



**Western Interstate Commission for Higher Education**  
**STATE AUTHORIZATION RECIPROCAL AGREEMENT**

Finalized November 1, 2013

PREAMBLE

Americans deserve and require access to high quality postsecondary education, not only because the economic vitality of the nation depends upon how well our population is educated but because a well educated population also contributes greatly to the social and civic vitality of the nation.

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

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

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

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



40 This clarification of federal expectations had major implications for postsecondary institutions and  
41 states. In addition to existing state regulations, there was now a clear federal requirement that all  
42 institutions offering education in other states be able to demonstrate that they had the approval to serve  
43 students in each of those other states. With the expansion of distance education (via Internet-based  
44 education, telecommunications, or other means) many institutions increasingly served students from  
45 other states. While some institutions had sought and received such authorizations, in many cases at  
46 substantial expense, most institutions offering such instruction had not done so. This federal  
47 clarification, therefore, had significant potential implications for institutions, including incurring the  
48 costs of securing and maintaining such approvals to operate and the substantial time and effort in  
49 securing such authorizations. In some cases access for students to quality higher education was  
50 eliminated if their institution decided not to incur the cost of complying. States also faced substantial  
51 new expectations, with the potential of thousands of institutions requesting approval from all states,  
52 well exceeding the management capacity of current state authorization agencies.

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

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

80  
81 Similarly, this agreement presumes the efficacy of *the triad of federal, accreditation, and state oversight*  
82 *of quality within American higher education.*

83  
84 This State Authorization Reciprocity Agreement (SARA), therefore, is built upon these three



85 partnerships: the first being between each higher education regional compact’s member states and  
86 territories as reciprocal partners, the second being agreement between the four higher education  
87 regional compacts, and finally the partnership between nationally recognized accreditors, the federal  
88 government, and the states.<sup>1</sup>

## 90 Definitions

91  
92 A good agreement must be easily and consistently understood by all partners. Definitions of terms,  
93 therefore, become very important. Throughout this agreement, where references are made to terms  
94 that might be interpreted differently by different partners, definitions are included in footnotes to  
95 ensure maximum transparency.

## 97 This is a Voluntary Agreement

98  
99 This agreement establishes reciprocity between willing regional compact member states and  
100 territories that accept each others’ authorization of accredited institutions to operate in their  
101 states to offer educational services beyond state boundaries. Participation in this agreement is  
102 entirely voluntary on the part of the state. This agreement is intended to facilitate expanded  
103 access to high quality distance education opportunities for students by improving state policy  
104 and operational mechanisms. This agreement applies only to educational services provided by  
105 institutions outside of their home state boundaries, and in no way affects the unique processes  
106 that states may use to authorize institutions to operate or to *exempt*<sup>2</sup> institutions from oversight  
107 within their own state.

108  
109 Just as participation at the state level is voluntary, so too is participation at the institution level.  
110 Institutions that wish not to subject themselves to the level of oversight consistent with  
111 interstate reciprocity can opt not to participate and thus either choose not to provide  
112 educational services beyond the boundaries of their state or to seek separate authorization to  
113 operate in those states in which they wish to offer educational services.

## 115 Benefits of Reciprocity

116  
117 Significant benefits accrue to students, institutions and states as the current lack of  
118 uniformity in the patchwork of state regulation is improved through sharing in common,  
119 high quality and consistently applied processes and standards.

- 120  
121 • Institutions reap financial benefits by no longer having to engage in the confusing and  
122 duplicative process of seeking approval to operate on an individual, case-by-case basis in

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

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



each state in which it serves students.

- States benefit by maintaining their rights and responsibilities to assure quality programs are offered by institutions within their state. States also benefit by focusing their limited resources on the oversight of institutions within their state, regardless of where that institution serves students. As the number of institutions serving students in multiple states continues to increase, state regulatory offices would find it difficult to conduct meaningful reviews and on-going oversight of the hundreds, if not thousands, of out-of-state institutions operating in their states.
- Students benefit as lower costs for institutions mean fewer costs passed on to students. Without reciprocity, some students have found their options limited as institutions choose not to serve students in states with onerous authorization requirements. With reciprocity, regulators focus their reviews on their “home state” institutions, thus students can have more confidence in the review process and assurance that complaints will be handled and resolved.

