

National Association of Schools of Music

DRAFT DOCUMENT

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SPECIFIC OPERATIONAL STANDARDS FOR FREE- STANDING MUSIC INSTITUTIONS OF HIGHER EDUCATION; SPECIFIC OPERATIONAL STANDARDS FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION

For current standards in force, see the
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COMMENT PERIOD

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Please forward all comments to:

Jenny Kuhlmann
Communications and Publications Coordinator
NATIONAL ASSOCIATION OF SCHOOLS OF MUSIC
11250 Roger Bacon Drive, Suite 21
Reston, Virginia 20190-5248

Email: jkuhlmann@arts-accredit.org
Phone: (703) 437-0700, Extension 112
Fax: (703) 437-6312

Website: <https://nasm.arts-accredit.org>

STANDARDS FOR ACCREDITATION

XXI. SPECIFIC OPERATIONAL STANDARDS FOR FREE-STANDING MUSIC INSTITUTIONS OF HIGHER EDUCATION

NOTE: The following standards apply to free-standing music institutions of higher education that offer professional education and training in music. They may be degree- and/or non-degree-granting; they may be not-for-profit or proprietary. These standards are in addition to Standards for Accreditation I.–XX. Additional standards apply to proprietary schools (see Standards for Accreditation XXII.). Free-standing music institutions to which Standards for Accreditation XXI. apply must demonstrate compliance with all applicable standards below.

Section 1. Standards for Accreditation

In addition to meeting all operational and curricular standards of the Association appropriate to the scope of programs offered, as noted in Standards for Accreditation I.–XX., institutions of higher education to which Standards for Accreditation XXI. applies shall meet the following standards:

- A. Title.** The descriptive title of the institution shall be appropriate to its purpose, size, and complexity.
- B. Operating Authority.** The institution must have specific official documentation confirming that the institution has a charter and/or formal authority of incorporation and/or state recognition and/or licensure.
- C. Finances**
 - 1. Operation**
 - a. The institution must demonstrate that tuition and other fees are reasonable and appropriate in relation to subject matters taught; to goals, objectives, and time requirements of the degrees, credentials, or programs offered; and to any other relevant variables.
 - b. The institution must conduct an annual financial review resulting in an annual audit with opinion prepared by an independent certified public accountant. The annual audit must be completed within 180 days after the close of each fiscal year.
 - c. If the institution supplements tuition revenue with contributions private or public or earnings from endowment, evidence must be provided that there are appropriate policies, plans, procedures, and volunteer and/or professional resources to generate sustainable non-tuition revenue sufficient for the needs of the school.

2. Review Protocol

For the purpose of evaluating the financial stability and business policies of the institution, at least one member will be added to each NASM visiting team. This member shall have expertise and experience in the management, operation, and assessment of financial practices, and in cooperation with other members of the team, be responsible for reviewing the practices and sufficiency of financial resources of the institution.

1 **D. Governance and Administration**

2 **NOTE:** Standards for Accreditation XXI., Section 1.D.1.a. and D.3. apply to not-for-profit
3 institutions only. The remaining paragraphs apply to both not-for-profit and proprietary
4 institutions.

5 **1. Governing Board**

6 **a. Structure**

- 7 (1) A not-for-profit institution must have a governing board consisting of at least
8 five members with the duty and authority to ensure that the overall mission of
9 the institution is carried out.
- 10 (2) The governing board must be the legal body responsible for the institution it
11 holds in trust.
- 12 (3) The presiding officer of the board, along with a majority of other voting
13 members, must have no contractual, employment, or personal or familial
14 financial interest in the institution.
- 15 (4) The board must have adequate representation of the public interest
16 recognizing that institutions serve a public purpose when they provide
17 educational services and opportunities. Public representatives receive no
18 financial benefit from the operation of the institution.

19 **b. Financial Responsibilities.** For all institutions, the duties of the board include
20 securing financial resources to support the achievement of institutional mission,
21 goals, and objectives. The board is responsible for approving the annual budget,
22 reviewing periodic fiscal audits, participating in and overseeing any non-tuition
23 revenue gathering and management, and approving the long-range financial plan.

24 **c. Conflict of Interest.** In all institutions, the board shall maintain policies concerning
25 conflict of interest, both with respect to its own actions and to actions of
26 administration, faculty, and staff.

