K12 ACADEMICS — FOUNDER'S GUIDE SERIES

How to Start a College or University

A plain-English, sourced founder's guide to founding a U.S. college or university, nonprofit or for-profit, through state authorization, accreditation and federal student aid, plus adding a new degree program.

K12 ACADEMICS

Find Your Community

2026 EDITION

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How to use this guide. Almost every hard requirement is set by your **state**, and rules change often. This guide teaches the process and the decision points; for the rules that apply to you, use the links in **Sources & Authorities** at the back.

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PART 1 OF 7

How to Start a College or University: The Three-Legged Stool

Founding a college is a sequential, multi-year regulatory project. The order is fixed: a state authorizes you first, accreditation is the long middle, and federal student aid comes last.

AT A GLANCE

Type	**Degree-granting institution**
The sequence	**State → accreditor → Title IV**
Longest step	**Accreditation (3–7+ yrs)**
Legal form	**Nonprofit or for-profit**
See also	**Accreditation, College Degrees**
Scope	**United States**

THE IDEA

Three legs, in order

Starting a new college is not one approval but three, and they must happen in sequence. A **state** grants the legal authority to operate and to confer degrees. A recognized **accreditor** then takes the institution through eligibility, candidacy and finally initial accreditation, the slowest leg, commonly three to seven or more years. Only then can the U.S. Department of Education certify the school for **Title IV** federal student aid. Miss the order and nothing works: no accreditor will look at you without state authority, and federal aid will not flow without accreditation.

The one big fork is nonprofit versus for-profit, and it changes the *timeline*, not just the taxes: a nonprofit can reach federal aid while it is still a candidate for accreditation, while a for-profit must be fully accredited and have operated for two years first. See Nonprofit or for-profit.

STEP 1

Mission, model and institution type

Start with mission, academic model and a market or needs analysis, which is often a *state* requirement, not just good practice. Decide the essentials that drive everything downstream: two-year or four-year or graduate-only; residential or online; and the sector. Degree level sets which accreditor scope applies and what faculty credentials you need. A predominantly online model (51%+ distance) points toward DEAC; a campus-based institution chooses a historically regional accreditor by geography and mission fit.

STEP 2

Legal formation

Form the legal entity and choose your sector. A nonprofit incorporates under state nonprofit law, seats an independent board of trustees, and applies to the IRS on Form 1023 ($600 user fee); for federal purposes a nonprofit must hold a 501(c)(3) determination, so that letter is effectively a Title IV prerequisite. A for-profit forms a corporation or LLC and can raise equity, but cannot take tax-deductible gifts and faces heavier federal rules

later.

> Like K-12 private schools, a degree-granting nonprofit must adopt and publicize a racially nondiscriminatory policy under IRS Rev. Proc. 75-50 / 2019-22 and certify it annually on Form 990. A proposed IRS rule in this area was published in 2026 and is not yet final, verify before relying on it.

STEP 3

Faculty, governance and facilities

Accreditors judge the institution you build. Faculty credentials follow a widely used benchmark (the SACSCOC guidelines): instructors of transferable and baccalaureate courses hold a doctorate or a master's in the discipline, or a master's plus at least 18 graduate semester hours in it; graduate courses require an earned terminal degree. The rule of thumb is one degree level above what you teach.

- **Governance:** an independent board with fiduciary authority and a qualified president. NWCCU requires a board with at least five voting members, a majority of whom have no employment or financial interest in the institution, which for-profits often must restructure to meet.
- **Finances:** audited statements and demonstrated stability; WSCUC and DEAC front-load a financial review.
- **Resources:** library and learning resources, student services and facilities appropriate to the mission and modality.

STEP 4

Walk the three legs

With the institution designed, work the three legs in order. Each has its own page:

- **State authorization** — the legal right to operate and grant degrees.
- **Accreditation from scratch** — eligibility, candidacy, then initial accreditation.
- **Title IV eligibility** — federal student aid certification.
- Then see Costs & timelines and, for an existing institution, Adding a new degree program.

