

Version 18.1 • March 12, 2018

State Authorization Reciprocity Agreements Manual

- Incorporates, updates and replaces previous versions of *SARA Policies and Standard* and *SARA Manual*.
- Incorporates, updates and replaces previous versions of *SARA FAQs*.
- Includes procedures for use by states and institutions for SARA application, renewal, payment of fees and data collection.
- Includes as appendices information about SARA's use of the U.S Department of Education (ED) Financial Responsibility Composite Score, C-RAC *Guidelines* Information and the *Unified State Authorization Reciprocity Agreement* approved December 1, 2015.



Introduction to the *SARA Manual*

Any degree-granting institution in the U.S. must be authorized by a governmental entity to issue degrees. The “government” is typically a state government, but it can also be Congress or an American Indian tribe. In addition, the U.S. Department of Education requires proof of state authorization as a condition of eligibility to participate in Title IV student assistance programs. SARA policy is intended to be consistent with federal law and is therefore subject to change based on federal rulemaking.

SARA pertains to approval of distance education courses and programs offered across state lines by postsecondary institutions that already have degree authorization in at least one state. SARA centralizes the authorization process for each institution in a single state called the institution’s “Home State.” Colleges or universities in a SARA state therefore only need their Home State authorization to offer distance education to students in any other SARA member state, subject to certain limitations.

The State Authorization Reciprocity Agreements (SARA) were developed from 2011 through 2013 and began operating in January 2014. The original four regional SARA agreements were slightly different and were superseded by the *Unified Agreement* in December 2015. States may join SARA if they wish to do so; membership is voluntary. Likewise, if a state joins, its eligible institutions have the option of participating, but are not required to do so.

In the course of preparing the first *SARA Manual*, the 2013-2015 *Policies and Standards* and the FAQs published through February 2016 were merged and updated and their physical layout was revised. The FAQs were retitled *Explanatory Notes* and placed in appropriate sections. Additional revisions and corrections through January 31, 2018 have been included in Version 18.1.

All references to portal *agencies* have been changed to portal *entities* because in many states, the term “agency” has a special and limited meaning, and in some cases, states have established special joint entities to oversee SARA. These changes may require eventual revisions to some states’ references to SARA in state documents.

This *Manual* codifies existing SARA policy as of January 31, 2018. It is numbered Version 18.1. Future changes will follow this numbering sequence, with the last two digits of the calendar year followed by a version number. A current version of the *Manual* will be maintained on the NC-SARA website. **The most recent version is 18.1.** Version 18.1 makes no policy changes to its most-recent predecessor. Rather, it incorporates some additional clarification to a few issues that experience had indicated are needed.

Questions about SARA?

Questions from people affiliated with an institution should go first to the institution's SARA liaison officer, if one has been designated.

Questions from an institution's SARA liaison staff or if there is no designated SARA liaison should be directed as follows:

State-specific SARA Activities – to STATE PORTAL ENTITY¹

State SARA Fees

Institution application status

Institution renewal status

Institution renewal problems – deadlines missed and late fees

Institution Accreditation changes

Institution SARA status changes

SARA Policies and Procedures – to REGIONAL COMPACT²

State application status

State renewal status

Questions about C-RAC *Guidelines*

National Reporting and SARA Oversight – to NC-SARA OFFICE³

NC-SARA Salesforce activity

Complaint reporting

Enrollment reporting

NC-SARA payment activity

Initial NC-SARA payment

Renewal NC-SARA payment

NC-SARA late fees

¹ See <http://www.nc-sara.org/content/state-portal-entity-contacts> for current contact information

² See <http://www.nc-sara.org/sara-staff> for current contact information

³ See <http://www.nc-sara.org/sara-staff> for current contact information

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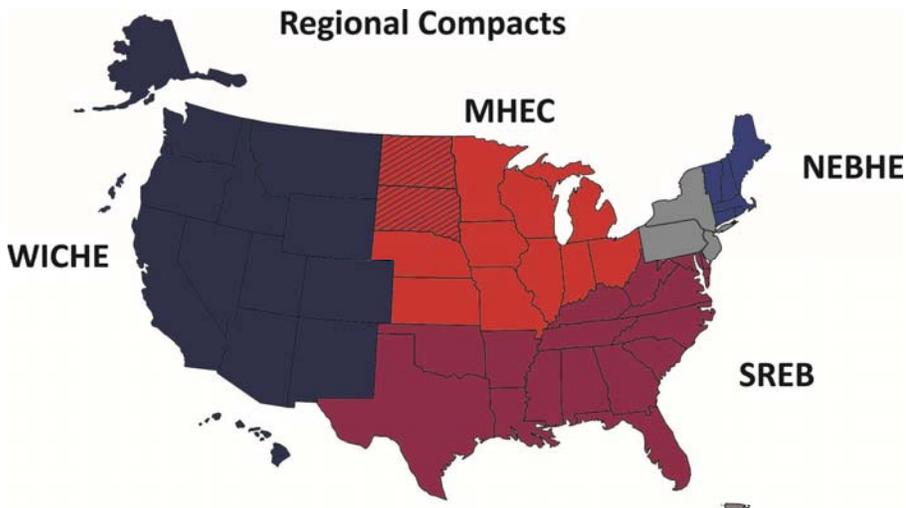
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States shown in gray are not members of a regional compact but have affiliated with one for purposes of SARA. New York and New Jersey have affiliated with NEBHE. Pennsylvania, the District of Columbia, the U.S. Virgin Islands and Puerto Rico have affiliated with SREB. States shown hatched are members of both WICHE and MHEC. North Dakota operates in SARA via MHEC; South Dakota via WICHE.





National Council for State Authorization Reciprocity Agreements

A voluntary, regional approach to state oversight of distance education

NC-SARA Contact Information

For general questions and information requests contact: info@nc-sara.org.

For questions related to enrollment and complaint reporting, contact: data@nc-sara.org.

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- C. *Unified State Authorization Reciprocity Agreement*

State Authorization Reciprocity Agreements

Policies

Section 1. Definitions

1. “Accredited” means: holding institutional accreditation by name as a U.S.-based institution from an accreditor recognized by the U.S. Department of Education and whose scope of authority, as specified by the Department, includes distance education.
2. “Affiliate Member” is a state, territory, or district that affiliates with a regional compact under the terms of SARA in order to participate in SARA but is not a full member of that compact. The term “member state” when used in this document includes affiliate members.
3. “Agreement” means: The *Unified State Authorization Reciprocity Agreement* adopted by the four regional education compacts (NEBHE, MHEC, SREB and WICHE) and NC-SARA.
4. “Approve” or “Approval” in the context of an institutional application to operate under SARA means: a written statement by a Home State that an institution meets the policies required by SARA and is eligible to operate under SARA.
5. “Authorized” means: holding a current valid charter, license or other written document issued by a state, the federal government or a recognized Indian tribe, granting the named entity the authority to issue degrees and operate within a state or jurisdiction.
6. “Bylaws” means: those bylaws established by the National Council for SARA for its governance, or for directing or controlling its actions and conduct.
7. “Charter” means: a document bearing the word Charter issued by proper governmental authority that names a college or university as a degree-granting institution authorized to operate under the laws of the issuing jurisdiction.
8. “Complaint” means: a formal assertion in writing that the terms of the *Agreement*, or of laws, standards or regulations incorporated by the *Agreement*, are being violated by a person, institution, state, agency or other organization or entity operating under the terms of this *Agreement*.
9. “Council” means: the National Council for State Authorization Reciprocity Agreements, or in short form National Council for SARA, or NC-SARA.

10. “C-RAC Guidelines” and other uses of “C-RAC” refers to the *Interregional Guidelines for the Evaluation of Distance Education Programs (Online Learning)* for best practices in postsecondary distance education developed by leading practitioners of distance education and adopted by the Council of Regional Accrediting Commissions (C-RAC).
11. “Credits” means: numeric descriptors of completion of academic work applicable toward a degree, including the Carnegie unit system.
12. “Degree” means: An award conferred at the Associate level or higher by an institution as official recognition for the successful completion of a program of studies. (Based on IPEDS definition.)
13. “Distance Education” means: instruction offered by any means where the student and faculty member are in separate physical locations. It includes, but is not limited to, online, interactive video and correspondence courses or programs.
14. “Faculty” means: a professional individual employed by or contracting with an institution primarily to teach, conduct research or provide related professional education services.
15. “Home State” means: a member state where the institution holds its legal domicile, authorization and accreditation. To operate under SARA an institution must have a single Home State.
16. “Host State” means: a member state in which an institution operates under the terms of this *Agreement*, other than the Home State.
17. “Hybrid” means: an educational program or course that includes both face-to-face and distance education. Also known by the name “blended” and, sometimes, other terms.
18. “Institution” means: a degree-granting postsecondary entity.
19. “IPEDS” means: Integrated Postsecondary Education Data System, maintained and used by the U.S. Department of Education (ED).
20. “Legal Domicile” of an institution for purposes of SARA eligibility means: the state in which the institution’s principal campus holds its institutional accreditation and, if applicable, its federal OPEID number. In the event that the OPEID number is assigned to a campus that is in a different state than the principal accredited campus, the SARA committees of the affected regional compacts shall determine which is the Home State for purposes of SARA.
21. “Member State” means: any state, district or territory that has joined this *Agreement*.
22. “Non-degree award” means: a formal postsecondary award that does not carry the designation of Associate degree or higher.
23. “Non-domestic” institution is a term used by a host state to mean an institution operating in that state from a different Home State.
24. “Operate” means: activities conducted by an institution in support of offering distance education degree or non-degree courses or programs in a state, including but not limited to

instruction, marketing, recruiting, tutoring, field experiences and other student support services.

25. “Physical Presence” means: a measure by which a state defines the status of an educational institution’s presence within the state. See the special section on physical presence herein for the SARA standard.
26. “Portal Entity” means: the state agency or other state body designated by each SARA member state to serve as the interstate point of contact for SARA questions, complaints and other communications.
27. “Regional Compact” means: the New England Board of Higher Education, Midwestern Higher Education Compact, Southern Regional Education Board or Western Interstate Commission for Higher Education.
28. “Rule” means: a written statement promulgated by the National Council for SARA that is of general applicability; implements, interprets or prescribes a policy or provision of the *Agreement*; or provides an organizational, procedural, or other requirement of the Council, including these *Policies* contained in the *SARA Manual*.
29. “State” means: any state, commonwealth, district, or organized territory of the United States.
30. “Supervised field experience” means: a student learning experience comprised primarily of the practical application of previously studied theories and skills, under the oversight of a supervisor, mentor, faculty member or other qualified professional, located in the host state, who has a direct or indirect reporting responsibility to the institution where the student is enrolled whether or not credit is granted. The supervised field experience is part of a program of study offered by the enrolling SARA institution. Examples include practica, student teaching, clinical placements or internships. Independent off-campus study by individual students not engaged in supervised field experience is exempt from requirements of SARA and does not constitute a physical presence of a postsecondary institution in a SARA member state.

