

SREB — STATE AUTHORIZATION RECIPROCITY AGREEMENT

(Developed from the original draft prepared by the WICHE SARA Advisory Committee in consultation with WICHE staff, EducationCounsel, the Presidents’ Forum, the Council of State Governments, MHEC, SREB, and NEBHE)

PREAMBLE

Americans deserve and require access to high quality postsecondary education, not only because the economic vitality of the nation depends upon how well our population is educated but because a well educated population also contributes greatly to the social and civic vitality of the nation. The Southern Regional Education Board (SREB) operates as a regional interstate compact between the 16 Southeastern states to promote this national imperative within the region.

Historically, the federal government, state governments and the postsecondary education community through its accrediting processes and organizations have collaborated to assure that the providers of higher education services were meeting standards of quality and access to serve the nation and its citizens well. Through what is often referred to as the federal triad the federal government has accepted responsibility for assessing the financial viability of education providers; the states have accepted primary responsibility for assuring that students, as the consumers of educational services, are protected from fraud, abuse, or inadequate provision of services by educational providers; and the educational community through accreditation has accepted responsibility for assuring the adequacy of educational services offered by educational providers.

This three-way collaboration has traditionally worked well to assure reasonable quality, accountability and consumer protection.

As the nature of postsecondary education has evolved, particularly since the advent of the Internet and the exponential growth of education offered “off campus,” each leg of the federal triad has faced challenges, but the role of the state in assuring consumer protection has come under particular scrutiny. What state is responsible when an institution physically located in one state (the traditional criteria for state oversight) provides education in other states?

To clarify the federal government’s understanding of state responsibilities in this regard, in October 2010 the U.S. Department of Education issued regulations indicating that, consistent with existing federal law, states were responsible for all education offered to residents within their state boundaries, regardless of where this education “originated.” This regulation appropriately applied to all types of postsecondary education for which students qualified for federal student assistance, regardless of the sector or level of higher education. While this was consistent with existing law, it was counter to the way in which many states were overseeing education; relatively few states were either overseeing or were even aware of the substantial amount of education being provided within their boundaries by institutions from other states.

This clarification of federal expectations had major implications for postsecondary institutions and states. In addition to existing state regulations, there was now a clear federal requirement that all institutions offering education in other states be able to demonstrate that they had the approval to serve students in each of those other states. With the expansion of distance education (via Internet-based education, telecommunications, or other means) many institutions increasingly served students from other states. While some institutions had sought and received such authorizations, in many cases at substantial expense, most institutions offering such instruction had not done so. This federal clarification, therefore, had significant potential implications for institutions, including incurring the costs of securing and maintaining such approvals to operate and the

49 substantial time and effort in securing such authorizations. In some cases, access for students to quality higher
50 education was eliminated if their institution decided not to incur the cost of complying. States also faced
51 substantial new expectations, with the potential of thousands of institutions requesting approval from all
52 states, well exceeding the management capacity of current state authorization agencies.

53
54 Although a federal district court has vacated this regulation and an appeals court affirmed the lower court’s
55 decision, those rulings dealt only on technical issues regarding the Department of Education’s processes for
56 notification in development of the regulation. The Department’s ultimate authority to regulate in this area was
57 upheld. The Department continues to believe strongly in the role of the states in overseeing the delivery of
58 these educational services. While it will not enforce the regulation as originally written, we believe that some
59 form of the regulation will emerge that addresses the court’s concerns but maintains a strong state role in
60 overseeing all education delivered within their boundaries.

61
62 Despite the difficulties arising from the federal regulatory action, the federal expectation of a strong state role
63 in authorization makes sense. This is, in fact, an appropriate state role and responsibility with or without the
64 federal mandate. Consistent with their collaborative missions, we believe that the four existing regional
65 higher education interstate compacts are uniquely positioned to quickly and effectively assist on this issue.
66 The compacts include the Midwestern Higher Education Compact (MHEC), the New England Board of Higher
67 Education (NEBHE), the Southern Regional Educational Board (SREB) and the Western Interstate Commission
68 for Higher Education (WICHE). The compacts operate with the express purpose of expanding educational
69 opportunity within their respective regions. We believe that states within a region, working together and
70 agreeing on terms of engagement and collaboration, can trust each other to work cooperatively and
71 consistently toward reciprocally accepting each other’s authorization of institutions to operate. Interstate
72 recognition within a region would also extend to cover all participating states regardless of region. Trust,
73 thus, becomes a guiding principle for a state authorization reciprocity agreement. Trust, however, requires
74 confidence that each of the partners takes seriously its responsibilities with regard to authorizing only
75 institutions that provide high quality education, whether that is through traditional campus-based classroom
76 experiences or through technology mediated or off-campus based experiences.

77
78 Similarly, this agreement presumes the efficacy of the federal triad.

79
80 This SREB State Authorization Reciprocity Agreement (S-SARA), therefore, is built upon these three
81 partnerships: the first being between SREB member states as reciprocal partners, the second being agreement
82 between the four higher education regional compacts, and finally the partnership between nationally
83 recognized accreditors, the federal government, and the states.¹

84 Definitions

85
86
87 A good agreement must be easily and consistently understood by all partners. Definitions of terms,
88 therefore, become very important. Throughout this agreement, where references are made to terms that
89 might be interpreted differently by different partners, definitions are included in footnotes to ensure
90 maximum transparency.

91

¹ SARA is an agreement among states; it is not an agreement among institutions. Institutions need to seek authorization from their home state to participate in the reciprocity agreement.

This is a Voluntary Agreement

This agreement establishes reciprocity between willing *SREB* member states that accept each others' authorization of accredited institutions to operate in their states to offer educational services beyond state boundaries. Participation in this agreement is entirely voluntary on the part of the state. This agreement is intended to facilitate expanded access to high quality distance education opportunities for students by improving state policy and operational mechanisms. This agreement applies only to educational services provided by institutions outside of their home state boundaries, and in no way² affects the unique processes that states may use to authorize institutions to operate or to exempt institutions from oversight within their own state.

Just as participation in this agreement at the state level is voluntary, so, too, is participation at the institution level. Institutions that wish not to subject themselves to the level of oversight consistent with interstate reciprocity can opt not to participate and thus either choose not to provide educational services beyond the boundaries of their state or to seek separate authorization to operate in those states in which they wish to offer educational services.

Benefits of Reciprocity

Significant benefits will accrue to students, institutions and states if the current lack of uniformity in the patchwork of state regulation can be improved through sharing in common, high quality and consistently applied processes and standards.