FREQUENTLY ASKED QUESTIONS

What is the first step to starting a college? Mission and model, then legal formation and state authorization. No accreditor will consider an institution that is not first authorized by its state to operate and grant degrees.

How long does it take to start a college? Commonly 3 to 7 or more years, because accreditation (eligibility, candidacy, then initial accreditation) is a multi-year process and most accreditors require the school to already be operating with students first.

Do I have to be accredited to grant degrees? You need state authority to grant degrees, which is separate from accreditation. But without accreditation your degrees carry little recognition and your students cannot receive federal financial aid.

Nonprofit or for-profit, which is faster to federal aid? Nonprofit. A nonprofit can qualify for Title IV while still a candidate for accreditation; a for-profit must be fully accredited and have operated for two years first.

What faculty do I need? Generally faculty holding a degree at least one level above what they teach: a master's (or master's plus 18 graduate hours) in the discipline for undergraduate courses, and a terminal degree for graduate courses.

READ THIS SECTION ONLINE

tools.k12academics.com/start-a-college/founding-a-college/

PART 2 OF 7

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Nonprofit or For-Profit? The Decision That Shapes Everything

This single choice changes your taxes, your funding, your governance, and, most of all, how long it takes to reach federal student aid. Here is the side-by-side.

AT A GLANCE

Changes	**Timeline, not just taxes**
Nonprofit form	**501(c)(3)**
For-profit form	**Corporation / LLC**
Faster to Title IV	**Nonprofit**
For-profit extras	**90/10, earnings rule**
Reversible?	**Only via accreditor review**

THE IDEA

More than a tax status

Founders often treat nonprofit versus for-profit as a tax question. It is much more: it decides whether you can take donations, how your board is structured, how closely federal and accreditation reviewers scrutinize you, and, above all, how quickly students can get federal aid. A nonprofit can reach Title IV while still a candidate for accreditation; a for-profit cannot.

SIDE BY SIDE

The comparison

Dimension	Nonprofit (501(c)(3))	For-profit (proprietary)
Ownership	No owners; board holds assets in trust	Owned by shareholders or members
Taxes	Exempt; files Form 990	Taxed as a business
Donations	Tax-deductible gifts, grants	No tax-deductible donations; equity/debt capital
Formation	State nonprofit + IRS Form 1023 ($600)	State corporation / LLC
Title IV accreditation test	Accredited or preaccredited (600.4)	Must be accredited (600.5)
Two-year rule	Not applicable	Must operate 24 months first
90/10 rule	Not applicable	≥10% non-federal revenue

Earnings accountability	Applies (from July 2027)	Applies; historically hit hardest
State treatment	Often lighter	Extra rules (e.g. NY §3.58)

GOVERNANCE

Independence matters

Accreditors scrutinize governance independence. NWCCU requires a board with at least five voting members, a majority of whom have no employment or financial interest in the institution, a bar for-profit founders commonly must restructure to meet. New York grants for-profit degree authority under a separate rule (8 NYCRR §3.58) and will not let a for-profit transfer degree authority through a change of ownership without the Regents' consent.

SWITCHING

Conversions are a big deal

Changing between nonprofit and for-profit, or any change in legal status, control or ownership, is a substantive change that requires the accreditor's prior approval under 34 CFR 602.22 and a Department of Education review. It is not a quick pivot, plan your sector at the start.

HOW TO CHOOSE

A simple test

Pick **nonprofit** if you want philanthropy and grants, a mission-locked institution, the faster route to federal aid, and lighter state treatment, and you can live without distributing profits. Pick **for-profit** if you need equity investment and owner control and can meet the 90/10 rule, the two-year rule, full accreditation before aid, and the earnings-accountability tests. Most new degree-granting institutions seeking federal aid choose nonprofit for the timeline alone.

