

Model for State Authorization Reciprocity Agreement

January Draft



With the rapid expansion, maturation and acceptance of online and distance instruction degree offerings across traditional state political boundaries, the need for new, expanded and reciprocal approaches to state authorization has become essential. Nearly seven million students now pursue online courses as all or a part of their degree study. Literally hundreds of institutions, both old and new, now seek authorization to offer degree programs. The sheer workload and cost, both for the several states and for the institutions, has become increasingly unmanageable

This document defines a model interstate compact to serve as a guide as states seek to review and modify existing processes for conferring state authorization upon out-of state institutions of higher learning. This model, **SARA: State Authorization Reciprocity Agreement**, is authored by a drafting team comprised of knowledgeable and highly experienced educators and state officers for institutional authorization and regulation. With support from the **Lumina Foundation for Education**, **The Presidents' Forum**, and the **Council of State Governments**, the team offers a detailed model to those who may seek to implement such a nationwide authorization pact. In an effort to be transparent and to have the benefit of as many stakeholders as possible, earlier draft versions of this model have been widely vetted, benefitting from the thoughtful comments of an Advisory Council, the accreditation communities, national higher education associations, stake holder and other policy-making bodies. We are grateful for the care and thoughtfulness of those who have helped in this way.

We commend this model for wide consideration, comment and suggestion, and hope that its implementation may be helpful in easing and, improving and making more efficient the important and necessary processes of state authorization.

THE PRESIDENTS' FORUM
&
THE COUNCIL OF STATE GOVERNMENTS
NATIONAL CENTER FOR INTERSTATE COMPACTS

State Authorization Reciprocity Agreement (SARA)

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Executive Summary

SARA: State Authorization Reciprocity Agreement,

Background

- As a condition for institutional participation in federal financial aid programs, U.S. Department of Education rules require institutions to be approved to operate in all states or territories in which they serve students (“state authorization”), or to document that such approval is not required by the states or territories in which those students reside. (Although this regulation is currently being reviewed in the courts, we expect that the Department of Education will make every effort to see that it is kept in place.)
- Most states have for many years regulated the offering of postsecondary education (through various delivery methods) within their borders. They have carried out that regulation in remarkably different ways, with widely varying standards, policies, practices, and “triggers” for application and enforcement. In turn, institutions vary in the degree to which they have paid attention to state regulation, particularly in regard to activities they pursue outside their home state, and especially in regard to “distance” or “online” students.
- That approach is inefficient and challenging for institutions and states alike.
- **At present, there is no alternative to each institution separately pursuing state authorization (or assurance that authorization is not required) in each state and territory in which it serves students. Consequently, thousands of institutions must seek approval/authorization in as many as 54 states and territories.**

Another approach to the issue

- The *Lumina Foundation* has provided funding to the *Presidents’ Forum*, to collaborate with the *Council of State Governments*, in developing a ‘model state reciprocity agreement’ based on nonpartisan research and analyses that states could adopt to acknowledge other states’ work and decisions in regard to institutional authorization. **SARA**, developed as a working draft by a team familiar with these issues, is the current product of that effort.

Goals

- The purpose of SARA is to provide a process that could make state authorization more efficient, more uniform in regard to necessary and reasonable standards of practice that could span states, and more effective in dealing with quality and integrity issues that have arisen in some online/distance education offerings. It could also be less costly for states and institutions and, thereby, the students they serve. The achievement of those goals will support the nation in its efforts to increase the educational attainment of its people.

Challenges

Anyone engaging these issues faces some hard realities:

- State laws, rules and regulation around these issues are remarkably diverse, making agreement between states about any one way to do this work especially challenging. In addition, the *reasons* for that diversity vary from state to state, in some cases stemming from a desire to uphold very high standards, while in others, perhaps, the desire to limit competition for in-state institutions or generate revenue for agency operations.
- Efforts to facilitate and enable good practice must not only deliver on those points; they must also maintain the ability for appropriate entities to deal with, and, if necessary, regulate bad institutional behavior.
- In particular, states must be able to trust other states to carry out their responsibilities.
- Any alternative to the current situation must include a means of effective governance and a workable model for financial sustainability.
- A fully effective means of dealing with these issues requires a comprehensive national model, one that can serve all interested states, accommodate all sectors of higher education (public, independent non-profit, and for-profit), and embrace the diversity of institutional and specialized accreditation.

Essential characteristics of the *SARA Model*:

- Acknowledges the traditional roles of members of the accountability triad: states, the federal government and recognized accrediting bodies.
- Preserves full state oversight of on-the-ground institutions and campuses.
- Sets forth a reasonable set of “triggers” of “physical presence.”
- Requires institutional accreditation by an accrediting body recognized by the U.S. Secretary of Education.

- Proposes a uniform set of minimum standards for state and institutional participation.
- Rely upon accreditation, as recognized by the US Department of Education, for participation is SARA.
- Calls on states to assume the principal role in matters of consumer/student protection while working in partnership with recognized accreditors.
- Shifts principal oversight responsibilities from the state in which the “distance learning” is being offered to the “home state” of the institution offering the instruction.
- Lays out a model reciprocity agreement that states could adopt to do this work, including outlines of a possible organizational structure and a financial plan to support operations.
- Unlike most interstate compacts, does not charge the state directly for participation, but rather asks each participating postsecondary institution, already paying often significant fees to each state in which they operate, to support the operations of the compact.

Issues *SARA* does not address

- The Drafting Team is aware that approval to offer certain types of programs (nursing, education, or psychology, for example) in a state may require approval by a licensing board, as well as approval by a more general authorizing agency. **SARA does not cover** approval by professional licensure boards, leaving that to future work, probably carried out by others. The issues SARA does attempt to handle are challenging enough.
- The Drafting Team has intentionally not recommended an implementation plan to support SARA. Those would be generated by the entity itself, and the organization could be constituted and managed in a variety of ways.

Partnerships and consultation

- The Drafting Team has benefited from feedback from an advisory committee that includes representatives from a broad range of higher education constituencies.
- SARA have also benefited from several conversations with representatives of the country’s four regional higher education compacts: WICHE (Western Interstate Commission for Higher Education), SREB (Southern Regional Education Commission), MHEC (Midwestern Higher Education Compact), and NEBHE (New England Commission of Higher Education). WICHE, especially, is also working on state authorization reciprocity issues. The leadership of the Presidents’ Forum / Council of State Governments project, the four regional higher education compacts, and the

Commission on Regulation of Postsecondary Distance Education have set a goal to support a unified SARA implementation plan. The intent is to leverage the strengths of these organizations in developing an implementation plan, determining effective governance models, and developing strategies for recruiting states. The drafters have also benefited from conversations with and suggestions from representatives of the accreditation community.

1 **STATE AUTHORIZATION RECIPROCITY AGREEMENT (SARA)**

2 **ARTICLE I**

3 **PURPOSE**

4
5 It is the purpose of this agreement to facilitate expanded access to high quality post-secondary
6 distance educational opportunities for students by improving the policy and operational
7 mechanisms in the state regulatory environments and encourage consideration by the states of
8 reciprocal agreements that will make the regulatory process more efficient and consistent.

9
10 Significant benefits will accrue to students, institutions and states if the current lack of
11 uniformity in the patchwork of state regulation were improved through sharing in common, high
12 quality and consistently applied processes and standards. Institutions and states will also reap
13 financial benefits by no longer having to engage in the duplicative processes of seeking or
14 authorizing approval to operate on an individual, state-by- state basis.

15
16 It is the purpose of this agreement to build upon and strengthen the existing efforts of states,
17 accrediting bodies, and the federal government to facilitate expanded access to high quality
18 education by:

- 19
20 1. Expanding access to post-secondary education and increase degree completion;
21 2. Establishing common, high quality and consistently applied processes and standards
22 endorsed by participating states, which are efficient and cost-effective.
23 3. Reducing barriers to innovation in educational delivery;

- 1 4. Providing for consumer protection and a complaint resolution process;
2 5. Providing for the uniform collection and sharing of information between and among
3 member states;

4
5 Quality in postsecondary education derives from three components: inputs, processes, and
6 outcomes. Student outcomes are paramount, but students depend on the quality of institutional
7 inputs (services and processes) to enable them to acquire knowledge and skill. While institutions
8 should ultimately be held accountable for outcomes and encouraged to pursue them in
9 innovative, cost-effective ways, their contributions to those outcomes and the connection
10 between student achievement and institutional services and processes is the basis of institutional
11 quality.

12
13 **ARTICLE II**

14 **DEFINITIONS**

15
16 A. “Accredited” means: holding institutional accreditation by name as a U.S.-based
17 institution from an accreditor recognized by the U.S. Department of Education.