27 **d. Duties.** All institutions must have an official document that defines board duties,
28 responsibilities, and operations, including the number of members, length of
29 service, rotation policies, organization and committee structure for overseeing
30 areas such as finance, properties, and programs, and frequency of regular meetings.
31 Board policies shall clearly state that no member or committee acts in place of the
32 board, except by formal delegation of authority by majority vote of the board of
33 directors.

34 **2. Governance Scope.** If the institution is involved with multi-campus, off-campus,
35 continuing education, evening and weekend programs, etc., governance and
36 administrative procedures must be clearly defined and appropriately integrated and
37 incorporated into the total governance and administration system.

38 **3. Chief Executive Officer**

39 **a.** In all not-for-profit institutions, the institution must have a chief executive officer
40 whose primary responsibility is to the institution and who is an employee of the
41 institution.

- 1 b. The board selects and regularly evaluates the institution’s chief executive officer
- 2 using consultative mechanisms described in the official document outlining duties
- 3 of the board.
- 4 c. The chief executive officer must not be the presiding officer of the board, but may
- 5 be an *ex officio* member of the board.
- 6 d. The board must delegate to the chief executive officer and, as appropriate, to other
- 7 officers whose primary responsibilities are to the institution, the requisite authority
- 8 and autonomy to manage the institution effectively and formulate and implement
- 9 policies compatible with the overall structures and intents established by the board.

10 **4. Administration and Record Keeping**

- 11 a. The administrative structure of the institution must be sufficient in size and
- 12 competence to cover business, registrar, maintenance, security, safety, and student
- 13 services functions.
- 14 b. The institution shall have appropriate administrative and physical capabilities to
- 15 protect the permanent records of students and any other permanent records as
- 16 board policies and applicable laws and regulations may dictate.

17 **E. General Studies in Undergraduate Programs**

- 18 **1. Content.** Institutions granting associate degrees (with the exception of two-year
- 19 vocational programs, which should follow Standards for Accreditation VI.C.) or
- 20 baccalaureate degrees must develop and operate or otherwise provide for general
- 21 studies programs addressing the content listed in Standards for Accreditation VII.D. for
- 22 liberal arts programs, or Standards for Accreditation VIII.A.6. and applicable portions of
- 23 Standards for Accreditation IX. for professional programs.
- 24 **2. Evaluation.** Institutions shall have means for evaluating student achievement in general
- 25 studies against general curricular and specific subject matter goals.
- 26 **3. Resources and Program Components.** Institutions providing general studies programs
- 27 must document the presence and application of adequate resources and program
- 28 components to support the content of each course or type of study offered. These
- 29 resources include, but are not limited to, qualified faculty, facilities and equipment,
- 30 library and information resources, and distance learning if applicable. Program
- 31 components include, but are not limited to, credit and time requirements, program
- 32 continuity, and forms of instruction. Resources and program components for general
- 33 education must be in compliance with applicable standards outlined in Standards for
- 34 Accreditation II. and III.
- 35 **4. General Studies Offered by Other Institutions.** If any or all of the general studies
- 36 requirements for degrees offered by the institution are offered through another
- 37 institution, the second institution shall be accredited by the appropriate nationally
- 38 recognized regional or national accrediting agency.
- 39 **5. Review Protocol.** If an institution administers its own general studies program, at least
- 40 one member will be added to each NASM visiting team unless the team is empanelled
- 41 for a specific purpose that does not include general education. This member(s) shall
- 42 have expertise and experience in the operation and assessment of undergraduate
- 43 general studies programs, and in cooperation with other members of the team, be
- 44 responsible for reviewing the general studies program at the institution.

1 **F. Facilities and Equipment**

- 2 1. If the institution depends on facilities, equipment, or resources outside of its direct
3 control (for example, rehearsal and performance facilities, library resources, recording
4 studios), there must be a written, clear, fixed understanding with those controlling the
5 outside resources that ensures the reasonable continued availability of those resources
6 during the accreditation period.
- 7 2. The institution must provide clear guidelines and procedures for its constituents' use of
8 such resources and must ensure that such descriptions are readily available to students
9 whose programs of study require use of these resources.

