii) has been involved in management of the institution for at least two years preceding the transfer and who (iii) has established and retained an Ownership Interest in the institution for at least two years prior to the transfer.

(b) Expansion of Campus Facilities: Expansion to facilities within a two (2) mile radius of the facility (facilities) evaluated by NACCAS during the most recent initial or re-accreditation process, including additions of space contiguous to the existing approved facilities, if such additions constitute more than a 25% addition to the existing approved space.

(c) Non-substantive additions or changes to program offerings:

(1) A program an institution offers to its employee(s) at no charge.

(2) The length of a program already approved by NACCAS is increased or decreased by 25% or less (one time only)[9].

(3) A change is made in compliance with a State mandate.

(4) A crossover program is added that allows completers in one program previously approved by NACCAS to meet the requirements for licensure in the area covered by another program previously approved by NACCAS.

(5) A program already approved by NACCAS at one campus is added to the program offerings at another campus in the same state, under the exact same Ownership.

[9] Note: Subsequent Increases or decreases, even if less than 25%, would be considered substantive and require approval by the Commission.

(6) A course is offered for continuing education or professional development.

(7) Test Market Exception: An institution may advertise a maximum of one new program a year before it receives approval from NACCAS (must comply with *Section 4.11(a)(1)* see page 83).

(d) Contracting for Education Programs or Courses. (See *Appendix #8 – Policy on Contracting for Educational Programs or Courses*, see page 192)

(e) Additions, deletions or modifications of alternate names used (provided any such additional alternate names comply with NACCAS' *Policy on Advertising*, see page 26).

(f) Changes to the official contact person for the institution.

(g) Category 1 Changes of Control

(h) Changes of Name

Section 4.16 Notification to NACCAS of Non-Substantive Changes

(a) Except as set forth in Sections 4.16(b) & (c) below, the institution must submit the appropriate Notification Form and fee to the Executive Director of NACCAS at least 30 days before the change and NACCAS shall acknowledge the change. The fee shall be waived where a program change is mandated by the state in which the school is located.

(b) If the institution fails to notify NACCAS of a change described in *Section 4.15*, see page 87, within 90 days after the deadline for notification set forth in these Rules, the change shall no longer be considered a non-substantive change under these Rules. The Commission shall consider any such change to be a substantive change, and the institution must apply for approval of such change by the Commission in accordance with the applicable provisions of Part 4 of these Rules.

(c) Notwithstanding Section 4.16(a) & (b) above, the Executive Director shall have the authority to waive any prior notice requirement for a non-substantive change where prior notice of the change was not possible (i.e. death of a school contact person) and the institution notified NACCAS within 90 days after the occurrence of the change.

Part 4C Changes after Submission of Application for Candidate Status or Initial Application

Section 4.17 Changes after Submission of Application for Candidate Status or Initial Application

(a) School in Candidate Status: If an institution which has applied for or been granted candidate status undergoes any of the changes indicated in this Part, it must submit the appropriate application to the NACCAS Executive Director for approval. No fee will be charged.

(b) If an institution has applied for or been granted candidate status undergoes any of the changes indicated in this Part prior to undergoing an initial onsite evaluation visit in connection with its application for accreditation, it must submit the appropriate application to the NACCAS Executive Director for approval. No fee will be charged.

(c) If an initial applicant undergoes any of the changes indicated in this Part after undergoing an initial onsite evaluation visit in connection with its application for accreditation, a corresponding application for the change must also be submitted to the Commission for approval, including payment of required fees.

Related Documents

The following documents may be helpful to you in understanding the requirements of this Part of the NACCAS *Rules*. They are available on the NACCAS website at *www.naccas.org* and in the *NACCAS Handbook*.

Appendix #1 (see page 133)	Statement of Scope
Appendix #2 (see page 134)	Schedule of Fees – Posted on NACCAS' Website
Appendix #4 (see page 137)	Procedures Governing Measurement of Academic Programs
Appendix #5B (see page 141)	Institutional Self-Study: Requirements for Completing the Institutional Self-Study (ISS): Accredited Status
Appendix #5C (see page 142)	Institutional Self-Study Format
Appendix #6 (see page164)	Procedure for Addition or Change of a Substantive Program
Appendix #7 (see page166)	Requirements for Completing the Program Self-Study (PSS)
Appendix #7A (see page 167)	Program Self-Study Format
Appendix #7B (see page182)	Modified Program Self-Study Format
Appendix #8 (see page192)	Policy on Contracting for Educational Programs or Courses
Appendix #9 (see page 193)	Change of Control Categories and Requirements
Appendix #10 (see page 198)	Description of Separate Facilities
Appendix #11A (see page 201)	Requirements for Development of a Business Plan for an Institution Undergoing a Category 2 Relocation
Appendix #11B (see page 202)	Business Plan for Schools That Have Been Withdrawn or Terminated From Title IV Funding