Section 2. States and Membership

2.1 Eligibility for membership

- a. The state must be a member of one of the four interstate Regional Compacts that administer SARA, or must have concluded an agreement with such a compact covering SARA activity. The District of Columbia and U.S. Territories are also eligible to join SARA using the same methods as states.
- b. The state agency or entity responsible for joining SARA must have the legal authority under state law to enter into an interstate agreement that covers all of the elements of SARA.
- c. A state that joins SARA as an Affiliate under the terms of the *Unified Agreement* shall operate in the same manner as a member state except as provided in the *Unified Agreement*.

2.2 Application

States apply for SARA membership using a uniform SARA application process through which a state will be required to demonstrate to its Regional Compact that it meets the policies established for participation in the interstate reciprocity *Agreement*.

2.3 Member withdrawal

- a. A member state may withdraw from SARA by providing 90 days written notice from the State Portal Entity to its Regional Compact and the appropriate regional steering committee.
- b. Any institution operating under SARA from a withdrawing state may continue to do so until the conclusion of its current academic term or 90 days after the date of receipt of notice of withdrawal, whichever is later, but not to exceed six months from the date the notice was received by the Regional Compact.
- c. In the event that a state withdraws from SARA, the State Portal Entity shall notify all SARA participant institutions in that state of the state's changed status.

2.4 Member removal

A member state may be removed from SARA membership by its Regional Compact if it ceases to abide by the requirements of SARA. The effect of removal on students and institutions will follow the same policies as set forth for Member Withdrawal in subsection 2.3 above.

2.5 Functional responsibilities of states

- a. The state accepts institutional accreditation by an accrediting body recognized by the U.S. Secretary of Education, and whose approved scope of authority includes distance education as sufficient, initial evidence of academic quality for approving institutions for participation in SARA. (See https://www2.ed.gov/admins/finaid/accred/accreditation_pg10.html)
- b. The state considers applications from degree-granting institutions of all sectors (public, private non-profit and private for-profit) on the same basis and approves institutions that meet SARA policies and agree to SARA processes and commitments without differentiating by sector.

EXPLANATORY NOTES

N1 - Can a State Portal Entity (SPE) require a SARA applicant institution to provide additional evidence that it will meet the policies for operating under SARA before allowing it to participate in SARA?

No. A state must accept an institution's self-certification that it will meet the policies required for operating under SARA once it is allowed to participate. However, as soon as an institution is accepted into SARA, the State Portal Entity has a right to evaluate whether the institution in its work through SARA meets the C-RAC *Guidelines* or other SARA requirements and must investigate any claims that the institution does not meet these requirements. A state may approve an institution on a provisional basis. See 3.2 below.

- c. For private institutions, the state accepts an institutional federal financial responsibility rating of 1.5 (or 1.0 with justification acceptable to the state) as indicative of sufficient financial

stability to qualify for participation in SARA. (Institutions with federal financial composite scores below 1.0 may not participate in SARA.) In the event that an institution does not participate in federal Title IV financial aid and therefore has no federal responsibility rating, the state must calculate this rating using the federal rules before allowing an institution to participate in SARA. For institutions owned by a corporate “parent,” in accord with current U.S. Department of Education (ED) policies and procedures, the relevant financial score is that provided by the Department for the corporate “parent.” (The Department no longer provides individual scores for such institutions.)

An institution’s financial status must be evaluated using the most recent financial responsibility composite score provided in writing by the Department of Education, whether published online or provided in letter form to the institution by the responsible Department of Education official.

EXPLANATORY NOTES

N1 - Can a state require a higher federal responsibility score for its own institutions?

Yes. SARA policy does not preclude a state from requiring a higher rating for nonpublic providers operating in the state as their *Home State*. In that case, all institutions operating from that state under SARA would have a higher required score, not because of SARA rules, but because of the Home State’s law applicable to all providers in that state.

N2 - Are states obligated to use the published federal financial responsibility score when considering an institution's eligibility for SARA?

Not always. A state can, if desired, require an applicant institution to provide the most recent ED calculated federal score, which may in some cases be more recent than what has been published.

N3 - If an otherwise eligible institution has no federal responsibility score because it does not use Title IV aid, can a state allow it to participate in SARA?

Yes. The state may apply the same formula that is used to calculate the federal score and the institution may participate if it achieves an eligible score. The state may also use such a score generated by the formula applied by an independent auditing firm.

N4 - Is a state required to follow Department of Education policy and practice with regard to calculation of composite scores?

Yes. U.S. Department of Education rules and policies should be followed in determining and calculating the score to be used. In particular, if an institution is owned by a corporate parent, the consolidated financial score of that parent should be used, consistent with federal policy.

- d. The state has a clearly articulated comprehensive state process for consumer protection in regard to SARA activities, both with respect to initial institutional approval and on-going oversight, including the resolution of consumer complaints in all sectors.

EXPLANATORY NOTES

N1 - The problem-solving methods need not be identical for all institutions, as different boards or agencies may be involved depending on the nature of the problem, but the authority of the state to resolve complaints related to SARA activity must be substantially the same for all institutions.

- e. The state designates a state “Portal Entity” to coordinate SARA matters for the state and provide a principal point of contact for resolution of student complaints and other issues arising at participating institutions. The State Portal Entity has the following duties:
 1. Serve as the point of contact for all other SARA member states and their agencies for questions about SARA within its state;
 2. Serve as initial point of contact for institutions within its state that have questions about SARA;
 3. Determine whether an institution in its state is eligible for participation in SARA;
 4. Serve as the initial contact point for complaints about any institutions in the state that are operating under SARA and lead any investigations regarding whether an institution is in compliance with SARA rules and policies;
 5. Serve as the final decision-maker on SARA-related complaints lodged against the state’s SARA institutions; and
 6. Collect and manage any in-state fees⁴ assessed on participating institutions for oversight of SARA.

EXPLANATORY NOTES

N1 - The designated Portal Entity need not itself be responsible for all oversight activities of SARA providers inside the state, except that it is the final decision-maker for student complaints and need not have a governance role with any institution, but will be the SARA portal for that state.

- f. The state agrees that it will work cooperatively with other SARA states, Regional Compacts and the National Council for SARA to enable success of the initiative. The state will follow up on requests for information or investigation from other SARA member states or any SARA regional or national office, providing such data or reports as are required.
- g. The state agrees that, if it has requirements, standards, fees, or procedures for the approval and authorization of non-domestic institutions of higher education providing distance education in the state, it will not apply those requirements, standards, fees or procedures to any non-domestic institution that participates in SARA; instead, the state will apply those specifically prescribed in or allowed by *SARA Policies*.
- h. Except as precluded by (g) above, SARA member states continue to have authority to enforce all their general-purpose laws⁵ against non-domestic institutions (including SARA participating institutions) providing distance education in the state, including, but not limited to, those laws related to consumer protection and fraudulent activities.

EXPLANATORY NOTES

N1 - If a state joins SARA and SARA rules supersede state laws for purposes of oversight of SARA-member institutions enrolling students in the state, does the state lose its oversight laws completely?

No. States will need to retain all of their current oversight rules covering distance education offerings because some states may not join SARA, some institutions in SARA states may choose not to operate under SARA, and SARA does not cover offerings by non-U.S. providers

⁴ It does not collect the fees paid by institutions directly to the National Council for SARA.

⁵ A “general-purpose law” is one that applies to all entities doing business in the state, not just institutions of higher education.

N2 - If a physical campus offers a course or program, part of which is offered online and part of which is on the ground, does the state have jurisdiction over the entire program?

Yes. Whenever there is a physical campus, the *entire* program available at that site is under the jurisdiction of the state where the campus is located, subject to state law. SARA is designed to allow states to retain full oversight capacity over any on-ground campus. That may include entire programs, at their discretion, offered by such a campus, including such portions as are delivered online, from any source. Therefore, SARA cannot be used to “screen” part of such a program from state oversight by outsourcing part of a program to an online provider operating under SARA. This does not prevent a campus from requiring part of its program to be completed online if state law allows; it simply doesn’t qualify as operating under SARA. It would be offered under normal state rules.

If a separate campus that operates under the accreditation of a main campus establishes physical presence (under SARA provisions) in a SARA state, the host state may regulate the online/distance education activities of the institution, as well as activities of the separate campus. The separate campus is not considered a separate institution for purposes of SARA.

N3 - If the state requires a nonpublic institution located within the state to accept state entity oversight for purposes of interstate activity under SARA, does the state also have authority over that college’s in-state activities?

No. SARA only applies to interstate distance education activity. Participation in SARA by any institution is voluntary.

N4 - Does SARA completely replace state authorization?

No. Any degree-granting institution in the U.S. must be authorized to issue degrees by a government. This is typically a state but it can also be Congress or an Indian tribe. SARA pertains to approval of distance education courses and programs offered across state lines by institutions that already have degree authorization in at least one state. What SARA does is centralize the authorization process for each SARA institution’s distance education authorization in a single state called the institution’s “Home State.” Colleges or universities in a SARA state therefore only need their Home State authorization to offer distance education to any other SARA member state, (with certain limitations, specified herein):

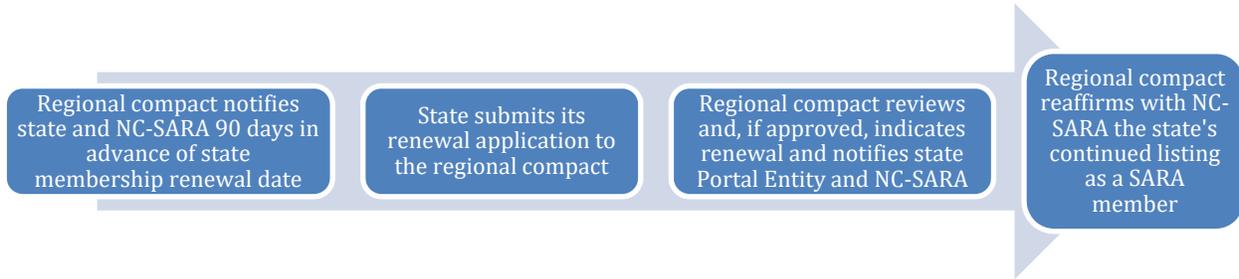
- i. The state agrees to require each SARA applicant institution to apply for Home State approval using the standard SARA institutional application, including the institution’s agreement to operate under the C-RAC *Guidelines*. (See Appendix B)
- j. A state, at its discretion, may approve an institution to participate in SARA on provisional status (See Subsection 3.2 below).