10 **G. Student Services**

- 11 1. **General.** Consistent with its mission, goals, and objectives, the institution shall provide a
12 physical, philosophical, and human environment that fosters the artistic, intellectual,
13 and personal development of students. The institution's program of student services is
14 derived from the relationship between specific goals for student development and the
15 purposes of the institution.
- 16 2. **Personnel.** Student services shall be organized and managed by individuals with
17 appropriate training, experience, and abilities.
- 18 3. **Access**
- 19 a. Appropriate types of services shall be available to all students.
- 20 b. Institutions must provide an effective orientation program that acquaints new and
21 transfer students with all aspects of the institution related to their course of study
22 and their personal well-being.
- 23 c. The institution shall provide and/or facilitate access to education, counseling, and
24 professional care associated with the maintenance of physical and mental health.
- 25 d. The institution shall provide and/or facilitate access to counseling covering
26 personal, social, vocational, and financial issues.
- 27 4. **Financial Transactions.** Students and the institution shall confirm in writing their mutual
28 agreement regarding any financial requirements and conditions associated with
29 enrollment, tuition, or scholarship awards.
- 30 5. **Financial Aid and Student Loans**
- 31 a. **Financial Aid**
- 32 (1) If the institution administers a program of financial aid, such aid shall be
33 provided and administered in an organized and accessible manner.
- 34 (2) Awards shall be based on the equitable application of clear and published
35 eligibility criteria.
- 36 (3) The financial aid program must be audited by an independent auditing firm at
37 least once a year.
- 38 (4) Records for financial aid shall be accurate, clearly documented, and safely
39 maintained.

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b. Student Loans

- (1) If the institution participates in student loan programs, such programs shall be provided and administered in an organized and accessible manner.
- (2) Awards are based on the equitable application of clear and published eligibility criteria.
- (3) Students must be made aware of the exact conditions under which loans are made.
- (4) The student loan program must be audited by an independent auditing firm at least once a year.
- (5) Records for student loans shall be accurate, clearly documented, and safely maintained.

6. Housing and Food Service

- a. If provided, housing must be conducive to individual well-being and personal development. Housing controlled by or affiliated with the institution must meet recognized standards of health, safety, and security, and be appropriately staffed.
- b. If provided, food service must meet recognized standards of nutrition, sanitation, and safety. Food services must be professionally administered and operated.

7. Student Records. The institution must have policies regarding the kinds of information that will be included in the permanent record of students. It shall also have policies regarding the retention, safety and security, and disposal of records. Information-release policies shall respect the rights of individual privacy, the confidentiality of records, and the best interests of students and the institution.

8. Complaints. The institution must maintain policies concerning student responsibilities and rights, including complaint procedures. Policies must be clearly stated, well publicized and readily available, and administered fairly and consistently.

9. Opportunities. The institution should provide opportunities for student leadership consistent with its mission, goals, objectives, and policies. Students should be encouraged to develop their abilities to work with people in as many settings and contexts as feasible. Opportunities to be involved in appropriate institutional decision-making processes are highly desirable.

H. Publication of Articulation Agreements

In addition to the requirements of Standards for Accreditation III.A.4., the institution must make readily available to enrolled and prospective students a list of any institutions with which the institution has established an articulation agreement.

I. Occupations of Graduates

If NASM accreditation enables the institution’s participation in federal student loan and grant programs, and if the institution participates in such programs or plans to participate in the next academic year, the institution must have systems for:

- 1. Requesting and compiling occupation information from graduates, particularly the most recent graduates.

1 2. Considering the compiled information in efforts to improve.

2 For purposes of this standard, *occupation* refers to employment or further study.

3 **J. Teach-Out Plans and Agreements**

4 **1. Conditions of Applicability**

5 NASM will require a free-standing music institution it accredits to submit a teach-out
6 plan requesting Commission review and action upon the occurrence of any of the
7 following events:

- 8 a. The U.S. Secretary of Education notifies NASM that the Secretary has initiated an
9 emergency action against an institution, in accordance with section 487(c)(1)(G) of
10 the HEA, or an action to limit, suspend, or terminate an institution participating in
11 any Title IV, HEA program, in accordance with section 487(c)(1)(F) of the HEA, and
12 that a teach-out plan is required.
- 13 b. NASM acts to withdraw, revoke, or suspend the accreditation of the institution.
- 14 c. The institution notifies NASM that it intends to cease operations entirely or close a
15 location that provides one hundred percent of at least one program.
- 16 d. A state licensing or authorizing agency notifies NASM that an institution's license or
17 legal authorization to provide an educational program has been or will be revoked.
- 18 e. The institution stops offering an educational program before all students enrolled in
19 that program complete the program or transfer to another program.