18
19 B. “Authorized” means: holding a current valid charter, license or other written document
20 issued by a state or the federal government, granting the named entity the authority to
21 issue degrees and operate within its home state.
22

- 1 C. “Bylaws” means: those bylaws established by the SARA Commission pursuant to Article
2 VIII for its governance, or for directing or controlling its actions and conduct.
- 3
4 D. “Certify” or “Certification” means: written assertion by a home state that an institution
5 meets the standards required by this agreement.
- 6
7 E. “Charter” means: a document bearing the name Charter issued by proper governmental
8 authority that names a college or university as a degree-granting institution authorized to
9 operate under the laws of the issuing jurisdiction.
- 10
11 F. “Commission” means: the body created pursuant to Article VII of this agreement.
- 12
13 G. “Commission Representative” means: the voting representative appointed by each
14 member state pursuant to Article VII of this agreement.
- 15
16 H. “Complaint” means a formal assertion that the terms of this agreement, or of laws,
17 standards or regulations incorporated by this agreement, are being violated by a person,
18 institution, state, agency or other organization or entity operating under the terms of this
19 agreement.
- 20
21 I. “Credits” means numeric descriptors of completion of academic work applicable toward
22 a degree, including the Carnegie unit system.
- 23

- 1 J. “Degree” means: An award conferred at the Associate level or higher by an institution as
2 official recognition for the successful completion of a program of studies. (Based on
3 IPEDS)
4
- 5 K. “Distance Education” means instruction offered by any means where the student and
6 faculty member are in separate physical locations. It includes, but is not limited to, online
7 or correspondence courses or programs.
8
- 9 L. “Faculty” means: a professional individual employed by or contracting with an
10 institution primarily to teach, conduct research or provide related professional education
11 services.
12
- 13 M. “Hybrid” means: an educational program that includes both face-to-face and distance
14 education. Also known by the name “blended” and, sometimes, other terms.
15
- 16 N. “Home State” means: a member state where the institution holds its principal institutional
17 accreditation.
18
- 19 O. “Host State” means: a member state in which an institution operates under the terms of
20 this agreement, other than the home state.
21
- 22 P. “Institution” means: a degree-granting postsecondary entity.
23

1 Q. “Member State” means: any state or territory that has taken any necessary legislative
2 action and is approved by the State Authorization Reciprocity Agreement Commission to
3 participate in this agreement.

4
5 R. “Non-degree award” means: a formal postsecondary award that does not carry the
6 designation of Associate degree or higher.

7
8 S. “Operate” means: activities conducted by an institution in support of offering distance
9 education degree or non-degree courses or programs in a state, including but not limited
10 to instruction, marketing, recruiting, tutoring, field experiences and other student support
11 services.

12
13 T. “Physical Presence” means: a measure by which a state defines the status of an
14 educational institution’s presence within the state. Generally, an institution has *physical*
15 *presence* when it operates a campus, branch facility, or administrative office within the
16 boundaries of a state. However, because the specific definition currently varies greatly
17 from state to state, especially with regard to out-of-state institutions that seek to conduct
18 any activity within another state, this Model SARA Agreement offers a detailed and
19 uniform definition of physical presence in Article III.

20
21 in general, an institution has physical presence

22 1. conducting the following operations in a member state:

- 23 a. Establishing a physical location for students to receive synchronous or
24 asynchronous instruction; or

- 1 b. Requiring students to physically meet in a location for instructional purposes
2 more than once during the course term; or
- 3 c. For purposes of this agreement, interstate supervised field experiences originating
4 from campus-based programs in a member state are considered to be distance
5 education if they have:
- 6 1. fewer than five students from each campus-based program in a
7 member state physically present simultaneously at a single facility
8 or site in a host state, and
- 9 2. do not involve any multi-year contract between a sending
10 institution and a field site. Such programs are treated as distance
11 education for purposes of determining whether they are covered by
12 the provisions of SARA.
- 13 d. Establishing an administrative office, including:
- 14 i. for purposes of enrolling students, providing information to students
15 about the institution, or providing student support services;
- 16 ii. Providing office space to instructional or non-instructional staff; or
- 17 iii. Maintaining a mailing address or phone exchange.
- 18 2. Physical presence in any member state is not triggered by the following:
- 19 a. Offering courses via distance education.
- 20 b. Advertising to students whether through print, billboard, direct mail, internet,
21 radio, television or other medium;
- 22 c. Student field experiences. Offering educational field experiences for students.

- 1 d. An educational field trip arranged for a group of students that are normally in
- 2 residence at an institution in another state;
- 3 e. Face-to-face non-credit courses that are not a part of a degree or non-degree
- 4 program that are less than 16 clock hours in length.
- 5 f. Courses offered on a military installation;
- 6 g. Maintaining a server, router or similar electronic service device housed in a
- 7 facility that otherwise would not constitute physical presence; The presence of
- 8 a server or similar pass-through switching device does not by itself constitute
- 9 the offering of a course or program in that state.
- 10 h. Having faculty, adjunct faculty, mentors, tutors, or other academic personnel
- 11 residing in a member state; The presence of instructional faculty in a state,
- 12 when those faculty teach entirely via distance-education and never meet their
- 13 students in person, does not establish physical presence for purposes of this
- 14 agreement.
- 15 i. Proctored exams at or by the institution;
- 16 j. Contractual arrangements in the home or host state.

17

18

19 U. “Practicum” means: experiential field placement at work sites typically used by programs

20 in teacher education but also by some other fields.

21

22 V. “Rule” means: a written statement by the governing entity promulgated pursuant to

23 Article X of this agreement that is of general applicability, implements, interprets or

1 prescribes a policy or provision of the agreement, or an organizational, procedural, or
2 other requirement of the Commission, and has the force and effect of statutory law in a
3 member state, and includes the amendment, repeal, or suspension of an existing rule.

4
5 W. “State” means: any state, commonwealth, district, or territory of the United States.

6
7 X. “Supervised field experience” means: a student learning experience under the oversight
8 of a supervisor, mentor, faculty member or other qualified professional located in the host
9 state who has a direct or indirect reporting responsibility to the institution where the
10 student is enrolled, whether or not credit is granted. Examples include practica, student
11 teaching, or internships. Independent study by individual students not engaged in a
12 supervised field experience is exempt from requirements of this compact and does not
13 constitute a physical presence of a postsecondary institution under the laws of any
14 member state.

15
16
17 **ARTICLE III**

18 **GENERAL APPLICABILITY**

19
20 A. This agreement shall apply to degree granting institutions that are chartered and/or
21 authorized to operate within a home state as defined in this agreement and that serve
22 students in other single or multiple states via distance education. All institutions that have

1 the authority to operate in the home state are potentially eligible to be authorized to
2 operate in host states under the following conditions:

3
4 B. The activities to which this agreement applies are those defined as constituting physical
5 presence:

- 6
7 1. Distance learning courses that are offered to private individuals separately,
8 without in-person group activities, classroom activity; in-person meetings or
9 similar work;
- 10 2. That portion of hybrid and blended courses and programs that consist of distance
11 learning and the non-distance portions that meet any requirements that a host state
12 may have for the operation of an institution;
- 13 3. Field placements, clinicals, internships, and similar experiential learning
14 opportunities that are a required part of a program authorized by an institution's
15 home state.
- 16
17 .
- 18 4. New programs duly authorized by the home state following the enactment of this
19 agreement.

20
21 C. In order to be eligible to participate under the terms of this agreement, an institution must
22 be a degree granting entity and:

23

- 1 1. Currently hold accreditation by an agency recognized by the U.S. Department of
2 Education;
- 3 2. Declare a home state for purposes of this agreement;
- 4 3. Provide distance education from the home state into host states;
- 5 4. Be responsible for and accountable to the home state and to the institution's
6 accrediting agency for the academic quality and appropriate delivery of its
7 offerings under this agreement, irrespective of the actual provider of courses and
8 services.
 - 9 a. Only an institution, as defined in Article II, is eligible to operate under
10 the terms of this agreement, and all such work must be offered in its
11 own name and be transcribed by it.
 - 12 b. Any institution operating under this agreement shall be directly
13 responsible to the home state and/or SARA, as needed, for responding
14 to any questions, data requests, complaints or other communications
15 regarding its academic activities and/or actions or practices of any
16 third party supplier whose products or services are part of the
17 institution's activities under this agreement.
- 18 5. Provide indemnification, including but not limited to, surety bonds, tuition
19 protection funds, multi-institutional cooperatives, and state supported financial
20 arrangements as required by the home state.
- 21 6. Meet all other requirements set forth in this agreement.