FREQUENTLY ASKED QUESTIONS

Is a nonprofit or for-profit college faster to federal aid? Nonprofit, clearly. A nonprofit can qualify for Title IV during candidacy (preaccreditation); a for-profit must be fully accredited and have operated for two years first.

Can a for-profit college get donations? No tax-deductible charitable donations. For-profits raise capital through equity and debt, while nonprofits can receive tax-deductible gifts and foundation grants.

Do accreditors treat for-profits differently? Yes. They scrutinize governance independence (e.g., NWCCU's majority-independent board rule) and conflicts of interest, which for-profit founders often must restructure to satisfy.

Can I switch from for-profit to nonprofit later? Yes, but a change in legal status, control or ownership is a substantive change requiring accreditor prior approval and Department of Education review. It is not quick or automatic.

Which should most new colleges choose? Most new degree-granting institutions that want federal student aid choose nonprofit, mainly because it reaches Title IV faster and faces lighter state and federal rules.

READ THIS SECTION ONLINE
tools.k12academics.com/start-a-college/nonprofit-vs-for-profit/

PART 3 OF 7

3

State Authorization and Degree-Granting Authority

Leg one. A state grants the legal authority to operate, to confer degrees, and even to use the words college and university. Rules vary enormously by state, so this is where you start.

AT A GLANCE

Leg	**1 of 3**
Grants	**Right to confer degrees**
Agency	**State higher-ed board**
Online	**SARA (after accreditation)**
Varies by	**State — heavily**
Must come	**Before accreditation**

THE IDEA

Who lets you operate

Federal law requires that a college be legally authorized by the state where it is located. States decide who may operate, who may confer degrees, and in many cases who may even call themselves a “college” or “university”. Each state names its own agency, a higher-education board, a coordinating board, a Board of Regents, or a private-postsecondary bureau, and this authorization must be in hand before an accreditor will accept an application. Because the rules are so state-specific, the right move is to go straight to your state's agency; the examples below show the range.

FOUR STATES

How the range looks

State	Agency	How it works
California	BPPE	An unaccredited degree-granting school needs a BPPE-approved accreditation plan; provisional approval requires candidacy within 2 years and full accreditation within 5. Application fee $5,000 (Cal. Education Code §94930.5).
Texas	THECB	Certificate of Authority (unaccredited) or Authorization (accredited); both require a surety instrument; fees include $250 per new degree or credential level.
New York	Board of Regents / NYSED	Education Law §224 bars conferring degrees or using ‘college’/‘university’ without a charter; new institutions need a Regents-approved master plan; programs must be registered before enrolling.
Florida	Commission for	New institutions start with a Provisional License and may not award the new degree during provisional

	Independent Education	licensure; an Annual License follows a satisfactory on-site visit.

HEAVY VS. LIGHT

Where states differ

New York is the heaviest model, a charter from the Regents with master planning and program registration. California is heavy on consumer protection with a hard accreditation clock. Texas and Florida are license-based but still review finances, faculty and programs, and Texas requires a surety bond. Some states are lighter or offer exemptions, often for religious institutions, and these change frequently. Use the NC-SARA state-authorization resources and your own state agency rather than assuming.

THE CATCH

Authorization and accreditation feed each other

The two legs are intertwined. Accreditors require state authorization before they will engage, DEAC, for example, requires that an institution be “properly licensed, authorized, exempted or approved by the applicable state educational institutional authority”. At the same time, some states (California) require accreditation progress as a condition of staying authorized. Plan them together, not in isolation.

ONLINE STUDENTS

SARA and distance education

The State Authorization Reciprocity Agreement (SARA) lets a college serve distance-education students across member states under one approval, but only if it is already institutionally accredited by a federally recognized accreditor whose scope includes distance education. So SARA does not help a brand-new, unaccredited institution, which must seek state-by-state approval for online students. NC-SARA annual fees run $2,200 to $8,800 by institution size, and many states add a fee. Professional-licensure programs (nursing, teaching) still need separate board approvals.