20 **2. NASM Actions**

21 If one or more conditions stipulated in Standards for Accreditation XXI., Section 1. J.1.a.–
22 e. occurs:

- 23 a. NASM will evaluate the teach-out plan to ensure it provides for the equitable
24 treatment of students under criteria established by NASM, specifies additional
25 charges, if any, and provides notification to the students of any additional charges.
- 26 b. If NASM approves a teach-out plan that includes a program that is accredited by
27 another recognized accrediting agency, it will notify that accrediting agency of
28 NASM's approval.
- 29 c. NASM may require an institution it accredits to enter into a teach-out agreement as
30 part of its teach-out plan.
- 31 d. NASM will require an institution it accredits that enters into a teach-out agreement,
32 either on its own or at the request of NASM, with another institution to submit that
33 teach-out agreement to NASM for approval (see Rules of Practice and Procedure,
34 Part II, Article V.). NASM will review and take positive action on the teach-out
35 agreement only if the agreement is between institutions that are accredited by
36 NASM or another accrediting agency recognized by the U.S. Secretary of Education;
37 is consistent with all applicable NASM standards, the NASM Code of Ethics, and the
38 NASM Rules of Practice and Procedure, as well as applicable federal and state
39 regulations; and provides for the equitable treatment of students in terms outlined
40 in Standards for Accreditation XXI., Section 1.J.3.

- 1 e. If an NASM-accredited institution plans to establish a teach-out agreement with
2 another institution, the agreement must receive approval from the appropriate
3 NASM accrediting Commission prior to ratification of the agreement by the parties.

4 **3. Review Criteria**

- 5 a. The institution responsible for teaching-out students must have the necessary
6 experience, resources, and support services to:
- 7 (1) Provide an educational program that is of acceptable quality and substantially
8 similar in function, content, structure, and scheduling to that provided by the
9 institution that is ceasing operations either entirely or at one of its locations;
10 and
- 11 (2) Remain stable, carry out its mission, and meet all obligations to existing
12 students.
- 13 b. The institution responsible for the teach-out must demonstrate that it can provide
14 students access to the program and services without requiring them to move or
15 travel substantial distances and that it will provide students with information about
16 additional charges, if any.

17 **4. Definitions**

- 18 a. *Teach-out agreement* means a written agreement between accredited institutions
19 that provides for the equitable treatment of students under certain conditions
20 when an institution [or program] is closing.
- 21 b. *Teach-out plan* means a written plan developed by an institution that provides for
22 equitable treatment of students under certain conditions when an institution [or
23 program] is closing.

24 **Section 2. Procedural Requirements**

25 In addition to meeting all procedural requirements of the Association appropriate to the scope of
26 programs offered, free-standing music institutions of higher education to which Standards for
27 Accreditation XXI. apply shall be subject to the following procedures:

- 28 **A. Supplemental Annual Report.** In addition to the annual HEADS Data Survey, Accreditation
29 Audit, and Affirmation Statement (see Rules of Practice and Procedure, Part II, Article III.,
30 Section 1.), the institution must file a Supplemental Annual Report at a time and in a format
31 stipulated by the Association, which contains the following information:
- 32 1. Written confirmation of the institution's institutional accreditor.
- 33 2. Current tuition and fee schedules.
- 34 3. A complete summary of the institution's involvement with federal and state student
35 loan and grant programs, with breakdowns for each loan and grant program, and the
36 percentage of general expenditures derived from Pell Grant funds. If the institution does
37 not participate in these programs, it must so certify in writing as part of the
38 Supplemental Annual Report.
- 39 4. The percentage of the institution's tuition income, and the percentage of its total
40 income, derived from:

- 1 a. Federal loans and grants to students, with breakdowns by category of loan and
2 grant.
- 3 b. State loans and grants to students, with breakdowns by category of loan and grant.
- 4 5. The annual audited financial statement of the institution with auditor’s opinion,
5 conducted by an independent auditing firm.
- 6 6. Notice of any actions pending to review the institution by:
 - 7 a. A state-wide authority that monitors operations of educational institutions,
 - 8 b. Another institutional or specialized accreditor,
 - 9 c. Federal or state student grants and loan authorities.
- 10 7. For the current and the previous academic year, the total enrollment of the institution
11 and of any distance education programs it offers.
- 12 8. The status of any applications for accreditation or reaccreditation to other accrediting
13 bodies.
- 14 9. If the institution participates in federal student loan and grant programs or plans to
15 participate in the next academic year, summary information regarding the occupational
16 record of the graduates of the previous year.