Ultimately, the quality of postsecondary education is reflected in the outcomes derived from education. Quality outcomes result from quality processes, however, and state authorization reciprocity focuses on both the processes that enable students to acquire the pertinent knowledge and skill as well as the outcomes that demonstrate the acquisition of knowledge and skills.

### Partnerships

WICHE is indebted to the Presidents’ Forum and Council of State Governments (CSG) for their work in the early development of this agreement. With support from Lumina Foundation, the Presidents’ Forum and CSG were the first organizations to attempt fashioning a national approach to interstate reciprocity. Building on their seminal work, WICHE and the other three regional compacts established a framework for the four regional interstate compacts to achieve this same objective, but doing so through these four longstanding, well respected compacts. The Commission on Regulation of Postsecondary Distance Education took the product of these two preceding efforts, improved upon them and brought the entire community around the ideas encompassed in the Commission’s final report, **Advancing Access through Regulatory Reform: Findings, Principles, and Recommendations for the State Authorization Reciprocity Agreement (SARA)**. WICHE SARA has been crafted to reflect precisely the same intent captured in the report and WICHE is grateful to the Commission for its leadership in setting out this new state authorization framework.

### PURPOSES OF STATE AUTHORIZATION RECIPROCITY

The State Authorization Reciprocity Agreements build upon and strengthen the existing efforts of states, accrediting bodies, and the federal government to facilitate expanded access to high quality education by:



- 167 1. Establishing common, high quality and consistently applied processes and standards  
168 endorsed by participating states, which are efficient and cost-effective;
- 169 2. Providing for consumer protection and a complaint resolution process;
- 170 3. Providing for the uniform collection and sharing of information between and among  
171 member states for the purposes of assuring adequate quality for education services  
172 provided by institutions operating outside of their home state boundaries;
- 173 4. Reducing barriers to innovation in educational delivery;
- 174 5. Increasing access to postsecondary education and degree completion.

## 179 RESPONSIBILITIES OF THE REGIONAL COMPACTS AND THE RECIPROCATING STATES

### 180 Responsibilities of the Regional Compacts

181 Each of the regional higher education compacts manages reciprocity between its member *states*<sup>3</sup>  
182 in the acceptance of state authorization from all reciprocating states that meet the criteria for  
183 reciprocity as defined in this agreement. Each compact will establish a regional State  
184 Authorization Reciprocity Agreement (SARA) steering committee. Within W-SARA, the regional  
185 steering committee is composed of one representative from each state participating in the  
186 reciprocity program selected by the regional compact’s commissioners from that state, and  
187 sufficient additional members selected by the regional compact’s commissioners from a slate  
188 developed by WICHE’s President to represent communities of interest in this agreement that  
189 have not been included naturally through the selection process outlined above. Examples of  
190 communities of interest include, but are not limited to: state regulators, accreditors, institutions  
191 from all sectors of higher education, and state government. Steering committee members’ terms  
192 of service are determined by the WICHE Commission.

193 Three states (New Jersey, New York, and Pennsylvania), the District of Columbia, and all of the  
194 U.S. territories and protectorates except for the U.S. Pacific Territories and Freely Associated  
195 States, which are members of WICHE, do not currently belong to a regional compact. They all  
196 have access to all federal education programs and thus are captured at least by the federal  
197 government’s interest in this set of regulatory issues. These states and territories, subsequently  
198 referred to as “non-affiliated” states in this agreement, have the option of paying a \$50,000  
199 annual fee to align with one of the regional compacts so that they can participate in the  
200 reciprocity agreement. If they do so, they will each have one representative on the respective  
201 compact’s regional steering committee. WICHE encourages these states and territories to align  
202 with the regional compact most geographically proximate to each of them. Should one or more  
203 of these states or territories decide to align with W-SARA, WICHE will honor their request and  
204 will also comply if they subsequently desire to shift their alignment to another regional compact.  
205 W-SARA’s steering committee will establish the criteria for state participation in this reciprocity

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



210 program and will adjust these criteria, as appropriate, over time. A WICHE state seeking to  
211 participate in W-SARA will submit a plan as to how it will meet the criteria for participation. The  
212 regional steering committee will review the plan and work with the state to improve the plan  
213 until the committee is able to recommend its approval by the WICHE Commission. The steering  
214 committee also recommends other procedural details and actions regarding participation in  
215 SARA to the WICHE Commission.