2.6 State renewal

- a. **Eligibility.** States previously approved by their regional compact for SARA membership are eligible for renewal every two years.
- b. **Process.** Regional compacts shall review state membership renewal applications to confirm the state’s past compliance with SARA *Policies*, including its reporting of and responsiveness to student complaints, and affirm its willingness and ability for continued compliance. The following steps provide general guidelines that will govern the renewal process.
 1. Regional compacts provide to state portal entities a notice of an upcoming renewal no later than 90 days prior to the state membership renewal date. NC-SARA is also notified of the state membership renewal notice.

2. The head of the state’s SARA Portal Entity submits the state’s renewal application to the regional compact within 45 days of receipt of such notice.
3. The compact shall review the application and approve, return for additional data or information, or deny the application no later than 45 days after receipt.
4. Upon approval of a state’s renewal application, the compact shall immediately notify NC-SARA to reaffirm the state’s continued listing on the NC-SARA website as a SARA member state.

State Membership Renewal Process



Section 3. Institutions and Participation

3.1 Eligibility

- a. An eligible institution may apply to its Home State to participate in SARA if that state is a SARA member.
- b. In order to be eligible to participate in SARA, an institution must:
 1. Be a degree-granting institution, awarding associate degrees or higher
 2. Be physically located in the United States (including its territories, districts or Indian reservations);
 3. Hold proper authorization from Congress, a U.S. state or a federally recognized Indian tribe to award degrees; and
 4. Hold accreditation as a single entity from an accrediting association recognized by the U.S. Secretary of Education, and which has formal recognition to accredit distance education programs. (See https://www2.ed.gov/admins/finaid/accred/accreditation_pg10.html)

EXPLANATORY NOTES

N1 - What type of accreditation must an institution hold to participate in SARA?

SARA institutions must be accredited by an accrediting body “recognized” by the U.S. Department of Education and whose scope of authority, as specified by the Department, includes distance education. The Department recognizes accrediting bodies for different purposes and within different categories, and some of those purposes and categories overlap. To meet the accreditation requirement for participation in SARA, an institution must hold institutional accreditation from an accrediting body:

- 1) Listed by the Department in one of two categories listed on the Department's website at https://www2.ed.gov/admins/finaid/accred/accreditation_pg6.html#RegionalInstitutional (the two specific categories are *Regional and National Institutional Accrediting Agencies*, and *Specialized Accrediting Agencies*); and
- 2) Whose scope of authority includes distance education (as listed after the name of the accrediting body on the website).

An institution must be *fully accredited* by a recognized accrediting body (not "pre-accredited," or in "candidacy") to qualify for participation in SARA.

c. Establishment of the Home State.

1. The Home State is the state where the institution's main campus or central unit holds its principal legal domicile as a degree-granting institution, its authorization and its accreditation. See also subsection (d)(1) below.
2. In the event that an institution disagrees with SARA staff's determination of its Home State and, for institutions with campuses in more than one state, the states under consideration are in the same region, the regional compact will make the final determination. If the states in question are in different compact regions and the regions disagree on the Home State assignment, the National Council for SARA will make a final determination in consultation with the affected regions.

d. Institutions moving to a new Home State.

1. If a SARA institution changes its Home State from one SARA state to another, to continue participation in SARA it must apply to and be approved for participation by the SARA Portal Entity in the new state.
2. The institution shall work with the SARA entities in both states to enable no lapse in its status as a SARA participant. Each affected State Portal Entity shall assist the institution in order to ensure that no currently enrolled students are adversely affected by the transition.
3. For SARA purposes only, the effective date of the institution's change of Home State shall be the effective date of state authorization specified by the new state.
4. The annual participation fee the institution pays to NC-SARA shall not be affected by the move. The institution, however, will pay whatever fees the SARA Portal Entity in its new Home State requires of its SARA participant institutions.
5. The NC-SARA office will work with the institution, the states and the regional compact(s) to coordinate recordkeeping.

e. Systems and institutional groups

1. Corporate "parents." The location of a corporate office is irrelevant for SARA purposes. The corporate "parent" of a degree-granting institution is not eligible to participate in SARA unless it is a degree-granting institution in its own right.

EXPLANATORY NOTES

N1 - One corporate parent might own several degree-granting institutions that are domiciled in several different states, some of which participate in SARA and some of which do not; therefore, the institutions, not the parents, are the SARA participants.

2. Systems. Institutions in a state system, or nonpublic institutions with common ownership but which operate separately with separate accreditation, must apply separately to SARA. Any independently accredited entity must apply to SARA separately. A branch campus that operates under the accreditation of a main campus is not considered a separate institution for purposes of SARA.

EXPLANATORY NOTES

N1 – As a rule of thumb, if an institution holds its own accreditation and transcripts courses and degrees in its own name, it must apply separately to SARA. SARA recognizes that systems and other multi-campus entities are quite varied. There is some modest flexibility in the mechanics of processing SARA applications from systems and groups. Contact the regional compact’s SARA office with further questions and details about multiple institutions joining SARA.

N2 – Under Section 3.2 of the *Unified Agreement*, the Home State is responsible for all interstate distance education activity that the institution offers under the auspices of SARA. Whether the activity originates in the Home State is irrelevant. The Home State determines whether a given activity meets SARA requirements. It may consult its region or other SARA staff.

The Home State is not responsible for SARA institutions’ on-the-ground activities in other states or educational activities by SARA institutions that are not offered under SARA *Policies*.

- f. To be eligible under SARA, distance education must originate inside the United States or a U.S. territory. Ownership of an institution located outside the United States or its territories by a U.S. institution does not qualify the nondomestic institution to operate under SARA.
- g. An institution approved by its Home State to operate under SARA provisions may not state or claim that it is “approved” by the authorization entities of any other SARA state in which it enrolls or seeks to enroll students. An institution operating under SARA may only state that it is operating in a host state under the terms and provisions of SARA.
- h. NC-SARA will invite SARA institutions to provide a link to the institution’s distance education page to assist students in determining programs of study that can be completed at a distance. NC-SARA will include such provided links on its listing of SARA institutions on www.nc-sara.org.

3.2 Provisional admission or renewal of an institution

- a. A state, at its discretion, may approve an institution applying for initial or renewal participation in SARA to participate on provisional status in any of the following circumstances:
 - 1. The institution is on provisional status or the equivalent with its institutional accrediting association;
 - 2. The institution is currently using a letter of credit or is under a cash management agreement with the U.S. Department of Education (Such institutions must still have a Federal Financial Responsibility Composite Score above 1.0.);
 - 3. The institution is the subject of a publicly announced investigation by a government agency, and the investigation is related to the institution’s academic quality, financial stability or student consumer protection; or
 - 4. The institution is the subject of a current investigation by its Home State related to the institution’s academic quality, financial stability or student consumer protection.

- b. States shall notify their regional compact and NC-SARA of their admission or renewal of an institution on provisional status. NC-SARA will provide indication of the institution's provisional status on the NC-SARA website.
- c. An institution admitted to or renewed for SARA participation on provisional status is subject to such additional oversight measures as the Home State considers necessary for purposes of ensuring SARA requirements are met regarding program quality, financial stability and consumer protection, including enrollment limits if deemed necessary and appropriate by the Home State. The Home State shall report to its regional SARA steering committee at least once a year on the status of any institution(s) admitted or renewed on provisional status.
- d. An institution admitted to or renewed for SARA participation on provisional status shall remain in that status for a period not to exceed one year.
- e. In the event that its Home State determines that an institution on SARA provisional status is no longer subject to any of the conditions set forth in Section (a), its Home State shall remove the institution's designation of provisional status and shall notify the regional compact and NC-SARA.
- f. If an institution on SARA provisional status is found by its Home State to not meet the requirements of SARA, the Home State shall disallow any further enrollments under SARA, shall notify its regional compact and NC-SARA, and:
 - 1. Remove the institution from SARA participation, or
 - 2. Allow the institution a period of time not to exceed 12 months in which to come into compliance with SARA policies under state supervision. Only one such time period is allowed in any three-year period.
- g. If an institution on SARA provisional status is found by its Home State not to meet the requirements of SARA, the Home State shall allow any students enrolled in the institution under SARA at the time of the finding of noncompliance a period of six months in which to conclude their work at the institution under SARA provisions, irrespective of the institution's SARA status.

EXPLANATORY NOTES

N1- SARA staff has received recent inquiries from states and institutions regarding what constitutes a government investigation under SARA Manual Section 3.2 (a), for purposes of establishing provisional participation.

Subsections 3 and 4 cannot be applied based solely on a third-party action such as a private lawsuit or news story. If a private lawsuit, news story or other third-party event results in an investigation by a government agency as set forth in the wording of the sections, these sections can be used.

Only an investigation that has been made public can serve as the basis for provisional status. That requirement does not apply to the institution's home state, but the state has to be taking investigative action, not just waiting for the third-party action to conclude.

Lawsuits by states or the U.S. government are considered to have resulted from a governmental investigation and can be the basis of a determination of provisional status.

3.3. Provisional status of an institution between renewal periods

A state, at its discretion, may place an institution on provisional status at any time if the institution is subject to any conditions set forth in Section 3.2.a or if the institution’s federal financial composite score falls between 1.0 and 1.5. (An institution with a score below 1.0 is not eligible for SARA participation.) An institution placed on provisional status shall remain in that status until its next renewal date, at which time the state will determine if the institution will be removed from SARA participation, renewed for SARA participation for no longer than one year, (while still on provisional status), or renewed without such provisional designation.

3.4 Institution Application Process



3.5 Participation Fees

Institutions may have to pay two fees to participate in SARA.

- a. NC-SARA Fee (required of all institutions)
 - 1. This annual fee⁶ is based on an institution’s total full-time equivalent (FTE) enrollment as submitted to the Integrated Postsecondary Education Data System (IPEDS) each fall as 12-month FTE enrollment. The NC-SARA fee is assessed as follows:

⁶ Fees are reconsidered by the National Council for SARA every two years. The fees set forth above are valid through June, 2020.