17 For purposes of this standard, *occupation* refers to employment or further study.

18 **B. New Curricula and Substantive Change.** If an accredited institution plans to add a new
19 curricular program, or make a substantive change to current curricular programs or
20 operations, in the United States or elsewhere, it must file applications for Plan Approval or
21 Substantive Change as applicable following the timelines and procedures established and
22 published by the Association (see Rules of Practice and Procedure, Part II, Articles V. and VI.,
23 in addition to procedural requirements regarding changes in this section of Standards for
24 Accreditation XXI.).

25 **C. Major Changes in Control**

- 26 1. **NASM Policy.** Accreditation is not automatically transferable when there is a major
27 change in control.
- 28 2. **Definition.** Major change includes but is not limited to sale; transfers of stock, assets,
29 and liabilities; mergers; divisions; the complete replacement of one set of board
30 members by another, in less than a six-month period; or the change in over seventy-five
31 percent of board membership at any one time.
- 32 3. **Institutional Responsibility.** All such changes must be reported in advance to NASM, or
33 if the possibility of such changes is not known in advance, they must be reported
34 immediately after the change. Institutions with major changes in control will be subject
35 to special NASM procedures, described herein and in separate documents.
- 36 4. **NASM Review.** Continuation of accreditation will depend upon the institution’s
37 demonstration that it continues to meet requisite NASM standards for all programs
38 offered.

- 1 a. This review will be conducted in accordance with standard evaluation and
2 operational procedures or with appropriate monitoring when an institution is being
3 closed.
- 4 b. A review for change of control may include a visit to the institution by NASM
5 evaluators to determine the extent to which a change of control has affected
6 conditions for maintenance of accreditation. Normally, such a visit will be scheduled
7 within six months of a change of control. The institution will assume the
8 responsibility for fees and expenses associated with this visit.

9 **D. Notification Rule.** As a USDE-recognized accrediting agency, NASM is required to report to
10 the U.S. Secretary of Education enrollment information under the following circumstances if
11 the institution offers distance education: an increase in headcount enrollment for the
12 institution of fifty percent or more within the HEADS Data Survey, compiled by NASM. If the
13 fifty percent threshold is reached or exceeded, this fact is provided to the Secretary within
14 thirty days of the close of the HEADS project each year. The institution will also be notified at
15 the same time NASM notifies the Secretary, except in cases where provisions of “Policies and
16 Rules Concerning USDE Title IV” are applicable (see Rules of Practice and Procedure, Part II,
17 Article IV., Section 4.).

18 **E. Starting a Branch Campus or Similar Entity**

19 1. If an accredited institution plans to establish a new branch campus, or similar entity that
20 functions in the same manner, in the United States or elsewhere, that offers
21 postsecondary and/or professional-level degrees or non-degree-granting programs in
22 music, the following materials must be submitted at least six months prior to the
23 opening of the branch:

- 24 a. A business plan. At minimum, the business plan must contain a complete
25 description of:
 - 26 (1) The educational program to be offered at the branch campus.
 - 27 (2) The projected revenues and expenditures and cash flow at the branch campus.
 - 28 (3) The operation, management, and physical resources at the branch campus.
- 29 At the same time, the institution must provide:
- 30 (4) Information showing the financial relationship of the branch to the main
31 campus.
 - 32 (5) The most recent audited financial statement of the institution.

33 b. Information in the standard NASM format which demonstrates compliance with all
34 applicable standards including but not limited to: operational standards, applicable
35 curricular standards, Standards for Free-Standing Music Institutions of Higher
36 Education, and Specific Operational Standards for Proprietary Institutions of Higher
37 Education.