22
23 D. For the purposes of SARA, the home state shall exercise legal authority over all offerings

1 by an institution in any member state under the laws of the home state. **This does not**
2 **include professional licensure, which is specifically excluded from this agreement.**

3
4 E. Multiple providers with common ownership

- 5
6 1. Institution seeking participation in SARA will be considered as individual entities
7 for the purposes of the agreement, consistent with the current practices for
8 institutional accreditation and federal student financial aid.

9
10 F. Institutions that offer non-degree programs in addition to degree programs:

- 11
12 1. All non-degree courses or programs offered by an institution shall be governed by
13 the applicable laws or regulations of the home state.
14 2. This agreement supersedes any host state law that requires separate authorization
15 of non-degree activities of degree-granting institutions.

16
17 G. Recruiting by an institution:

- 18
19 1. An institution operating under this agreement may recruit students in any member
20 state for any degree or non-degree program authorized by the home state under
21 this agreement without restriction except as noted in item 4.
22 2. An institution is responsible for the activities conducted by its recruiters.
23 3. Recruiters must meet legal requirements established by the institution's home

1 state.

- 2 4. Recruiters are liable for adherence to, and may be sanctioned for violation of, any
3 laws of a host state not covered by this agreement.
4

5
6 **ARTICLE IV**

7 **RESPONSIBILITIES OF THE HOME STATE**
8

9 The home state for purposes of this agreement agrees to do the following:
10

- 11 A. Present a formal plan and procedures for review and approval by the SARA Commission
12 that the state will employ in accordance with standards outlined in Article V, for
13 reviewing and authorizing institutions in the home state for purposes of this agreement.
14 States may have multiple entities engaged in the review for compliance as they deem
15 appropriate. The specific rules and responsibilities of the entities shall be outlined in the
16 state's plan.
17

- 18 1. As the basis for an institution operating under SARA, the home state must
19 certify to the SARA Commission that a participating institution meets the
20 following criteria:

- 21 i. A participating institution is accredited by a federally recognized
22 accrediting body ; and

- 23 a. Meets the standards contained in Article V; or

1 b. Meets the home state’s standards that meet or exceed the standards
2 contained in Article V as determined by the SARA Commission.

3 ii. The state will notify the institution of its decision.

4 2. A home state shall require an institution to provide documentation related to its
5 accreditation.

6 3. The home state shall investigate and resolve any complaints or other issues arising
7 from its own standards for authorization, or the standards under this agreement,
8 even if an institution has been authorized by virtue of its accreditation.

9
10 B. Provide to the SARA Commission and the participating institutions at least once each
11 year a list of institutions that have received certification to operate under this agreement.

12
13 C. Report any changes, including the addition, substantial modification as reported to the
14 accrediting body or elimination of offered programs, to an institution’s authorization to
15 operate to SARA Commission within thirty days after such change in status.

16
17 D. The home state must require each institution operating under the provisions of this
18 agreement to provide for the indemnification of any student or enrollee who is a resident
19 of any member state and who suffers loss or damage because of a violation of the SARA
20 standards by the institution, as determined by the home state.

21 1. The home state shall establish the type or types of indemnification that satisfy this
22 requirement. Indemnification types may include, but are not limited to, surety

1 bonds, tuition protection funds, multi-institutional cooperatives, state supported
2 financial arrangements or other acceptable means.

3 2. In order to be considered adequate, the home state requirement for each institution
4 must ensure the following:

5 a. The maintenance of an indemnification amount that is equal to at
6 least 25 percent of the institution total tuition and fee income (less
7 refunds) received from students residing in all the member states
8 for the most recently completed fiscal year, and

9 b. Provides indemnification for all students who enrolled under this
10 agreement at the institution and are residents of a member state.

11 E. In the event of the closure of an institution or if an institution discontinues serving
12 students in a member state, the home state shall require each institution to establish a
13 process to protect student interests.

14 1. The process must provide for the preservation of transcript records for all students
15 enrolled at the institution in manner approved by the home state.

16 2. The process must provide for the students to complete their programs through
17 teach-out arrangements or other provisions approved by the home state.

18 3. If an institution fails to fulfill its obligations under this provision, the home state
19 may use student indemnification funds to provide for the protection of these
20 student interests.

21

1 F. Provide any member state and/or the SARA Commission, upon request, with copies of
2 home state authorization-related documents pertaining to an institution fulfilling its
3 obligations under the agreement. .
4

5 G. Provide such data as may be required by the SARA Commission for the purpose of
6 administering and evaluating the agreement.
7

8 H. Investigate and resolve complaints regarding the activities of an institution in a member
9 state to meet the obligations of this agreement.

10 I. Investigate at the request of any member state any reported non-compliance with these
11 standards and report to the SARA Commission the results of such investigation.

12 J. Establish a single point of contact with the SARA Commission for administering the
13 Agreement and coordinating state activities.
14

15 **ARTICLE V**

16 **STANDARDS UPON WHICH STATE AUTHORIZATIONS TO OPERATE WILL BE** 17 **GRANTED** 18

19 This agreement incorporates standards developed by the Council of Regional Accrediting
20 Commissions (CRAC) and builds upon these standards to ensure an adequate level of consumer
21 protection for students. The agreement relies on a high level of engagement and authority being
22 exercised by the home state and is intended to increase the confidence of member states in that
23 process. Standards set forth in this agreement may also serve as an example to home states that

1 desire to be a member state and whose standards may not currently be at these levels. Home
2 states have the ultimate legal responsibility for the quality of offerings and operations of
3 institutions that they authorize.

4
5 The standards outlined in this article are designed to serve as a framework for home states to use
6 in developing their plans and procedures for the review of an institution and for the SARA
7 Commission to use in review of each member state's plans to meet the requirements of this
8 agreement, as referenced in Article IV.A. The SARA Commission will determine whether a state
9 has standards that meet or exceed the standards in this agreement, and will monitor state
10 adherence to the standards. State applications for membership in this agreement must:

- 11 1. Address each of the standards in this article, may and are encouraged to set
12 acceptable levels above the minimum levels for its institutions
- 13 2. Be able to demonstrate and document how each institution has met the standards
14 of this agreement as required in Article V.
- 15 3. The home state plan shall include processes through which any of its accredited
16 degree granting institutions can apply to participate in SARA.

17
18 In the event that a home state finds that an institution has violated any of the standards set forth
19 in this agreement, the state will address the violation and may remove the institution from the list
20 of certified institutions.

21
22 The requirements in each of the areas below will be reasonably determined under rules
23 promulgated by the SARA Commission created hereunder. Reciprocal state authorizations to

1 operate shall be granted when a home state indicates compliance in the following areas. While
2 the institutional review and approval process will be determined and conducted by the home
3 state, the procedures for ensuring compliance with the standards under this agreement must be
4 approved by the SARA Commission as a prerequisite to joining the agreement.

5

6 Home states shall verify to the SARA Commission that each eligible institution meets the
7 following standards.

8 1. Online learning is appropriate to the institution's mission and purpose. Examples
9 may include the following:

- 10 a. The mission statement explains the role of on-line learning within the range of
11 the institution's programs and services.
- 12 b. Institutional and program statements of vision and values inform how the on-
13 line learning environment(s) is created and supported.
- 14 c. As appropriate, the institution incorporates into its on-line learning programs
15 methods of meeting the stated institutional goals for the student experience at
16 the institution.
- 17 d. The recruitment and admissions programs supporting the on-line learning
18 courses and programs appropriately target the student populations to be
19 served.
- 20 e. The students enrolled in the institution's on-line learning courses and
21 programs fit the profile of the students the institution intends to serve.
- 22 f. Senior administration and staff can articulate how on-line learning is
23 consistent with the institution's mission and goals.

- 1 2. The institution's plans for developing, sustaining, and, if appropriate, expanding on-
2 line learning offerings are integrated into its regular planning and evaluation process.

3 Examples include the following:

- 4 a. Development and ownership of plans for on-line learning extend beyond the
5 administrators directly responsible for it and the programs directly using it.
6 b. Planning documents are explicit about any goals to increase numbers of
7 programs provided through on-line learning courses and programs and/or
8 numbers of students enrolled in them.
9 c. Plans for on-line learning are linked effectively to budget and technology
10 planning to ensure adequate support for current and future offerings.
11 d. Plans for expanding on-line learning demonstrate the institution's capacity to
12 assure an appropriate level of quality.
13 e. The institution and its on-line learning programs have a track record of
14 conducting needs analysis and of supporting programs.

- 15 3. On-line learning is incorporated into the institution's systems of governance and
16 academic oversight. Examples include the following:

- 17 a. The institution's faculty has a designated role in the design and
18 implementation of its on-line learning offerings.
19 b. The institution ensures the rigor of the offerings and the quality of instruction.
20 c. Approval of on-line learning courses and programs follows standard processes
21 used in the college or university.
22 d. Online learning courses and programs are evaluated on a periodic basis.