Enrolled FTE	Annual Fee
Under 2,500	\$2,000
2,500-9,999	\$4,000
10,000 or more	\$6,000

2. Institutions not reporting to IPEDS would use the FTE count for the same time period.
 3. An institution participating for the first time that has not paid its NC-SARA fee within 60 days of its state's approval of the institution's application to participate in SARA must submit a new application.
 4. Institutions and portal entities will verify enrollments through IPEDS or similar resources. An institution that withdraws from SARA receives no fee refund from NC-SARA.
- b. A state fee may be required of institutions whose Home State has established a fee to cover costs associated with SARA oversight.

EXPLANATORY NOTES

N1 - Does SARA mandate how states establish their in-state fee structures for SARA-related work?

No. States may use any fee structure that is rationally related to the state's actual or projected workload.

N2 - Can a state bill a SARA participant school in order to recover the actual costs of investigating a complaint?

A state is obligated to investigate and resolve complaints arising from the operations of its own institutions under SARA. States may fund this investigative work in any reasonable way permitted by law. This is a local decision. The most common practice is to charge a SARA participation fee that reflects the state's estimated costs to manage its responsibilities under SARA. SARA policies do not preclude a billable costs approach.

N3 - Can a state increase its bonding or reserve fund requirement on institutions for which it is the Home State in order to cover the potentially greater risk owing to the state's expanded responsibility for the institution's multistate distance education offerings?

Yes. The state is allowed to establish necessary oversight of its own institutions that choose to operate under SARA. It may charge necessary fees to do this, including any necessary bonds, in accordance with state law.

3.6 Renewals

- a. **Eligibility.** Institutions previously approved by their Home State Portal Entity as SARA participating institutions are eligible for renewal on a schedule established by NC-SARA. During the review process, portal entities may pay particular attention to institutions operating under provisional admission, Subsection 3.2.
- b. **Process.** State portal entities shall review institutional renewal applications to confirm the institution's past compliance with SARA *Policies* and affirm its willingness and ability for continued future compliance. The following steps provide general guidelines that will govern the renewal process.

1. NC-SARA provides to institutions a notice of upcoming renewal no later than 90 days prior to the institutional renewal date (membership end date), which is the date that fees are due to NC-SARA. The Portal Entity is notified of the institutional renewal notice.
2. The chief executive officer or chief academic officer of the institution signs and submits the renewal application, including any state-specific fees and special requirements permitted by SARA, to the State Portal Entity within 30 days of renewal notice being issued.
3. The Portal Entity shall review the application and take one of four actions:
 - a) renewal institution application approved;
 - b) renewal institution application approved as provisional. The Portal Entity will notify the institution and NC-SARA no later than 30-days after the decision;
 - c) institution application returned to institution for additional data/information;
 - d) institution renewal application denied. If denied, the Portal Entity will notify the institution and NC-SARA no later than 30-days after the decision.
4. Upon notice of an approved renewal application, the institution shall submit the renewal fee to NC-SARA within 30 calendar days of the date the institution is approved as renewed, but before the membership end date. A 30-day (calendar) grace period beyond the institutional membership end is granted if the institution has been approved for SARA participation by the State Portal Entity before the membership end date. If payment has not been received by NC-SARA within 30 calendar days of the membership end date, a late fee of 25% of the institution's renewal fee is applied if payment is received within five business days. The institution remains listed on NC-SARA's list of participating institutions. The institution is designated "Approved." Institutions are not listed as current SARA institutions until payment is received by NC-SARA.
5. In case of a renewal deemed provisional, the State Portal Entity is to notify the institution in writing of the rationale and conditions with a copy to NC-SARA and the SARA Director of the relevant Regional Compact. NC-SARA shall indicate the provisional status as given by the Portal Entity on the NC-SARA website and suggest contact with the Home State. The Portal Entity shall monitor the institution to ensure compliance with SARA *Policies* and movement toward full renewal status. Portal entities may only use the circumstances listed in SARA *Manual*, Subsection 3.2.a as rationale for determining provisional status. An institution may appeal the decision granting provisional status to its regional compact to ensure SARA policies were upheld during the review process within 30 days of the notice.
6. Institutions receiving an application returned for additional data/information shall complete the application as quickly as possible to facilitate completion of the application process by the membership end date.
7. If institutional membership renewal is denied, the Portal Entity will provide to the applicant institution a written reason for the denial. The institution may appeal the denial of its renewal application within 30 days to its regional compact to ensure SARA *Policies* were upheld during the review process.
8. Institutions not fully complying with all renewal processes and procedures within five business days after expiration of the 30-day grace period will no longer be listed as participating SARA institutions on the NC-SARA website. An institution denied renewal or not complying with renewal policies within specified timelines may reapply to become a SARA institution 180 days after removal from the SARA participant list. Students enrolled under SARA provisions may continue enrollment under SARA provisions as governed by Subsection 3.7.

EXPLANATORY NOTES

N.1. Is there a 30-day grace period?

Renewing institutions and state portal entities are notified 90 days before an institution membership end date. Additional reminders are sent at 60, 30 and seven days before the membership end date.

Grace Period

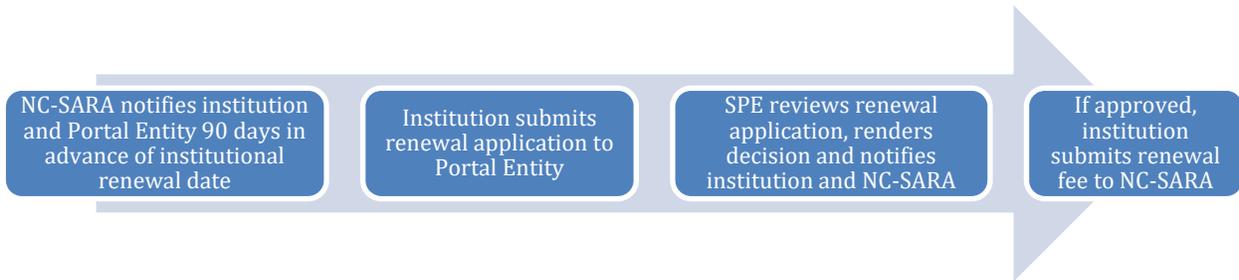
On the institution membership end date, if the institution has not yet paid, but has been approved by their State Portal Entity, there is a 30-day (calendar) grace period. The salesforce system automatically generates the 30-day extension if the institution is approved. This 30 days is intended to allow time to complete the payment process. If payment is received after the 30-day grace period but before 35 days after the membership end date, there is a 25 percent late fee required. Registration and payment must be completed during this time. If payment is not received the institution's SARA membership is expired.

Expiration Exception

If institution is not approved on the membership renewal date, there is no automatic extension granted by salesforce (NC-SARA's payment system) or NC-SARA staff. The institution is sent an expiration notice via email and the institution status goes into "expired." The SPE is notified at the same time. If they wish, the SPE may request a one-time only expiration exception. This period can only be applied AFTER the status has changed to "expired" and must be done by NC-SARA staff. It is imperative that the entire renewal process, including receipt and logging of payment, is concluded before the expiration period expires. If approval and payment is received within the 14-days, the membership end date will be returned to the original dates so no lapse in SARA coverage is shown. The State Portal Entity has 14 calendar days to approve the institution and the institution has 14 calendar days to submit the payment to NC-SARA. There is a 25 percent late fee required and the Expiration Exception Form must be completed and submitted to NC-SARA staff

New Institutions applying for first-time membership have 60 days after approval to complete registration and payment.

Institutional Renewal Process



3.7. Loss of institutional eligibility or withdrawal under SARA

- a. An institution that does not renew its participation agreement with its Home State under the terms of this *Agreement* or pay its required SARA fees annually is no longer eligible to participate in SARA.
- b. At the time of annual renewal, the state must determine whether the institution still meets SARA requirements.
- c. An institution can also be removed at any time by its Home State for violation of, or noncompliance with SARA policies.

There is no "appeal" of such a decision made by the Home State, though a school can always present new information and request reconsideration. An aggrieved school has the option of asking the Regional Compact through its normal procedure to determine whether the state continues to meet the requirements of SARA, but the regional compact cannot direct the state to make a different determination regarding the specific case.

d. An institution that withdraws or loses eligibility to participate in SARA:

1. Receives no fee refund from NC-SARA. (States may make their own decisions regarding refunds of state fees).
2. May no longer enroll students under SARA provisions.
3. May continue to operate under SARA for currently enrolled students for 90 days or until each student enrolled under SARA in the current term has completed work for that term, withdrawn or otherwise ceased enrollment, whichever is longer, but in any event not to exceed six months from the date that the Home State notifies the institution of its loss of SARA eligibility.

e. The institution must meet appropriate state requirements for states where any new students are admitted after withdrawal or a determination of loss of SARA eligibility.

f. An institution that withdrawals or loses its eligibility to participate in SARA may reapply when it can demonstrate that it meets SARA requirements.

Section 4. Consumer Protection

4.1 Applicability

Provisions of the *SARA Manual*, including those for consumer protection and the resolution of complaints, apply to interstate distance education offered by participating SARA institutions to students in other SARA states. Only those complaints resulting from distance education courses or activities offered by participating institutions to students in other SARA states come under the terms of the *Agreement*. Complaints about a SARA institution's in-state operations are to be resolved under the state's normal provisions, not those of SARA.

4.2 Role of Home State

SARA consumer protection provisions require the Home State, through its SARA "Portal" Entity, to investigate and resolve allegations of dishonest or fraudulent activity by the state's SARA-participating institutions, including the provision of false or misleading information.

4.3 Examples of Consumer Protection Issues

Examples of issues that may arise in regard to alleged fraudulent activity or more general complaints include, but are not limited to:

- a. Veracity of recruitment and marketing materials;

- b. Accuracy of job placement data;
- c. Accuracy of information about tuition, fees and financial aid;
- d. Complete and accurate admission requirements for courses and programs;
- e. Accuracy of information about the institution's accreditation and/or any programmatic/specialized accreditation held by the institution's programs;
- f. Accuracy of information about whether course work meets any relevant professional licensing requirements or the requirements of specialized accrediting bodies;
- g. Accuracy of information about whether the institution's course work will transfer to other institutions; and
- h. Operation of distance education programs consistent with practices expected by institutional accreditors (and, if applicable, programmatic/specialized accreditors) and/or the C-RAC *Guidelines* for distance education.

