**Section 1033.50 Provisional Admission or Renewal**

a) The Board staff will approve an institution applying for initial or renewal participation in SARA to participate on provisional status in any of the following circumstances:

1) The institution is on notice, show cause, provisional, or probationary status or the equivalent with its institutional accrediting agency;

2) The institution is currently required by the U.S. Department of Education to post a letter of credit or is under a cash management agreement or under reimbursement payment method or Heightened Cash Monitoring (HCM 1 or HCM 2) with the U.S. Department of Education (such institutions must still have a Federal Financial Responsibility Composite Score of 1.0 or above);

3) The institution has a Federal Financial Responsibility Composite Score between 1.0 and 1.5;

4) The institution is the subject of a publicly announced investigation by a government agency, and the investigation is related to the institution's academic quality, financial stability or student consumer protection;

5) The institution is the subject of a current investigation by its home state related to the institution's academic quality, financial stability or student consumer protection;

6) There is a third-party action such as a private lawsuit or news story does not by itself establish a government investigation. If such a third-party event results in an investigation by a government agency as set forth in subsections (a)(4) and (5), those subsections become applicable. Lawsuits by government entities are considered to have resulted from a governmental investigation and can be the basis of a determination of provisional status.

7) There is a lack of compliance with the SARA Policy Manual related to data reporting.

8) The institution has a change of ownership as determined by the home state.

9) The institution is in violation of, or not compliant with the SARA Policy Manual.

b) The Board staff shall notify the Midwestern Higher Education Compact (Regional Compact) and NC-SARA of the admission or renewal of an institution on provisional status.

c) An institution admitted to or renewed for SARA participation on provisional status is subject to additional oversight measures as the Board staff considers necessary for purposes of ensuring SARA requirements are met regarding program quality, financial stability and consumer protection, including limits on its distance learning enrollments if deemed necessary and appropriate by the home state. If the institution's home state is Illinois, BHE shall report to its regional SARA steering committee and NC-SARA at least once a year on the status of any institutions admitted or renewed on provisional status.

d) An institution admitted to or renewed for SARA participation on provisional status shall remain in that status for a period not to exceed one year if the following are true:

1) The Board staff or an external entity whose action has resulted in the institution's provisional status (see Section 3.2(a) of the Sara Policy Manual) has not within the one-year period taken action to resolve the institution's status with that entity;

2) The Board staff recommends extension;

3) The President of the Midwestern Higher Education Compact (relevant regional compact) approves extension; and

4) To support comparable application of this policy across regions, the President of NC-SARA approves such action.

e) In no event shall such an extension of provisional status exceed one additional year.

f) In the event that the Board staff determines that an institution on SARA provisional status is no longer subject to any of the circumstances set forth in subsection (a), the Board staff shall remove the institution's designation of provisional status and shall notify the Midwestern Higher Education Compact (regional compact) and NC-SARA.

g) If an institution on SARA provisional status is found by the Board staff to not meet the requirements of SARA, the Board staff shall disallow any further enrollments under SARA, shall notify the Midwestern Higher Education Compact (its regional compact) and NC-SARA, and:

1) Remove the institution from SARA participation, or

2) Allow the institution a period not to exceed 12 months in which to come into compliance with the SARA Policy Manual under state supervision. Only one such time period is allowed in any three-year period.

h) If an institution on SARA provisional status is found by the Board staff not to meet the requirements of SARA, the Board staff shall allow any students enrolled in the institution under the SARA Policy Manual at the time of the finding of noncompliance a period of six months in which to conclude their work at the institution under SARA provisions, irrespective of the institution's SARA status.

i) Provisional status between renewal periods. The Board staff may place an institution on provisional status at any time if the institution is subject to any conditions set forth in subsection (a), or if the institution's Federal Financial Composite Score falls between 1.0 and 1.5. An institution placed on provisional status by the Board staff shall remain in that status until its next renewal date, at which time the Board staff will determine if the institution will be removed from SARA participation, renewed for provisional SARA participation for no longer than one year, unless conditions of subsection (d), are met*,* or renewed without a provisional designation.

j) SARA eligibility following change of ownership. A change of ownership will be determined by the Board staff in accordance with 23 Ill. Adm. Code 1030 and 1095, and if there is a change of ownership, a new application for authorization must be submitted by the new ownership and approved by the Board.

1) A SARA participating institution will remain under SARA until the required approvals are completed by all agencies, including the institution's accreditor. The institution may become provisionally approved by the Board staff as of the effective date of change of ownership until a new Federal Financial Responsibility Composite Score is established. A new application for institutional approval may be required.

A) Institutions participating in federal student aid programs under Title IV of the Higher Education Act of 1965 (PL 89-329) shall submit to the Board staff a copy of the same day balance sheet showing the institution's financial position on the day the ownership changed, prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Government Auditing Standards (GAGAS) as required by the U.S. Department of Education to extend the Temporary Program Participation Agreement (PPA).

B) Institutions not participating in federal student aid programs shall submit to the Board staff a same day balance sheet showing the institution's financial position on the day the ownership changed prepared in accordance with GAAP by an independent accountant.

2) Newly acquired institutions seeking SARA participation. If the newly acquired institution has not participated in SARA, the institution shall follow the requirements as described in Section 1033.30.

(Source: Added at 48 Ill. Reg. 6686, effective April 22, 2024)