- Institutions will reap financial benefits by no longer having to engage in the confusing and duplicative process of seeking approval to operate on an individual, case-by-case basis in each state in which it serves students.
- States will benefit by maintaining their rights and responsibilities to assure quality programs are offered by institutions within their state. States will also benefit by focusing their limited resources on the oversight of institutions within their state, regardless of where that institution serves students. As the number of institutions serving students in multiple states continues to increase, state regulatory offices would find it difficult to conduct meaningful reviews and on-going oversight of the hundreds, if not thousands, of out-of-state institutions operating in their states.
- Students will benefit as lower costs for institutions will mean fewer costs passed on to students. Some students are finding their options limited as institutions choose not to serve students in states with onerous authorization requirements. Since regulators will focus their reviews on their “home state” institutions, they will have more confidence in the review process and that complaints will be handled and resolved.

² *Exempt* means: an institution that by state regulation is not required to have a full approval to operate within the state based on meeting certain criteria in that state. Exempt institutions will not be eligible to participate in the State Authorization Reciprocity Agreement unless they seek and obtain approval from their home state to operate under the terms of this agreement.

133 Ultimately, the quality of postsecondary education is reflected in the outcomes derived from
134 education. But quality outcomes result from quality processes, and state authorization must focus on
135 both the processes that enable students to acquire the pertinent knowledge and skill as well as the
136 outcomes that demonstrate the acquisition of knowledge and skills.
137

138 Partnerships

139
140 WICHE and the regional compacts have benefitted greatly in the development of this agreement from
141 the work of the Presidents' Forum and Council of State Governments. With support from Lumina
142 Foundation, they have been engaged in an effort to create a model nationwide interstate reciprocity
143 program. Now both efforts are being brought together, establishing a framework for the four regional
144 interstate compacts, and states and territories that do not currently belong to one of the four interstate
145 compacts, to join together in a collaborative effort to ensure nationwide coverage through four
146 collaborative regional reciprocal agreements. We believe that collaboration between these well-
147 established and highly-regarded regional interstate compacts is the most cost-effective and viable
148 approach to achieve nationwide coverage and will achieve the purposes imbedded within the work of
149 the Presidents' Forum and Council of State Governments.
150

151 PURPOSES

152
153 This compact builds upon and strengthens the existing efforts of states, accrediting bodies and the federal
154 government to facilitate expanded access to high quality education by:

- 155 1. Establishing common, high quality and consistently applied processes and standards
156 endorsed by participating states, which are efficient and cost-effective;
- 157
158 2. Providing for consumer protection and a complaint resolution process;
- 159
160 3. Providing for the uniform collection and sharing of information between and among member
161 states for the purposes of assuring adequate quality for education services provided by
162 institutions operating outside of their home state boundaries;
- 163
164 4. Reducing barriers to innovation in educational delivery;
- 165
166 5. Increasing access to postsecondary education and degree completion.
167

168 RESPONSIBILITIES OF THE REGIONAL COMPACTS AND THE RECIPROCATING STATES

169 Responsibilities of the Regional Compacts

170
171
172
173 Each of the regional higher education compacts will manage reciprocity between its member *states*³
174 in the acceptance of state authorization from all reciprocating states that meet the criteria for
175 reciprocity as defined in this agreement. Each compact will establish a regional State Authorization
176 Reciprocity Agreement (SARA) steering committee. The regional steering committees shall be
177 composed of one representative from each state participating in the reciprocity program selected by
178 the regional compact's commissioners from that state, and up to five additional members selected by

³ **State** means: any state, commonwealth, district or territory of the United States.

179 the regional compact’s commissioners from a slate developed by the respective compact’s chief
180 executive officer to represent communities of interest in this agreement that have not been included
181 naturally through the selection process outlined above. Examples of communities of interest include,
182 but are not limited to: state regulators, accreditors, institutions from all sectors of higher education,
183 and state government. Steering committee members’ terms of service will be determined by the
184 respective regional compact’s governing board.

185
186 Three states (New Jersey, New York, and Pennsylvania), the District of Columbia, and all of the U.S.
187 territories and protectorates, do not currently belong to a regional compact. They all have access to all
188 federal education programs and thus are captured at least by the federal government’s interest in this
189 set of regulatory issues. These states and territories, subsequently referred to as “non-affiliated”
190 states in this agreement, have the option of paying a \$50,000 annual fee to align with one of the
191 regional compacts so that they can participate in the reciprocity agreement. If they do so, they will
192 each have one representative on the respective compact’s regional steering committee.

193
194 Each of the regional State Authorization Reciprocity Agreement (SARA) steering committees will
195 establish the criteria for state participation in this reciprocity program and will adjust these criteria, as
196 appropriate, over time. A state seeking to participate in its region’s SARA program will submit a plan
197 as to how it will meet the criteria for participation. The regional steering committee will review the
198 plan and work with the state to improve the plan until the committee is able to recommend its
199 approval by that region’s regional compact. The steering committee also recommends other
200 procedural details and actions regarding participation in SARA to their regional compact’s
201 commissioners.

202
203 Each regional compact will develop processes for informing states of the requirements for joining the
204 regional reciprocity agreement, accepting states into the reciprocal arrangement, rejecting states from
205 acceptance into the reciprocal arrangement, sanctioning states that fail to meet fully the requirements
206 for participation, and dismissing from the reciprocal arrangement states that fail to respond to
207 concerns that they are not meeting the requirements for participation. These processes must include a
208 process for appeal in the event that a state disagrees with the compact’s decision. All states entering
209 into the reciprocity agreement will be reviewed on at least a biennial basis by their respective regional
210 compact to assure that their authorization processes and participating institutions continue to meet all
211 of the criteria for inclusion in the reciprocity agreement.

212
213 In the South, the program will be operated by the Southern Regional Education Board, under the bylaws
214 and consistent with all other SREB programs. The other three regional interstate compacts, the
215 Midwestern Higher Education Compact (MHEC), the New England Board of Higher Education (NEBHE)
216 and the Western Interstate Commission for Higher Education (WICHE) will oversee the agreement in
217 their region.