FREQUENTLY ASKED QUESTIONS

Do I need state approval to call my school a “university”? In many states, yes. New York, for example, restricts the words “college” and “university” by statute, and several states regulate institutional names. Check your state agency.

Which comes first, state authorization or accreditation? State authorization. Accreditors require evidence of state authority before they will accept an application, so the state is always the first leg.

Does SARA let me enroll online students anywhere? Only after you are institutionally accredited by a federally recognized accreditor whose scope includes distance education. A new, unaccredited school must seek approval state by state.

How much does state authorization cost? It varies widely. California's application fee is $5,000 and Texas charges $250 per new degree, plus a surety instrument; other states differ. Treat fees as state-specific and verify at the agency.

Is state authorization the same as accreditation? No. State authorization is the legal right to operate and grant degrees; accreditation is a separate quality review by a recognized accreditor. You need both, in that order.

READ THIS SECTION ONLINE

tools.k12academics.com/start-a-college/state-authorization/

PART 4 OF 7

Accreditation From Scratch: The Multi-Year Road

Leg two, and the long one. A recognized accreditor takes a new institution through eligibility, candidacy and finally initial accreditation, typically three to seven or more years, and usually only after you are already teaching students.

AT A GLANCE

Leg	**2 of 3**
Stages	**Eligibility → candidacy → initial**
Candidacy cap	**5 years (HLC 4)**
Prerequisite	**Often already operating**
Gate for	**Title IV aid**
Site visits	**At candidacy & initial**

THE IDEA

The bottleneck

Accreditation by an accreditor recognized by the U.S. Department of Education is the gate to federal student aid and the slowest part of founding a college. Every recognized institutional accreditor runs a staged path, eligibility or applicant status, then candidacy (or pre-accreditation), then initial accreditation, and federal rules cap candidacy at five years. See our Accreditation section for the fundamentals.

A HARD TRUTH

You usually must already be teaching

Most accreditors will not engage an institution that has not yet enrolled students. NWCCU requires that the institution have completed at least one year of its principal programs before eligibility is accepted, and have graduated at least one class before initial accreditation. DEAC requires 12 consecutive months enrolling students and two years under current ownership. The practical consequence: founders must fund operations for years *before* federal aid is available.

THE ACCREDITORS

Stages, limits and fees

The major institutional accreditors and the national distance-education accreditor:

Accreditor	Candidacy / timing	Fee notes (verify at source)
HLC	Candidacy typically 2–4 yrs within a 4-yr term	Letter of Intent $7,050; candidacy & initial evaluations $8,400 + expenses each (eff. Sep 2026)

SACSCOC	Committee report by 24 months, 48-month max; initial award 5 yrs	Applicant pays all committee expenses; two required pre-applicant workshops
MSCHE	Candidacy ~24 months, 5-year max; candidates are Title IV eligible	Tiered dues/fees (link out)
WSCUC	Eligibility decision within 60 business days; candidacy max 5 yrs; initial 6/8/10 yrs	New Eligibility Pilot effective May 2026
NECHE	Eligibility up to 2 yrs; whole process up to 7 yrs	$10,000 eligibility evaluation for schools not accredited by another U.S. accreditor, + team expenses
NWCCU	Applicant 1–3 yrs; candidacy max 5 yrs; then 7-yr cycle	Link out
DEAC (distance)	No candidacy stage; 2–5 yrs total; initial up to 3 yrs	$4,500 application; $3,000 legal-structure review

WHAT THEY REVIEW

The standards

Across accreditors the review covers the same ground: mission and integrity; governance and administrative capacity (an independent board and qualified president); financial resources and stability; academic programs and general education; faculty qualifications and sufficiency; student support services; library and learning resources; and assessment of student learning and achievement. At least one site visit happens at candidacy and one at initial accreditation, and the institution pays the evaluators' travel and expenses.

