A COMPLIANCE GUIDE for HEOA—DOE STATE AUTHORIZATION REGULATIONS AS RELATED TO DISTANCE LEARNING
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Contents

SPONSORS AND COMMITTEE MEMBERS ............................................................................................................ 2
CURRENT STATUS .................................................................................................................................................. 4
   Federal Regulation - Update .............................................................................................................................. 4
   State Requirements ........................................................................................................................................... 5
National Council for State Authorization Reciprocity Agreements (NC-SARA) ....................................................... 5
State Authorization Reciprocity Agreement North Carolina (SARA North Carolina) ............................................... 5
Regional Reciprocity ............................................................................................................................................ 5
SECTION I: PURPOSE AND TIMELINE ............................................................................................................. 6
   Timeline of Higher Education Opportunity Act and State Authorization ............................................................. 8
SECTION II: QUICK START GUIDE .................................................................................................................... 9
SECTION III: SAMPLE PROCEDURE FOR COLLEGES ...................................................................................... 11
   Sample Draft .................................................................................................................................................. 11
   Sample Process to Determine if State Authorization Application is Needed .......................................................... 13
SECTION IV: RECIPROCITY ................................................................................................................................. 14
SECTION V: HEOA Consumer Information and Distance Learning ...................................................................... 16
   Consumer Information & State Authorization .................................................................................................. 16
SECTION VI: FREQUENTLY ASKED QUESTIONS (FAQ) .................................................................................. 18
SECTION VII: GLOSSARY ..................................................................................................................................... 23
CHEA .................................................................................................................................................................... 23
SECTION VIII: RESOURCES ............................................................................................................................... 26
   NC-SARA - National Council for State Authorization Reciprocity Agreements .................................................. 26
   SACSCOC – Southern Association of Colleges and Schools- Commission on Colleges ......................................... 26
   SHEEO - State Higher Education Executive Officers Association ...................................................................... 26
   SREB – Southern Regional Education Board .................................................................................................. 26
   UNC-GA - University of North Carolina General Administration ....................................................................... 26
   DOE – United States Department of Education ................................................................................................ 26
   VLC State Authorization .................................................................................................................................. 26
   WCET - WICHE Cooperative for Educational Technologies .............................................................................. 27
   Webpage Examples .......................................................................................................................................... 27
ENDNOTES ............................................................................................................................................................ 28
CURRENT STATUS

Federal Regulation - Update

The State Authorization amendment of the Higher Education Opportunity Act (HEOA) was initially implemented in 2010, with a portion of that original regulation vacated by the courts. In the intervening years, several attempts have been made to clarify and amend Title 34 Part 600 (Institutional Eligibility) Section §600.9, State Authorization. Published in the Federal Register on December 19, 2016, the US Department of Education (DOE) announced its final regulations (Final Rule) to become effective July 1, 2018. In addition to the changes to §600.9, a new section, §668.50 (Institutional disclosures for distance or correspondence programs) has been added to the Title 34 regulations.

As the December 2016 requirements are not due to be enforced until July 2018, there is a strong likelihood that the Rule will be revisited or changed. These changes could come within the next HEOA reauthorization or the new Secretary of Education may choose to amend or eliminate it. Additionally, as it was issued within the last 60 days of an administration, it could be reviewed through the Congressional Review Act. (NOTE: As of February 2017, the steps within this Guide reflect requirements currently in place. Revisions will be made as more guidance becomes available on the 2016 Final Rule.)

The new regulations specify requirements for postsecondary institutions who participate in Title IV Federal student aid programs and offer distance education and offer some direction on how to meet these requirements. While not going into specifics, in general the Final Rule:

- Requires an institution be authorized in its home state, as well as documents where distance students reside (if the students' states requires such authorization)
- Recognizes that reciprocity agreements meet that authorization requirement
- Requires each institution to document and confirm that each state in which it enrolls students has an adequate student complaint process
- Expands the gainful employment certifications to include any state from which a student enrolls
- Requires the institution to track students' states of residence during their enrollment
- Specifies requirements for institutions with foreign branch campuses

Section §668.50 specifies additional public and individual disclosure and notification requirements that are separate from other consumer information provisions. The section addresses programs which are solely, or that can be completed, online. Several address Gainful Employment programs specifically. Note, §668.50 does not distinguish specifically between home state and out-of-state students. The public disclosures address:

- Authorization of distance programs
- Process and contact information for submitting consumer complaints
  - to the institution's home state as well as
  - to the student's state of legal residence
- Adverse actions by a state or accrediting agency against its distance learning program or courses
- Consequences for a student who moves from a state in which the institution has authorization to one in which it does not
- Whether or not a program meets licensure or certification requirements in states in which it has enrolled students in that program and any other states for which a determination has been made
- Refund policies
Individual disclosures include:

- Determinations that the desired program does not meet licensure/certification requirements in the student's state of residence (disclosed prior to enrollment and student acknowledgement required)
- Determinations that a program ceases to meet licensure or certification requirements (enrolled and prospective students, within 14 days of conclusion)
- Adverse actions by a State or accrediting agency relating to its distance learning programs (enrolled and prospective students, within 30 days of occurrence)

Three areas to note. First, the Final Rule uses the term "resident" versus "location;" however, there is still some ambiguity on whether this is a change of focus and if so, how it would be determined. Another question is what would need to be provided within the "consequences of moving" disclosure. The third area which immediately raises concerns is the requirement for each state to have a complaint process. This creates a problem for students who live within California, which does not have a complaint process. An institution could not disburse federal aid funds to students in California. Other states may be in the same situation.

State Requirements

Each state developed regulations for higher education primarily addressing institutions physically located within a state. The inclusion of distance education and state authorization in the 2010 HEOA amendments highlighted the need for states to enforce their existing laws regardless of the delivery method. Even without Federal regulations, these state laws and rules regulating postsecondary education (on-the-ground as well as distance) are still in place. Institutions of all types are obligated to obey them.

National Council for State Authorization Reciprocity Agreements (NC-SARA)

The purpose of NC-SARA is to assist member states regulate delivery of distance education to their residents. This voluntary agreement helps member states by establishing standard physical presence triggers, providing a set of quality standards, and assuring consumer protections. Member institutions must meet eligibility requirements, agree to follow designated quality guidelines, and are provided an efficient means to meet state authorization requirements.

As of February 2017, forty-seven states and the District of Columbia have joined NC-SARA, including North Carolina. (California, Florida, and Massachusetts are the three states that have not joined to date.)

State Authorization Reciprocity Agreement North Carolina (SARA North Carolina)

North Carolina joined NC-SARA in June 2016, and SARA North Carolina began accepting applications from institutions in October of the same year. North Carolina's state portal entity for NC-SARA is SARA North Carolina, a program of the North Carolina State Education Assistance Authority.

Regional Reciprocity

The Southern Regional Education Board (SREB), the regional compact for the sixteen southern states, hosted a regional reciprocity agreement – SREB's Electronic Campus Regional Reciprocity Agreement (SECRRA). Until 2014, SECRRA was the nation's only regional reciprocity agreement. When half the SREB members joined NC-SARA, it was announced that SECRRA would dissolve effective June 30, 2017. Institutions which rely on SECRRA for its authorization in the SREB states need to have something in place as a replacement prior to July 1.
SECTION I: PURPOSE AND TIMELINE

The purpose of this document is to provide the members of the North Carolina Community College System (NCCCS) a guide to meet requirements as specified in the Higher Education Opportunity Act (HEOA) of 1965, as reauthorized in 2008 and amended in October 2010. While the HEOA requirements are comprehensive, affecting several areas of the campus such as safety, student services, financial aid, admissions, etc., this Guide addresses regulation 34 CFR § 600.9(c) as it applies to distance learning.

Two sections of this document deal with state authorization processes. Section II, Quick Start Guide, provides a list of steps for distance learning administrators to take in attaining state authorization approval for their colleges. The sample procedure section illustrates the need for communication and collaboration across the campus in order to meet full compliance with HEOA regulations and with Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) Federal Requirements. All colleges must comply with HEOA federal regulations, including the distance-learning portion, in order to maintain SACSCOC accreditation. From The Resource Manual for The Principles of Accreditation: Foundations for Quality Enhancement, 4.7 of Federal Requirements.

The institution is in compliance with its program responsibilities under Title IV of the most recent Higher Education Act as amended.
(In reviewing the institution’s compliance with these program responsibilities, the Commission relies on documentation forwarded to it by the U.S. Department of Education.) (Title IV program responsibilities)

Rationale and Notes
Many institutions are dependent upon the availability of Title IV financial aid to assist students with their educational expenses and maintain adequate levels of enrollment. In order to secure these funds, an institution complies with the program responsibilities under Title IV of the most recent Higher Education Act as amended or risk the loss of federal aid for both its students and other organizational needs. As the primary gatekeeper for many of its member and candidate institutions seeking Title IV funds, the Commission is obligated to review any information submitted by the institution or provided by the U.S. Department of Education that could affect an institution’s continued compliance with Commission standards. Under this standard, institutions are required to submit to the Commission any communication from the U.S. Department of Education related to continued compliance with Title IV provisions.