4.4 Responsibilities for resolving complaints.

Initial responsibility for the investigation and resolution of complaints resides with the institution against which the complaint is made. Further consideration and resolution, if necessary, is the responsibility of the SARA Portal Entity, and other responsible agencies of the institution's Home State (see the following section: Complaint Resolution Processes).

The Portal Entity is responsible for staffing the investigation and resolution of complaints that are not resolved at the institutional level. (The Portal Entity may enlist the assistance of other responsible entities in the state in carrying out the work of complaint resolution.)

Institutions operating under SARA shall provide their and SARA's complaint resolution policies and procedures to all students taking courses under SARA provisions.

EXPLANATORY NOTES

N1 - If a Home State does not currently handle investigations and consumer protection for all of its distance education providers, will the Home State need to start doing that?

Yes. SARA centralizes primary responsibility for problem-solving in the Home State, therefore the Home State needs to be prepared to handle a larger volume of communication and issues for its domiciled providers, even as its work with providers based in other states decreases. See federal rules for possible additional requirements.

N2 - Is the State Portal Entity ultimately responsible for ensuring that a valid complaint results in proper redress?

Yes. Although the Portal Entity can delegate responsibility to investigate and resolve such complaints to another government agency (e.g., a Board of Regents) or to a special body created to handle SARA complaints for a group of institutions, SARA requires that the Portal Entity have and retain the function of hearing any appeals from decisions made by other agencies. The Portal Entity cannot merely have advisory powers; it must have the formal authority to provide final resolution of complaints and ultimately to remove any institution, public or private, from the state's list of SARA-eligible providers if that institution fails to abide by SARA *Policies*.

N3 - If a state joins SARA, does the state give up its ability to investigate misrepresentation, fraud or other illegal activity by colleges based in other states?

No. A state retains the ability to use any of its *general-purpose* criminal or consumer protection laws against a college that violates those laws. What the state “gives up” is the ability to apply to SARA institutions laws specifically directed at colleges offering distance-education activity into the state; such oversight is centralized by SARA policy in the college’s Home State.

N4 - If a student signs an arbitration clause with an institution requiring that the student resolve complaints solely through that method, does that prevent a student from bringing a complaint to SARA?

No. Arbitration agreements generally do not pertain to SARA policy issues. Disputes between students and institutions are to be resolved by the Portal Entity or through other means. A student may, however, bring to SARA any issue that potentially involves a violation of SARA policies. Institutions that choose to operate under SARA accept a student’s right to bring complaints about violation of SARA *Policies* through the SARA process.

4.5 Process for Resolving Complaints

- a. Complaints against an institution operating under SARA go first through the institution’s own procedures for resolution of grievances.
- b. Complaints regarding student grades or student conduct violations are governed entirely by institutional policy and the laws of the SARA institution’s Home State.
- c. If a person bringing a complaint is not satisfied with the outcome of the institutional process for handling complaints, the complaint (except for complaints about grades or student conduct violations) may be appealed, within two years of the incident about which the complaint is made, to the SARA Portal Entity in the Home State of the institution against which the complaint has been lodged. That entity shall notify the SARA Portal Entity for the state in which the student is located of receipt of that appealed complaint. The resolution of the complaint by the institution’s Home State SARA Portal Entity, through its SARA complaint resolution process, will be final, except for complaints that fall under the provision “g” below.
- d. While the final resolution of the complaint rests with the SARA Portal Entity in the Home State of the institution against which the complaint has been lodged, the Portal Entity in the complainant’s location state may assist as needed. The final disposition of a complaint resolved by the Home State shall be communicated to the Portal Entity in the state where the student lived at the time of the incident leading to the complaint, if known.
- e. While final resolution of complaints (for purposes of adjudication of the complaint and enforcement of any resultant remedies or redress) resides in certain cases with institutions (complaints about grades or student conduct violations), or more generally with the relevant institution’s Home State SARA Portal Entity (all other complaints), the regional compact(s) administering SARA may consider a disputed complaint as a “case file” if concerns are raised against a participating state with regard to whether that state is abiding by SARA *Policies*, as promulgated in the *SARA Manual*. The regional compact may review such complaints in determining whether a state under its purview is abiding by the SARA *Policies*. Similarly, a complaint “case file” may also be reviewed by NC-SARA in considering whether a regional compact is ensuring that its member states are abiding by the SARA *Policies* required for their participation in the *Agreement*.

- f. SARA portal entities shall report quarterly to NC-SARA the number and disposition of appealed complaints that are not resolved at the institutional level. NC-SARA shall make that information on its website. Such data will create transparency and can be used in determining whether a regional compact is ensuring that its SARA member states and those states' institutions are abiding by the policies required for participation in the *Agreement*.
- g. *Nothing in the SARA Manual precludes a state from using its laws of general application to pursue action against an institution that violates those laws.*

4.6 Oversight of complaint investigation. Complaints handled under SARA must comply with procedures established in federal rules.

Investigation of a SARA-related complaint against an institution requires that a state board, agency or entity outside the institution's immediate management be available to handle complaints that are not resolved within the institution. A system board responsible for more than one separately accredited institution may serve this role under SARA provisions. A board responsible for only one accredited institution, or which lacks enforcement authority over an institution, cannot serve as the SARA external oversight agency for such an institution. In such circumstances, the institution's home-state SARA Portal Entity may serve that function.

EXPLANATORY NOTES

N1 - Is the requirement under SARA that a state have a complaint process for all of its institutions something that SARA invented?

No. The requirement that states have such a complaint process is found in federal rules 34 CFR 600.9(a)(1) (as amended in 2010).

4.7 Incorporation and use of C-RAC Guidelines

Consumer protection within SARA, in addition to dealing with alleged fraudulent activity, also provides for the investigation and resolution of complaints that an institution is operating a course or program contrary to practices set forth in the C-RAC *Guidelines* in such a way that a student is harmed. (The *Interregional Guidelines for the Evaluation of Distance Education [Online Learning]* are referred to as "C-RAC *Guidelines*" in this document). C-RAC *Guidelines* adopted by the Council of Regional Accrediting Commissions are incorporated in the requirements of SARA as policies. States that join SARA need to base their oversight of SARA activity and their investigative actions on the following expectations.⁷ The president or chief academic officer of each institution participating in SARA (whether accredited by a "regional" or other recognized accreditor) shall attest that their institution meets and agrees to comply with the following C-RAC provisions.

- a. Online learning is appropriate to the institution's mission and purposes.
- b. The institution's plans for developing, sustaining, and, if appropriate, expanding online learning offerings are integrated into its regular planning and evaluation processes.

⁷ The complete C-RAC framework and examples of good practices shall be made a part of the institutional application process. The numbering system used in this section is retained from the C-RAC framework.

- c. Online learning is incorporated into the institution's systems of governance and academic oversight.
- d. Curricula for the institution's online learning offerings are coherent, cohesive, and comparable in academic rigor to programs offered in traditional instructional formats.
- e. The institution evaluates the effectiveness of its online learning offerings, including the extent to which the online learning goals are achieved, and uses the results of its evaluations to enhance the attainment of the goals.
- f. Faculty responsible for delivering the online learning curricula and evaluating the students' success in achieving the online learning goals are appropriately qualified and effectively supported.
- g. The institution provides effective student and academic services to support students enrolled in online learning offerings.
- h. The institution provides sufficient resources to support and, if appropriate, expand its online learning offerings.
- i. The institution assures the integrity of its online offerings.

Section 5: Coverage and Limitations of SARA

5.1 Coverage of SARA

- a. SARA applies solely to distance education activity conducted across state lines. It does not apply to distance education activity inside a state or to on-ground campuses. For purposes of SARA, "distance education" includes limited activities conducted for short periods on the ground.
- b. SARA does not affect the applicability of general-purpose state laws such as business registries, general-purpose consumer protection laws, worker's compensation laws and the like.

5.2 Programs leading to Professional Licensure

SARA has no effect on state professional licensing requirements. Any institution operating under SARA that offers courses or programs potentially leading to professional licensure must keep all students, applicants and potential students who have contacted the institution about the course or program informed as to whether such offerings actually meet state licensing requirements. For purposes of SARA, this must be done in one of two ways:

- a. The institution may determine whether the course or program meets the requirements for professional licensure in the state where the applicant or student resides and provide that information in writing to the student, or
- b. *After making all reasonable efforts to make such a determination*, if unsuccessful, the institution may notify the applicant or student in writing that the institution cannot confirm whether the

course or program meets requirements for professional licensure in the student's state, provide the student with current contact information for any applicable licensing boards, and advise the student to determine whether the program meets requirements for licensure in the state where the student lives.

EXPLANATORY NOTES

N1 - Institutions may not be aware that similar provisions exist in federal law, as follows:

§ 668.72 Nature of educational program. Misrepresentation concerning the nature of an eligible institution's educational program includes, but is not limited to, false, erroneous or misleading statements concerning—

(c) Whether successful completion of a course of instruction qualifies a student—

(2) To receive, to apply to take or to take the examination required to receive, a local, State or Federal license, or a nongovernmental certification required as a precondition for employment, or to perform certain functions in the States in which the educational program is offered, or to meet additional conditions that the institution knows or reasonably should know are generally needed to secure employment in a recognized occupation for which the program is represented to prepare students ***

Note that the definition of "misrepresentation" does not require intent: "A misleading statement includes any statement that has the likelihood or tendency to deceive." 34 CFR 668.71(c).

N2 - If a program operates under SARA from another state and the program is intended to let a student become licensed to practice a profession (e.g., nursing, teaching, psychology), does the state in which the student lives have to let the student apply for licensure?

No. SARA has no effect on state professional licensing requirements. The National Council for SARA and the four regional compacts that administer SARA have an expectation, set forth in the reciprocity *Agreement*, that any college that offers courses or programs potentially leading to professional licensure must keep all students informed as to whether such offerings actually meet state licensing requirements.

In some cases, an institution may not know whether the program meets state standards because the state will not provide sufficient information. In those cases, the institution *must* tell the student in writing that the institution does not know whether the program meets requirements in the student's state of domicile and making any such determination is up to the student. A general statement included in material provided to all similarly situated students is acceptable under SARA. New Federal rules affecting this issue were released in December 2016 and become effective July 1, 2018. These rules are much more prescriptive regarding required notifications and, lacking further federal action, must be followed by all institutions that participate in Federal Title IV student financial aid programs.