- 1 e. Contractual relationships and arrangements with consortial partners, if any,
2 are clear and guarantee that the institution can exercise appropriate
3 responsibility for the academic quality of all on-line learning offerings
4 provided under its name
- 5 4. Curricula for the institution's on-line learning offerings are coherent, cohesive, and
6 comparable in academic rigor to the programs offered in traditional instructional
7 formats. Examples include the following:
- 8 a. The curricular goals and course objectives show that the institution or
9 programs has knowledge of the best uses of on-line learning in different
10 disciplines and settings.
- 11 b. Curricula delivered through on-line learning are, when appropriate,
12 benchmarked against on-ground courses and programs. The curriculum is
13 coherent in its content and sequencing of courses and is effectively designed
14 in easily available documents including course syllabi and program
15 descriptions.
- 16 c. Scheduling of on-line learning courses and programs provides students with a
17 dependable pathway to ensure timely completion of degrees.
- 18 d. The institution or program has established and enforces a policy on on-line
19 learning course enrollments to ensure faculty capacity to appropriately work
20 with students.
- 21 e. Expectations for any required face-to-face, on ground work (e.g., internships
22 specialized laboratory work) are clearly stated.

- 1 f. Course design and delivery supports student-student and faculty-student
2 interaction.
- 3 g. Curriculum design and the course management system enable active faculty
4 contribution to the learning environment.
- 5 h. Course and program structures provide schedule and support known to be
6 effective in helping on-line learning students persist and succeed.
- 7 5. The institution evaluates the effectiveness of its on-line learning offerings, including
8 the extent to which the on-line learning goals are achieved, and uses the results of its
9 evaluations to enhance the attainment of the goals. Examples include the following:
 - 10 a. Assessment of student learning follows processes used in onsite courses or
11 programs and/or reflects good practice in assessment methods.
 - 12 b. Student course evaluations are routinely taken and an analysis of them
13 contributes to the strategies for course improvement.
 - 14 c. Evaluation strategies ensure effective communication between faculty
15 members who design curriculum, faculty members who interact with students
16 and faculty members who evaluate student learning.
 - 17 d. The institution regularly evaluates the effectiveness of academic and support
18 services provided to students in on-line courses and uses the results for
19 improvement.
 - 20 e. The institution demonstrates appropriate use of technology to support its
21 programs of assessment and evaluation.
 - 22 f. The institution documents its successes in implementing changes informed by
23 its programs of assessment and evaluation.

- 1 g. The institution provides examples of student work and student interactions
2 among themselves and with faculty.
- 3 h. The institution sets goals for the retention/persistence of students using on-line
4 learning, assesses its achievements of these goals, and uses the results for
5 improvement
- 6 6. Faculty responsible for delivering the on-line learning curricula and evaluating the
7 students' success in achieving the on-line learning goals are appropriately qualified
8 and effectively supported. Examples include the following:
- 9 a. On-line learning faculties are carefully selected, appropriately trained,
10 frequently evaluated, and have an acceptable level of turnover.
- 11 b. The institution's training program for on-line learning faculty is periodic,
12 incorporates good practices in on-line learning pedagogy, and ensures
13 competency with the range of software products used by the institution.
- 14 c. Faculty are proficient and effectively supported in using the course
15 management system.
- 16 d. The office or persons responsible for on-line learning training programs are
17 clearly identified and have the competencies to accomplish the tasks,
18 including knowledge of specialized resources and technical support available
19 to support course development and delivery.
- 20 e. Faculty members engaged in on-line learning share in the mission and goals of
21 the institution and its programs and are provided the opportunities to
22 contribute to the broader activities of the institution.

- 1 f. Students express satisfaction with the quality of the instruction provided by
2 on-line learning faculty members.
- 3 7. The institution provides effective student and academic services to support students
4 enrolled in on-line learning offerings. Examples include the following:
- 5 a. The institution's admissions program for on-line learning provides good web-
6 based information to students about the nature of the on-line learning
7 environment, and assists them in determining if they possess the skills
8 important to success in on-line learning.
- 9 b. The institution provides an on-line learning orientation program.
- 10 c. The institution provides support services to students in formats appropriate to
11 the delivery of the on-line learning program.
- 12 d. Students in on-line learning programs have adequate access to student
13 services, including financial aid, course registration, and career and placement
14 counseling.
- 15 e. Students in on-line learning programs have ready access to 24/7 tech support.
- 16 f. Students using on-line learning have adequate access to learning resources,
17 including library, information resources, laboratories, and equipment and
18 tracking systems.
- 19 g. Students using on-line learning demonstrate proficiency in the use of
20 electronic forms of learning resources.
- 21 h. Student complaints processes are clearly defined and can be used
22 electronically.

- 1 i. Publications and advertising for online programs are accurate and contain
2 necessary information such as program goals, requirements, academic
3 calendar, and faculty.
- 4 j. Students are provided with reasonable and cost effective ways to participate in
5 the institution's system of student authentication.
- 6 8. The institution provides sufficient resources to support and, if appropriate, expand its
7 on-line learning offerings. Examples include the following:
 - 8 a. The institution prepares a multi-year budget for on-line learning that includes
9 resources for assessment of program demand, marketing, appropriate levels of
10 faculty and staff, faculty and staff development, library and information
11 resources, and technology infrastructure.
 - 12 b. The institution provides evidence of a multi-year technology plan that
13 addresses goals for on-line learning and includes provisions for a robust and
14 scalable technical infrastructure.
- 15 9. The institution assures the integrity of its on-line learning offerings. Examples
16 include the following:
 - 17 a. The institution has in place effective procedures through which to ensure that
18 the student who registers in a distance education course or program is the
19 same student who participates in and completes the course of program and
20 received the academic credit. The institution makes clear in writing that these
21 processes protect student privacy and notifies students at the time of
22 registration or enrollment of any costs associated with the verification
23 procedures. (Note: This is a federal requirement. All institutions that offer

1 distance education programming must demonstrate compliance with this
2 requirement.)

3 b. The institution's policies on academic integrity include explicit references to
4 on-line learning.

5 c. Issues of academic integrity are discussed during orientation for on-line
6 students.

7 d. Training for faculty members engaged in on-line learning includes
8 consideration of issues of academic integrity, including ways to reduce
9 cheating.

10 10. Recruitment, marketing and other institutional disclosures. Examples include the
11 following:

12 a. Advertisements and promotional information are clear and complete in
13 describing the instructional activity, including a description of any colloquia,
14 conferences, or workshops that are a required part of the program.

15 b. An institution offering programs intended to prepare a student for a licensed
16 profession shall explicitly state whether the program meets standards for
17 licensure in any member state in which the program enrolls students.

18 c. An institution must fully disclose all institutional policies mandated by the
19 home state and accreditor and its institutional and programmatic accreditation
20 status.

21 d. An institution is responsible for the conduct and activities of its recruitment
22 personnel.

23 e. An institution must disclose its complaint policy and procedures.

- 1 f. An institution must disclose the technologies required for successful
2 completion of its programs.
- 3 g. An institution will refrain from unfair, false, or misleading statements or
4 practices, promotions, recruiting, marketing, etc.

5 11. Financial Disclosures

- 6 a. An institution provides the general public with full disclosure about
7 institutional and program requirements, costs, program completion, and
8 accreditation.
- 9 b. An institution shall have and fully disclose its refund policies and, if
10 employment or related salary information is provided to the public, sufficient
11 supporting data is made accessible by the institution.
- 12 c. An institution must provide information about financial assistance available to
13 students (including federal and state financial aid, grants, loans, institutional
14 aid) that is complete, accurate, and consistent with federal and state law.

15

16 12. Financial responsibilities

- 17 a. An institution has the financial resources necessary to support program
18 activities in all member states, and to discharge all obligations to students.
- 19 b. An institution is limited to charging tuition and fees for the current term of
20 enrollment and cannot charge or obligate a student for a period longer than six
21 months.
- 22 c. An institution must provide for indemnification of students as address in
23 Article II.

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13. Data Reporting

An institution must provide data to the home state as determined by the SARA Commission.

ARTICLE VI
STATE COORDINATION

Each member state shall, through the creation of a state council or use of an existing body or Commission, provide for the coordination among the agencies responsible for governing higher education in each member state concerning the state’s participation in, and compliance with, this agreement. Each member state may determine the membership and governance of its own state council.