This Guide addresses the portion of consumer information in HEOA that relates to distance learning – state authorization and student complaints. HEOA requires comprehensive publication of many items on colleges’ websites in addition to the distance learning items such as financial aid, tuition and fees, textbook information, safety, Americans with Disabilities Act (ADA) compliance, copyright notice, etc. This Guide does not address these requirements. The Department of Education (DOE) maintains a complete list of non-DL consumer information requirements on its Consumer Information website. Click on Consumer Information Disclosures at a Glance link for the downloadable document.

To aid users of this Guide, sections provided include the following:
• Section IV, Reciprocity, describes the national reciprocity option.
• Section VI: Resources, which provides a list of hyperlinked resources.
• Section VII: Frequently Asked Questions (FAQ).
• Section VIII: Glossary
• Endnotes, which provides plain text hyperlinks for all of the end-noted links in the body of this document.
Timeline of Higher Education Opportunity Act and State Authorization

1965  President Johnson signs first Higher Ed Act (HEA) creating federal financial aid program.

2008  The Higher Education Opportunity Act (HEOA) enacted including the most recent reauthorization of HEA.

2010  Department of Education publishes Program Integrity Rules that include State Authorization.

2011  US District Court vacates 34.600.9(c) on procedural technicality. The ruling on subsection C had NO EFFECT on other program integrity and consumer information requirements, which were enforceable July 1, 2013.

2012  Court of Appeals affirms US Department of Education’s (DOE) ability to issue the SA regulation (600.9(c)), but upholds the ruling to vacate on procedural grounds.

2013  DOE initiates Negotiated Rulemaking Process to reinstate 600.9(c)

2014  Negotiated Rulemaking Process (NRP) Committee met through May 2014. The proposed rule was much more involved than the original including verbiage on reciprocity agreements, military personnel/dependents, criteria for state exemptions, and requirements on programs leading to certification and/or licensure. Committee failed to reach consensus leaving the Department of Education free to develop its own rule; however USED announced a pause.

2015  Reciprocity continues to gain momentum with more states joining NC-SARA.

2016  North Carolina joins NC-SARA. NCSEAA serves as the NC state portal agency, and began accepting institutional applications on October 1, 2016,

Following the failed NRP in 2014, the DOE issued a proposed rule for comment in July 2016. The Final Rule was posted in the Federal Register on December 19, 2016, with an effective date of July 1, 2018. Many expect changes to the regulation before the effective date.

FACTS

State versus Federal Compliance: Institutions are expected to be in compliance with existing state laws now. Portions of §34 600.9 are currently in effect, and compliance is expected.

For military students who are receiving Tuition Assistance, the Department of Defense is currently checking for state authorization.

Pay close attention for possible updates to the December 2016 Final Rule.
SECTION II: QUICK START GUIDE

Steps for State Authorization Distance Learning Compliance for NC Community

Colleges
• Identify a campus contact who will handle the State Authorization (SA) process of approval. There should be one person who serves as the SA process coordinator and ensures that the college is in compliance, and is following the SA process/procedure. The SA process coordinator should not handle the entire SA process alone. According to SACSCOC, the president or chief academic officer, who is ultimately responsible for campus compliance, should appoint this point person.

• Develop a team with relationships from across your institution. As indicated above, the SA process coordinator should not handle the entire SA process alone. Include institutional leaders and others impacted by SA compliance on your campus, such as Instructional Officers, Financial Aid, Registrars, Distance Learning Administrators, Business Office, etc. A team approach is necessary and should be a working group.