N3 - If a program is purely online except for field placements such as clinicals, student teaching, practica, etc., do those placements fall under SARA or are they considered a "physical presence" that activates state law?

Almost all such field placements (with certain limitations, see Subsection 5.2) will fall under SARA, but many may also fall under the jurisdiction of state professional licensing boards. They generally do not constitute a physical presence for SARA purposes.

N4 - Does it matter whether the "parent" program for an interstate supervised field experience is traditional on-ground or offered by distance education?

No. SARA covers all interstate supervised field experiences except as noted in these policies.

N5 - Can an institution that does not offer distance education (online courses, interactive video, etc.) participate in SARA in order to obtain the benefits of SARA for purposes of placing students in supervised field experiences?

Yes. Supervised field experiences are considered distance education for purposes of SARA. Because SARA treats supervised field experiences as distance education under the SARA *Agreement*, an institution that meets SARA eligibility requirements and has any programs using such placements may participate in SARA even if it does not offer other kinds of distance education.

N6 - If the state entity responsible for degree program authorization is also the state entity that determines, or helps determine, whether a program meets requirements for professional licensure, is there a conflict?

No. Although SARA supersedes the degree authorization functions of such an entity for some purposes, it does not preclude that entity from performing other duties under state law, including determinations of whether a program meets requirements for state licensure in professional fields.

5.3 Field trips and seasonal residential activity

SARA covers class field trips across state lines among member states, but does not cover full-scale residency programs such as a summer session at a field station.

EXPLANATORY NOTES

N1 - A field trip is an off-campus educational activity that does not involve multi-night residency at a specific educational site during the period of instruction. Educational activity at, for example, a specific archaeological site or museum, is not a field trip, even if residency is at a nearby motel or field station. Field instruction that takes place for all or a major part of a term qualifies as a field trip if the activity involves visiting multiple nonresidential sites. See also 5.12(a)(8).

5.4 Short courses and seminars

Physical presence under SARA is not triggered if the instruction provided for a short course or seminar takes no more than 20 classroom hours in one six-month period. Class meetings during a full-term course do not trigger physical presence if the instructor and students physically meet together for no more than two meetings, totaling less than six hours. Apparent abuses of these provisions may be brought to the attention of the Home State.

EXPLANATORY NOTES

N1 - Physical presence under SARA is not triggered if the instruction provided for a short course or seminar takes no more than 20 classroom hours in one six-month period. The 20-hour rule provision ONLY applies to short courses that are not offered in a traditional calendar term.

N2 - Class meetings during a full-term course do not trigger physical presence if the instructor or students physically meet together for no more than two meetings, totaling less than six hours. The six-hour/two meeting provision ONLY applies to full-term (semester or quarter length) courses.

5.5 Third-party providers

Contacts between a third-party provider of educational services and any SARA office or state must be made via the degree-granting institution that operates under SARA. A third-party provider may not represent an institution regarding any subject under SARA operating policies to any SARA office or any state operating under SARA. The institution that transcribes a course is considered the degree-granting institution for purposes of this section.

EXPLANATORY NOTES

N1 - A SARA-participating institution may hire third-party providers to offer or support instruction contained within a program that is otherwise SARA-eligible, assuming that the instruction otherwise meets SARA standards, institutional requirements and requirements of accrediting bodies. However, the degree-granting institution cannot delegate any SARA-related problem-solving functions to a third-party provider, nor may it use the third-party provider as its formal vehicle for contacting or working with a state.

N2 - Does SARA cover “test prep” and other similar training programs offered by entities that are not degree-granting institutions?

No. Although these business activities often claim to prepare students for exams offered by a degree-granting provider, they are not covered by SARA because they are not programs offered by a postsecondary institution. SARA *does* cover exam preparation activity offered by a SARA participant accredited degree-granting institution that is an integral component of a course or program offered by that institution among SARA member states.

5.6 Offerings on military bases

All distance education course offerings provided interstate by a SARA participant institution to active and reserve military personnel, their dependents, and civilian employees of the installation located on a U.S. military facility or vessel in a SARA member state are covered by SARA. If such offerings are open to the general public for enrollment, SARA does not apply and state law where the facility or vessel is located applies.

EXPLANATORY NOTES

N1 – Are Veterans Affairs facilities considered “military” facilities for purposes of SARA?

No.

5.7 Participation by Tribal Colleges

Institutions otherwise eligible to participate in SARA that are chartered and/or controlled by federally recognized Indian tribal governments may participate in SARA by signing an agreement to do so with the appropriate SARA Portal Entity of the state where the principal campus of the institution is located.

5.8 Participation by federally owned or federally chartered institutions

- a. For purposes of SARA, a college or university that is owned by the federal government, such as the Air Force Academy, has the authority to offer courses to residents of any state. SARA will not be involved in regulating such institutions.
- b. A college or university that is chartered by the federal government has operational authority set forth in its charter. If the charter expressly grants authority to issue degrees in multiple jurisdictions, SARA will treat the institution as not requiring SARA participation to operate free of state authorization requirements in those jurisdictions.

- c. If the charter does not specify authority to operate in multiple jurisdictions, SARA will treat federally chartered institutions as falling under the oversight of the government of the District of Columbia for SARA purposes unless the institution's charter includes provisions to the contrary or the institution's principal accredited campus is in another jurisdiction.

5.9 Hybrid Programs

- a. Some programs or courses involve some on-ground and some online activity. SARA covers those portions of such a program that take place via distance education across state lines by participating providers in SARA member states, subject to the limitation in subsection b, below.
- b. If distance education activity covered by SARA is part of a course or program that constitutes physical presence under SARA rules in the host state, the Portal Entity in the host state may require the institution to provide information about the entire activity, including the part that is offered under SARA. Otherwise, the host state could not effectively evaluate and oversee the on-ground portion of the program.

5.10 Dual-credit courses

Dual-credit courses offered by distance education by a SARA provider to a high school student in another SARA state are covered by SARA if they result in a direct award of college credit or some other kind of postsecondary award or certificate. They are not covered if they are alternative high school completion courses that do not carry a postsecondary award, or classes such as Advanced Placement, for which award of credit is variable and discretionary upon future college enrollment.

EXPLANATORY NOTES

N1 - It is important to distinguish these activities because SARA only covers postsecondary work. K-12 level courses are not postsecondary. In addition, SARA does not supersede any state laws that cover the operation of institutions delivering instruction to K-12 students. In such cases, the state's K-12 regulatory requirements still apply.

5.11 Tutoring

One-on-one in-person tutoring in an academic subject by a faculty member living in one SARA state on behalf of an institution operating under SARA from another SARA state is covered by SARA unless more than one student is present in the same physical space at the same time. It does not constitute a physical presence.

5.12 Physical presence

Generally, an institution has physical presence when it operates a campus, branch instructional facility whether leased or owned, or administrative office within the boundaries of a state. However, because the specific definitions of physical presence currently vary greatly from state to state, especially with regard to out-of-state institutions that seek to conduct any activity within another state, SARA has established its own uniform standard for physical presence vs. distance education. For purposes of participation in SARA, this standard applies, but it does not affect the

application of existing state laws to institutions that choose to operate outside of SARA or which are based in states that are not SARA members.

a. For purposes of SARA, an institution has physical presence and therefore must meet the state's current non-SARA requirements if it does any of these things in a state:

1. Establishes a physical location for students to receive synchronous or asynchronous instruction;
 - a. This is intended to mean a semi-permanent fixed space.
2. Requires students to physically meet in a location for instructional purposes more than twice per full-term (quarter or semester) course for a total of more than six hours; meetings during the full term. It does not apply to designated short courses.
3. Establishes an administrative office;
4. Provides information to students for the purpose of enrolling students, or provides student support services, from a physical site operated by or on behalf of the institution in the state;
5. Offers a "short course" that requires more than 20 contact hours in one six-month period;
 - a. The 20-hour limited can be used only for a short course that runs for example, four days and is done. It applies only to short courses and can not be used with a full-term course, to which separate provisions apply.
6. Provides office space to instructional or non-instructional staff;
7. Maintains a mailing address or phone exchange in a state.

EXPLANATORY NOTES

N1 - Casual use of a mobile phone by institutional representatives passing through a state and who are otherwise in compliance with SARA does not violate this section.

8. Carries out field study or field research located at a field station, research station or other physical site at which a faculty member or other institutional employee or contractor supervises or otherwise directs two or more students in an activity exceeding the allowable short course length set forth in Subsection 5.12(a)(5) and which either bears academic credit or is a requirement for a course or program.

b. An institution does not have physical presence, and is therefore covered by SARA in SARA member states, if it is:

1. Offering courses to individuals via distance education in ways that do not require students to gather physically in groups, excepting the special provisions in Section 5;
2. Advertising to students whether through print, billboard, direct mail, internet, radio, television or other medium;
3. Offering distance education courses on a military base or vessel if enrollment in such courses is limited to active and reserve military personnel, their dependents, and civilian employees of the installation;
4. Maintaining a server, router or similar electronic service device housed in a facility that otherwise would not constitute physical presence (the presence of a server or similar pass-through switching device does not by itself constitute the offering of a course or program in that state);
5. Having faculty, adjunct faculty, mentors, tutors, recruiters or other academic personnel residing in a member state and working from their homes or another private, non-

institutional site, provided that such staff is not engaged in activities that would otherwise constitute physical presence as defined by these policies;

6. Holding proctored exams on behalf of the institution in the host state;
7. Having contractual arrangements in the home or host state, e.g., procurement contracts or course offerings through consortium agreements;
8. Operating limited supervised field experiences (See subsection 5.13);
9. Using recruiters in a SARA member state. This provision is not restricted to recruiting for courses or programs offered under SARA, and does include athletic recruiting.
10. Engaging in field trips to visit existing sites or facilities for academic purposes not involving the establishment of residential or instructional facilities.