ARTICLE VII
INTERSTATE COMMISSION ON THE STATE AUTHORIZATION RECIPROCITY
AGREEMENT

The member states hereby create the Interstate Commission on The State Authorization Reciprocity Agreement. The activities of the Commission are the formation of public policy and are a discretionary state function. The Interstate Commission shall:

1 A. Be a body corporate and joint agency of the member states and shall have all the
2 responsibilities, powers and duties set forth herein, and such additional powers as may
3 be conferred upon it by a subsequent concurrent action of the respective legislatures of
4 the member states in accordance with the terms of this agreement.

5
6 B. Consist of one Commission voting representative from each member state who shall be
7 that state's agreement representative and who is empowered to establish state policy
8 related to matters governed by this agreement.

9
10 1. Each member state represented at a meeting of the Interstate Commission on
11 SARA is entitled to one vote.

12 2. A majority of the total member states shall constitute a quorum for the transaction
13 of business, unless a larger quorum is required by the bylaws of the Commission.

14 3. A representative shall not delegate a vote to another member state. In the event
15 the agreement representative is unable to attend a meeting of the Commission, the
16 Governor or State Council may delegate voting authority to another person from
17 their state for a specified meeting.

18 4. The bylaws may provide for meetings of the Commission to be conducted by
19 telecommunication or electronic communication.

20
21 C. The Commission may include both voting and non-voting representatives of the
22 following higher educational compacts (WICHE, SREB, MHEC, NEBHE), and
23 members of other organizations as deemed beneficial.

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D. Meet at least once each calendar year. The chairperson may call additional meetings and, upon the request of a simple majority of the member states, shall call additional meetings. Meetings may be convened in person or, as necessary, by telecommunications. Proxies may be employed as needed to ensure a quorum.

E. Establish an executive committee, whose members shall include the officers of the Commission and such other members of the Commission as determined by the bylaws. The executive committee shall oversee the administration of the agreement and shall have such other powers as delegated to it by the Commission through its bylaws.

F. Establish bylaws and rules that provide for conditions and procedures under which the Commission shall make its information and official records available to the public for inspection or copying. The Commission may exempt from disclosure information or official records to the extent they would adversely affect personal privacy rights or proprietary interests.

G. Public notice shall be given by the Commission of all meetings and all meetings shall be open to the public, except as set forth in the rules or as otherwise provided in the agreement.

1. The Commission shall keep minutes which shall fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of

1 actions taken, and the reasons therefore, including a description of the views
2 expressed and the record of a roll call vote.

- 3 2. All documents considered in connection with an action shall be identified in such
4 minutes.

5
6 H. The Commission and its committees may close a meeting, or portion thereof, where it
7 determines by two-thirds vote that an open meeting would be likely to:

- 8
9 1. Relate solely to the Commission's internal personnel practices and procedures;
10 2. Disclose matters specifically exempted from disclosure by federal and state
11 statute;
12 3. Disclose trade secrets or commercial or financial information which is privileged
13 or confidential;
14 4. Involve accusing a person of a crime, or formally censuring a person;
15 5. Disclose information of a personal nature where disclosure would constitute an
16 invasion of personal privacy;
17 6. Disclose investigative records compiled for law enforcement purposes; or
18 7. Specifically relate to the Commission's participation in a civil action or other
19 legal proceeding.

20
21 I. For a meeting, or portion of a meeting, closed pursuant to this provision, the
22 Commission's legal counsel or designee shall certify that the meeting may be closed
23 and shall reference each relevant exemptible provision. All minutes and documents of

1 a closed meeting shall remain under seal, subject to release by a majority vote of the
2 Commission.

3
4 J. The Commission shall collect standardized data as directed by the rules promulgated by
5 this agreement which shall specify the data to be collected, the means of collection, and
6 data exchange and reporting requirements. Such methods of data collection, exchange
7 and reporting shall, in so far as is reasonably possible, conform to current technology
8 and coordinate its information functions with the appropriate custodian of records as
9 identified in the bylaws and rules.

10
11 K. The Commission shall create a process that permits students, higher education officials,
12 institutional administrators and others to inform the Commission if and when there are
13 alleged violations of the agreement or its rules, or when issues subject to the
14 jurisdiction of the agreement or its rules are not addressed by the state. This section
15 shall not be construed to create a private right of action against the Commission or any
16 member state.

17
18 **ARTICLE VIII**

19 **POWERS AND DUTIES OF THE COMMISSION**

20
21 The Commission shall have the following powers:
22

- 1 A. To promulgate rules and take all necessary actions to effect the goals, purposes and
2 obligations as enumerated in this agreement. The rules shall have the force and effect of
3 statutory law and shall be binding in the member states to the extent and in the manner
4 provided in this agreement.
- 5
- 6 B. To provide for dispute resolution among member states.
- 7
- 8 C. To issue, upon request of a member state or participating institution, advisory opinions
9 concerning the meaning or interpretation of the interstate agreement, its bylaws, rules
10 and actions.
- 11
- 12 D. To enforce compliance among member states with the agreement provisions, the rules
13 promulgated by the Commission, and the bylaws, using all necessary and proper means,
14 including but not limited to the use of judicial process.
- 15
- 16 E. To establish and maintain offices which shall be located within one or more of the
17 member states.
- 18
- 19 F. To purchase and maintain insurance and bonds.
- 20
- 21 G. To borrow, accept, hire or contract for services of personnel.
- 22

- 1 H. To establish and appoint committees including, but not limited to, an executive
2 committee as required by Article VIII, Section E, which shall have the power to act on
3 behalf of the Commission in carrying out its powers and duties hereunder.
4
- 5 I. To elect or appoint such officers, attorneys, employees, agents, or consultants, and to
6 fix their compensation, define their duties and determine their qualifications; and to
7 establish the Commission's personnel policies and programs relating to conflicts of
8 interest, rates of compensation, and qualifications of personnel.
9
- 10 J. To accept donations and grants of money, equipment, supplies, materials, and services,
11 and to receive, utilize, and dispose of it.
12
- 13 K. To lease, purchase, accept contributions or donations of, or otherwise to own, hold, or
14 use any property, real, personal, or mixed.
15
- 16 L. To sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of
17 any property, real, personal or mixed.
18
- 19 M. To establish a budget and make expenditures.
20
- 21 N. To adopt a seal and bylaws governing the management and operation of the
22 Commission.
23

1 O. To report annually to the legislatures, governors, judiciary, and state councils of the
2 member states concerning the activities of the Commission during the preceding year.
3 Such reports shall also include any recommendations that may have been adopted by
4 the Commission.

5
6 P. To coordinate education, training and public awareness regarding the agreement, its
7 implementation and operation.

8
9 Q. To establish uniform standards for the reporting, collecting and exchanging of data.

10

11 R. To maintain corporate books and records in accordance with the bylaws.

12

13 S. To perform such functions as may be necessary or appropriate to achieve the purposes
14 of this agreement.

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ARTICLE IX

18

ORGANIZATION AND OPERATION OF THE COMMISSION

19

20 A. The Commission shall, by a majority of the members present and voting, within 12
21 months after the first Commission meeting, adopt bylaws to govern its conduct as may
22 be necessary or appropriate to carry out the purposes of the agreement, including, but
23 not limited to:

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1. Establishing the fiscal year of the Commission;
2. Establishing an executive committee, and such other committees as may be necessary;
3. Providing for the establishment of committees and for governing any general or specific delegation of authority or function of the Commission;
4. Providing reasonable procedures for calling and conducting meetings of the Commission, and ensuring reasonable notice of each such meeting;
5. Establishing the titles and responsibilities of the officers and staff of the Commission;
6. Providing a mechanism for concluding the operations of the Commission and the return of surplus funds that may exist upon the termination of the agreement after the payment and reserving of all of its debts and obligations.
7. Providing "start up" rules for initial administration of the agreement.

C. The Commission shall, by a majority of the members, elect annually from among its members a chairperson, a vice-chairperson, and a treasurer, each of whom shall have such authority and duties as may be specified in the bylaws. The chairperson or, in the chairperson's absence or disability, the vice-chairperson, shall preside at all meetings of the Commission. The officers so elected shall serve without compensation or remuneration from the Commission; provided that, subject to the availability of budgeted funds, the officers shall be reimbursed for ordinary and necessary costs and

1 expenses incurred by them in the performance of their responsibilities as officers of the
2 Commission.

3
4 D. Executive Committee, Officers and Personnel

5
6 1. The executive committee shall have such authority and duties as may be set forth
7 in the bylaws, including but not limited to:

8 a. Managing the affairs of the Commission in a manner consistent with the
9 bylaws and purposes of the Commission;

10 b. Overseeing an organizational structure within, and appropriate procedures
11 for the Commission to provide for the creation of rules, operating
12 procedures, and administrative and technical support functions; and

13 c. Planning, implementing, and coordinating communications and activities
14 with other state, federal and local government organizations in order to
15 advance the goals of the Commission.