Figure 1: Key Players in SA Compliance, a Team Approach

• Establish a campus process/procedure for handling SA on an ongoing basis. Establishment of this process/procedure includes approval through the appropriate campus process, and publication in appropriate institutional documents accessible by those affected by the policy or procedure, implementation and enforcement by the institution (SACSCOC Resource Manual for Principles of Accreditation, December 2012 edition). Documenting your process for compliance is part of the “good faith” effort established by the US Department of Education. See sample draft under in "Section III: Sample Procedure for Colleges" of this Guide
• Identify which states, if any, from which your college needs authorization and compare it to the list of states participating national reciprocity. It is a local college decision as to which route for approval is best for your institution and it depends on where your students currently reside. For some colleges it may be more efficient to apply to a few states and for others it may be more efficient to apply for reciprocity. Research individual state agency regulations for states in which you have students, faculty or other physical presence triggers. (For further information, visit the SHEEO website and see documents under Reports from Survey Data: Directory of State Authorization Agencies and Lead Contacts, Fees Summary by State, and Physical Presence Triggers.)

• Apply for needed authorizations. A convenient list of information for all states can be found on the SHEEO State Authorization Surveys (NOTE: Processes and fees differ by state, so there is not one process that applies in all cases.)

• Document your institution’s SA efforts. For example, document steps toward SA compliance, approvals received, approvals pending, renewals, copies of correspondence, meetings, actions, training, etc.

• Establish renewal processes for the states from which you receive authorization. Renewal requirements are subject to change and monitoring is required to maintain compliance. Address the renewal process in the campus process/procedure (mentioned above).

• Create a consumer information page on your college website with required complaint process information for students. (Should have been in effect as of 7/1/2013) Several other non-SA-related consumer information elements could be listed on this same page. See more about consumer information in “Section VIII: Glossary” of this Guide.

• Review campus admissions policies and update if necessary based on the numbered memo, CC14-035 which allows colleges to adopt policies limiting admission to distance learning students to those residing in North Carolina.

• Keep up with the latest information through the resources and webinars listed on the VLC State Authorization website
SECTION III: SAMPLE PROCEDURE FOR COLLEGES

Sample Draft

(NOTE: This document is intended as a sample to help in drafting your own campus process or procedure document. Each college will need to determine the specific language for its procedures for distance learning. It is not intended as a directive.)

CAMPUS POLICY/PROCEDURES FOR ACHIEVING AND MAINTAINING DEPARTMENT OF EDUCATION STATE AUTHORIZATION COMPLIANCE

PURPOSE:
All U.S. states require post-secondary educational institutions to be legally authorized to provide post-secondary educational instruction in their states. Many of these state laws and regulations also apply to online, distance, and correspondence educational instruction offered in that state. As such, [college name] and its online/distance education programs/courses must be authorized in certain states prior to offering those courses or programs to students residing in those states. The purpose of this procedure is to create a [college name] process to comply with any state authorization requirements applicable to [college name] online/distance education programs.

SOUTHERN ASSOCIATION OF COLLEGES AND SCHOOLS Commission on Colleges’ DEFINITION OF DISTANCE EDUCATION:

For the purposes of the Commission on Colleges’ accreditation review, distance education is a formal educational process in which the majority of instruction (interaction between students and instructors and among students) in a course occurs when students and instructors are not in the same place. Instruction may be synchronous or asynchronous. A distance course may use the Internet; one-way and two-way transmissions through open broadcast, closed-circuit, cable, microwave, broadband, fiber optics, or wireless communications devices; audio conferencing; or video CD-ROMs or DVDs if used as part of a distance learning course or program. (SACSCOC Policy Statement adopted 2010)


The U.S. Secretary of Education recognizes accreditation by SACS Commission on Colleges in establishing the eligibility of its accredited institutions to participate in programs authorized under Title IV of the Higher Education Act, as amended, and other federal programs. Federal statutes include mandates that the Commission review an institution in accordance with criteria outlined in the federal regulations developed by the U.S. Department of Education. As part of the review process, institutions are required to document compliance with those criteria responding to federal mandates and the Commission is obligated to consider such compliance when the institution is reviewed for initial membership or continued accreditation.
SACSCOC Requirement of a Policy/Procedure:
Implicit in every Federal Requirement mandating a policy or procedure is the expectation that the policy or procedure is in writing and has been approved through appropriate institutional processes, published in appropriate institutional documents accessible to those affected by the policy or procedure, and implemented and enforced by the institution. At the time of review, an institution will be expected to demonstrate that it has met all of the above elements. If the institution has had no cause to apply its policy, it should indicate that an example of implementation is unavailable because there has been no cause to apply it.

(COLLEGE) PROCEDURE STATEMENT:
The [position name] will be the single point of contact to coordinate, assist, and secure authorization from states that require educational institutions to be legally authorized in their state prior to offering online/distance education programs/courses to students residing in that state.