216  
217 W-SARA will develop processes for informing states of the requirements for joining the regional  
218 reciprocity agreement, accepting states into the reciprocal arrangement, rejecting states from  
219 acceptance into the reciprocal arrangement, sanctioning states that fail to meet fully the  
220 requirements for participation, and dismissing from the reciprocal arrangement states that fail to  
221 respond to concerns that they are not meeting the requirements for participation. These  
222 processes must include a process for appeal in the event that a state disagrees with the  
223 compact’s decision. All states entering into the reciprocity agreement will be reviewed on at  
224 least a biennial basis by W-SARA to assure that their authorization processes and participating  
225 institutions continue to meet all of the criteria for inclusion in the reciprocity agreement.  
226

227 The program will be operated by WICHE under its bylaws, consistent with all other programs that  
228 are under its control. WICHE will oversee the agreement within its own region.  
229

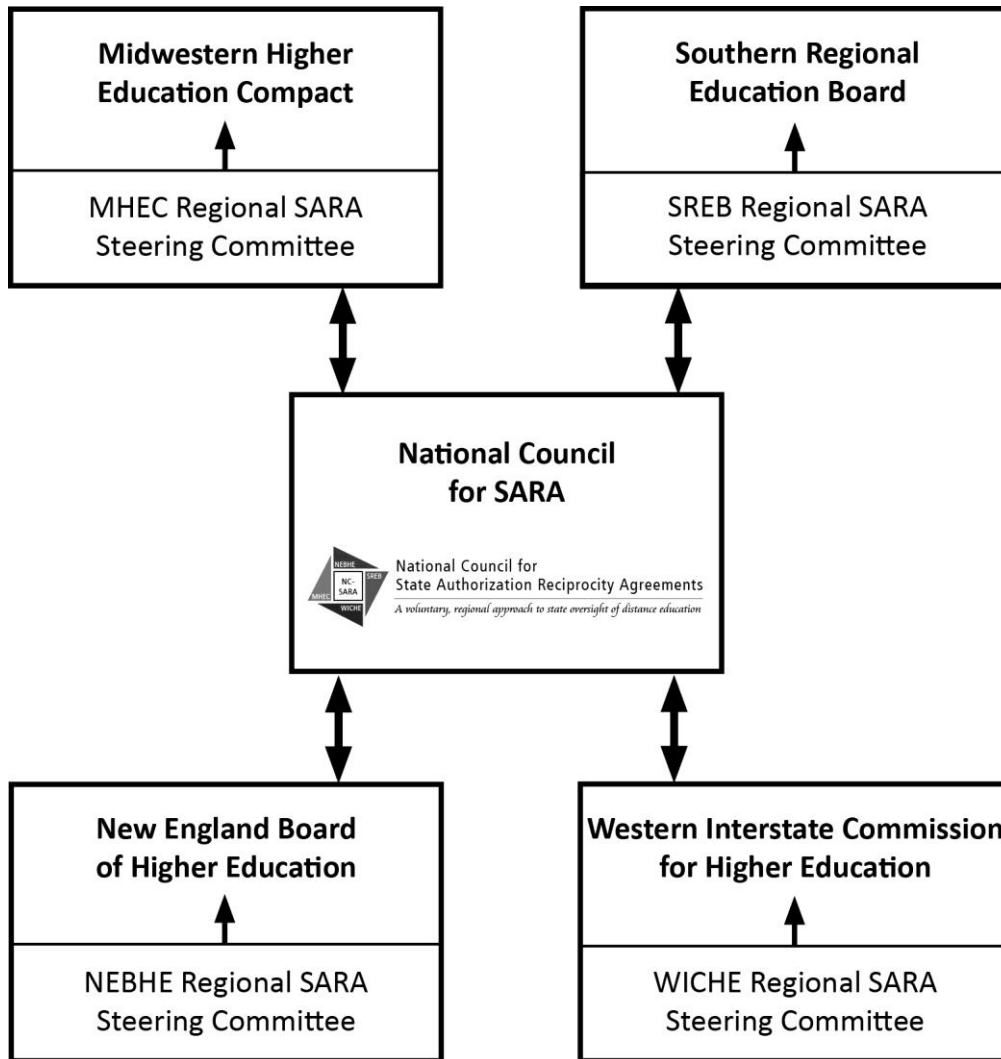
### 230 Creating Reciprocity Nationwide

231  
232 The four regional compacts jointly accept the responsibility for working together and with states and  
233 territories that currently do not belong to a regional compact, for the purposes of harmonizing the State  
234 Authorization Reciprocity Agreement across the regions and assuring that the quilt of regional agreements  
235 covers the nation as a whole. This includes creating an organizational structure for the coordination of  
236 efforts between these various entities, the National Council for State Authorization Reciprocity  
237 Agreements (NC-SARA). The Council’s board members include the chief executive officers of each of the  
238 regional organizations, four individuals representing the principle partners in creating SARA – the  
239 Presidents’ Forum, the Council of State Governments, the State Higher Education Executive Officers and  
240 the Commission on Regulation of Postsecondary Distance Education, and up to 15 additional members  
241 selected to represent the diversity of stakeholders in state authorization of institutions to operate  
242 beyond state lines, including state authorizing entities, accreditors, institutions from all sectors of  
243 postsecondary education, and state government.

244  
245 Below is a diagram of how this network of collaborative efforts fit together to provide a  
246 nationwide framework. An organizational flow chart follows.



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This organizational structure works as follows. The states are the principal guardians of consumer protection. They are responsible for developing processes for authorizing and overseeing all accredited degree granting *postsecondary education*<sup>4</sup> *institutions*<sup>5</sup> within their state that wish to offer distance education outside the state’s boundaries. The regional W-SARA Steering Committee develops processes for *recognizing*<sup>6</sup>, for purposes of reciprocity in

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

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

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



255 state authorization, states that demonstrate that they have developed and operate agencies  
256 that appropriately *authorize*<sup>7</sup> and oversee all degree granting postsecondary education  