218
219 SREB is unique among the four regionals in that it has had a longstanding and effective reciprocal
220 arrangement in place among 14 of its 16 member states for online programming. From the inception of the
221 Electronic Campus (EC) in 1998, a central and fundamental aspect of the original guiding principles of the EC,
222 established and adopted by all SREB member states, was establishing procedures, which would allow
223 colleges and universities to operate freely without additional state approval/authorization in other member
224 states. This process was adopted and included in the original EC guidelines for participation. The reciprocal
225 process — SREB Electronic Regional Reciprocity Agreement (SECRRA) — allows institutions offering courses
226 and programs that were reviewed and approved by the institution’s home state and listed in the EC to be

227 exempted or otherwise recognized to deliver online offerings in other SREB states. A central and fundamental
228 aspect of the original guiding principles of the EC, established and adopted by all SREB member states (15 in
229 1998) was establishing procedures, which would allow colleges and universities to operate freely without
230 additional state approval/authorization in other member states. This process was adopted and included in the
231 original EC guidelines for participation. The reciprocal process allowed institutions offering courses and
232 programs that were reviewed and approved by the institution's home state and listed in the EC to be
233 exempted or otherwise recognized to deliver online offerings in other SREB states. There were restrictions,
234 including the institution had to be a not-for-profit, regionally accredited and chartered in one of the SREB
235 states. While there were restrictions, SECRRA has worked well and SREB states and institutions remain
236 supportive of the arrangement.

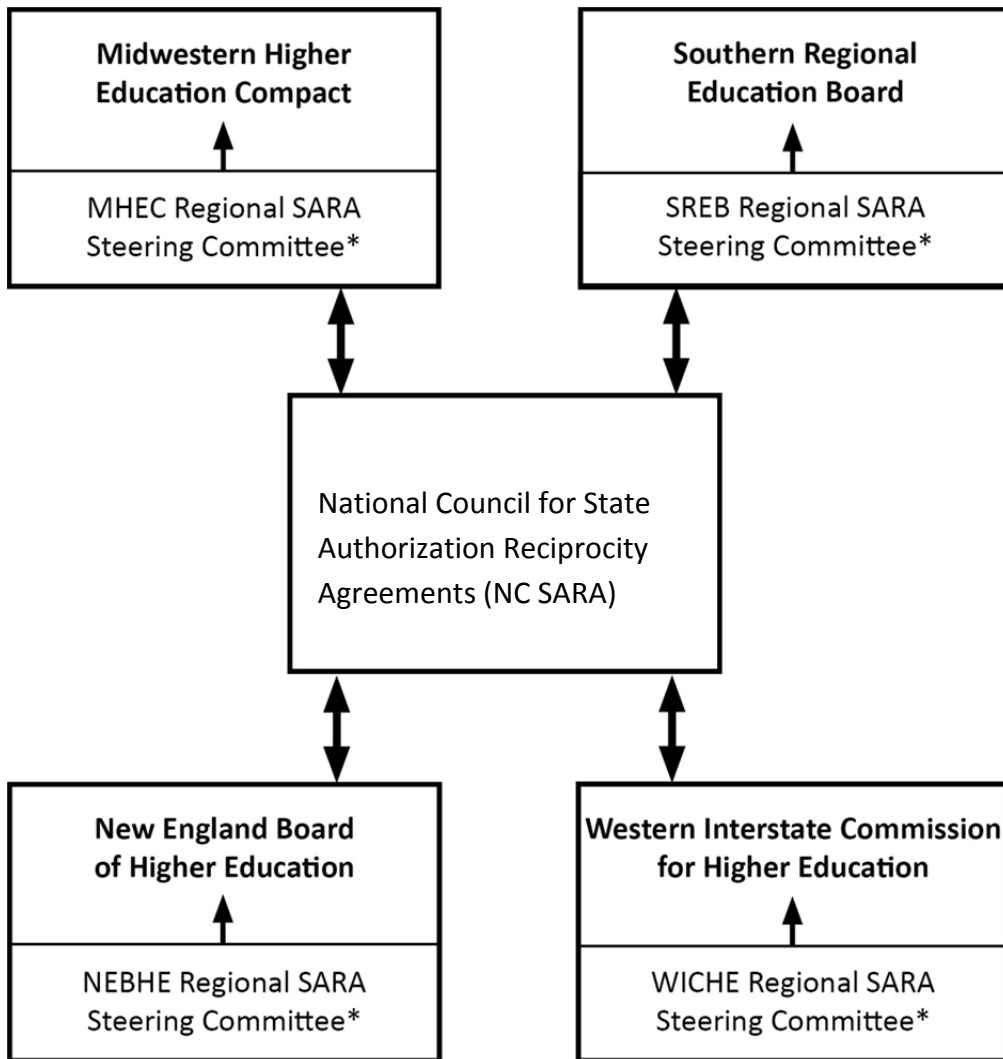
237
238 In administering the national reciprocity agreement among its member states, SREB will build off the
239 experience in SECRRA to move states to adoption.

240 Creating Reciprocity Nationwide

241
242
243 The four regional compacts jointly accept the responsibility for working together and with states and territories
244 that currently do not belong to a regional compact, for the purposes of harmonizing the State Authorization
245 Reciprocity Agreement across the regions and assuring that the quilt of regional agreements will cover the nation
246 as a whole. This will include creating an organizational structure for the coordination of efforts between these
247 various entities. This National Council for State Authorization Reciprocity Agreements (NC SARA) will be
248 sufficient in size to assure that the perspectives of all stakeholder groups will be represented on the council,
249 but small enough to be an effective working council. We anticipate that 15-17 council members will be
250 selected. The National Council for State Authorization Reciprocity Agreements will include the CEO's of the
251 four regional compacts (or their designee), which will be charged with developing the four Regional State
252 Authorization Reciprocity Agreements that will ensure nationwide coverage of state reciprocity. The remainder
253 of the council, up to 13 possible additional members, will be selected to represent a diverse set of perspectives
254 and interests. Membership will not be driven by numerical representation or delegated interests; rather
255 members will be selected based on their knowledge of the field, ability to work across multiple perspectives,
256 and commitment to the collaborative work and success of the national council. The selection committee will
257 draw from all institutional sectors (including large- and small-scale public, private and for-profit distance
258 education providers), regional and national accreditation associations, state regulators, state attorneys general
259 and state higher education executive officers. Council members will serve staggered terms, with limits
260 established for the length of time that members may serve.

261
262 Below is a diagram of how this network of collaborative efforts will fit together to provide a nationwide
263 framework. An organizational flow chart follows.

264



* Refer to the Responsibilities of the Regional Compacts and the Creating Reciprocity Nationwide sections for information on the composition of the committees and board.

