

7. State Authorization Reciprocity Agreement (SARA)Alisa Chapman

Situation: The Board of Governors (BOG) of the University of North Carolina is charged under North Carolina General Statute Section 116-15 with responsibility for licensing nonpublic educational institutions to conduct post-secondary degree activity in North Carolina, including setting the circumstances for exemption from licensure.

Background: The State Authorization Reciprocity Agreement (SARA) is a voluntary reciprocity process among states whereby each member state agrees to verify certain conditions (such as accreditation, financial stability, and other conditions) for participating higher education institutions whose “home domicile” is within that state, and to investigate and respond appropriately to any complaints received from students in other member states who are enrolled in an *online degree program* with that participating institution. Under the terms of the reciprocity agreement, all member states agree to accept and recognize state authorization for all participating institutions in all other SARA-member states.

Approval of North Carolina to participate in SARA would benefit all higher education institutions in the State (UNC, NCCCS, and private institutions) by allowing them to offer online courses and programs in all participating states without the expense and burden of registration and licensing -- something the current legal situation requires and which has prevented many institutions from fully offering online courses and programs throughout the nation.

Assessment: Because the General Assembly has delegated the licensing authority of the State to the BOG, the BOG can agree to incorporate the SARA standards and conditions in the Policy Manual, and adopt those standards and conditions as sufficient to recognize the participants' qualifying distance education as exempt post-secondary degree activity. Thus, in accordance with the responsibilities delegated to it by North Carolina General Statute Section 116-15, the Board of Governors must decide whether or not the State of North Carolina will participate in SARA.

Action: This item is for information.

State Authorization Reciprocity Agreement (SARA) Overview

Current Situation for Licensure Authorization

Each of the 54 individual U.S. states and territories regulate higher education within their borders, with varying requirements for out-of-state institutions that want to conduct post-secondary activity in the state. At present there is no alternative to each institution separately pursuing any needed approvals (state authorization) in each state or territory where it enrolls students. Because state application processes are often time-consuming and some are costly in terms of application and annual fees, the current process is inefficient for UNC campuses, community colleges, and private institutions in North Carolina.

Proposed Change through the Establishment of SARA

The State Authorization Reciprocity Agreement (SARA) is a voluntary reciprocity process among states whereby each member state agrees to verify certain conditions (such as accreditation, financial stability, and other conditions) for participating higher education institutions whose “home domicile” is within that state, and to investigate and respond appropriately to any complaints received from students in other member states who are enrolled in an *online degree program* with that participating institution. Under the terms of the reciprocity agreement, all member states agree to accept and recognize state authorization for all participating institutions in all other SARA-member states.

There is no charge for a state to participate in SARA, although the state must have in place a detailed SARA-support infrastructure to meet the requirements of the SARA reciprocity agreement. Institutions, however, must pay an annual participation fee to the National Council for SARA (NC-SARA) of \$2000, \$4000, or \$6000 depending upon the overall FTE size of the institution.

Any degree-granting institution based in the United States, holding proper authorization from Congress, a U.S. state, or a federally recognized Indian tribe and holding accreditation from an accrediting association recognized by the U.S. Secretary of Education is eligible to apply to its home state to participate in SARA if that state is a SARA member. In order to participate in SARA, the institution must meet “financial stability” requirements established by the Department of Education that would allow the institution to be eligible to participate in Title IV financial aid programs. Also, the institution must attest that it operates its online programs in accordance with principles, practices, and guidelines that are comparable to the SREB Principles of Good Practice.

States apply to join SARA through the state’s regional compact agency. North Carolina’s regional compact agency is the Southern Regional Education Board, known as SREB. In order for an institution to participate in SARA, the institution’s home state must be a member of SARA. SARA only applies to online degree programs and courses. Thus, North Carolina’s current licensure application and approval process for on-the-ground campuses of out-of-state institutions will not be affected.

The four regional compacts are projecting the adoption of SARA by states as follows: 15 – 20 member states by end of 2014; 35 – 40 states by end of 2015; and 40 – 45 states by end of 2016.

