

Note: This policy has been put on pause.

At its October 15, 2021 meeting, the Executive Committee paused consideration of incubation arrangements to allow for a review of the policy and experiences, with an eye to potential clarification of the intent and provisions of the Incubation Policy. A revised policy may be brought to the Commission at a future time.

Incubation Policy

[Review, Monitoring and Approval of Proposed “Incubation” Relationships with WSCUC Accredited Institutions Policy](#)

(Excerpted from the [Substantive Change Manual](#): see sub-section “ORGANIZATIONAL CHANGE: Accreditation of an Unaccredited Entity through Affiliation with an Accredited Institution”)

This section applies to proposals in which an entity that is not WSCUC accredited seeks to create a formal relationship with a WSCUC accredited institution with the stated intent of the unaccredited entity evolving within the accredited institution to the point of becoming separately accreditable under WSCUC policies. The targeted time to achieve the goal of separate accreditation may be uncertain or addressed at an undefined future date. To be considered for Commission approval, the entity seeking to affiliate with the accredited institution must represent a coherent educational program or organizational configuration that can be envisioned as potentially becoming a stand-alone institution in compliance with WSCUC’s [Separately Accreditable Institutions Policy](#).

For the purposes of this section, the proposed affiliation will be referred to as an “incubation” relationship. The concept of incubation applies to scenarios such as¹:

- A new entity with robust resources that would likely achieve WSCUC accreditation on its own once it has graduated from a program but wishes to move more quickly into the category of an operational higher education institution
- An innovative or experimental educational entity that desires a period of time as an actual part of the higher education sector to demonstrate whether it is viable on its own

In view of the fact that the implications of such a relationship extend beyond those of a substantive change for a new program, this section anticipates the multiple areas to be reviewed, over an extended period of time, in preparation for a sequence of actions by the full Commission.

Scope of Review

Substantive change proposals are expected to address the following:

1. **Submitting Entity:** The institution that holds WSCUC accreditation will prepare and submit the proposal to enter into an incubation relationship, with the full and informed collaboration of the unaccredited entity. This is essential in view of the fact that WSCUC has jurisdiction only over the accredited institution. This institution, through its continuous supervision of the unaccredited entity as an organic component of its own organization, is expected to ensure its compliance with WSCUC requirements at each stage of the process.
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¹In such cases where a segment or operational unit of an existing accredited institution intends to create a separate identity and/or organizational structure apart from the parent institution, such as an online division or an adult-serving institution, the emerging entity must apply for its own accreditation following the process outlined in the How to Become Accredited Manual.

2. **Planning:** Planning documents, including a signed MOU, should address the full range of the envisioned relationship, including:
 - a. **Purposes:** The proposal must express how the relationship harmonizes with and furthers the mission of each entity. To this end, it should specify what each party seeks to accomplish by the collaborative agreement in terms of the intended outcomes – financial (such as return to investors for a for-profit institution), academic, and organizational. These intended outcomes must comply at each stage with WSCUC Standards for institutional accreditation.
 - b. **Governance and Control:** The application must include a precise statement of the roles of each entity in both the immediate and the eventual governance structures, with specific attention to defining the controlling interests and ensuring compliance with WSCUC criteria for independent governing boards. It should be clear that the board of the accredited entity exercises sufficient authority and autonomy over the resulting institution to ensure its compliance with WSCUC Standards, with particular attention to oversight of curriculum, resource allocation, and institutional identity. The entity being incubated should have its own governance structure ready to become operational at the time it seeks to achieve separate accreditation. [See [Governing Board Policy](#).]
 - c. **Academic Services:** The proposal must include a thorough delineation of shared or specified academic responsibilities, including ensuring that the accredited entity:
 - i. Is responsible for transcripts and records, financial aid, admissions and registration processes and the criteria by which these decisions will be made, and is the entity into which students register.
 - ii. Approves student handbooks, policies, and complaint processes, and determines whether any documents apply differentially to each entity.
 - iii. Determines faculty policies, workloads, roles and responsibilities, terms of employment and awards of tenure or similar designations.

Such delineations must be sufficiently comprehensive to cover all aspects of the incubated unit.

- d. **Terms of Separation:** The proposal must address at what point, and by what criteria, the “incubated” entity will be regarded as ready to seek Eligibility and separate accreditation, including a timeline for the anticipated length of the incubation and the eventual separation. Since the governing bodies of each entity will make these decisions, both entities’ governing boards must formally approve this aspect of the proposal. The following elements must be addressed:
 - i. *Financial Agreements:* Specify how tuition revenues and debt obligations will be addressed by each entity; how faculty and staff salaries will be transitioned at the time of separation; and how shared assets, including intellectual properties, will be distributed.
 - ii. *Enrollment and Teach-outs:* Specify how students’ enrollment status will be protected during a transition away from the joint entity. Describe the conditions under which the new entity will enroll its own students and issue diplomas and transcripts in its own name without reference to the name of the parent entity. If any programs

offered under the auspices of the joint entity will be discontinued, describe the teach-out agreements that will be implemented at the time of the closure of the program.

- iii. *Assets and Resources:* Describe in detail the assets, resources, and liabilities that will be brought to the accredited entity by the agreement and how values will be assigned and assets distributed to each entity upon the separation.
 - iv. *State Authorization:* If the institution is located in California, stipulate that the unaccredited entity must seek and obtain its own authorization from California's Bureau of Private Postsecondary Education (BPPE) prior to becoming a separately accredited institution.
 - v. *Title IV Program Participation:* Stipulate that the unaccredited entity must seek and obtain its own federal OPEID number and Program Participation Agreement (PPA) for Title IV purposes prior to recognition as an accredited institution, unless the institution elects not to participate in Title IV. The newly accredited entity must be prepared at that time to manage Title IV obligations or to delegate them to a qualified contractor.
3. Legal Review: All memoranda of understanding and other founding documents will be subject to legal review as determined by WSCUC staff to ensure that the resulting organization complies fully with WSCUC policies and criteria in such areas as governance, accountability, and quality control. The costs for such review will be invoiced to the applicant institution in addition to other specified fees for the level of review required. Both parties must also specify in writing how they will address any conflicts that may entail legal counsel in terms of the mode and venue for conflict resolution.
 4. Protocol for Review: A WSCUC accredited institution proposing to enter into a partnership with an unaccredited entity for the purpose of incubating the unaccredited entity will be subject to a review by the WSCUC staff, the Substantive Change Committee, and the Structural Change Committee of the WSCUC Commission. To begin consideration, WSCUC staff will examine the proposal and supporting documentation to determine the appropriate review procedure to be followed. A recommendation for Commission action will be made only when both the staff and the Substantive Change Committee have found that the proposed change sufficiently meets the WSCUC standards to potentially be considered for approval. A site visit by a Substantive Change Committee panel will likely be required as part of the review. This recommendation is referred to the Commission's Structural Change Committee for review and action and subsequently referred to the full Commission for final approval. The arrangement will be evaluated at the time of the next comprehensive review or within six years after implementation, whichever comes first.

Officers from the accredited institution should consult with their WSCUC staff liaison before submitting a proposal under this section.