PLANNING

What founders get wrong

Design to the standards from day one rather than retrofitting, budget for years of operation before aid, and pick the accreditor by mission and modality (regional/historically regional for campus-based; DEAC for predominantly online). Accreditor policies are changing quickly, SACSCOC revised its substantive-change rules in late 2025 and 2026, and WSCUC and MSCHE updated processes in 2026, so always confirm current stages and fees at the accreditor's own site.

FREQUENTLY ASKED QUESTIONS

How long does accreditation take for a new college? Commonly 3 to 7 or more years. Candidacy alone can run up to five years (HLC caps its term at four), and most accreditors require you to already be operating with students before you apply.

Do I have to be open before I can be accredited? Usually yes. Accreditors such as NWCCU and DEAC require a period of actual operation with enrolled students (and sometimes graduates) before candidacy or initial accreditation.

Which accreditor should a new college choose? Campus-based institutions generally choose a historically regional accreditor by geography and mission; predominantly online institutions often choose DEAC. Match the accreditor's scope to your model.

Can students get financial aid during candidacy? For a nonprofit, yes, pre-accreditation (candidacy) can satisfy the federal test. A for-profit must be fully accredited first. See our Title IV page.

How much does accreditation cost? Fees alone run into the tens of thousands (e.g., NECHE's $10,000 eligibility evaluation, HLC's $7,050 letter of intent plus $8,400 evaluations), before evaluator travel, self-study staff time and consultants. Verify current fees at each accreditor.

READ THIS SECTION ONLINE

tools.k12academics.com/start-a-college/accreditation-from-scratch/

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PART 5 OF 7

Title IV: Qualifying for Federal Student Aid

Leg three. Once a state authorizes you and an accreditor accredits (or, for nonprofits, pre-accredits) you, the U.S. Department of Education can certify the school so students may use federal financial aid.

AT A GLANCE

Leg	**3 of 3**
Requires	**State + accreditor + ED**
Apply via	**FSA E-App + PPA**
Nonprofit	**Preaccreditation counts**
For-profit	**Full accreditation + 2 yrs**
Rule	**34 CFR 600 / 668**

THE IDEA

The three-legged stool, completed

Federal Student Aid certification is the payoff and the last leg. An eligible institution must be (1) legally authorized by a state, (2) accredited, or, for a public or nonprofit school, **preaccredited**, by a recognized accreditor, and (3) certified by the U.S. Department of Education. Only then may students use Pell Grants and federal loans. The rules live in 34 CFR part 600 and part 668.

THE KEY SPLIT

Nonprofit vs. for-profit

This is where the sector choice bites. Under 34 CFR 600.4, a public or nonprofit “institution of higher education” can qualify if it is “accredited or preaccredited”, so a nonprofit can reach Title IV while still a candidate. Under 34 CFR 600.5, a “proprietary institution” must be fully “accredited”, and must have “been in existence for at least two years” providing a continuous educational program (the “two-year rule”). During a for-profit's initial participation, the Department will not approve additional programs that expand eligibility.

See Nonprofit or for-profit for the full comparison.

THE MECHANICS

E-App, PPA and provisional certification

Institutions apply through the Federal Student Aid E-App, choosing initial certification. New schools must have an undergraduate withdrawal rate of no more than 33%. A first-time school is typically granted **provisional** certification (34 CFR 668.13), which expires at the end of the first complete award year; the Title IV administrator and chief administrator must complete federal training within 12 months of signing the “Program Participation Agreement”. Full certification later lasts up to six years.

FOR-PROFIT RULES

90/10 and earnings accountability

Proprietary institutions carry extra federal rules:

- **90/10 rule** (34 CFR 668.28): at least 10% of revenue must come from non-federal sources (and since 2023, military and veterans' education benefits count as federal for this test). One failing year means provisional status; two consecutive failures mean loss of eligibility for at least two years.
- **Earnings accountability:** the Department's new Student Tuition and Transparency System (STATS) and Earnings Accountability rule, published July 1, 2026 and effective July 1, 2027, tests whether graduates out-earn a benchmark (high-school completers for undergraduate programs, bachelor's holders for graduate programs). It applies to all sectors but hits for-profit and certificate-heavy models hardest.