- 38 2. Within six months of the opening of a branch campus or similar entity, the branch must
39 schedule a visit and host a team of NASM visiting evaluators.
- 40 3. Approval of the branch campus or similar entity and its operations will depend upon the
41 institution’s demonstration that it meets requisite NASM standards applicable to the
42 programs it offers and the operations that support those programs.

1 **F. Automatic Actions**

2 **1. Automatic Review.** The following circumstances will cause an automatic review of the
3 institution's accreditation status:

- 4 a. Declaration or evidence of financial exigency.
- 5 b. Change in ownership or major change in control, provided NASM is given at least
6 five days' advance notice in writing of the date of the change. This includes, but is
7 not limited to:
- 8 (1) The sale of the institution or the majority of its assets.
9 (2) The transfer of the controlling interest of stock in the institution or its parent
10 corporation.
11 (3) The merger of two or more institutions.
12 (4) The division of one or more institution(s) into two or more institutions.
13 (5) The transfer of the controlling interest of stock in the institution to its parent
14 corporation.
15 (6) Change in over seventy-five percent of board membership during a ninety-day
16 period.
17 (7) The complete replacement of one set of board members of the accredited
18 institution by another within a six-month period.

19 However, the five-day advance notice rule does not apply in cases where transfer of
20 ownership occurs by right of survivorship upon the death of an owner, or similar
21 circumstances. In these cases, NASM must be notified within five days of the
22 occurrence.

- 23 c. Any transfer of assets or liabilities between the institution and any parent
24 corporation that would substantially alter the ability of the institution to remain
25 current regarding compliance with NASM standards.
- 26 d. Notice to establish a branch campus or other entity that would offer degrees and
27 programs eligible for review by NASM, or notice of intent to significantly expand
28 affiliative uses of the institution's name.
- 29 e. Notice of intention to designate NASM as the institution's gatekeeper for the
30 purpose of eligibility and participation in federal Title IV programs.
- 31 f. State or federal action that results in the removal of the institution's eligibility to
32 participate in state or federal student loan and grant programs.
- 33 g. Failure to gain accreditation or candidacy status upon application to another
34 nationally recognized institutional accrediting agency, or loss of accreditation or
35 candidacy status held with such agency.

36 **2. Automatic Suspension of Accreditation Status.** Automatic suspension of accreditation
37 status will occur under the circumstances articulated in the Bylaws, Article I., Section
38 4.D.

1 **Section 3. Policies and Protocols for Institutions Participating in Federal Student Loan Programs**

2 **A. Context of Accreditation Reviews.** In compliance with Public Law 102-325, the Higher
3 Education Amendments of 1992, the NASM accrediting Commission must take into account
4 the following information as it considers the accreditation or reaccreditation of any
5 institution that participates in federal student loan programs and for which NASM is the
6 institutional accrediting agency:

- 7 1. Default rates in student loan programs under Title IV of the Higher Education Act of
8 1965 as periodically amended, based on the most recent data provided to the institution
9 and/or to the accrediting body by the U.S. Secretary of Education.
- 10 2. Records of any student complaints received by NASM that are eligible for review
11 according to provisions of the NASM Complaint Procedure.
- 12 3. Evidence concerning compliance with program responsibilities under Title IV of the
13 Higher Education Act of 1965 as periodically amended, based on the most recent data
14 provided to the institution and/or to the accrediting body by the U.S. Secretary of
15 Education, including any results of financial or compliance audits, program reviews, and
16 such other information as the U.S. Secretary of Education may provide to NASM.

17 **B. Arbitration Rule.** The institution shall provide in writing its agreement to abide by the initial
18 arbitration rule in Section 496 of Public Law 102-325:

19 “The [U.S.] Secretary [of Education] may not recognize the accreditation of any
20 institution of higher education unless that institution of higher education agrees to
21 submit any dispute involving the final denial, withdrawal or termination of
22 accreditation to initial arbitration prior to any other legal action.”

23 **C. Change in Ownership or Major Change of Control.** Change in ownership or major change of
24 control will result in an on-site review within six months of the change. The preparation for
25 the visit, the visit, Commission review, and Commission action shall follow regular NASM
26 procedures. The institution will assume the responsibility for fees and expenses associated
27 with this visit.

28 **D. Third-Party Comment Rule.** See Rules of Practice and Procedure, Part II, Article IV., Section 1.