257 institutions within their state that wish to offer distance learning outside state boundaries. The  
258 National Council (NC-SARA) will develop processes for recognizing reciprocity between regional  
259 SARAs, for assuring that each SARA is appropriately overseeing the states within its regional  
260 reciprocity agreement, and for harmonizing procedures among the regions to make the  
261 reciprocal recognition of state authorization as seamless and uniform as possible for  
262 institutions.

### 263 Responsibilities of the Reciprocating States

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

265  
266 Authorizing Responsibility: First, the states must assure that they have appropriate laws,  
267 policy, practice, and processes for authorizing all *accredited*<sup>8</sup> postsecondary education  
268 institutions that operate from their state. The state is defined as the *home state*<sup>9</sup> for all  
269 institutions claiming the state as its principle location for accreditation purposes. This includes  
270 authorizing all distance learning activities of these institutions not only in the home state, but  
271 in all other states (defined as *host states*<sup>10</sup>) in which the institutions provide distance learning.  
272 After initial authorization, the home state must review the institution every year for the  
273 purposes of affirming or denying authorization. To demonstrate a state’s adequacy in  
274 authorizing institutions, the state must demonstrate to the regional SARA that it meets all of  
275 the criteria for authorizing institutions outlined in the next section of this agreement.  
276  
277

### 278 Physical Presence

279  
280 One of the most difficult tasks in crafting an interstate agreement on state authorization is  
281 determining what activities an institution can or cannot conduct in a state, whether those  
282 activities be at a distance or face-to-face. While states use different monikers for these criteria  
283 used to determine which activities are allowed in a state, they tend to fall under the notion of  
284 “physical presence.” It is imperative, therefore, to clearly define what “physical presence”  
285 means for institutions participating in SARA for two reasons: 1) because institutions with a  
286 physical presence in a host state will not be eligible for reciprocal authorization; and 2) to  
287 clearly define what activities can be conducted in a state as a result of participating in this  
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<sup>7</sup> **Authorized** means: holding a current valid charter, license or other written document issued by a state, federal government or government of a recognized Indian tribe, granting the named entity the authority to issue degrees.

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

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

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





289 agreement.

290  
291 As stipulated in the final report of the National Commission, “for purposes of the  
292 interstate reciprocity agreement, the definition of “physical presence” should be limited  
293 to the ongoing occupation of an actual physical location for instructional purposes or the  
294 maintenance of an administrative office to facilitate instruction in the state.”

295  
296  
297 The following sections describe the activities that may or may not be considered as physical  
298 presence that an institution participating in SARA can or cannot conduct in other states that  
299 are part of the Agreement.