265
 266
 267
 268
 269
 270

This organizational structure will work as follows. The states will be the principal guardians of consumer protection. They will develop processes for authorizing and overseeing all accredited degree granting postsecondary education⁴ institutions⁵ within their state that wish to offer educational services outside the state’s boundaries. The regional SARA Steering Committees will develop processes for recognizing⁶, for

⁴ **Postsecondary education** includes all education beyond high school and includes all public, non-profit private, and for-profit private institutions as well as all institutions offering certificates, and/or degrees. For purposes of this reciprocity agreement, however, institutional participation will be restricted only to degree granting institutions.

⁵ **Institution** means: a college, university, or other postsecondary education institution or collection of such entities doing business as one organization, with an institutional identification from the Office of Postsecondary Education within the U.S. Department of Education (OPEID).

⁶ **Recognize** means: states participating in the reciprocity agreement agree to accept each other’s institutional authorization decisions.

271 purposes of reciprocity in state authorization, states that demonstrate that they have developed and operate
272 agencies that appropriately authorize⁷ and oversee all degree granting postsecondary education institutions
273 within their state that wish to offer educational services outside state boundaries. The National Council for
274 State Authorization Reciprocity Agreements will develop processes for recognizing reciprocity between
275 regional SARAs, for assuring that each SARA is appropriately overseeing the states within its regional
276 reciprocity agreement, and for harmonizing procedures among the regions to make the reciprocal recognition
277 of state authorization as seamless and uniform as possible for institutions.

278

279 Responsibilities of the Reciprocating States

280

281 States participating in this reciprocity agreement have two major areas of responsibility.

282

283 ***Authorizing Responsibility.*** First, the states must assure that they have appropriate laws, policy,
284 practice and processes for authorizing all accredited⁸ postsecondary education institutions that
285 operate from their state. The state is defined as the home state⁹ for all institutions claiming the state
286 as its principle location for accreditation purposes. This includes authorizing all distance learning
287 activities of these institutions not only in the home state, but in all other states (defined as *host*
288 *states*¹⁰) in which the institutions provide educational services. After initial authorization, the home
289 state must review the institution every year for the purposes of affirming or denying authorization. To
290 demonstrate a state’s adequacy in authorizing institutions, the state must demonstrate to the regional
291 SARA that it meets all of the criteria for authorizing institutions outlined in the next section of this
292 agreement.

293

294 Physical Presence

295

296 One of the most difficult tasks in crafting an interstate agreement on state authorization is determining
297 what activities an institution can or cannot conduct in a state, whether those activities be at a
298 distance or face-to-face. While states use different monikers for these criteria used to determine
299 which activities are allowed in a state, they tend to fall under the notion of “physical presence.” It is
300 imperative, therefore, to clearly define what “physical presence” means for institutions participating in
301 SARA for two reasons: 1) because institutions with a physical presence in a host state will not be
302 eligible for reciprocal authorization; and 2) to clearly define what activities can be conducted in a state
303 as a result of participating in this agreement.

304

305 The following sections begin to describe the activities that an institution participating in SARA can or
306 cannot conduct in other states that are part of the Agreement. There are so many variations on these
307 activities that it is impossible to cover all contingencies. The items listed below provide initial
308 guidelines to each regional compact, but it is anticipated that each region’s steering committee will
309 need to review specific instances of activities conducted in other states and provide additional
310 guidance.

⁷ **Authorized** means: holding a current valid charter, license or other written document issued by a state, federal government or government of a recognized Indian tribe, granting the named entity the authority to issue degrees.

⁸ **Accredited** means: holding institutional accreditation by name to offer distance education as a U.S.-based institution from an accreditor recognized by the U.S. Department of Education. Only institutions holding such accreditation can participate in interstate state authorization reciprocity.

⁹ **Home State** means: a state where the institution holds its principal institutional accreditation.

¹⁰ **Host State** means: a state in which an institution operates under the terms of this agreement, other than the home state.

311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356

Physical Presence Activities in a Host State Allowed by SARA

If an institution is authorized by its home state and that home state is an approved participant in SARA, the institution is eligible to conduct the following activities in any of the SARA states. Physical presence (or “to operate”) is not triggered in a state participating in this agreement by any of the following activities:

1. Courses offered at a distance (online, through the United States mail or similar delivery service) that do not require the physical meeting of a student with instructional staff in a host state.
2. Academic offerings among institutions from SARA states that are participating in a consortia agreement approved by each of those participating institutions.
3. Advertising to students within a state, whether through print, billboard, direct mail, internet, radio, television or other medium.
4. Recruiting
5. Experiential learning opportunities arranged for an individual student, such as a clinical, practicum, residency or internship, provided that:
 - a. The institution has already obtained all of the professional and licensure approvals necessary (if any) to conduct the learning opportunity in the state or only a small number of students from each institution is physically present simultaneously at a single field site.
 - b. There is no multi-year contract between the institution and the field site.
6. An offering in the nature of a short course or seminar, if instruction for the short course or seminar takes no more than twenty classroom hours.
7. An educational field experience arranged for a group of students that are participating in campus-based programs in another state.
8. An offering in the nature of a short course or seminar, if instruction for the short course or seminar takes no more than twenty classroom hours.
9. A portion of a full-term course that comprises less than 2 class periods equivalent to six hours that takes place in a setting where the instructor and students physically meet as one of the requirements necessary to complete the course.
10. Course offerings by an accredited institution on a U.S. military installation, limited to active and reserve military personnel, dependents of military personnel, and civilian employees working on the military installation.

- 357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
11. Operation of a server, router or similar electronic service device when such device is not housed in a facility that otherwise would constitute a physical presence; the presence of a server or similar pass-through switching device in a state.
 12. Having faculty, adjunct faculty, mentors, tutors, recruiters or other personnel residing in a state. The presence of instructional faculty in a state, when those faculty offer entirely online or other distance-education instruction and never meet their students in person for educational purposes while in that state, does not establish a presence of the institution in that state or an offer of a course or program from that state for purposes of this agreement.
 13. Requiring a student to take a proctored exam at a location or with an entity in the host state prescribed by the institution.
 14. Having a contractual arrangement in a state.

Physical Presence Activities in a Host State Not Covered by SARA

372
373
374
375
376
377

For purposes of this agreement, any of the following activities in a host state are not covered by this agreement since they constitute a “physical presence.” An institution would be subject to the laws and regulations of each individual state in which it conducts these activities:

- 378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
1. Establishing a physical location in a state for students to receive synchronous or asynchronous instruction; or
 2. Requiring students to physically meet in a location in the state for instructional purposes as required for the course; or
 3. Establishing an administrative office in the state, including:
 - a. Maintaining an administrative office in the state for purposes of providing information to prospective students or the general public about the institution, enrolling students, or providing services to enrolled students;
 - b. Providing office space to instructional or non-instructional staff; or
 - c. Establishing an institutional mailing address, street address or phone number in the state.