16 2. The executive committee may, subject to the approval of the Commission,
17 appoint or retain an executive director for such period, upon such terms and
18 conditions and for such compensation, as the Commission may deem appropriate.
19 The executive director shall serve as secretary to the Commission, but shall not be
20 a member of the Commission. The executive director shall hire and supervise
21 such other persons as may be authorized by the Commission.

22

1 E. The Commission's executive director and its employees shall be immune from suit and
2 liability, either personally or in their official capacity, for a claim for damage to or loss
3 of property or personal injury or other civil liability caused by, or arising out of, or
4 relating to an actual or alleged act, error, or omission that occurred, or that such person
5 had a reasonable basis for believing occurred, within the scope of Commission
6 employment, duties, or responsibilities; provided, that such person shall not be
7 protected from suit or liability for damage, loss, injury, or liability caused by the
8 intentional or willful and wanton misconduct of such person.

9
10 1. The liability of the Commission's executive director and employees or
11 Commission representatives, acting within the scope of such person's employment
12 or duties for acts, errors, or omissions occurring within such person's state of
13 residence may not exceed the limits of liability set forth under the Constitution
14 and laws of that state for state officials, employees, and agents. The Commission
15 is considered to be an instrumentality of the states for the purposes of any such
16 action. Nothing in this subsection shall be construed to protect such person from
17 suit or liability for damage, loss, injury, or liability caused by the intentional or
18 willful and wanton misconduct of such person.

19 2. The Commission shall defend the executive director and its employees and,
20 subject to the approval of the Attorney General or other appropriate legal counsel
21 of the member state represented by a Commission representative, shall defend
22 such Commission representative in any civil action seeking to impose liability
23 arising out of an actual or alleged act, error or omission that occurred within the

1 scope of Commission employment, duties or responsibilities, or that the defendant
2 had a reasonable basis for believing occurred within the scope of Commission
3 employment, duties, or responsibilities, provided that the actual or alleged act,
4 error, or omission did not result from intentional or willful and wanton
5 misconduct on the part of such person.

6 3. To the extent not covered by the state involved, member state, or the Commission,
7 the representatives or employees of the Commission shall be held harmless in the
8 amount of a settlement or judgment, including attorney’s fees and costs, obtained
9 against such persons arising out of an actual or alleged act, error, or omission that
10 occurred within the scope of Commission employment, duties, or responsibilities,
11 or that such persons had a reasonable basis for believing occurred within the
12 scope of Commission employment, duties, or responsibilities, provided that the
13 actual or alleged act, error, or omission did not result from intentional or willful
14 and wanton misconduct on the part of such persons.

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18 **ARTICLE X**

19 **RULEMAKING FUNCTIONS OF THE COMMISSION**

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21 A. Rulemaking Authority - The Commission shall promulgate reasonable rules in order to
22 effectively and efficiently achieve the purposes of this agreement. Notwithstanding the
23 foregoing, in the event the Commission exercises its rulemaking authority in a manner

1 that is beyond the scope of the purposes of this agreement, or the powers granted
2 hereunder, then such an action by the Commission shall be invalid and have no force or
3 effect.

4
5 B. Rulemaking Procedure - Rules shall be made pursuant to a rulemaking process that
6 substantially conforms to the "Model State Administrative Procedure Act," of 1981
7 Act, Uniform Laws Annotated, Vol. 15, p.1 (2000) as amended, as may be appropriate
8 to the operations of the Commission.

9
10 C. Not later than thirty (30) calendar days after a rule is promulgated, any person may file
11 a petition for judicial review of the rule; provided, that the filing of such a petition shall
12 not stay or otherwise prevent the rule from becoming effective unless the court finds
13 that the petitioner has a substantial likelihood of success. The court shall give deference
14 to the actions of the Commission consistent with applicable law and shall not find the
15 rule to be unlawful if the rule represents a reasonable exercise of the Interstate
16 Commission's authority.

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20 **ARTICLE XI**

21 **OVERSIGHT, ENFORCEMENT, AND DISPUTE RESOLUTION**

22
23 A. Oversight

- 1 1. The executive, legislative, and judicial branches of state government in each
2 member state shall enforce this agreement and shall take all actions necessary and
3 appropriate to effectuate the agreement's purposes and intent. The provisions of
4 this agreement and the rules promulgated hereunder shall have standing as
5 statutory law.
- 6 2. All courts shall take judicial notice of the agreement and the rules in any judicial
7 or administrative proceeding in a member state pertaining to the subject matter of
8 this agreement which may affect the powers, responsibilities, or actions of the
9 SARA Commission.
- 10 3. The Commission shall be entitled to receive all service of process in any such
11 proceeding, and shall have standing to intervene in the proceeding for all
12 purposes. Failure to provide service of process to the Commission shall render a
13 judgment or order void as to the Commission, this agreement, or promulgated
14 rules.

15
16 B. Default, Technical Assistance, Suspension and Termination

- 17 1.If the Commission determines that a member state has defaulted in the performance
18 of its obligations or responsibilities under this agreement, the bylaws, or
19 promulgated rules, the Commission shall:
 - 20 a. Provide written notice to the defaulting state and other member states of
21 the nature of the default, the means of curing the default, and any action
22 taken by the Commission. The Commission shall specify the conditions
23 by which the defaulting state must cure its default.

- 1 b. Provide training and specific technical assistance regarding the default.
- 2 c. Terminate from the agreement upon an affirmative vote of the majority of
- 3 the member states and all rights, privileges, and benefits conferred by this
- 4 agreement. If a cure of the default does not relieve the offending state of
- 5 obligations or liabilities incurred during the period of the default.
- 6 d. Suspend or terminate membership in the agreement only after all other
- 7 means of securing compliance have been exhausted. Notice of intent to
- 8 suspend or terminate shall be given by the Commission to the Governor,
- 9 the majority and minority leaders of the defaulting state's legislature, and
- 10 each of the member states and their participating institutions.
- 11 e. The state that has been suspended or terminated is responsible for all
- 12 assessments, obligations and liabilities incurred through the effective date
- 13 of suspension or termination including obligations, the performance of
- 14 which extends beyond the effective date of suspension or termination.
- 15 2. The SARA Commission shall not bear any costs relating to any state that has been
- 16 found to be in default or which has been suspended or terminated from the
- 17 agreement, unless otherwise mutually agreed upon in writing between the
- 18 Commission and the defaulting state.
- 19 3. The defaulting state may appeal the action of the Commission by petitioning the
- 20 U.S. District Court for the District of Columbia or the federal district where the
- 21 Commission has its principal offices.
- 22 4. The prevailing party shall be awarded all costs of such litigation including
- 23 reasonable attorney's fees.

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C. Dispute Resolution

1. The SARA Commission shall attempt, upon the request of a member state, to resolve disputes that are subject to the agreement and which may arise among member states and between member and non-member states.
2. The Commission shall promulgate rules providing for both mediation and binding dispute resolution as appropriate.

D. Enforcement

1. The Commission, in the reasonable exercise of its discretion, shall enforce the provisions and rules of this agreement.
2. The Commission, may by majority vote of the members, initiate legal action in the United State District Court for the District of Columbia or, at the discretion of the Commission, in the federal district court where it has its principal offices, to enforce compliance with the provisions of the agreement, its promulgated rules and bylaws, against a member state in default.
 - a. The relief sought may include both injunctive relief and damages.
 - b. In the event judicial enforcement is necessary the prevailing party shall be awarded all costs of such litigation including reasonable attorney’s fees.
3. The remedies herein shall not be the exclusive remedies of the Commission. The Commission may avail itself of any other remedies available under state law or the regulation of a profession.

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ARTICLE XII
FINANCING OF SARA

The SARA Commission shall pay or provide for the payment of the reasonable expenses of its establishment, organization, and ongoing activities. In accordance with the provisions of this agreement, the Commission has the authority to collect fees from institutions operating in member states for the purposes of covering the Commission’s and staff’s annual operating costs and may disperse said fees to cover home state costs of serving students from other states. The Commission may also act as the intermediary to dispense funds to member states. The state general fund is not asked nor expected to fund SARA. SARA will be self-financed from fees collected from participating institutions.

- A. This agreement does not infringe upon the right of any member state to charge fees to its home state institutions. The home state shall retain all such fees in order to cover the costs associated with review, approval, and monitoring of operations of institutions in its state.