29 **E. Rules Concerning Notification of Action by the NASM Commission on Accreditation.**
30 Notifications concerning actions by the NASM Commission on Accreditation are published
31 consistent with the provisions of the Rules of Practice and Procedure, Part II, Article XI.,
32 Section 2.

33 **XXII. SPECIFIC OPERATIONAL STANDARDS FOR PROPRIETARY INSTITUTIONS OF HIGHER**
34 **EDUCATION**

35 Proprietary institutions shall not differ significantly in their educational operations from those of
36 public or non-profit institutions.

37 **Section 1. Standards for Accreditation**

38 The institution must meet all operational standards of the Association and other standards and
39 requirements appropriate to the scope of programs offered. In addition, proprietary institutions
40 shall present or demonstrate the following:

- 41 A. The operation of the institution under the guidance of a specific institutional Board of
42 Directors, at least one-third of whom have no ownership interest in the institution, and at

1 least two-thirds of whom have no kinship with the principal owners. The membership of the
2 Board shall reflect the public interest. This is to assure that the governing body includes
3 individuals who do not represent per se the interests of the administration, faculty, or
4 students, or of the proprietors; and that such representation is not merely a token
5 representation but has an effective, although not necessarily a majority, vote in the affairs of
6 the governing body.

- 7 B. The complete structure of the financial organization of the institution, including an annual
8 financial audit with opinion prepared by a certified public accountant independent of
9 ownership or governance relationships with the institution, and such balance sheets,
10 operating statements, budgets, salary determinations, etc., that will produce a complete
11 fiscal picture of the institution and any parent corporation (see also Standards for
12 Accreditation II.C. and, if applicable, Standards for Accreditation XXI., Section 1.C.).
- 13 C. An established record of fiscal allocation and management demonstrating that the
14 fundamental purpose is educational excellence, and evidence that such policies will be
15 continued. The distribution of gross income in support of educational purposes and goals is
16 especially significant in this regard (see also Standards for Accreditation II.C. and, if
17 applicable, Standards for Accreditation XXI., Section 1.C.).
- 18 D. The existence of clearly defined roles based upon individual qualifications for the owner(s),
19 manager(s), administrative personnel, and faculty (see also Standards for Accreditation II.D.
20 and, if applicable, Standards for Accreditation XXI., Section 1.D.).

21 **Section 2. Requirements for Change in Ownership to Maintain Eligibility for Accreditation**

22 A change of ownership may be effected in a number of ways, including but not limited to
23 outright sale or purchase, and/or sale or purchase of stock, and/or inheritance of stock.
24 Accreditation is not automatically transferable with change in ownership. Therefore, to maintain
25 eligibility for accreditation, the following information is to be fully documented and submitted to
26 NASM within two weeks after change of ownership of an NASM accredited institution:

- 27 A. Exact date of change of ownership.
- 28 B. Curriculum vita of new owner (or documentation regarding new management).
- 29 C. Legal documentation of the transfer of assets from one party to another.
- 30 D. Financial statement by an outside accounting firm documenting that the new ownership is
31 fiscally capable of continuing the work of the institution.
- 32 E. Current financial statement of the institution by an outside accounting firm.
- 33 F. Any changes in music program enrollments due to change of ownership.
- 34 G. A notarized statement by buyer and seller or other transferring parties assuring NASM and
35 any interested parties such as students, financial institutions, state, and government
36 agencies, etc., that appropriate provisions have been made for all tuition refunds now due or
37 which may become due for all students to whom the institution has an obligation.
- 38 H. Documentation that the institution still maintains its state license or approval, and that its
39 license or approval has been transferred to the new owners.
- 40 I. All other pertinent information regarding changes in location, programs, refund policy,
41 tuition, faculty, and administration caused by the transfer of ownership.

1 A visit to the institution shall be made by NASM if the institution qualifies under Standards for
2 Accreditation XXI., Section 3.C., or at the discretion of the appropriate NASM accrediting
3 Commission based upon the response of the institution to Standards for Accreditation XXI.,
4 Section 2.A.–I. Any such action shall take place within six months of the date of change of
5 ownership to cover the points above, as well as to determine that educational conditions
6 consistent with the original accreditation continue to be met. A report of the visit will be
7 submitted to the Commission for review and action concerning continuation of accredited status.
8 The visit, Commission review, and Commission action shall follow regular NASM procedures.