395
396
397
398
399
400
401

Complaint Resolution Responsibility: The states must assure that they have reasonable processes for monitoring authorized institutions and for addressing and redressing complaints or concerns that are raised concerning authorized institutions. To demonstrate a state’s adequacy in monitoring and adjudicating the actions of authorized institutions, the state must demonstrate to SREB that it meets all of the criteria for monitoring and adjudicating actions of authorized institutions, as outlined in the next section of this agreement.

CRITERIA FOR STATE AUTHORIZATION AND OVERSIGHT

The previous section introduced the responsibility of states in two essential, related, but distinctly different types of activities: authorization of accredited institutions to operate and oversight of institutions that are authorized to operate. Because the criteria for these two functions differ, they are detailed separately in this section.

Criteria for Authorizing Institutions to Operate and to Continue Operating

Academic Integrity: States wishing to participate in this regional interstate reciprocity agreement will agree to accept accreditation by a federally-recognized accrediting association as both necessary and sufficient evidence of reasonable institutional academic quality for purposes of delivering services outside their home state or receiving services from other states participating in the reciprocity agreement. Accreditation, therefore, will be acceptable evidence of adequacy with respect to curriculum, measurement and achievement of student learning outcomes, award of credit, faculty qualifications, student support services and academic support services. States that wish to require more documentation for their home institutions certainly have the prerogative of doing so, but for purposes of reciprocal acceptance of institutional authorization from other states to offer educational services beyond state boundaries, accreditation by an accrediting association recognized by the U.S. Secretary of Education upon the advice of the U.S. Department of Education’s National Advisory Council on Institutional Quality and Integrity (NACIQI) must be accepted as sufficient evidence of reasonable institutional academic quality. Additional criteria to be used in resolving student academic complaints about an institution are provided in the complaint section below.

Financial Integrity: SREB states wishing to participate in this interstate reciprocity agreement will agree to accept the standards established by the federal government for demonstrating financial responsibility. The U.S. Department of Education (the Department) considers a public institution to be financially responsible if its debts and liabilities are backed by the full faith and credit of the state or other government entity. The school must provide the Department with a letter verifying that backing from the state, local, or municipal government entity, tribal authority, or other government entity that has the legal authority to make that designation.

While accrediting associations also collect financial information, the federal government has developed a robust and well-accepted process for assessing independent, nonprofit and for-profit institutions’ financial data based on audited financial statements. Relying on this federal information provides a high quality mark that is updated annually and reduces redundancy of reporting by institutions, thus reducing administrative burden. The Department uses a financial responsibility composite score to provide an initial evaluation of an institution’s financial health and determines a score on a range between -1.0 and 3.0. The Department has identified a score of 1.5 or greater as an indication that an institution is financially responsible, although institutions with lower scores also may continue to receive federal funding if they meet additional fiscal requirements.

For the purposes of this agreement, public institutions, consistent with U.S. Department of Education policies, are presumed to be financially responsible by virtue of their status as state or municipal institutions enjoying the financial backing of their state or municipal government.

A private non-profit or for-profit institution is determined to demonstrate sufficient financial strength for participation in the reciprocity agreement if the institution is eligible for federal Title IV student

450 financial aid programs plus the U.S. Department of Education, for the institution’s most recent fiscal
451 year for which data is available, has not determined it to have a financial responsibility composite
452 score below 1.5 (only institutions with composite scores of 1.4 or lower are currently notified of their
453 scores); or the institution is otherwise eligible for federal Title IV student aid programs, has a financial
454 responsibility composite score of at least 1.0 but less than 1.5, and the state has determined, upon
455 examination of additional supporting material, that the institution has sufficient financial strength for
456 inclusion or that the reason for the score being at least 1.0 but less than 1.5 is the result of
457 accounting error or the misapplication of generally accepted accounting standards in the calculation
458 of that score

459
460 A private non-profit or for-profit institution that is currently included in its state’s reciprocity
461 agreement but that the Department determines in a given year to have a financial responsibility
462 composite score of at least 1.0 but less than 1.5 and remains eligible for federal Title IV student aid
463 programs, may, upon approval of its state, be deemed conditionally financially responsible for up to
464 two years.

465
466 A private non-profit or for-profit institution that is currently included in its state’s reciprocity
467 agreement but that the Department determines to have a financial responsibility composite score
468 below 1.5 for a second, consecutive year may no longer participate in the state’s reciprocity
469 agreement, unless the institution demonstrates to the state that the cause of the score is the result of
470 accounting error or the misapplication of generally accepted accounting principles in the calculation
471 of that score. A private non-profit or for-profit institution that has lost its approval to participate in its
472 state’s reciprocity agreement under this provision but remains eligible to participate in federal Title IV
473 student aid programs will meet the financial responsibility requirements of the reciprocity agreement
474 if and when the U.S. Department of Education determines the institution no longer has a financial
475 responsibility composite score below 1.5.

476
477 No institution with a federal composite financial responsibility score of less than 1.0 will be
478 considered eligible for interstate reciprocity, even if it has been deemed to be Title IV eligible by the
479 U.S. Department of Education.

480
481 Any institution that wishes to participate in the State Authorization Reciprocity Agreement but that
482 does not have an established federal composite financial responsibility score because it has chosen
483 not to participate in federal Title IV programs must be determined by the state authorizing entity in its
484 home state to be financially responsible based on audited financial information and calculations
485 comparable to those used by the U.S. Department of Education.

486
487 The above provisions do not limit the right of the home state to require more demanding financial
488 responsibility requirements for its home state institutions. A SARA member state an require a higher
489 federal financial responsibility score for its participating nonpublic colleges and universities if that
490 standard is applied to the institutions as part of the state’s general rules for operating in the state. The
491 state cannot apply a standard higher than the SARA standard solely for eligibility screening for an
492 institution’s participation in SARA. For this reason, in a state that applies a higher standard to its
493 nonpublic providers, those providers will by definition operate under a higher standard for the
494 purposes of SARA, but not because of SARA rules.