FREQUENTLY ASKED QUESTIONS

What three things does a college need for federal student aid? State authorization, accreditation (or preaccreditation for nonprofits) by a recognized accreditor, and certification by the U.S. Department of Education through the E-App and a Program Participation Agreement.

Can a brand-new college offer federal financial aid right away? No. It must first be authorized, then accredited (nonprofits may use candidacy), then certified by the Department, and new schools start with provisional certification.

What is the "two-year rule"? A proprietary (for-profit) institution must have operated a continuous educational program for at least two years before it can apply for Title IV eligibility. It does not apply to nonprofit degree-granting institutions.

What is the 90/10 rule? A for-profit college must get at least 10% of its revenue from non-federal sources. Failing two years in a row costs it federal aid eligibility for at least two years.

What is the STATS / earnings accountability rule? A 2026 federal rule, effective July 1, 2027, that measures whether a program's graduates out-earn a benchmark. It applies to all colleges but affects for-profit and certificate programs most.

READ THIS SECTION ONLINE
tools.k12academics.com/start-a-college/title-iv-eligibility/

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PART 6 OF 7

Adding a New Degree Program at an Existing College

If the college already exists and is accredited, a new program is a months-not-years project: internal governance, state approval where required, and the accreditor substantive-change process.

AT A GLANCE

For	**Existing accredited colleges**
Timeline	**12–36 months**
Federal rule	**34 CFR 602.22**
Key step	**Substantive change**
Then	**Title IV program eligibility**
Not	**Founding a new college**

THE IDEA

A program, not an institution

Launching a new degree, major or certificate at an existing accredited college is far quicker than founding one, months rather than years, because the institution already holds state authority, accreditation and Title IV. The work is a predictable sequence of internal approval, state approval where required, and accreditor review. (To found a whole institution instead, start at the three-legged stool.)

STEP 1

Internal shared governance

A new program moves through the institution's own governance: faculty or department proposal, to the college curriculum committee, to the faculty senate, to the provost, to the president, and to the governing board (and the system board for public institutions). Many colleges require an “approval to plan” first, with market demand, a cost and revenue model, faculty capacity and library resources. Large universities often begin 18 to 24 months before the intended launch term.

STEP 2

State approval (where required)

State rules vary. New York requires a Regents-approved master-plan amendment for a new degree level or disciplinary area, and every program must be registered before it is advertised or enrolls students. Texas requires approval and a fee ($250 per new degree or credential level) for authorized institutions. Florida's provisional licensees may not advertise or offer programs not on the license. Public institutions follow their state coordinating or governing board's approval process. Link out to your state agency.

STEP 3

Accreditor substantive change

Federal rule 34 CFR 602.22 requires accreditors to pre-approve high-impact changes, including programs that are a significant departure from current offerings. How a new program is treated depends on how much new content it carries and on the accreditor:

Accreditor	New-program rule	Timing / fees
SACSCOC	<25% new content: no report; 25–49%: notify; 50–100%: prior approval (prospectus)	Turnaround as little as one week after final materials (post-2025 revisions)
HLC	Start with the New Degree Program Screening Form; staff decide if prior approval is needed	Prior-approval reviews ~5–8 months; others ~3 months
MSCHE	Tiered; notifications have no fee or form	$0–$200 low tiers; $1,400 (Tier II); $3,000 (Tier III)
WSCUC / NECHE / NWCCU	New degree levels and significant departures need prior approval	Link out to each accreditor

STEP 4

Title IV program eligibility

Accreditor approval must be in place before students in a substantively changed program can receive federal aid. The college updates its Title IV eligibility through the E-App where required. Schools still within their two-year initial participation, or provisionally certified, face limits on adding programs that expand eligibility, and under the 2026 earnings rule new programs will eventually be measured on graduate earnings. See Title IV eligibility.