300  
301 Activities in a Host State Not Considered to be Physical Presence and Thus Allowed by SARA

302  
303 If an institution is authorized by its home state and that home state is an approved participant  
304 in SARA, the institution is eligible to conduct the following activities in any of the SARA states.  
305 Physical presence is not triggered in a state participating in this agreement by any of the  
306 following activities:

- 307  
308 1. Courses offered at a distance, be they online, through the United States mail or similar  
309 delivery service, and that do not require the physical meeting of a student with  
310 instructional staff in a host state.  
311  
312 2. Academic offerings among institutions from SARA states that are participating in a  
313 consortia agreement approved by each of those participating institutions.  
314  
315 3. Advertising to students within a state, whether through print, billboard, direct mail,  
316 internet, radio, television or other medium.  
317  
318 4. Recruiting (e.g., hosting or attending recruitment fairs).  
319  
320 5. An educational experience arranged for an individual student, such as a clinical,  
321 practicum, residency, or internship, so long as the institution has obtained all the  
322 necessary professional and licensure approvals necessary to conduct the learning  
323 opportunity in the state, no more than ten students from an institution are physically  
324 present simultaneously at a single field site, and there is no multiyear contract  
325 between the institution and the field site.  
326  
327 6. An educational field experience arranged for a group of students that are participating  
328 in campus-based programs in another state.  
329  
330 7. An offering in the nature of a short course or seminar, if instruction for the short  
331 course or seminar takes no more than twenty classroom hours.  
332  
333 8. A portion of a full-term course for which no more than two meetings, totaling less than



334 six hours, take place in a setting where the instructor and students physically meet  
335 together.

- 336
- 337 9. Course offerings by an accredited institution on a U.S. military installation, limited to  
338 active and reserve military personnel, dependents of military personnel, and civilian  
339 employees working on the military installation.
- 340
- 341 10. Operation of a server, router or similar electronic service device when such  
342 device is not housed in a facility that otherwise would constitute a physical  
343 presence; the presence of a server or similar pass-through switching device in a  
344 state.
- 345
- 346 11. Having faculty, adjunct faculty, mentors, tutors, recruiters, or other personnel residing  
347 in a state. The presence of instructional faculty in a state, when those faculty offer  
348 entirely online or other distance-education instruction and never meet their students in  
349 person for educational purposes while in that state, does not establish a presence of  
350 the institution in that state or an offer of a course or program from that state for  
351 purposes of this agreement.
- 352
- 353 12. Requiring a student to take a proctored exam at a location or with an entity in the host  
354 state prescribed by the institution.
- 355
- 356 13. Having a contractual arrangement in a state.
- 357

#### 358 Physical Presence Activities in a Host State Not Covered by SARA

359

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

364

- 365 1. Establishing a physical location in a state for students to receive synchronous or  
366 asynchronous instruction; or
- 367
- 368 2. Requiring students to physically meet in a location in the state for instructional  
369 purposes as required for the course, except as noted in 6 above; or
- 370
- 371 3. Establishing an administrative office in the state, including:
- 372
- 373 a. Maintaining an administrative office in the state for purposes of  
374 providing information to prospective students or the general public  
375 about the institution, enrolling students, or providing services to  
376 enrolled students;
- 377
- 378 b. Providing office space to instructional or non-instructional staff; or



- 379  
380 c. Establishing an institutional mailing address, street address, or phone  
381 number in the state.  
382

383 *Complaint Resolution Responsibility:* The states must assure that they have reasonable  
384 processes for monitoring authorized institutions and for addressing and redressing complaints  
385 or concerns that are raised concerning authorized institutions. To demonstrate a state’s  
386 adequacy in monitoring and adjudicating the actions of authorized institutions, the state must  
387 demonstrate to W-SARA that it meets all of the *criteria for monitoring and adjudicating*  
388 *actions of authorized institutions, as outlined in the next section of this agreement.*  
389

#### 390 CRITERIA FOR STATE AUTHORIZATION AND OVERSIGHT

391  
392 *The previous section introduced the responsibility of states in two essential, related, but distinctly*  
393 *different types of activities: authorization of accredited institutions to operate and oversight of*  
394 *institutions that are authorized to operate. Because the criteria for these two functions differ, they are*  
395 *detailed separately in this section.*  
396