The [department/area/division/team] will maintain information needed to determine eligibility in states and to complete authorization requests as necessary. [Department/area/division] will maintain a database of out-of-state students enrolled in [college name] distance learning programs/courses and of instructors living out of state.

PROCESS:
The [position name] is charged with ensuring compliance with any state authorization requirements for [college name] through the following steps:

1. Act as the clearinghouse to assist academic units that offer online/distance education courses or programs to students residing in other states to obtain authorization in those states as necessary.
2. Monitor and maintain information related to other states’ post-secondary authorization requirements.
3. Maintain point of contact information for each state’s authorization agency/agencies and correspond with points of contact as necessary.
4. Track enrollment of students from other states in [college name] courses delivered by online/distance delivery and to notify deans and the chief academic officer of these enrollments. (Note: Some states require authorization for faculty residing in the state.)
5. Monitor new programs and courses in which students residing in other states might enroll to determine if the program/course meets an exemption status or if authorization must be obtained from a state or states when a need for authorization is determined.
6. Complete the authorization process for the required state or states.
7. Establish and monitor renewal cycles for states from which authorization has been obtained.
8. Provide website updates to the college webmaster on how to file a complaint with accrediting agencies and relevant state approval authorities that DOE requires to be available to students on the [college name] website.
9. Keep current concerning federal revisions of state authorization regulations and of progress of adoption of the national reciprocity agreement, SARA.

The academic program/department from which the need for authorization arises will be responsible for

1. Implementing a teach out plan and completing substantive change notifications if necessary (such as if a decision is made to no longer offer an entire program via distance, etc.)
2. Processing payment (if necessary) of fees required for state authorization in any state from which the need for authorization arose.
Sample Process to Determine if State Authorization Application is Needed

NOTE:

This overview concentrates on the internal notification process that triggers a review for SA compliance. It intentionally omits the steps necessary to obtain authentication, notifications and disclosures, and to review other institution-specific processes such as obtaining address changes.

An application is received from an out-of-state student or a student notifies Student Services of a move out-of-state.

1. Student Services notifies the __________ office to verify state authorization status
   a. Is desired program authorized in the student’s state?
      i. If yes, student may register – end of authorization process.
      ii. If no, go to next question
   b. Can authorization be obtained for this program?
      i. If no, student is notified that at this time due to policies within their home state, they cannot be enrolled in the desired program via distance. They are welcome to enroll on-campus, or if applicable, notify the student of other programs authorized by their state. End of authorization process.
      ii. If yes, student is notified that authorization can be obtained for their state, but that their enrollment will be delayed based on their home state’s processes. Go to next question.
   c. Does student declare intention to enroll when authorized?
      i. If no, end of authorization process.
      ii. If yes, continue authorization process.

2. Authorization is received.
   a. Student is notified and registered for courses.
SECTION IV: RECIPROCITY

National Reciprocity
The National Council for State Authorization Reciprocity Agreements was established in 2013 to provide a national solution for distance learning state authorization and to address program integrity through comparable national standards for distance education across all states. Twenty-two leaders from various sections of higher education and government have been selected to help guide the activities of SARA, with Dr. Marshall Hill as the Executive Director. The national agreement is administered by the four regional compacts (SREB, NEBHE, MHEC, and WICHE). The council will assure that uniform standards and procedures for each regional compact will be accepted by any SARA state from any other region. State participation is voluntary.

Figure 2: Regional Compacts


NCSARA

- Allows institutions to be regulated by their home-state (shifts responsibility from the state in which distance education is delivered – to the home state of that institution).
- Regional compacts will oversee the states in their region.
- Requires states to approve in-state institutions and resolve complaints.
- Reduces costs for institutions, rather than paying fees in all states.
- No membership cost to states, only to institutions.
- Initial funding by Lumina, then fees will support operations.

Benefits

- Enhances standards for distance learning across the nation.
- Standardizes physical presence triggers.
- Reduces costs to institutions.
- Reduces monitoring of state regulations for changes.
SARA Does Not Address

- Professional Licensing Board approvals for programs leading to licensure (nursing, psychology, teacher education, etc.).
- MOOCs – online offerings provided for free and beyond the scope of current regulation of degree programs of accredited institutions.
- Non-credit instruction specifically (see Non-Credit statement below).

What Must States Do?