FREQUENTLY ASKED QUESTIONS

How long does it take to add a new degree program? Often 12 to 24 months for a notification-level program in a light-approval state, and 18 to 36 months where both state approval (e.g., a New York master-plan amendment) and accreditor prior approval are required.

What is ‘substantive change’? An accreditor's formal review of significant changes, like a new program, under federal rule 34 CFR 602.22. High-impact changes must be approved before they are implemented.

Does every new program need accreditor approval? No. Many require only notification. A significant departure (e.g., 50%+ new content for SACSCOC) or a new credential level typically needs prior approval; small additions may need nothing.

Do I need state approval too? Often, yes, especially for a new degree level or disciplinary area, and always in heavier states like New York. Check your state higher-education agency.

When can students use financial aid for the new program? Only after the accreditor has approved the change (where approval is required) and the college has updated its federal eligibility. Approval must precede aid.

READ THIS SECTION ONLINE

tools.k12academics.com/start-a-college/new-degree-program/

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PART 7 OF 7

What It Costs and How Long It Takes to Start a College

The money and the calendar for founding a college, side by side with the new-program path. Fixed fees are sourced; totals are estimates, because no national dataset of college startup costs exists.

AT A GLANCE

Covers	**Founding + new program**
Longest	**Accreditation (3–7+ yrs)**
Nonprofit to aid	**~3–5 yrs**
For-profit to aid	**~5–8+ yrs**
Totals	**Estimates**
Rule	**Link out for live fees**

THE IDEA

Plan for years, not months

Founding a college is measured in years and, usually, millions. The honest caveat first: there is no authoritative national dataset on the cost of starting a U.S. college, so the totals below are informed estimates anchored to the hard fees that *are* published. Adding a program to an existing college, by contrast, is a months-long, far cheaper project.

HARD FEES

Published or in regulation

Item	Fee
IRS Form 1023 (nonprofit)	$600
California BPPE application to operate	$5,000 (Cal. Education Code §94930.5)
Texas THECB, per new degree/credential	$250
NECHE eligibility evaluation	$10,000 + team expenses
HLC Letter of Intent to Pursue Candidacy	$7,050
HLC candidacy / initial evaluation	$8,400 each + expenses
DEAC application / legal-structure review	$4,500 / $3,000

NC-SARA annual (after accreditation)	$2,200–$8,800 by size
MSCHE substantive-change tiers	$0–$6,250

> Some figures circulating online, such as a SACSCOC $12,500 application plus $5,000 candidacy fee, come from a consulting firm rather than the accreditor's own schedule. Verify every fee at the source before relying on it, and show a ‘last verified’ date.

TOTAL COST

An estimate, clearly labelled

Accreditation-related costs alone, fees, dues, evaluator travel, self-study staff time and consultants, run from the mid-six figures into the low-seven figures across a full candidacy (estimate). Total startup capital for a small single-site degree-granting college, covering a leadership team, initial faculty, facilities and technology, library resources, legal and compliance, and several years of operating losses before federal aid, is realistically in the millions, and tens of millions for a residential campus. An online-only, narrow-program institution can be far cheaper. Treat all of these as informed estimates, not data.

TIMELINES

Founding vs. for-profit vs. new program

Path	Typical total timeline
Found a nonprofit college (to Title IV)	~3–5 years from launch (estimate)
Found a for-profit college (to Title IV)	~5–8+ years (full accreditation + 2-year rule)
Add a new degree at an existing college	12–36 months

The driver is always accreditation: candidacy caps at five years (HLC four), and most accreditors require the school to already be operating with students before they will begin.

FUNDING THE GAP

Years without federal aid

Because federal aid arrives last, a founder must finance enrollment for roughly two to five or more years using tuition, philanthropy (nonprofit) or investor capital (for-profit). This is the central financial challenge of starting a college, and the main reason the nonprofit path, which can reach aid during candidacy, is so often chosen. See Financial Aid for the student-funding side.