#### 397 *Criteria for Authorizing Institutions to Operate and to Continue Operating*

398  
399 *Academic Integrity:* *States wishing to participate in this regional interstate reciprocity*  
400 *agreement must accept accreditation by a federally-recognized accrediting*  
401 *agency as both necessary and sufficient evidence of reasonable institutional academic*  
402 *quality for purposes of delivering services outside their home state or receiving services from*  
403 *other states participating in the reciprocity agreement. Accreditation, therefore, will be*  
404 *acceptable evidence of adequate quality assurance for initial acceptance into W-SARA with*  
405 *respect to curriculum, measurement and achievement of student learning outcomes, award of*  
406 *credit, faculty qualifications, student support services, and academic support services. States*  
407 *that wish to require more documentation for their home institutions certainly have the*  
408 *prerogative of doing so, but for purposes of reciprocal acceptance of institutional*  
409 *authorization from other states to offer educational services beyond state boundaries,*  
410 *accreditation by an accrediting agency recognized by the U.S. Secretary of Education upon the*  
411 *advice of the U.S. Department of Education’s National Advisory Council on Institutional Quality*  
412 *and Integrity (NACIQI) must be accepted as sufficient evidence of reasonable institutional*  
413 *academic quality. Additional criteria to be used in resolving student academic complaints*  
414 *about an institution are provided in the complaint section below.*  
415

416 *Financial Integrity:* *States wishing to participate in this interstate reciprocity agreement will*  
417 *agree to accept the standards established by the federal government for demonstrating*  
418 *financial responsibility. The U.S. Department of Education considers a public institution to be*  
419 *financially responsible if its debts and liabilities are backed by the full faith and credit of the*  
420 *state or other government entity. The school must provide the Department with a letter*  
421 *verifying the backing from the state, local, or municipal government entity, tribal authority, or*  
422 *other government entity that has the legal authority to make that designation. While*  
423 *accrediting associations also collect financial information, the federal government has*



424 developed a robust and well-accepted process for assessing independent, nonprofit and for-profit  
425 institutions' financial data based on audited financial statements. Relying on this federal  
426 information provides a high quality mark that is updated annually and reduces redundancy of  
427 reporting by institutions, thus reducing administrative burden. All institutions deemed  
428 financially responsible by the federal government for participation in federal Title IV programs,  
429 with a composite financial responsibility score of 1.5 or better, will be deemed financially  
430 responsible for purposes of approval to operate within the State Authorization Reciprocity  
431 Agreement. Institutions with a federal composite financial responsibility score of 1.0 to 1.5  
432 may be deemed conditionally financially responsible for up to two years within the State  
433 Authorization Reciprocity Agreement if the home state, upon broad review of the institution's  
434 financial information, determines that the institution's financial condition is sound. No  
435 institution with a federal composite financial responsibility score less than 1.0 will be  
436 considered eligible for interstate reciprocity, even if it has been deemed to be Title IV eligible  
437 by the U.S. Department of Education. Any institution that wishes to participate in the State  
438 Authorization Reciprocity Agreement but that does not have an established federal composite  
439 financial responsibility score because it has chosen not to participate in federal Title IV  
440 programs must be determined by the state authorizing entity in its home state to be  
441 financially responsible based on audited financial information and calculations comparable to  
442 those used by the U.S. Department of Education.

443  
444 *Consumer Protection:* The triad of federal, accreditation, and state quality oversight gives  
445 states the lead responsibility for protecting consumers of postsecondary education. Some  
446 elements of consumer protection are accomplished within institutional accreditation and within  
447 federal oversight, but the primary responsibility for protecting consumers lies with states. The  
448 potential adverse consequences for the citizens of the states are so significant that these  
449 criteria cannot be assigned solely to either the accreditors or the federal government. States  
450 must demonstrate that they maintain responsibility for:

451  
452 *Recruitment, Marketing, and Other Institutional Disclosures:* To qualify for  
453 acceptance into the State Authorization Reciprocity Agreement, a state must  
454 demonstrate that institutions authorized by the state are held accountable for and  
455 have attested to the veracity and adequacy of the institutions' recruitment  
456 material, marketing efforts, and other institutional disclosures. This must include  
457 each institution being held accountable for and attesting to at least the following:

- 459 • Providing full information about institutional and program requirements in a  
460 format that prospective students and the public can easily understand and  
461 access.
- 462
- 463 • Assuring that program advertisements and promotional information include all  
464 special or exceptional program requirements.
- 465
- 466 • Ensuring that job placement and related salary information are supported by  
467 evidence of their accuracy and efficacy.
- 468



- Providing information on programs that prepare students for licensed professions that explicitly states whether the program, including clinical or experiential practice, meets licensure standards in all states in which the institution has students enrolled.
- Monitoring and accepting responsibility for assuring professional conduct of recruiting and marketing staff.
- Disclosing institutional and programmatic accreditation status and providing a brief explanation of what the accreditation status means along with the respective accreditor’s information.