495
496 ***Consumer Protection:*** The federal triad gives states the lead responsibility for protecting consumers
497 of postsecondary education. Some of the criteria in this arena are also included within institutional

498 accreditation and within federal oversight, but the primary responsibility of the states lies in this area.
499 The potential adverse consequences for the citizens of the states are so significant that these criteria
500 cannot be assigned solely to either the accreditors or the federal government. States will maintain
501 responsibility for:

502
503 ***Recruitment, Marketing, and Other Institutional Disclosures:*** To qualify for acceptance
504 into the State Authorization Reciprocity Agreement, a state must demonstrate that
505 institutions authorized by the state are held accountable for and have attested to the
506 veracity and adequacy of the institutions' recruitment material, marketing efforts, and
507 other institutional disclosures. This must include each institution being held accountable
508 for and attesting to at least the following:

- 509
- 510 • Providing full information about institutional and program requirements in a format
511 that prospective students and the public can easily understand and access.
- 512
- 513 • Assuring that program advertisements and promotional information include all
514 special or exceptional program requirements.
- 515
- 516 • Ensuring that job placement and related salary information are supported by evidence
517 of their accuracy and efficacy.
- 518
- 519 • Providing information on programs that prepare students for licensed professions
520 that explicitly states whether the program, including clinical or experiential practice,
521 meets licensure standards in all states in which the institution has students enrolled.
- 522
- 523 • Monitoring and accepting responsibility for assuring professional conduct of
524 recruiting and marketing staff.
- 525
- 526 • Disclosing institutional and programmatic accreditation status and providing a brief
527 explanation of what the accreditation status means along with the respective
528 accreditor's information.

529
530 ***Tuition, Fees, and Other Charges:*** With respect to tuition, fees, and other charges, states
531 require their authorized institutions do at least all of the following:

- 532
- 533 • Disclose all tuition, fees, and other costs associated with attendance, including fees
534 and costs that are unique to specific programs of study.
- 535
- 536 • Publish clear policies and practices regarding refunds to students, including
537 transparent and readily available information on refund deadlines and refund
538 amounts.
- 539

540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587

- Provide accurate and complete information about financial aid available to students attending the institution, including all forms of financial aid (grants, scholarships, loans, and work-study) and the sources (institutional, private philanthropic, state, and federal) of each form of aid.

Admissions: To qualify for acceptance into the State Authorization Reciprocity Agreement, a state must demonstrate that it assesses the efficacy of the admissions process for every institution seeking new or renewal of authority to serve students via distance delivery in other states. Admissions criteria must include at least the following:

Clearly stated and comprehensive requirements for admission to the institution must be available to prospective students and this information must also be available as applicable for programs resulting in a certificate or degree.

- Reasonable assurance the admitted students have the capacity to succeed in the program(s) to which they are accepted.

Complaints and Concerns: To qualify for acceptance into the State Authorization Reciprocity Agreement, a state must assure that it requires all institutions seeking authorization to demonstrate that they do at least all of the following with respect to complaints against the institution and resolution of such complaints:

- Establish and sustain a complaint procedure that includes clearly understood and published processes for lodging a complaint, both within the institution, to the state authorizing entity, and to the institution’s accrediting association;
- Establish and sustain processes within the institution for responding appropriately to complaints and for documenting their resolution;
- Establish and sustain a process for reporting formal complaints and their resolution to the state authorizing entity, including procedures that ensure that an institution’s complaint resolution process has been exhausted before the complaint is elevated to the state authorizing entity; and
- Establish and sustain a process for working with the state authorizing entity on resolving complains that have been lodged and not resolved with that entity.

In addition to requiring institutions to provide such assurances of responsiveness to consumer complaints, the state must demonstrate that it has processes for following up on both formal complaints that it receives and on concerns that come to the attention of the state authorizing entity. The state must demonstrate that it is prepared to accept and act on all legitimate complaints and concerns registered with the state agency with regard to an institution that it has authorized for operation, whether the education provided by the institution was provided in the home state or in a host state. The state authorizing entity must have processes for responding to complaints and concerns from students as consumers, institutions, accrediting agencies, other states within the reciprocity program, the federal government or other interested parties. Because the states have the primary responsibility for consumer protection and because the

588 accrediting bodies focus more directly on institutional issues, rather than individual
589 student or consumer complaints, it is the responsibility of the state to follow up on all
590 legitimate complaints. The responsibility includes complaints not only related to
591 violations of the consumer protection requirements or of financial solvency of the
592 institution but also include academic standards initially established with an institution’s
593 accreditation.

594
595 With respect to resolving complaints or concerns regarding academic standards, all
596 states participating in the State Authorization Reciprocity Agreement will be guided by
597 the standards for the evaluation of distance education (on-line learning) adopted by the
598 Council of Regional Accrediting Commissions (C-RAC) (Appendix A), which is composed of
599 all of the regional accrediting associations. Abiding by the C-RAC guidelines will ensure
600 that the standards used by accreditors for initial authorization of institutions by the state
601 will be consistent with the guidelines used by states in responding to complaints or
602 concerns lodged with them regarding matters of academic integrity. If deemed necessary
603 in the future, SARA can review and replace these guidelines that are consistent with
604 those used by other entities in reviewing institutional practices.

605
606 The state must demonstrate that it accepts affirmative responsibility to promptly report,
607 as appropriate, complaints and concerns to both the institutions about whom the
608 complaints/concerns were lodged and, as appropriate, to the body that accredits the
609 institution. While the host state is not responsible for following up on complaints
610 regarding an institution operating within the state but based elsewhere, the host state
611 must have a process of transferring such complaints that it receives to the home state
612 that has authorized the institution to operate. The home state is responsible for informing
613 the host state of the status or outcome of a complaint lodged through the host state.

614
615 ***Data Collection and Sharing:*** Data collected and shared by participating SARA institutions
616 will be essential to monitoring SARA processes and success. Such data will also allow
617 states to know how many of their students are receiving distance educational services and
618 degrees from providers outside their boundaries. In this way, data collection and sharing
619 among SARA institutions and SARA states will greatly enhance the assessment of the scope
620 and impact of distance education in the nation. Institutions will not be asked to collect and
621 submit data that is readily available and submitted to other entities such as IPEDS and their
622 accrediting association. Data to be collected and shared by participating SARA institutions
623 may include but will not necessarily be limited to the following:

- 624 •
- 625 • Numbers, types, and enrollment of on-line courses offered in each year.
- 626
- 627 • Number of out-of-state students enrolled in each on-line degree program/by state/by
628 demographic categories.
- 629
- 630 • Number of out-of-state students completing each on-line degree program/degrees
631 conferred/by state
- 632
- 633 • Numbers of complaints lodged against the institution by out-of-state on-line students/by
634 program
- 635

636 **Criteria for Overseeing Authorized Institutions**

637

638 As important as assuring that institutions seeking authority to operate within a state are fit for this purpose is
639 the responsibility of the state to assure that the institution abides by the assurances and commitments it made
640 in seeking authorization.