Policy Considerations

Under current licensure policy, online programs that are 100% online with no on-the-ground components are not required to be licensed and thus we have limited knowledge and no data on these programs. However, if an online program has an on-the-ground component (such as student teaching, clinical rotation, practicum, etc.) those online programs are required to be licensed. Currently, approximately 20% of licensure activity administered by UNC General Administration involves online programs with on-the-ground components, and approximately 80% involves on-the-ground physical campuses operated by out-of-state institutions.

Legal Considerations

David Harrison in the UNC General Administration Legal Affairs Division has reviewed the legal architecture of SARA and UNC Board of Governors authorization to participate in SARA reciprocity. The current statute authorizing licensure of out-of-state institutions (GS 116-15) gives the UNC Board of Governors appropriate authority to join SARA on behalf of the State of North Carolina, should the BOG choose to do so. Legal Affairs does not believe, unlike many other states, that additional legislative action is needed for NC to join SARA; it is the decision of the BOG. See Attachment 2 for more detailed information on this review.

Responsibilities of SARA Member States

If North Carolina joins SARA, it would agree to several responsibilities, the largest of which would be to designate a NC “portal agency” to coordinate SARA matters for the state and provide a principal point of contact for resolution of student complaints. The North Carolina Portal Agency would have the following duties:

- 1) Serve as the point of contact for all other SARA member states and their agencies for questions about SARA within NC;
- 2) Determine whether an institution whose home state is NC is eligible for participation in SARA, and lead any investigations regarding whether that institution is in compliance with SARA rules and policies;
- 3) Serve as the initial contact point for complaints about any institutions in NC that are operating under SARA;
- 4) Collect and provide data (enrollment, complaint information, and other data) to the National Council for SARA on participating SARA institutions for which NC is the home state; and
- 5) Collect and manage any in-state fees assessed to participating institutions for oversight of SARA.

Staffing and Budgetary Considerations

If UNC General Administration were to be the portal agency, several MOUs would need to be written and signed between UNC-GA and the participating NC Community College campuses and between UNC-GA and the participating private colleges and universities regarding administration and authorizations addressing specific SARA requirements.

UNC-GA estimated staffing needs are anticipated at 2.0 FTE to initially staff and operate the state portal agency. From participation in national discussions, at least one other state is considering assessing a state fee on SARA institutions equal to one-half of the national SARA fees (modest compared to what some institutions are currently expending to pursue state authorization in other states).

UNC Campus Expenses for State Authorization

Attachment 1 provides data on UNC institutional state authorization expenses over a three-year period; 2012-13 (actual), 2013-14 (actual) and 2014-15 (anticipated). The amount of state authorization fees paid is highly determined by the total number of degree programs that have a “physical presence” in the state (such as nursing clinical rotations, student teaching, field practica, etc.). Almost all of UNC campuses (except NCSU and WCU) have been authorized in 37 states or fewer, with several campuses in the 34 – 37 state range. Even though NCSU is authorized in 47 states, they report that none of their authorized programs trips the “physical presence” trigger, so they have only had to pay very low fees. ECU, however, has many more programs that trip the physical presence trigger, and so they have paid considerable more in fees, and are only authorized in 35 states.

Pros and Cons and other Considerations of North Carolina Joining SARA

Pros: All UNC, NCCCS, and private colleges and universities in North Carolina will no longer need to pursue time-consuming and potentially costly state authorization activities for their online programs delivered to SARA-member states; UNC-GA will receive detailed annual data (enrollments, number of graduates, log of student complaints, etc.) on all online programs being offered in NC from institutions in SARA-member states; there will be a well-organized student complaint resolution process in place across all SARA-member states.

Pros: An additional important benefit is that SARA covers all interstate placements of students in clinical sites and practica among SARA member states, not only those placements that are related to an online or distance education program.”

Cons: Current licensure standards administered by UNC General Administration closely mirror SACS requirements. The major change with joining SARA involves the loss of quality control of online programs with an on-the-ground component: these programs are currently licensed and held to SACS standards, and under SARA any institution with any accreditation recognized by the DOE would be allowed to offer these programs in North Carolina.