- Determine if state will participate.
- Make any necessary changes to legislation.
- Identify portal agency for administration of applications and resolving complaints.
- Determine instate application to regional compact.
- Provide annual data/reports on its institutions.

What Do Institutions Need to Do?

- Determine if institution will participate.
- Complete application and submit to portal agency.
- Pay annual NC-SARA fee:
  - $2000 < 2,500 FTE according to IPEDS data
  - $4000 2,500 – 9,999 FTE
  - $6000 10,000 – or more FTE
- Pay annual fee to Portal Agency.
- Adhere to regional compact standards and principles of good practice and NC-SARA standards of the Council of Regional Accrediting Commissions (CRAC) Interregional Guidelines.
- Provide complaint information for students.
- Provide licensing information for students.
- Must have a Disaster Recovery Plan (also required by IIPS).
- Institutions must complete annual renewal application (which includes reporting requirements and payment of annual fees) to retain membership in NC SARA and portal agency.

Non-Credit Statement

The NC-SARA website includes the following statement on its Issues SARA does not address\(^*\) page. SARA also does not deal with offerings provided free and beyond the scope of current regulation of the degree programs of accredited academic institutions (free, non-credit MOOCs, etc.). Nor does it explicitly deal with non-credit instruction, although if an institution participates in SARA, its for-credit and non-credit activities in SARA states are covered by the agreement.
SECTION V: HEOA Consumer Information and Distance Learning

Consumer Information & State Authorization

Deadline for Compliance – July 1, 2013
(The consumer portion of the HEOA requires many items ranging from copyright information to tuition and fees to student rights and more. This Guide addresses only the consumer information portion of the HEOA as related to State Authorization.)

Each college must provide enrolled and prospective students easy access to specific college information and resources. With regard to the State Authorization regulation, each college must provide the following information on its website by July 1, 2013. One consideration is the location of the SA/Consumer Information webpage on the college’s website.

Each college’s website must include:

- Process for filing grievances, internal and external (Individual States, SACSCOC, etc.) – as referenced in § 668.43(b) The institution must also provide its students or prospective students with contact information for filing complaints with its accreditor and with its State approval or licensing entity and any other relevant State official or agency that would appropriately handle a student's complaint. If a complaint cannot be resolved after exhausting the institution's grievance procedure, the student may file a written complaint with the appropriate office below:

  Contact for North Carolina students:

  North Carolina Post-Secondary Education Complaints
c/o Student Complaints
University of North Carolina General Administration
910 Raleigh Road, Chapel Hill, NC 27515-2688
Telephone: 919-962-4558
Email: studentcomplaint@northcarolina.edu

  Contact for students residing outside North Carolina.

  SARA North Carolina Director
NCSEA,
PO Box 14103
Research Triangle Park, NC 27709
Email: complaint@saranc.org

- Link to Student Grievance Procedures for institution

- Link to Individual States’ Student Grievance Procedures. Also, colleges may link to a non-institutional site that identifies the contact information for multiple sites (authority:
  Question/Answer C-Q5/C-A5).

- Link to SACSCOC accreditation website
As a best practice, colleges should consider listing, or highlighting in a comprehensive list, states in which the institution is currently authorized (or is in process of being authorized) for DL.

While regulation § 668.43(a, 11, ii) requires institutions to list all states’ complaint processes, highlighting the states where reciprocity is already in place may be a good practice. Prospective students may realize the institution is not currently authorized and choose not to pursue enrollment.

In addition to the required complaint information, it is recommended that colleges include a statement on their efforts to comply with the state authorization requirements including the DOE verbiage pertaining to distance education.

Sample Statement: (This is not prescriptive, just an example.)

______________ College is working to achieve compliance as established in HEOA 600.9 (c).

If an institution is offering postsecondary education through distance or correspondence education to students in a State in which it is not physically located or in which it is otherwise subject to State jurisdiction as determined by the State, the institution must meet any State requirements for it to be legally offering postsecondary distance or correspondence education in that State. An institution must be able to document to the Secretary [of Education] the State's approval upon request. (Authority: 20 U.S.C. 1001 and 1002)

For more information on consumer and student information regulations, see the following resources:

    Code of Federal Regulations, Title 34, Part 668.43\textsuperscript{xiv}: Institutional Information

    Code of Federal Regulations Title 34, Part 600.9\textsuperscript{xv}: State Authorization

    Federal Student Aid: Consumer Information Disclosures at a Glance\textsuperscript{xvi}

    Program Integrity Questions and Answers \textsuperscript{xvii} - State Authorization