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

- Disclose all tuition, fees, and other costs associated with attendance, including fees and costs that are unique to specific programs of study.
- Publish clear policies and practices regarding refunds to students, including transparent and readily available information on refund deadlines and refund amounts.
- Provide accurate and complete information about financial aid available to students attending the institution, including all forms of financial aid (grants, scholarships, loans, and work-study) and the sources (institutional, private philanthropic, state, and federal) of each form of aid.

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

- Clearly stated and comprehensive requirements for admission to the institution must be available to prospective students and this information must also be available as applicable for programs resulting in a certificate, degree, or diploma.
- Reasonable assurance the admitted students have the capacity to succeed in the program(s) to which they are accepted.

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



- 514 • Establish and sustain a complaint procedure that includes clearly understood  
515 and published processes for lodging a complaint, both within the institution, to  
516 the state authorizing entity, and to the institution’s accrediting agency;
- 517
- 518 • Establish and sustain processes within the institution for responding  
519 appropriately to complaints and for documenting their resolution;
- 520
- 521 • Establish and sustain a process for reporting formal complaints and their  
522 resolution to the state authorizing entity, including procedures that ensure that  
523 an institution’s complaint resolution process has been exhausted before the  
524 complaint is elevated to the state authorizing entity; and
- 525
- 526 • Establish and sustain a process for working with the state authorizing entity on  
527 resolving complaints that have been lodged and not resolved with that entity.
- 528

529 In addition to requiring institutions to provide such assurances of responsiveness to  
530 consumer complaints, the state must demonstrate that it has processes for  
531 following up on both formal complaints that it receives and on concerns that come  
532 to the attention of the state authorizing entity. The state must demonstrate that it  
533 is prepared to accept and act on all legitimate complaints and concerns registered  
534 with the state agency with regard to an institution that it has authorized for  
535 operation, whether the education provided by the institution was provided in the  
536 home state or in a host state. The state authorizing entity must have processes for  
537 responding to complaints and concerns from students as consumers, institutions,  
538 accrediting agencies, other states within the reciprocity program, the federal  
539 government, or other interested parties. Because the states have the primary  
540 responsibility for consumer protection and because the accrediting bodies focus  
541 more directly on institutional issues, rather than individual student or consumer  
542 complaints, it is the responsibility of the state to follow up on all legitimate  
543 complaints. The responsibility includes complaints not only related to violations of  
544 the consumer protection requirements or of financial solvency of the institution but  
545 also include academic standards initially established with an institution’s  
546 accreditation.

547

548 With respect to resolving complaints regarding academic standards, all states  
549 participating in the State Authorization Reciprocity Agreement will be guided by the  
550 guidelines for the evaluation of distance education (on-line learning) adopted by  
551 the Council of Regional Accrediting Commissions (C-RAC), which is composed of all  
552 of the regional accrediting associations. Abiding by the C-RAC guidelines will ensure  
553 that the guidelines used by accreditors for initial authorization of institutions by the  
554 state will be consistent with the guidelines used by states in responding to  
555 complaints or concerns lodged with them regarding matters of academic integrity.  
556 If deemed necessary in the future, SARA can review and replace these guidelines  
557 with guidelines that are consistent with those used by other entities in reviewing  
558 institutional practices.



559  
560 The state must demonstrate that it accepts affirmative responsibility to promptly  
561 report, as appropriate, complaints and concerns to both the institutions about  
562 which the complaints/concerns were lodged and, as appropriate, to the body that  
563 accredits the institution. While the host state is not responsible for following up on  
564 complaints regarding an institution operating within the state but based elsewhere,  
565 the host state must have a process of transferring such complaints that it receives  
566 to the home state that has authorized the institution to operate. The home state is  
567 responsible for informing the host state of the status or outcome of a complaint  
568 lodged through the host state. While primary responsibility is thus vested with the  
569 host state in following up on consumer complaints, nothing in this agreement  
570 abrogates a host state from also pursuing a complaint if it believes that it should do  
571 so.