Other: Representatives from the NC Community College system office and the coordinating office for North Carolina Independent Colleges and Universities have participated with UNC General Administration in SREB meetings to learn more about SARA and the benefits / implications for their institutions and campuses. Both of these education sectors have a vested interest in North Carolina’s participation and have expressed interest in joining SARA.

Attachment 1 - UNC Campus Expenses for State Authorization

UNC Campuses State Authorization Expenses 3/31/14																
	ASU	ECU	ECSU	FSU	NCA&T	NCCU	NCSU	UNCA	UNC-CH	UNCC	UNCG	UNCP	UNCW	UNCSA	WCU	WSSU
Authorized in how many states	18	35	0	21	26	8	47	0	34	37	14	25	35	0	47	0
2012-13 Application Fees Paid	0	14,100	0	0	0	0	1,100	0	20,150	0	0	0	250	0	200	0
2012-13 Renewal Fees Paid	0	1,000	0	0	0	0	0	0	1,200	0	0	0	0	0	0	0
2012-13 Total Fees Paid	0	15,100	0	0	0	0	1,100	0	21,350	0	0	0	250	0	200	0
2013-14 Application Fees Paid	0	39,000	0	0	0	0	2,250	0	39,126	600	0	1,000	0	0	5,700	0
2013-14 Renewal Fees Paid	0	2,500	0	0	0	0	0	0	12,300	0	0	0	0	0	200	0
2013-14 Total Fees Paid	0	41,500	0	0	0	0	2,250	0	51,426	600	0	1,000	0	0	5,900	0
2014-15 Application Fees Anticipated	2,500	97,000	?	0	0	6,500	0	0	10,000	0	0	3,500	0	0	0	0
2014-15 Renewal Fees Anticipated	10,000	15,000	0	0	0	0	1,250	0	40,000	0	0	1,000	0	0	700	0
2014-15 Total Fees Anticipated	12,500	112,000	?	0	0	6,500	1,250	0	50,000	0	0	4,500	0	0	700	0
Total Fees for 2012-15 period	12,500	168,600	?	0	0	6,500	4,600	0	122,776	600	0	5,500	250	0	6,800	0
Approx. FTE Dedicated to State Authorization Expenses for State Authorization	0.95	1.15	0	0.25	0.5	0.1	1	0	0.5	1	0.05	0.25	0.5	0	0.06	0.06
	67,500	73,000	0	14,858	57,794	11,200	46,700	0	41,000	64,500	4,470	17,850	?	0	4,025	5,844

Attachment 2 – Legal Considerations for BOG Authorization to Participate in SARA Reciprocity

The North Carolina General Assembly has exercised its authority to ensure the quality of post-secondary degree activity in North Carolina by out-of-state institutions in NCGS 116-15, which requires out-of-state institutions conducting post-secondary activity to be licensed or exempt from licensure. The authority to determine what activity qualifies as post-secondary activity “in this state” and to license or recognize an exemption is explicitly delegated to the UNC Board of Governors in NCGS 116-15(i):

Regulatory Authority in the Board. - The Board shall have authority to establish such rules, regulations, and procedures as it may deem necessary or appropriate to effect the provisions of this section.

Pursuant to this authority, the Board of Governors has promulgated rules, regulations, and procedures in BOG Policy Manual 400.4, and in greater detail in *Rules and Standards for Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina*, BOG Policy Manual 400.4.1. These Rules and Standards address the types of activity which meet the threshold for licensure, including assurances of quality, financial stability, and which types of activities are considered to be conducted “in this State.”

Because the North Carolina General Assembly has delegated the licensing authority of the State to the BOG, the Board can agree to the standards and conditions in SARA and adopt those standards and conditions as sufficient to recognize the participants’ qualifying distance education as exempt post-secondary degree activity. By doing so, the BOG does not give up any licensing authority over post-secondary degree activity which includes an in-state presence or licensing authority over institutions which do not agree to adhere to the SARA standards.