FREQUENTLY ASKED QUESTIONS

How much does it cost to start a college? Realistically millions, and tens of millions for a residential campus; an online, narrow-program institution can be far less. No authoritative national dataset exists, so treat all totals as estimates anchored to published fees.

How long before a new college can offer federal aid? Roughly 3–5 years for a nonprofit (which can qualify during candidacy) and 5–8+ years for a for-profit (which needs full accreditation plus two years of operation).

What is the single biggest cost? Funding several years of operation before federal student aid is available, on top of facilities and faculty.

Accreditation fees and staff time are large but not the whole picture.

Why are the cost figures estimates? Because no authoritative national dataset on the cost of founding a U.S. college exists. The ranges are anchored to published fees (IRS, state, accreditor); verify current figures at the source.

Is adding a program cheaper than founding a college? Far cheaper and faster, months and a modest fee rather than years and millions, because the institution already holds state authority, accreditation and federal eligibility.

READ THIS SECTION ONLINE

tools.k12academics.com/start-a-college/costs-and-timelines/

REFERENCE

Sources & Authorities

Primary government, nonprofit and accreditor sources. Verify current fees, deadlines and state rules at these links before relying on them.

HLC — Begin Your Accreditation Journey
https://www.hlcommission.org/accreditation/begin-your-accreditation-journey/

SACSCOC — Application Information
https://sacscoc.org/accrediting-standards/application-process/

MSCHE — Become Accredited
https://www.msche.org/accreditation/become-msche-accredited/

WSCUC — Becoming Accredited
https://www.wscuc.org/resources/becoming-accredited/

NECHE — FAQ
https://www.neche.org/faq/

NWCCU — Eligibility Requirements
https://nwccu.org/eligibility-requirements/

DEAC — Eligibility Requirements (distance education)
https://www.deac.org/seeking-accreditation/eligibility-requirements/

34 CFR Part 600 — Institutional eligibility (eCFR)
https://www.ecfr.gov/current/title-34/subtitle-B/chapter-VI/part-600

34 CFR 602.22 — Substantive change (eCFR)
https://www.law.cornell.edu/cfr/text/34/602.22

34 CFR 668.13 — Certification procedures (eCFR)
https://www.ecfr.gov/current/title-34/part-668/section-668.13

34 CFR 668.28 — 90/10 rule (eCFR)
https://www.ecfr.gov/current/title-34/part-668/section-668.28

Federal Student Aid — Institutional Eligibility Handbook
https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2024-2025/vol2/ch1-institutional-eligibility

Federal Student Aid — Title IV Participation Application (E-App)
https://fsapartners.ed.gov/title-iv-program-eligibility/title-iv-participation-application

Federal Register — STATS / Earnings Accountability final rule
https://www.federalregister.gov/documents/2026/07/01/2026-13286/accountability-in-higher-education-and-access-through-demand--driven-workforce-pell-student-tuition

IRS — Form 1023 user fee
https://www.irs.gov/charities-non-profits/form-1023-and-1023-ez-amount-of-user-fee

IRS — Rev. Proc. 2019-22 (nondiscrimination publication)
https://www.irs.gov/pub/irs-drop/rp-19-22.pdf

California BPPE — Private Postsecondary Education Act
https://www.bppe.ca.gov/lawsregs/ppe_act.pdf

Texas THECB — Institutional Authorization
https://www.highered.texas.gov/institutional-authorization-to-operate-in-texas

New York NYSED — Statutory provisions summary
https://www.nysed.gov/college-university-evaluation/summary-new-york-statutory-and-regulatory-provisions-relating-higher

Florida Statutes ch. 1005 (Commission for Independent Education)
https://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=1000-1099%2F1005%2F1005.html

NC-SARA — Eligibility & participation
https://nc-sara.org/eligibility-participation/

A note on accuracy. Cost and timeline figures are informed estimates; no authoritative national dataset exists. State rules change often, confirm at the source.