641

642 ***Complaints:*** The state must periodically demonstrate at least every other year to its State
643 Authorization Reciprocity Program that the formal complaint process on which it was approved works
644 effectively to protect students from possible institutional malfeasance, abuse, incompetence or
645 criminality. This must include evidence of at least the following:

646

- 647 • Evidence that consumers (students and subsequent employers) have reasonable access to
648 information about the complaint process.
- 649 • Documentation of: 1) all formal complaints received, 2) notifications of complaints
650 provided to institutions and accrediting associations, and 3) complaint resolutions.
- 651 • Demonstration that complaint resolutions were appropriate to the severity and veracity of
652 the complaints, including punishment and restitution for violations (within clearly
653 described guidelines) including specific criteria for the termination of authorization to operate.

654

655 Each regional SARA steering committee will establish the specific criteria for these reporting requirements.

656

657 ***Concerns:*** The state authorizing entities will become aware of potential problems or possible
658 violations of state authorization, either through staff inquiries or other sources. It is the affirmative
659 obligation of the state entity to address appropriately such concerns. All states participating in a
660 regional State Authorization Reciprocity Agreement must periodically demonstrate that they have clear
661 and well-documented policies and practices for addressing such concerns, and that they have
662 followed these policies and practices, consistent with the processes identified in the preceding
663 paragraph. Each regional SARA steering committee will establish the specific criteria for these
664 reporting requirements.

665

666 ***Catastrophic Responses:*** State authorizing entities must respond on occasion to catastrophic events
667 at one or more of the institutions that they oversee. All states must periodically demonstrate to their
668 regional SARA entity that they have clear and well-documented policies and practices for addressing
669 such catastrophic events, including at least the following.

670

- 671 • In the event of the unanticipated closure of an institution, that the state has a process of
672 assuring that students receive the education they contracted for or reasonable financial
673 compensation for what they did not receive. Such assurances can come in various forms
674 — tuition assurance funds, surety bonds, teach-out provisions, etc. — and they can
675 come from individual institutional requirements, multi-institutional cooperatives or state-
676 supported activities. A participating state can choose its own approach, but it must
677 demonstrate regularly that the approach it has selected adequately protects students as
678 consumers.

679

680

681

682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729

- The state entity must also assure that it either requires institutions to have disaster recovery plans, particularly with respect to the protection of student records, or that the state provides such a plan.

Financing SARA

To finance the expenses of establishment, organization and ongoing activities and to assist states in fulfilling their roles in the State Authorization Reciprocity Agreement, the National Council for State Authorization Reciprocity Agreements has the authority to collect fees. Fees will be collected from institutions from SARA member states that have chosen to participate in the Agreement and have been authorized by the appropriate state entity.

These fees will be managed and distributed by the council and will be guided by the following principles:

- A. Participation in SARA does not infringe upon the right of any member state to charge fees to its home state institutions to cover the costs associated with review, approval, and monitoring of operations of institutions in its state. The home state shall retain all such fees.
- B. Institutions operating in states other than their home state under the provisions of this agreement shall pay a SARA fee annually to the SARA National Council.
- C. The SARA fees will be sufficient, in aggregate, to fund the operational expenses associated with the National Council for State Authorization Reciprocity Agreements and the regional compacts' SARA related work and will be low enough to encourage institutional participation in this activity.
- D. The SARA fee will be standardized across all regions.

After receiving input from each regional compact and participating states and institutions, the coordinating board shall annually approve and publish the SARA fee schedule for institutions.

The SARA fee will use a graduated scale based upon the number of students enrolled in or served by an institution. The tier levels and the metrics to measure students will be determined by the NC SARA and openly published as part of the fee schedule.

It is anticipated that the annual operating costs for the four regional compacts' SARAs and the National Council for State Authorization Reciprocity Agreements will be approximately \$1.5 million. If as few as 300 institutions chose to participate in these agreements, which is the fewest we can imagine would do so, the average cost, would be approximately \$5,000 per institution. If as many as 1,000 institutions chose to participate, which would represent slightly more than 20 percent of all degree-granting institutions currently participating in the federal Title IV student aid programs, and which represents a reasonable target for participation, the average cost per institution would be \$1,500. Initial fees will probably range between \$1,500 and \$5,000 per year and will be adjusted over time as more institutions participate.

Such are the criteria for participating in the State Authorization Reciprocity Agreement. Any of the states who meet these criteria, and are deemed to have done so by the relevant SARA steering committee, will be accepted into this reciprocal agreement.

Appendix A

Council of Regional Accrediting Commissions Standards for Distance Education

Revised 2011

The Interregional Guidelines for the Evaluation of Distance Education (Online Learning) were developed by the *Council of Regional Accrediting Commissions (C-RAC)* to assist institutions in planning distance education and to provide an assessment framework for institutions already involved in distance education. They are based on two documents: a 2006 report prepared by the U.S. General Accounting Office, *Evidence of Quality in Distance Education Drawn from Interviews with the Accreditation Community*, and *Best Practice Strategies to Promote Academic Integrity in Online Education*, prepared by the Western Interstate Commission for Higher Education Cooperative for Educational Technologies (WCET). These standards are now incorporated in the requirements of all regional accrediting associations and the National Council for State Authorization Reciprocity Agreements.

1. Online learning is appropriate to the institution's mission and purposes

- The mission statement explains the role of online learning within the range of the institution's programs and services;
- Institutional and program statements of vision and values inform how the online learning environment is created and supported;
- As appropriate, the institution incorporates into its online learning programs methods of meeting the stated institutional goals for the student experience at the institution;
- The recruitment and admissions programs supporting the online learning courses and programs appropriately target the student populations to be served;
- The students enrolled in the institution's online learning courses and programs fit the admissions requirements for the students the institution intends to serve;
- Senior administrators and staff can articulate how online learning is consonant with the institution's mission and goals.

2. The institution's plans for developing, sustaining, and, if appropriate, expanding online learning offerings are integrated into its regular planning and evaluation processes.

- Development and ownership of plans for online learning extend beyond the administrators directly responsible for it and the programs directly using it;
- Planning documents are explicit about any goals to increase numbers of programs provided through online learning courses and programs and/or numbers of students to be enrolled in them;
- Plans for online learning are linked effectively to budget and technology planning to ensure adequate support for current and future offerings;
- Plans for expanding online learning demonstrate the institution's capacity to assure an appropriate level of quality;
- The institution and its online learning programs have a track record of conducting needs analysis and of supporting programs.