- B. Institutions operating in states other than their home state under the provisions of the agreement shall pay an additional annual interstate fee to the SARA Commission. The fee shall consist of **two parts:**

- 1 1. One part will help host states cover their costs of assisting students being taught
2 by institutions from other states. The Commission shall annually approve a fee
3 schedule using a graduated scale based upon the number of students served
4 annually in a state. The fees collected will be remitted to the member states by the
5 Commission.
- 6 2. A fee to cover the Commission's operational costs.
- 7 a. The Commission shall annually approve and publish a budget and an
8 institutional fee structure to cover its operational costs.
- 9 b. The Commission has the authority to determine whether to use a flat fee,
10 graduated scale, or other criteria for setting the fee.
- 11
- 12 C. The Commission shall not incur obligations of any kind prior to securing the funds
13 adequate to meet the same; nor shall it pledge the credit of any of the member states,
14 except by and with the authority of the member state.
- 15
- 16 D. The Commission shall keep accurate accounts of all receipts and disbursements.
- 17
- 18 1. The receipts and disbursements of the Commission shall be subject to the audit
19 and accounting procedures established under its bylaws.
- 20 2. All receipts and disbursements of funds handled by the Commission shall be
21 audited yearly by a certified or licensed public accountant and the report of the

1 audit shall be included in and become part of the annual report of the
2 Commission.¹

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5 **ARTICLE XIII**

6 **MEMBER STATES, EFFECTIVE DATE AND AMENDMENT**

- 7
8 A. Any state is eligible to become a member compact state.
- 9 B. The agreement shall become effective and binding upon legislative enactment of the
10 agreement by no fewer than eight (8) compacting states or alternatively upon enactment
11 by states which are home states, as defined in this compact, for no less than fifteen
12 percent (15%) of the total number of accredited degree granting institutions in the United
13 States as of December 31, 2012 as determined to exist by the Council on Higher
14 Education Accreditation. . Thereafter it shall become effective and binding as to any
15 other member state upon enactment of the agreement into law by that state. The
16 governors (or designees) of non-member states shall be invited to participate in the
17 activities of the Commission on a non-voting basis prior to adoption of the agreement by
18 all states.
- 19 C. The Commission may propose amendments to the agreement for enactment by the
20 member states. No amendment shall become effective and binding upon the
21 Commission and the member states unless and until it is enacted into law by unanimous
22 consent of the member states.
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¹ Please refer to Appendix B for an Operational Fiscal Note

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ARTICLE XIV

WITHDRAWAL AND DISSOLUTION

A. Withdrawal

1. Once effective, the agreement shall continue in force and remain binding upon each and every member state, provided that a member state may withdraw from the agreement by specifically repealing the statute that enacted the agreement into law.
2. Withdrawal from this agreement shall be by the enactment of a statute repealing the same, but shall not take effect until one (1) year after the effective date of such statute and until written notice of the withdrawal has been given by the withdrawing state to each other member jurisdiction and institutions located in the withdrawing state.
3. The withdrawing state shall immediately notify the chairperson of the Commission in writing upon the introduction of legislation repealing this agreement in the withdrawing state.
4. The Commission shall notify the other member states of the withdrawing state's intent to withdraw within thirty (30) days of its receipt thereof.
5. The withdrawing state is responsible for all assessments, obligations, and liabilities incurred through the effective date of withdrawal, including obligations, the performance of which extend beyond the effective date of withdrawal.

1 6. Reinstatement following withdrawal of a member state shall occur upon the
2 withdrawing state reenacting the agreement or upon such later date as determined
3 by the Commission.

4

5 B. Dissolution of Agreement

6

7 1. This agreement shall dissolve effective upon the date of the withdrawal or default
8 of the member state which reduces the membership in the agreement to one (1)
9 member state.

10 2. Upon the dissolution of this agreement, the agreement becomes null and void and
11 shall be of no further force or effect, and the business and affairs of the SARA
12 Commission shall be concluded and surplus funds shall be distributed in
13 accordance with the bylaws.

14

15

ARTICLE XV

16

SEVERABILITY AND CONSTRUCTION

17

18 A. The provisions of this agreement shall be severable, and if any phrase, clause, sentence
19 or provision is deemed unenforceable, the remaining provisions of the agreement shall
20 be enforceable.

21

22 B. The provisions of this agreement shall be liberally construed to effectuate its purposes.

23

1 C. Nothing in this agreement shall be construed to prohibit the applicability of other
2 interstate agreements to which the states are members.

3
4 **ARTICLE XVI**

5 **BINDING EFFECT OF AGREEMENT AND OTHER LAWS**

6
7 A. Other Laws

8
9 1. Nothing herein prevents the enforcement of any other law of a member state
10 consistent with this agreement.

11 2. All member states' laws conflicting with this agreement are superseded to the extent
12 of the conflict.

13
14 B. Effect of this agreement on professional licensing

15
16 1. Nothing in this agreement confers professional licensure in a state, exempts
17 students or institutions from requirements of any professional licensing agencies,
18 replaces any professional licensure requirements, guarantees that a course or
19 program graduate will meet professional licensing requirements, or otherwise
20 changes, supersedes, or replaces any requirement in any state related to
21 professional licensure.

22 2. All institutions retain an obligation to determine and disclose whether or not
23 programs or courses offered under this agreement meet any standards for

1 professional licensing in both the home and host states.

2 3. Students and potential students retain an obligation to know the professional
3 licensure requirements in the state in which they wish to practice their profession.

4 4. Subsections 1 and 2 of this section shall be provided in writing by all institutions
5 to all students enrolled under the benefits of this agreement, whether or not the
6 student has declared intent to obtain professional licensure or is enrolled in a
7 course that leads to such licensure.

8
9 C. Reporting requirement

10
11 1. The SARA Commission may establish reporting requirements that it considers
12 necessary to ensure the proper operation of the agreement.

13 2. Institutions operating under this agreement must report to the home state data that
14 the Commission considers necessary for the proper performance of its oversight
15 functions.

16 3. Data that is reported to the home state under this agreement is considered to meet
17 and replace any reporting requirements to individual member states. The home
18 state shall provide state-specific reported data to any member state upon request.

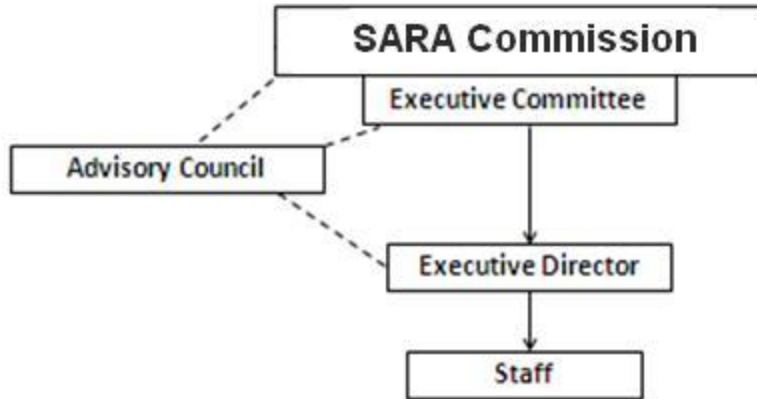
19
20 D. Binding Effect of the Agreement

21
22 1. All lawful actions of the Commission, including all rules and bylaws promulgated
23 by the Commission, are binding upon the member states.

1 2. All agreements between the Commission and the member states are binding in
2 accordance with their terms.

3 3. In the event any provision of this agreement exceeds the constitutional limits
4 imposed on the legislature of any member state, such provision shall be
5 ineffective to the extent of the conflict with the constitutional provision in
6 question in that member state.

Appendix A – Governance Structure



APPENDIX B

Fiscal Model

Introduction The State Authorization Reciprocity Agreement (SARA) will require funds to support expanded home state activities, to assist host states in providing assistance to the home state, and to provide support staff, contracts, travel, and other expenses related to its operations.

Operational Costs

In suggesting a financial operating model for SARA, the Drafting Panel offers a number of considerations that may assist in the planning and implementation of SARA. Table 1 outlines suggested cost categories and estimates possible dollar costs. The total ongoing cost estimate is approximately \$750,000 annually. [Note: Given the projected addition of regional costs, the total should probably be modified to include some costs for the regional office]

This estimate does not reflect start-up costs, which are projected to be higher. There will be more trips to states to market the Agreement, testify at state legislative hearings, and to develop many of the elements (i.e., by-laws, operational definitions, rules, regulations, financial processes) that need to be created and implemented in the first years of operation. Inasmuch as it will require some time to establish a solid institutional membership and collect sufficient fees, up-front capital will be necessary. Given the scale of these start-up requirements, external funding will be essential to fund some or all of these activities.