5.13 Supervised Field Experiences⁸

- a. If the host state requires approval of supervised field experiences by agencies or boards responsible for professional requirements in fields requiring licensure or certification for practice, such professional approval requirements remain in effect.
- b. Supervised field experiences, except for requirements of professional licensing entities as noted in “a” above, and subject to the following limitations, do not establish a physical presence under SARA and are therefore covered by the provisions of SARA governing interstate distance education activity, whether the field experience is part of a distance-education or campus-based program.
- c. Existing contracts among provider institutions and sites used for supervised field experiences as of the date that an institution begins participating in SARA are not impaired, revised or otherwise affected by SARA. At the time that any provision of such a contract is changed, the new contract must comply with SARA *Policies* set forth herein.
- d. A contract for supervised field experiences to be covered by SARA is limited as follows. Such a contract:
 1. Cannot provide for the placement of more than 10 students from an individual academic program placed simultaneously at one clinical or practicum site, unless approval for a larger number is provided by the host state SARA Portal Entity.
 2. May be objected to by the host State Portal Entity on grounds that the institution has:
 - i. A demonstrable failure to achieve an acceptable professional licensing rate in the host state if the program customarily leads to licensure, provided that the acceptable rate is not higher than the lower of (a) the lowest rate of a host state-based institution in good standing or (b) the average state licensure rate, or
 - ii. An unreasonable number of valid, documented complaints about program operation or quality which have not been adequately resolved by the institution.
 3. If a host state objects to a supervised field experience or clinical placement under SARA on the grounds set forth in subsection “2” above, the affected regional compact(s) shall determine whether the placement is allowable under SARA, using procedures to be developed for that purpose.

⁸ The term “supervised field experiences” is defined in Subsection 1.28 and is not repeated in this section of the document. Examples include practica, student teaching, and internships.

- i. Any student enrolled in an academic program prior to the time the institution begins operations under SARA may remain at any supervised field experience site to which the student is assigned, irrespective of SARA policies.
 - ii. An institution operating under SARA that owns a supervised field experience, clinical or practicum site is not subject to the limitations of subsection “d” on placement of its own students at such a site.
 - iii. SARA *Policies* regarding supervised field experiences do not supersede, replace or modify any federal law that would affect students placed under SARA. SARA *Policies* are subsidiary to any such federal laws covering the same subjects.
- e. The institution’s obligation to track and report the placement of students in internships, clinicals and similar activities applies to those activities that are:
- (a) offered for credit,
 - (b) offered for a fee, or
 - (c) required for completion of a degree or certificate

EXPLANATORY NOTES

N1 - If a college has a pre-existing contract for placement of students in clinical sites, and that contract allows for more students or a longer period of time than SARA allows, does participating in SARA invalidate the contract?

No. SARA has no effect on pre-existing contracts of this nature. However, such contracts must be in compliance with existing state law in the state where the clinicals take place at the time the institution begins operating under SARA. When such a contract is revised, reviewed, or renegotiated, and both states are SARA members, SARA rules apply to future contracts.

5.14 Student mobility

a. Location of student

1. Educational activity under SARA is deemed to occur where the student is physically located at the time the student is in contact with the educational provider or a contractor acting on behalf of the provider.
2. The student’s legal state of residence is not a factor in determining physical location for purposes of SARA.
3. The fact that the student moved involuntarily (for example owing to service in the military or incarceration) is irrelevant to a determination of location for purposes of subsection “1” above.

b. Independent study by students

Independent off-campus study, e.g., independent fieldwork for a thesis or dissertation, by individual students not engaged in a supervised field experience or in direct contact with the student’s institution does not constitute a physical presence of a postsecondary institution in a SARA member state.

5.15 Location of teaching faculty

An institution may employ faculty who live outside the Home State, including faculty who live outside the United States, to teach in programs offered under the jurisdiction of the Home State.

Section 6. Data Submission Requirements for Institutions Participating in the State Authorization Reciprocity Agreements (SARA)

6.1 Data submission by participating institutions.

- a. Institutions participating in SARA shall annually report to NC-SARA the number of students enrolled in the institution engaged in distance education delivered outside the Home State of the institution, disaggregated by state, territory, or district in which the students reside.
- b. This data shall be reported annually to NC-SARA in the spring following the due date for institutions to make their fall enrollment reports to the federal government's Integrated Postsecondary Education Data System (IPEDS).
- c. Prior to such submission, NC-SARA will provide each SARA institution a data reporting guide and a data sharing agreement.

6.2 Data use by SARA

- a. NC-SARA on its website will report those enrollments, by institution, in the following format:

The screenshot shows a web interface with two main sections: 'Reporting Period' and 'Enrollment Report Type'. The 'Reporting Period' is a dropdown menu currently set to '2015 - 2016'. The 'Enrollment Report Type' is another dropdown menu that is open, displaying a list of options. The top option is 'Where Are My State's Institutions Enrolling Students?' (highlighted in blue), followed by 'Who's Enrolling Students In My State?'. Below the dropdown menu is a vertical list of state names: Alabama, Alaska, Arizona, and Arkansas, each on a dark blue background with white text.

- b. NC-SARA will not collect individually identifiable student data and will comply with the Family Educational Rights and Privacy Act (FERPA).
- c. In the future, institutions participating in SARA may be required to further disaggregate the above enrollment data by broad program of study.

Section 7 Complaint Resolution Reporting for States Participating in SARA

7.1. Duties of States

States participating in SARA shall report the following information to NC-SARA on a quarterly basis:

- a. The number of complaints from out-of-state students, by institution, appealed to the state’s SARA Portal Entity after the person making the complaint has completed the institution’s and/or governing board’s (if relevant) complaint resolution process.
- b. The resolution of those complaints in the aggregate, by SARA institution: number resolved in favor of the person making the complaint, number resolved in favor of the institution, number resolved by agreement, and number pending resolution.

7.2. Duties of NC-SARA

- a. The number of complaints appealed to the Portal Entity will be placed within the context of the institution’s total out-of-state distance education enrollments, as follows:

Alabama						
Alaska						
Institution	Complaints Appealed to Portal Agency	Out Of State Distance Ed Enrollments	Resolved in Favor of the Student	Resolved in Favor of Institution	Negotiated Resolutions	Under Consideration
University of Alaska Fairbanks	0	0	0	0	0	0
University of Alaska	0	0	0	0	0	0

* After completion of the institution’s full complaint resolution process.

- b. NC-SARA will not collect individually identifiable student data and will comply with the Family Educational Rights and Privacy Act (FERPA).

**Section 8 Responding to Questions and to Requests
to Modify SARA Policies**

8.1 Basic Procedure for Questions about SARA

Questions from people affiliated with an institution should go first to the institution’s SARA liaison officer, if one has been designated.

Questions from an institution’s SARA liaison staff or if there is no designated SARA liaison should be directed as follows:

- State specific SARA Activities – to STATE PORTAL ENTITY⁹
- State SARA Fees
- Institution application status
- Institution renewal status

⁹ See <http://www.nc-sara.org/content/state-portal-entity-contacts> for current contact information

Institution renewal problems – deadlines missed and late fees
Institution Accreditation changes
Institution SARA status changes

SARA *Policies* or Procedures – to REGIONAL COMPACT¹⁰

State application status
State renewal status
Questions about C-RAC *Guidelines*

National Reporting and SARA Oversight – to NC-SARA OFFICE¹¹

NC-SARA Salesforce activity
Complaint reporting
Enrollment reporting
NC-SARA payment activity
 Initial NC-SARA payment
 Renewal NC-SARA payment
 NC-SARA late fees

8.2 Minor modifications

a. Process: Questions, comments, or suggested modifications to SARA *Policies* may be brought to the attention of:

- SARA Portal Entity directors in SARA states;
- SARA directors in the regional compacts;
- Regional SARA steering committees; or
- The Executive Director of the National Council for State Authorization Reciprocity Agreements (NC-SARA).

Such communications shall be dealt with in as expedient a manner as possible, while ensuring broad consultation and consistency across the SARA community.

Unresolved questions, concerns, or comments shall involve further consultation among state SARA Portal Entity directors, regional and NC-SARA staff. The NC-SARA Executive Director and NC-SARA staff shall work with regional directors to develop and/or propose responses. As appropriate, that process may include consultation with the SARA steering committees in the regional compacts and with the NC-SARA Board. The Executive Director is responsible for ensuring that responses are developed.

b. Minor Modifications: The Executive Director may approve and promulgate clarifications and minor modifications that do not substantively change SARA *Policies*, after concluding the consultative process described above.

¹⁰ See <http://www.nc-sara.org/sara-staff> for current contact information

¹¹ See <http://www.nc-sara.org/sara-staff> for current contact information

8.3 Significant Modifications

Ultimately, it is the responsibility of the Executive Director of NC-SARA to ensure broad consultation among the regional compacts, NC-SARA, and the SARA community at large in developing responses to requests for significant modifications to the *SARA Manual* and/or to the *Unified State Authorization Reciprocity Agreement*.

Requests for significant changes should be addressed to the Executive Director of NC-SARA, who will work with the regional compacts, their SARA steering committees, the NC-SARA executive committee, and the NC-SARA Board to ensure consideration and resolution. Persons making such requests should provide a rationale supporting their request.

In responding to and ultimately acting on such requests, regional and national SARA staff and oversight committees shall evaluate proposed changes in light of SARA's fundamental reliance on interstate reciprocity and trust, and on the fundamental purposes of SARA, which are to support high quality distance education, resolve problems encountered by students, and simplify and support the interstate offering of distance education using a model under which an institution's Home State is primarily responsible for what the institution offers under the aegis of SARA.

Other guiding principles for the review, clarification and modification of *SARA Policies* and agreements include:

- Broad consultation with key stakeholders;
- Maintaining consistency in policy and procedures;
- Transparency and openness; and
- Responsiveness to stakeholders and emerging policy issues.

Section 9 Revisions to SARA Documents

9.1 Revisions to the SARA Agreements

Revisions to the *SARA Unified Agreement* are documented in minutes of the National Council for SARA and are available from the NC-SARA office and on the NC-SARA.org website.

9.2 Revisions to *Policies*

Changes to the *Policies*, confirmed in the *SARA Manual* shall be classified as **Corrections** or **Revisions**. Corrections represent minor technical fixes or clarifications that do not represent a substantive change in policy or procedures. Revisions represent substantive changes in policy (or new policies), or procedures. The last page of this document shall contain a running list showing the date that any Corrections or Revisions were made, and referring to any documentation of such changes, in order to maintain a record of such changes. That record follows this section.

SARA Policies and Standards were originally adopted by the National Council for SARA November 1, 2013, published in final form with minor revisions and corrections by NC-SARA staff November 18, 2013. Revisions are noted below. The *Policies and Standards* were renumbered and compiled into a section of the *SARA Manual* in July 2016. Revisions and corrections after June 15, 2016, are noted in their own section following the notes below.

