

## **State Authorization Reciprocity Agreement (SARA) Report to the UA Board of Regents, February 2014**

### **Background**

For purposes of consumer protection, states have long held the authority to regulate institutions that offer higher education to their residents. In fall of 2010, the U.S. Department of Education (USDOE) released new regulations that brought state oversight of **distance education** into the spotlight. This federal regulation was later vacated for procedural reasons. However, a statement released by USDOE in July 2012 reminded postsecondary institutions that they “continue to be responsible for complying with all State laws as they relate to distance education.”

### **Summary of the Problem**

Federal regulations require states to approve institutions that operate in their state according to their own regulations (if any), but definition of the word “operate” is left to the discretion of each state. These definitions vary widely.

What triggers the requirement for a postsecondary institution to apply for authorization to offer distance education in a given state? In some states, universities that advertise within the state must apply for authorization to offer distance education. In other states, universities that require local exam proctors or conduct an internship must apply. In some states, virtually no higher-education institutions need to apply for authorization to offer distance education. Not only are the triggers for who must apply inconsistent from state to state, the process for application and the required fees also vary dramatically. State regulations are so diverse that many universities have hired full-time staff to track the requirements and application process for each state.

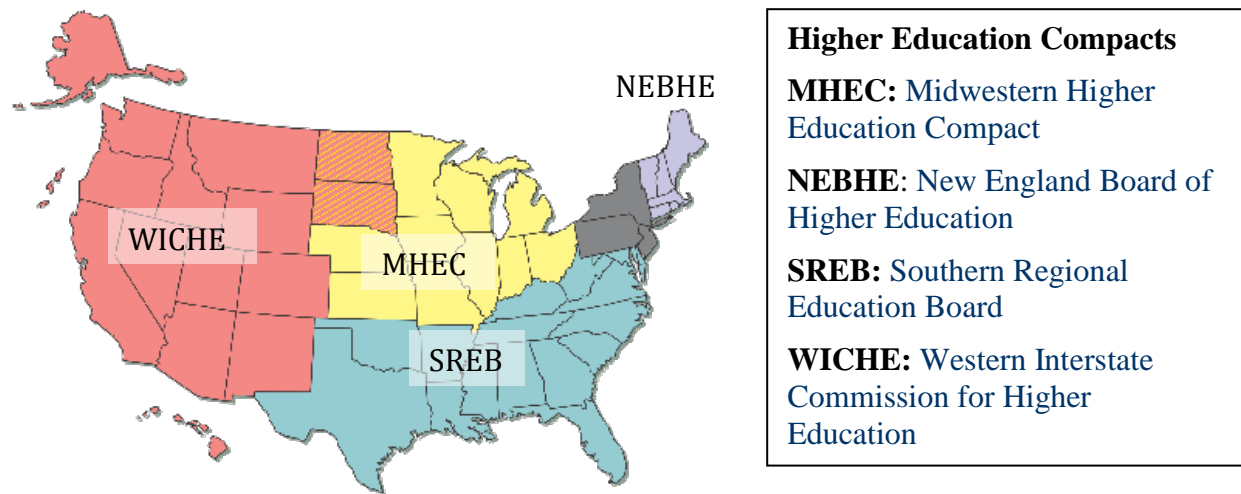
“Higher education needs a new way for states to oversee the delivery of postsecondary distance education. The current process is too varied among the states to assure consistent consumer protection, too cumbersome and expensive for institutions that seek to provide education across state borders, and too fragmented to support our country’s architecture for quality assurance in higher education — the quality assurance “triad” of accrediting agencies, the federal government, and the states.” —<http://www.wiche.edu/sara>

### **Proposed Solution: State Authorization Reciprocity Agreement (SARA)**

In 2013, a national council was formed, creating a voluntary method for states and postsecondary institutions to address the oversight of distance education through reciprocal agreements. The State Authorization Reciprocity Agreement (SARA) is administered by the four regional higher-education compacts (WICHE, MHEC, NEBHE, and SREB).