Licensure and Certification Programs

A signification portion of the 2016 Final Rule\textsuperscript{xviii} addition to the distance learning program integrity regulation clarifies and lists additional requirements for professional licensure and certification programs. In summary, the institution will need to provide both public disclosures and individualized disclosures to students concerning each program which prepares students for licensure.
SECTION VI: FREQUENTLY ASKED QUESTIONS (FAQ)

NOTE: The purpose of this FAQ is NOT to interpret the HEOA State Authorization Regulation or definitively answer compliance questions. For those purposes, we have provided a direct link to the DOE Website. The purpose of this site is to facilitate an ongoing dialogue, to post questions and share current information:

1. What is State Authorization?

State Authorization is a legal issue dealing with a college’s adherence to state requirements for colleges to secure authorization to offer instruction in that state. Compliance with individual state requirements is now part of the Higher Education Opportunity Act of 2008, Amended 2010. Title IV funding and SACSCOC principles is tied to compliance with HEOA Regulations.

SACSCOC-Federal Requirements

WCET State Authorization Summary

2. Where is the actual regulation published?

"If an institution is offering postsecondary education through distance or correspondence education to students in a State in which it is not physically located or in which it is otherwise subject to State jurisdiction as determined by the State, the institution must meet any State requirements for it to be legally offering distance or correspondence education in that State." (Emphasis added. Chapter 34, § 600.9(c)Higher Education Opportunity Act)

3. How does the State Authorization regulation apply to NC Community Colleges?

According to the regulation, each institution is responsible and accountable, not a system or a state. Each college is responsible with HEOA and with SACSCOC regulations

4. What deadlines for compliance are currently established?

July 1, 2013 (consumer information on webpage)

July 1, 2013 Student Complaint Process on College Website. Taken from WICHE:

That ruling was targeted only at § 600.9(c) of the federal regulations. It has no impact on the remaining regulations including § 668.43 (b) Institutional Information which requires institutions to provide perspective and enrolled students the institutions accreditation information and contact information for filing complaints.

§ 668.43 (b) Institutional Information: The institution must make available for review to any enrolled or prospective student upon request, a copy of the documents describing the institution's accreditation and its State, Federal, or tribal approval or licensing. The institution must also provide its students or prospective students with contact information for filing complaints with its accreditor and with its State approval or licensing entity and any other relevant State official or agency that would appropriately handle a student's complaint.

State Authorization (600.9 (c(a) and (b))

Compliance with existing state regulations referenced in HEOA 34 600.9 (a) and (b).

Postsecondary institutions are expected to demonstrate compliance with the requirements; institutions
not compliant with the state authorization regulations may lose their eligibility to participate in Title IV programs.

States will be given 2015-2018 to get revised state authorization procedures in place, and Title IV penalties will be enforced beginning 2018.

SACSCOC, however, mandates compliance with all Federal HEOA regulations. See SACSCOC Federal Requirement 4.7.

5. Does my college have to comply if we only have one or two out of state students?

Yes, all colleges need to comply with both individual state and federal state authorization regulations.

"If an institution is offering postsecondary education through distance or correspondence education to students in a State in which it is not physically located or in which it is otherwise subject to State jurisdiction as determined by the State, the institution must meet any State requirements for it to be legally offering distance or correspondence education in that State." *(Chapter 34, § 600.9(c) Higher Education Opportunity Act)*

Options for compliance may include participation in the regional reciprocity with the Southern Regional Education Board through the Electronic Campus (until June 30, 2017). (Individual state physical presence trigger requirements apply in all cases.)

Participation in NC-SARA, a national reciprocity agreement, is an option because North Carolina became a member of NC-SARA in 2016.

6. Will we have access to all information provided by the VLC concerning State authorization through webinars, memos, bulletins, etc.?

Yes, an information page has been added to the [VLC Website](http://www2.ed.gov/policy/highered/reg/hearulemaking/2012/programintegrity.html)

**FAQ About Application of State Authorization Regulation**

7. Are students who started online courses before 2013 be grandfathered in?

No, there is no “grandfather” clause stipulation in the federal regulations. If an individual state’s legal statutes specifically allow a “grandfather” clause, the state’s mandated time restrictions apply.