9.3 Record of Corrections and Revisions through March 12, 2018

Record of Corrections and Revisions

- | | |
|-------------------|---|
| November 19, 2014 | <ul style="list-style-type: none"> 1) Corrected section heading numbering, which was missing Section 4. 2) Adjusted FAQ references to match corrected headings. 3) Added commas to unify the format of the FTE and fee schedule. |
| February 10, 2014 | <ul style="list-style-type: none"> 1) Revision of SARA's <i>Policies and Standards</i> for Consumer Protection. |
| May 14, 2014 | <ul style="list-style-type: none"> 1) Policy Added Section 6: Data Submission Requirements for Institutions Participating in SARA. 2) Policy Added Section 7: Complaint Resolution Reporting for States Participating in SARA. |
| August 19, 2014 | <ul style="list-style-type: none"> Revision of SARA's <i>Policies and Standards</i> Section 3: Institutions and Participation, subsection 10: Offerings on military bases. |
| December 5, 2014 | <ul style="list-style-type: none"> 1) Definition Added for the term "Legal Domicile." 2) Addition to SARA's <i>Policies and Standards</i> Section 2: States and Membership, subsection 5: Functional responsibilities of states (i). 3) Addition to SARA's <i>Policies and Standards</i> Section 3: Institutions and Participation, subsection 2: Provisional admission of an institution. Note: Renumbering of existing content. 4) Addition to SARA's <i>Policies and Standards</i> Section 5: Physical presence standards, subsection 2 (j). 5) Revision of SARA's <i>Policies and Standards</i> Section 6: Data Submission Requirements for Institutions Participating in SARA. 6) Revision of SARA's <i>Policies and Standards</i> Section 7: Complaint Resolution Reporting for States Participating in SARA. |
| January 7, 2015 | <ul style="list-style-type: none"> 1) Revision of SARA's <i>Policies and Standards</i> Section 5: Physical presence standards subsection 2, revised and removed Supervised Field Experiences to new subsection 3. Note reordering of existing content of subsection 2. |
| May 13, 2015 | <ul style="list-style-type: none"> 1) Addition to SARA's <i>Policies and Standards</i> Section 3: 11. Participation by Tribal Colleges. 2) Addition to SARA's <i>Policies and Standards</i> New Section 8: Modification Process for SARA <i>Policies and Standards</i>. 3) Clarification of SARA's <i>Policies and Standards</i> Section 3: Institutions and Participation, 4. Loss of institutional eligibility. |

4) Revision of SARA's *Policies and Standards* Section: Section 4. Consumer protection, 2. Complaint Resolution Processes.

July 10, 2015	1) Addition to SARA's <i>Policies and Standards</i> New Section 3.4 Renewals
November 3, 2015	1) Clarification of the continuing authority of boards of professional licensure. Section 5.3.a-b.
December 1, 2015	1) Addition of Section 2.6, Renewal of state membership. 2) Addition to Section 3.2, Provisional renewal of an institution. 3) Addition to Section 3.4.2, Process for institution renewal. 4) Addition to Section 5.1, Field study or research. 5) Addition to Section 5.2, Physical presence.
January 12, 2016	1) Revisions to and reformatting of Section 8.
September 15, 2016	<i>Policies and Standards</i> recodified and integrated into <i>SARA Manual</i> .
October 20, 2016	<i>SARA Manual</i> 16.2 approved by the NC-SARA Board with minor adjustments to later be made. <ul style="list-style-type: none">• Table of Contents and Index added.• Updated definitions for Affiliate Member, Non-domestic Institution and Supervised Field Experience.• Renewal process graphic added 2.6(b)(4)• New subsections:<ul style="list-style-type: none">○ covering moves to Home State added 3.1.(c)(3)○ Multiple providers 3.1.(d)○ Terminology as it relates to the use of “approved” 3.1.(f).○ Institution renewal and reapplication time line 3.4.(a)○ Mechanics of the renewal process 3.5.(b).○ Loss of institution eligibility 3.6(d).• Addition of Section 5, Coverage and Limitations of SARA.
December 8, 2016	<i>SARA Manual</i> 16.3 placed on NC-SARA.org.
May, 2016	1) Clarification to Section 2.2.5 Explanatory note 2 2) Clarification to Section 5.9 (a) Hybrid programs.
October 6, 2017	1) Renumber document as revision 17.2. 2) Reinserted earlier FAQ about SARA's use of the U.S. Department of Education's financial responsibility scores (Appendix B). 3) Clarification of institution's responsibility regarding notifications (Section 5.2.6).

- November 3, 2017 1) Addition of 3.3. Provisional status of an institution between renewal periods and renumbering as necessary
- March 12, 2018 1) Renumbered document as revision 18.1
2) Grammatical and formatting updates for consistency throughout the document
3) Clarification of institution participation for institutions with a Federal Financial Score of below 1.0
4) Institution website note moved from 6.2.(d) to 3.1.(h)
5) Additional Explanatory Notes as noted:
 - 3.2 Clarification of Investigation related to provisional status
 - 5.4 Short Course/20-Hour
 - 5.12.(a)(1) Short Course/Field Trip
 - 3.6 (b) Experiential student reporting
 - 3.
 -
 - 6.(b)(8) Correction: Institutions are listed on the NC-SARA website not the regional compact websites.
- 6) Clarification of Membership Grace Period and Expiration Exception.
- March 12, 2018 *SARA Manual 18.1* placed on NC-SARA.org

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Appendix A

Why does SARA use the U.S. Department of Education’s financial responsibility composite scores to assess the financial soundness of non-public institutions that seek to participate in SARA?

Students deserve assurance that SARA institutions from which they take courses and programs will remain in operation and not close due to financial problems. Distance education students likely have less information than campus-based students with which to evaluate an institution’s viability; in most cases, they can’t visit the campus, talk directly with institutional representatives, etc. While it is not possible to remove completely the risk of institutional closure, reasonable attempts to lessen that risk in regard to SARA institutions are desirable.

As a fundamental principle, SARA avoids developing new mechanisms and structures when sufficient ones already exist. That is why the initiative builds on the work of the “accountability triad” (the federal government, the states, and recognized accreditors) and the regional education compacts. Ideally, a financial assessment system for SARA would be uniform across the country, clear and readily understandable, already in place, well-regarded in the community, and reliable in evaluating whether an institution is in significant financial trouble and at risk of closure.

No current system meets all of those desirable qualities. The approach taken by the U.S. Department of Education has been in place for many years. It is applied across the country to all non-public institutions participating in federal Title IV programs, and it relies on the administrative capabilities of the Department, including the ability to investigate and audit. Unfortunately, it has been severely criticized by some as being based on outdated accounting approaches, inaccurately assessing the financial health of many institutions (i.e., identifying as financially troubled many institutions thought to be sound), and being unevenly applied.

Much of that criticism has come from the National Association of Independent Colleges and Universities (NAICU) and representatives of some of its member institutions. They have also criticized SARA for using the Department’s scores to determine (in part) a non-public institution’s eligibility for SARA. NAICU believes the Department’s work in this area is seriously flawed, both in design and application.¹²

This issue was discussed at each step of the development of SARA. It was considered by the Presidents’ Forum/Council of State Governments drafting team, the SARA development committees in each of the four regional compacts, the National Commission on the Regulation of Postsecondary Distance Education, and NC-SARA itself. Use of the Department’s scores to determine (in part) a non-public institution’s financial soundness for SARA purposes was affirmed at each step. The following paragraphs explain why.

Each SARA development group examined the question of whether there should be a financial soundness requirement at all; each group decided that there should be. Various alternatives were then considered. NAICU suggested that all institutions approved to participate in Title IV programs be allowed to participate in SARA, with no other financial expectations. The overwhelming majority of each group involved in the development of SARA believed that standard would be too low to support the consumer protection goals of SARA.

¹² https://www.naicu.edu/docLib/20121119_NAICUFinan.Resp.FinalReport.pdf

The possibility of allowing each SARA state to set its own financial expectations was discussed; that approach was rejected because it would not yield uniform standards, therefore undermining reciprocity. The possibility of having SARA develop and carry out its own financial evaluation system was also considered; that was rejected because of the likely difficulty of reaching consensus, the delay and cost that developing a new system would require, and the fact that SARA would lack the necessary investigative and auditing authority and capacity.

After much discussion, each group involved in the development of SARA reached the conclusion that incorporation of the Department's system for assessing an institution's financial soundness, while flawed, offered the best available approach for SARA purposes.

SARA has acknowledged the shortcomings of the Department's system and the criticisms made of that system in two ways. First, SARA allows some institutional "wobble room." An institution with a composite score of 1.0-1.49 has the opportunity to make the case to its home state that it is nevertheless sufficiently financially stable to justify state approval to participate in SARA. (The general threshold for the financial soundness requirement is 1.5.) Second, the regional compacts, the Commission on the Regulation of Postsecondary Distance Education, and NC-SARA have all recommended that the Department review its methodology for determining institution financial soundness.

Marshall A. Hill
Executive Director, NC-SARA

Appendix B

Interregional Guidelines for the Evaluation of Distance Education Council of Regional Accrediting Commissions (C-RAC) (2011)

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

*Analysis/Evidence:*¹³

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

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

Analysis/Evidence:

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

¹³ These bulleted points illustrate actions, processes and facts that institutions may use to demonstrate that they meet SARA requirements.

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

Analysis/Evidence:

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

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

Analysis/Evidence:

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

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

Analysis/Evidence:

- Assessment of student learning follows processes used in onsite courses or programs and/or reflects good practice in assessment methods;
- Student course evaluations are routinely taken and an analysis of them contributes to strategies for course improvements;
- Evaluation strategies ensure effective communication between faculty members who design curriculum, faculty members who interact with students, and faculty members who evaluate student learning;
- The institution regularly evaluates the effectiveness of the academic and support services provided to students in online courses and uses the results for improvement;
- The institution demonstrates the appropriate use of technology to support its assessment strategies;
- The institution documents its successes in implementing changes informed by its programs of assessment and evaluation;
- The institution provides examples of student work and student interactions among themselves and with faculty;
- The institution sets appropriate goals for the retention/persistence of students using online learning, assesses its achievement of these goals, and uses the results for improvement.

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

Analysis/Evidence:

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

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

Analysis/Evidence:

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

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

Analysis/Evidence:

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

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

Analysis/Evidence:

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

Appendix C

Unified State Authorization Reciprocity Agreement

As approved December 1, 2015

Due to the size, this document is not included as an attachment but is available on the NC-SARA website at <http://www.nc-sara.org/content/documents>.