This agreement is patterned after the system for U.S. drivers’ licenses. Each state holds authority for regulating the license to drive within their state, but states work cooperatively to honor licensure from other states. A person who holds a valid Alaska driver’s license is authorized to drive in Oregon, without obtaining specific permission from the Oregon Department of Motor

Vehicles. Likewise, under the SARA system, a higher-education institution that is authorized under their home state will be permitted to offer distance education in other states that have voluntarily opted to join SARA.



## Current Status

The national effort is moving forward at a good pace. Beginning January 2014, one portal agency from each state in the Western Interstate Commission for Higher Education (WICHE) may apply to SARA through the regional compact. Note that states apply for SARA membership, not universities. Colleges and universities participate in SARA by seeking authorization through their state agency.

The Alaska Commission on Postsecondary Education (ACPE) is situated to act as the portal agency in Alaska. Both ACPE and the University of Alaska (UA) sent representatives to the WICHE-SARA (W-SARA) Regional Forum in December 2013. Three important points were clarified at this meeting:

- 1) Alaska will not need to pass new legislation, because ACPE already has authority to enter into reciprocal agreements with other states.
- 2) The University of Alaska (UA) cannot join as a system; each university (UAA, UAF, UAS) must join individually.
- 3) ACPE can serve as the portal organization, but can pass complaint resolution through to the Board of Regents (BOR) without exercising direct control of the process.

## Next Steps

ACPE will need to write and pass new regulations, including a process for complaint resolution, before they can apply for W-SARA membership. At the ACPE meeting earlier this month, the Commission approved the intent to draft the regulation and make the proposed language available for public comment.

UA Legal Counsel has confirmed that nothing in Regents' Policy or University Regulation prohibits ACPE acting as portal agency and passing complaints through to the Board of Regents. UAF may still want to add language to clarify that the consumer protection mechanism enacted by SARA does not include grade appeals or student conduct.

Once ACPE is approved as a SARA member, each university (UAA, UAF, UAS) will be able to seek authorization through ACPE. Annual fees for each institution will range from \$2K to \$6K, depending on student FTEs (full-time enrollment).

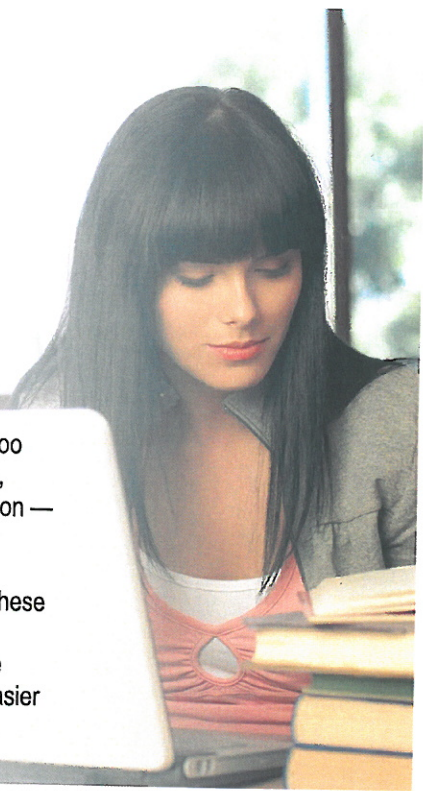


# The State Authorization Reciprocity Agreements: SARA

## Higher Education needs a new way for states to oversee the delivery of postsecondary distance education.

The current process is too varied among the states to assure consistent consumer protection, too cumbersome and expensive for institutions that seek to provide education across state borders, and too fragmented to support our country's architecture for quality assurance in higher education — the quality assurance “triad” of accrediting agencies, the federal government, and the states.

A new, voluntary process of state oversight of distance education has been created to redress these problems. The State Authorization Reciprocity Agreement is a voluntary agreement among its member states and U.S. territories that establishes comparable national standards for interstate offering of postsecondary distance-education courses and programs. It is intended to make it easier for students to take online courses offered by postsecondary institutions based in another state.



### Problems

- States and territories regulate higher education within their borders, with varying requirements for out-of-state institutions that want to do business in the state.
- Cross-state online education offered by colleges and universities is expanding dramatically.
- At present there is no alternative to each institution separately pursuing any needed approvals (state authorization) in each state and territory where it enrolls students.
- Consequently, thousands of institutions are required to contact and work through as many as 54 states and territories, and, sometimes, with multiple regulatory agencies in those states.
- That process is inefficient, costly, and not effective in supporting access to high quality distance education throughout the country.