Table 1: SARA Operational Costs Estimates [See note on previous page]**Personnel***Executive**Director*

Salary	\$130,00	
Benefits	\$42,900	\$172,900

Professional Staff

Salary	\$90,000	
Benefits	\$29,700	\$119,700

Administrative Support Staff

Salary	\$50,000	
Benefits	\$16,500	\$66,500

Contracted Help

Legal Assistance	\$100,000	
Web Support	\$50,000	
Accounting	\$50,000	
Writing/Research	\$40,000	\$240,000

Travel

Staff Trips	25	
Cost per trip	\$1,250	\$31,250

Office Space

Offices	3	
Cost per office	\$10,000	\$30,000

Miscellaneous

Meeting Expenses	\$25,000	
Communications	\$10,000	
Technology	\$45,000	
Marketing	\$5,000	
Supplies	\$5,000	\$90,000

TOTAL \$750,350

Personnel

A highly professional executive director, professional staff person, and administrative staff person are proposed for the nationwide coordinating office.. While the executive director will be the face of the organization, the staff person and administrative staffer will need to track the many details of implementing the agreement.

Contracted Help

Rather than hiring staff, some duties can be contracted. In working with state laws and with interstate agreements, there will be on-going need for legal advice. The web will be an important tool for informing constituents (i.e., state regulators, institutional personnel, legislators, students) about the Agreement. Given the amount of pass-through funds, extensive accounting and auditing expertise is necessary. Given the constantly changing issues that arise by inclusion of new states into the agreement, writing and research services help can be contracted as needed.

Travel

The staff will need to travel to national and regional meetings to promote the Agreement. They will also need to travel to states to meet with legislators and regulators to assist with implementation. While these costs will be higher during the implementation stage, some travel will be required as part of the ongoing operation of the Agreement. Participating states will directly support the travel expenses of their respective Commission members.

Office Space and Miscellaneous

The staff will need office space, communications (phone and web conferencing), technology (computers, software, web licensing), and supplies. The marketing line item will be used to create materials to help explain the need for and details of the Agreement. The meeting expenses

will be used to support the costs of meetings of the Commission, subcommittees, and working groups undertaking tasks on behalf of the Agreement.

Income

In reviewing interstate agreements (whether regional higher education models or for other purposes), those agreements often charge a single fee to each state for participation. Given the uneven impact on other states of institutional participation in distance education, this model asks each participating institution to pay an institutional fee, charged on sliding scale (based on number of distance students).

Recommended Fee Structure

The exact fee structure will be determined by the Commission, which will include states that decide to enter into the Agreement. The Drafting Panel examined alternative fee structures and the agreement draft includes the following recommendations.

An institution in a member state will pay:

1. *A fee to help host states cover their costs of assisting students being taught by institutions from other states.* SARA's Commission shall annually approve a fee schedule using a graduated scale based upon the number of students served annually in the member states. The fees collected will be remitted to SARA and distributed to the member states.

2. *A fee to cover SARA's operational costs.* The Commission shall annually approve and publish an institutional fee structure to cover its operational costs. The Commission has the authority to determine whether to use a flat fee, graduated scale, or other criteria for setting the fee.

The following sections further explain the reasoning behind these two charges and provide examples of financial impact.

Funding Host State Regulatory Activities

While SARA will need to cover the on-going costs of its internal operations, the income model also takes into account the shift in activities that will occur in each of the individual state regulatory offices for states participating in the agreement. SARA shifts the oversight of institutions to the institution's home state. For some states, this will mean a loss of revenue from fees charged to out-of-state institutions. Additionally, the host state retains some responsibility to assist regulatory agencies from partnering states in particular circumstances. While acknowledging that state regulatory offices have widely differing financing models, the proposed SARA financing model seeks to assist host states in funding these responsibilities.

One of the goals (but certainly not the only goal) of the fee is to help states replace funds lost due to participating in reciprocity. In order to project the level of institutional fees required, we created the following very conservative scenario using Minnesota and Missouri as examples: The Minnesota Office of Higher Education has registered 73 regionally-accredited institutions and the Missouri Department of Higher Education has licensed 53. To make the estimates more

conservative, we counted only regionally accredited institutions. If only half of their regionally-accredited institutions decided to participate, and each institution pays \$5,000 annually, the Minnesota institutions would pay \$182,500 and the Missouri institutions would pay \$135,000. All of these funds could be distributed to other states. Even with this modest fee and modest participation, substantial funds could be raised to assist the state regulatory offices.

This model agreement envisions that the Commission will develop a sliding scale based upon the number of students that an institution serves in a host state. For example, the fees might be divided by levels, such as 1-100, 101-250, and 250+ separate student enrollments in a host state in a year. Specific definitions of enrollments, time periods, and rates will need to be developed.

The financial proposal should meet the following goals for state regulatory agencies:

- Replace funds that some state regulatory agencies will lose due to the reciprocal agreement.
- Assist state regulatory agencies in performing the new duties required through this agreement by imposing a user fee on the institutions that decide to operate in this state.

SARA's Operational Costs

SARA requires a small and highly skilled staff to promote, implement, and manage its operations. Many of the duties are outlined in the Agreement, but there will also be the need to contract for short-term services (such as additional drafting assistance at start-up), legal assistance, travel, and technical support. A portion of the institutional fee should be targeted to support SARA's operational costs by a flat fee that is reviewed and set annually by the

Commission. As the number of states joining the Agreement increases, most of the fixed costs will remain the same. Taking into account the actual cost of services, the fee could be lowered over time.

As an example, assume that SARA's annual operational costs are \$750,000[adjust??]. If 15 states join SARA and 30 institutions participate from each state, an annual institutional fee of \$1,667 could initially be required. Again, these are conservative estimates to demonstrate that the costs, even in these scenarios, would not be exorbitant.

The financial model should meet the following goals for SARA's operations:

- Maintain an infrastructure to effectively operate and expand the administration of the Agreement.
- Keep the fee low enough to encourage institutions to participate in the Agreement.

Overall Cost to an Institution

At present, the institutional costs of compliance with existing state by state requirements can be very high for institutions operating in multiple states. In 20__, the University Professional Continuing Education Association (UPCEA) and the WICHE Cooperative for Educational Technologies (WCET) conducted a survey on institutional compliance with state authorization laws. Institutions averaged serving students in 34 states and estimated that, under current state processes, they had or would need to pay more than \$100,000 per year in fees (or other approval-related costs, such as external reviews, travel costs to appear before Commissions) to obtain and retain these approvals. Moreover, these costs do not include the considerable staff time required

to interpret the regulations, inquire about requirements, and complete the multiple applications for approvals to operate in multiple states.

At present those costs are being borne by institutions that are seeking compliance. However, in the UPCEA/WCET survey, 69% of institutions had not yet applied to a state for authorization to operate. While these institutions currently have zero cost of compliance, they remain at substantial risk for unanticipated costs at both the state and federal level.

The financial model should meet the following goals for institutions:

- Reduce the overall costs to institutions currently seeking approval.
- Keep the cost to institutions low enough to encourage institutions that have not sought approval to do so through this agreement.

By participating in SARA, the financial benefit for an institution is that it will incur a fraction of what it is currently expected to pay in fees. This lower fee and the simplified compliance process will attract additional institutions to comply. In addition, member states will also find significant costs savings as they are asked to accept the reciprocal reviews conducted by other states. If we use the estimates from previous sections, a projected institutional fee might be:

- Host state fee – amount that will go to states in which the institution will serve students: \$5,000. Of course this is not a flat fee. Institutions serving many students in multiple states may pay more.
- SARA Operational Cost – amount to keep SARA operating: \$1,667

Even if the institutional fee were double this amount, it would still be a fraction of what many institutions are currently expected to pay.

Home State Fees: The current agreement draft provides for the home state to establish fees based on its own statutory and regulatory framework, with the assumption those fees will cover any additional cost related to expanded responsibilities under SARA. Since many states already have such fee structures in place, it is assumed SARA will only have a minimum impact in this area. While it is anticipated that some states will raise their fee levels to cover the additional costs, it is not anticipated those increases will be substantial. If we assume an average existing home state fee of \$10,000 and a 10 percent increase as a result of SARA, the Agreement would only contribute \$1,000 in additional institutional costs. Combined with the additional costs referenced above of \$6,777, the total estimated cost (\$7,777) to cover multiple states is likely to be less than the cost of licensure currently required in just two additional states.

Note: This analysis does not include the institutional cost of providing a surety bond or paying into an state's tuition recovery fund. According to a review of the regulations in all 50 states and the District of Columbia, it appears that 29 states require at least one surety bond and/or money to be deposited into a tuition recovery fund and one state has the option to require a bond. Because of the type and scope of these requirements, this tuition recovery fund will remain a state responsibility.