572  
573 Criteria for Overseeing Authorized Institutions

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

577  
578 Complaints: The state must periodically demonstrate at least every other year to its State  
579 Authorization Reciprocity Program that the formal complaint process on which it was  
580 approved works effectively to protect students from possible institutional malfeasance, abuse,  
581 incompetence, or criminality. This must include evidence of at least the following:

- 582  
583 • Evidence that consumers (students and subsequent employers) have reasonable  
584 access to information about the complaint process.
- 585  
586 • Documentation of: 1) all formal complaints received, 2) notifications of complaints  
587 provided to institutions and accrediting agencies, and 3) complaint resolutions.
- 588  
589 • Demonstration that complaint resolutions were appropriate to the severity and  
590 veracity of the complaints, including punishment and restitution for violations  
591 (within clearly described guidelines) including specific criteria for the termination of  
592 authorization to operate.

593  
594 The W-SARA steering committee will establish the specific criteria for these reporting requirements.

595  
596 Concerns: State authorizing entities, on occasion, become aware of potential problems or  
597 possible violations of state authorization, either through staff inquiries or other sources. It is  
598 the affirmative obligation of the state entity to address appropriately such concerns. All states  
599 participating in a regional State Authorization Reciprocity Agreement must periodically  
600 demonstrate that they have clear and well documented policies and practices for addressing  
601 such concerns, and that they have followed these policies and practices, consistent with the  
602 processes identified in the preceding paragraph. Each regional SARA steering committee will



603 establish the specific criteria for these reporting requirements.  
604

605 *Catastrophic Responses:* State authorizing entities must respond on occasion to catastrophic  
606 events at one or more of the institutions that they oversee. All states must periodically  
607 demonstrate to their regional SARA entity that they have clear and well documented policies  
608 and practices for addressing such catastrophic events, including at least the following.  
609

- 610 • In the event of the unanticipated closure of an institution, that the state has a  
611 process for assuring that students receive the education they contracted for or  
612 reasonable financial compensation for what they did not receive. Such  
613 assurances can come in various forms – tuition assurance funds, surety bonds,  
614 teach-out provisions, etc. – and they can come from individual institutional  
615 requirements, multi-institutional cooperatives, or state-supported activities. A  
616 participating state can choose its own approach, but it must demonstrate  
617 regularly that the approach it has selected adequately protects students as  
618 consumers.
- 619 • The state entity must also assure that it either requires institutions to have  
620 disaster recovery plans, particularly with respect to the protection of student  
621 records, or that the state provides such a plan.  
622

#### 623 Financing SARA

624  
625  
626 To finance the expenses of establishment, organization, and ongoing activities and to assist states in  
627 fulfilling their roles in the State Authorization Reciprocity Agreement, the National Council for SARA  
628 (NC-SARA) has the authority to collect fees. Fees are collected from institutions from SARA member  
629 states that have chosen to participate in the Agreement and have been authorized by the  
630 appropriate state entity.  
631

632 These fees will be managed and distributed by NC-SARA and will be guided by the following  
633 principles:  
634

- 635 A. Participation in SARA does not infringe upon the right of any member state to charge  
636 fees to its home state institutions to cover the costs associated with review, approval,  
637 and monitoring of operations of institutions in its state. The home state shall retain all  
638 such fees.  
639
- 640 B. Institutions operating in states other than their home state under the provisions of this  
641 agreement shall pay a SARA fee annually to the NC-SARA.  
642
- 643 C. The SARA fees will be sufficient, in aggregate, to fund the operational expenses  
644 associated with the NC-SARA and the regional compacts' SARA related work and will  
645 be low enough to encourage institutional participation in this activity.





646

647 D. The SARA fee will be standardized across all regions.

648

649 After receiving input from each regional compact and participating states and institutions, NSC-SARA  
650 will annually approve and publish the SARA fee schedule for institutions.

651 The SARA fee will use a graduated scale based upon the number of students enrolled in or served by  
652 an institution. The tier levels and the metrics to measure students will be determined by the NC-  
653 SARA and openly published as part of the fee schedule. Current estimates of the fee for the initial  
654 year of operation are \$2,000 for institutions with fewer than 2,500 FTE students, \$4,000 for  
655 institutions with between 2,500 and 4,999 FTE students, and \$6,000 for institutions with enrollments  
656 of 10,000 FTE students or more.

657

658

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