

Implemented Operational Enhancements

- **Strengthening contingency closure planning:** Previously, contingency planning was a 3-phased approach. DHE is condensing this to 2 phases and requiring earlier planning sooner, including: earlier planning of transfer agreements and curriculum maps for programs with specialized accreditation, licensure, or limited transfer options; and earlier detail related to planned roll out of community communications, and employee reduction plans in the event of closure.
- **Including assessment of teach-out resources in assessment of operational resources:** Enhanced risk mitigation planning and assessment of the 18-month rule with emphasis on both an institution's ability to operate for 18 months and the availability of resources to execute closure plan and cease operations in an orderly manner. *E.g.*, highlighting for IHEs distinction (and potential overlap) between an operating budget v. teach out budget.
- **Encouraging early development of partner MOUs:** All institutions, regardless of FARM status, will be encouraged to develop signed transfer MOUs and curriculum maps with partner institutions. DHE will reinforce this through Dear Colleague Letter.

Planned Enhancement to strengthen the FARM process in FY27

	DESCRIPTION	RATIONALE
1 Require public notice of “risk of imminent closure” in December	Require institutions to post publicly that they are at risk of not having sufficient resources to meet obligations (for 18 months) to enrolled and admitted students no later than Dec 31	Avoid Spring notice postings: IHEs want to wait until past the deposit deadline to see if they can survive another year. Spring public notice postings are generally not helpful for students, faculty and staff for planning purposes.
2 Examine ways to increase DHE capacity to match expansion of risk	- DHE will procure external accounting and financial services consultants to supplement the financial assessment work of the DHE, as needed. - Explore additional FTEs to include audit function in the fiscal monitoring work of DHE.	Worsening market conditions are putting more institutions at risk. DHE currently relies heavily on information submitted by the IHE and not independently verified. More capacity is needed to support this work.
3 Require additional and broader training for local boards and leadership of at-risk institutions	Review and revise current financial and fiduciary training to ensure that the leadership of all IHEs that screen into the FARM process are engaged as early as possible. Training would be supported by an experienced firm and collaboration with AG office.	FARM law currently requires all Private IHE trustees to receive fiscal/ fiduciary duty/ accreditation training once every 4 years. Recent closures have highlighted insufficient financial acumen and understanding of fiduciary duty among IHE board members and other IHE leadership. This will be an additional, heightened training for the leadership of IHEs that have screened in.