### Solution

The State Authorization Reciprocity Agreement (SARA) establishes a state-level reciprocity process that will support the nation in its efforts to increase the educational attainment of its people by making state authorization:

- more efficient, effective, and uniform in regard to necessary and reasonable standards of practice that could span states;
- more effective in dealing with quality and integrity issues that have arisen in some online/distance education offerings; and
- less costly for states and institutions and, thereby, the students they serve.

### Key Points

- SARA is voluntary for states and institutions.
- Administered by the four regional higher education compacts (Midwestern Higher Education Compact, New England Board of Higher Education, Southern Regional Education Board, and the Western Interstate Commission for Higher Education), which will begin accepting applications from states in their regions by early 2014. Once states are approved, they can begin to enroll eligible institutions.
- Membership is open to degree-granting postsecondary institutions from all sectors (public colleges and universities; independent institutions, both non-profit and for-profit) accredited by an agency recognized by the U.S. Secretary of Education.



## Benefits to States

- Expands educational offerings to state residents.
- Allows SARA states to focus on their home-state institutions, rather than on institutions from many other states.
- Maintains state regulation of on-the-ground instruction offered by out-of-state institutions.
- Other SARA states will help resolve complaints. (SARA states commit to resolving complaints from distance ed. offered by their institutions.)
- Reduces costs for institutions, lessening this particular need to raise fees and thereby supporting affordability.
- No cost to states.

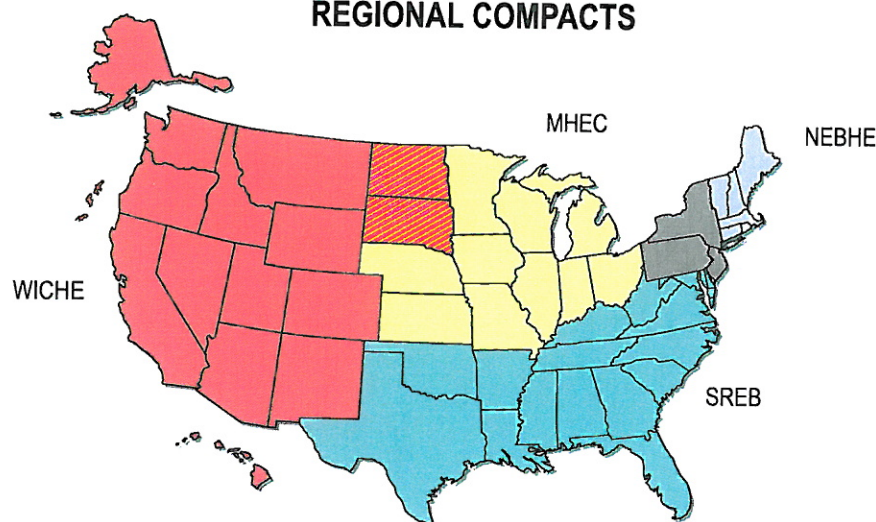
## Benefits to Institutions

- Enables more efficient provision of distance education to a broader market.
- Reduces number of other-state regulations to continually monitor and track.
- Reduces number of applications and individual state requirements.
- Reduces costs.
  - » Applications, surety bonds, agent licenses, etc.
  - » Staff (payroll and time).
  - » Reduced costs = potentially lower fees for students.

## Benefits to Students

- Expands access to educational offerings.
- Should lead to better resolution of complaints from students in SARA states.
- Reduces a rapidly growing institutional cost that is passed along to students.
- Should enhance overall quality of distance education.

## REGIONAL COMPACTS



### MHEC

Midwestern Higher Education Compact

### NEBHE

New England Board of Higher Education

### SREB

Southern Regional Education Board

### WICHE

Western Interstate Commission for Higher Education

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Western Interstate Commission  
for Higher Education  
State Authorization  
Reciprocity Agreement

*A voluntary, regional approach  
to state oversight of distance education*