776 **3. Online learning is incorporated into the institution's systems of governance and academic**
777 **oversight.**

- 778
- 779 • The institution's faculty have a designated role in the design and implementation of its online
780 learning offerings;
 - 781 • The institution ensures the rigor of the offerings and the quality of the instruction;
 - 782 • Approval of online courses and programs follows standard processes used in the college or
783 university;
 - 784 • Online learning courses and programs are evaluated on a periodic basis;
 - 785 • Contractual relationships and arrangements with consortial partners, if any, are clear and
786 guarantee that the institution can exercise appropriate responsibility for the academic quality of
787 all online learning offerings provided under its name.
- 788

789 **4. Curricula for the institution's online learning offerings are coherent, cohesive and comparable in**
790 **academic rigor to programs offered in traditional instructional formats.**

- 791
- 792 • The curricular goals and course objectives show that the institution or program has knowledge of
793 the best uses of online learning in different disciplines and settings;
 - 794 • Curricula delivered through online learning are benchmarked against on-ground courses and
795 programs, if provided by the institution, or those provided by traditional institutions;
 - 796 • The curriculum is coherent in its content and sequencing of courses and is effectively defined in
797 easily available documents including course syllabi and program descriptions;
 - 798 • Scheduling of online learning courses and programs provides students with a dependable
799 pathway to ensure timely completion of degrees;
 - 800 • The institution or program has established and enforces a policy on online learning course
801 enrollments to ensure faculty capacity to work appropriately with students;
 - 802 • Expectations for any required face-to-face, on-ground work (e.g., internships, specialized
803 laboratory work) are stated clearly;
 - 804 • Course design and delivery supports student-student and faculty-student interaction;
 - 805 • Curriculum design and the course management system enable active faculty contribution to the
806 learning environment;
 - 807 • Course and program structures provide schedule and support known to be effective in helping
808 online learning students persist and succeed.
- 809

810 **5. The institution evaluates the effectiveness of its online learning offerings, including the extent to**
811 **which the online learning goals are achieved, and uses the results of its evaluations to enhance the**
812 **attainment of the goals.**

- 813
- 814 • Assessment of student learning follows processes used in onsite courses or programs and/or
815 reflects good practice in assessment methods;
 - 816 • Student course evaluations are routinely taken and an analysis of them contributes to strategies
817 for course improvements;
 - 818 • Evaluation strategies ensure effective communication between faculty members who design
819 curriculum, faculty members who interact with students, and faculty members who evaluate
820 student learning;
 - 821 • The institution regularly evaluates the effectiveness of the academic and support services
822 provided to students in online courses and uses the results for improvement;

- 823
- 824
- 825
- 826
- 827
- 828
- 829
- 830
- 831
- The institution demonstrates the appropriate use of technology to support its assessment strategies;
 - The institution documents its successes in implementing changes informed by its programs of assessment and evaluation;
 - The institution provides examples of student work and student interactions among themselves and with faculty;
 - The institution sets appropriate goals for the retention/persistence of students using online learning, assesses its achievement of these goals, and uses the results for improvement.

832 **6. Faculty responsible for delivering the online learning curricula and evaluating the students' success in achieving the online learning goals are appropriately qualified and effectively supported.**

833

834

- 835
- 836
- 837
- 838
- 839
- 840
- 841
- 842
- 843
- 844
- 845
- 846
- 847
- 848
- 849
- Online learning faculties are carefully selected, appropriately trained, frequently evaluated, and are marked by an acceptable level of turnover;
 - The institution's training program for online learning faculty is periodic, incorporates tested good practices in online learning pedagogy, and ensures competency with the range of software products used by the institution;
 - Faculty are proficient and effectively supported in using the course management system;
 - The office or persons responsible for online learning training programs are clearly identified and have the competencies to accomplish the tasks, including knowledge of the specialized resources and technical support available to support course development and delivery;
 - Faculty members engaged in online learning share in the mission and goals of the institution and its programs and are provided the opportunities to contribute to the broader activities of the institution;
 - Students express satisfaction with the quality of the instruction provided by online learning faculty members.

850 **7. The institution provides effective student and academic services to support students enrolled in online learning offerings.**

851

852

- 853
- 854
- 855
- 856
- 857
- 858
- 859
- 860
- 861
- 862
- 863
- 864
- 865
- 866
- 867
- 868
- 869
- 870
- The institution's admissions program for online learning provides good web-based information to students about the nature of the online learning environment, and assists them in determining if they possess the skills important to success in online learning;
 - The institution provides an online learning orientation program;
 - The institution provides support services to students in formats appropriate to the delivery of the online learning program;
 - Students in online learning programs have adequate access to student services, including financial aid, course registration, and career and placement counseling;
 - Students in online learning programs have ready access to 24/7 tech support;
 - Students using online learning have adequate access to learning resources, including library, information resources, laboratories, and equipment and tracking systems;
 - Students using online learning demonstrate proficiency in the use of electronic forms of learning resources;
 - Student complaint processes are clearly defined and can be used electronically;
 - Publications and advertising for online learning programs are accurate and contain necessary information such as program goals, requirements, academic calendar, and faculty;
 - Students are provided with reasonable and cost-effective ways to participate in the institution's system of student authentication.

871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896

8. The institution provides sufficient resources to support and, if appropriate, expand its online learning offerings.

- The institution prepares a multi-year budget for online learning that includes resources for assessment of program demand, marketing, appropriate levels of faculty and staff, faculty and staff development, library and information resources, and technology infrastructure;
- The institution provides evidence of a multi-year technology plan that addresses its goals for online learning and includes provision for a robust and scalable technical infrastructure.

9. The institution assures the integrity of its online offerings.*

- The institution has in place effective procedures through which to ensure that the student who registers in a distance education course or program is the same student who participates in and completes the course or program and receives the academic credit. The institution makes clear in writing that these processes protect student privacy and notifies students at the time of registration or enrollment of any projected additional costs associated with the verification procedures. (Note: This is a federal requirement. All institutions that offer distance education programs must demonstrate compliance with this requirement.);
- The institution’s policies on academic integrity include explicit references to online learning;
- Issues of academic integrity are discussed during the orientation for online students;
- Training for faculty members engaged in online learning includes consideration of issues of academic integrity, including ways to reduce cheating.

*Institutions are encouraged to consult *Best Practice Strategies to Promote Academic Integrity in Online Education*, prepared by WCET and available at <http://www.wcet.wiche.edu>