According to SA requirements currently under review, if a college has received authorization from a state and that state has to change its regulation to meet new federal guidelines, students who have enrolled under that authorization may finish their program of study (continuous enrollment required) regardless of new state requirements. See [Issue Paper 2, Meeting #4](http://www2.ed.gov/policy/highered/reg/hearulemaking/2012/programintegrity.html)

8. May colleges refuse to take applications from students in specific states (or deny them entry into our college) or does that go against our Open Door policy in NC?

The State Board of Community Colleges Code in 1D SBCCC 400.2 provides that “[e]ach college shall maintain an open-door admission policy to all applicants who are legal residents of the United States and who are either high school graduates or are at least 18 years of age.” By following the instructions in numbered memo cc14-035, colleges have the ability to refuse admission to applicants not residing in NC seeking to enroll in distance learning courses.

9. How is residency defined?
The term “residency” in the SA regulation is not used in the sense of “residency for tuition purposes.” It is used to mean the physical location of the student\(^{xxvii}\).

10. If "residency" means the student physically lives in another state, does that include a FL resident who has moved here to enroll in one of our programs and takes an online course as part of that program?

The legislation generally indicates the location at which the student resides while receiving instruction, not the student’s official place of residence. For example, a North Carolina citizen residing in Maryland while taking a course means that the college from which the student is taking the course must be authorized in Maryland. In the example in this question, the student is physically located in North Carolina, so no authorization would be required.

11. When/How should students be identified who will necessitate that an authorization request be started?

When the individual college develops its SA Compliance Process/Procedure, this is one aspect of the process that has to be addressed.

The most accurate way to address the SA regulations on physical location requirements as opposed to residency status for tuition purposes is for the admissions office to notify the designated SA contact person of a need to verify state authorization status, such as an application is received from a different state or a student files a change of address to a different state.

A college might also conduct ongoing checks of student addresses for purposes of complying with this regulation by running a query of students’ physical addresses each semester after the 10% point for students. A similar query might also be run for faculty physical addresses before the term begins.

The financial aid office may have information related to where checks are mailed that is helpful in determining a student’s physical location.

Note: The SA regulation requires colleges to have authorization prior to registering students\(^{xxviii}\).

12. Does State Authorization apply when a student who is enrolled in a NC college is assigned to a clinical rotation or COE work experience or internship in another state? What about students residing in other states who wish to enroll in a distance program which prepares students for certification and/or licensure?

Each state has requirements for work experience, clinical rotations, and internships. Colleges must follow the state-in-question’s regulations when placing students.

Additionally, HEOA Consumer Information requirements address certification and licensure programs. See additional information in the Consumer Information Section of this Guide.

13. Does State Authorization apply when a college hires an individual who lives in another state to teach an online course?

Federal Guidelines Answer: No, there is no Authorization requirement for this instance.

State Distance Learning Guidelines Answer: Yes, depending on the state laws of the state where the faculty member resides. Physical presence triggers will be impacted and/or negated by NC-SARA for member states.

by this regulation?

A definitive ruling on non-credit courses has not been given; however, courses/programs that receive Title IV funding would be included. In addition, courses or programs that include a state licensure or certification are included in current interpretations of the regulation. Individual state requirements must be met.  http://www.sheeo.org/sites/default/files/State%20Authorization%20Fees%202012-2012.pdf

If an individual state requires non-credit courses to be approved or if faculty residence or equipment (i.e., servers) triggers physical presence, then the authorization rule applies to Continuing Education. (Other physical triggers may apply; see each state’s requirements.) This physical presence trigger may be impacted by NC-SARA.

15. Are Basic Skills distance education offerings being included?

Basic Skills students do not get financial aid; therefore, this would not apply to our programs. (Individual state requirements apply in all cases.) For further information, contact

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919-807-7132

16. Does a college have to be authorized in a state if we have a student who resides there regardless of whether or not the student receives financial aid?

Yes, if that state has authorization requirements governing that student’s situation. (Individual state requirements apply in all cases.)

17. How do State Authorization regulations apply to military member and their dependents?

This section of the regulation is in flux and will likely change, as outlined in the following documents. NC-SARA member institutions will be covered when offering courses on military bases and vessels to members of the military and their dependents. If members of the general public are enrolled and the base is not in an NC-SARA state, the state rules apply.

18. Is there a list of all state regulations already compiled?

Yes, more than one. The most commonly used list can be found at the main SHEEO state authorization websitexxix.

FAQ About Pathways to Compliance

19. What are the basic steps in a pathway to compliance?

"Section II: Quick Start Guide" of this Guide gives a fully developed Quick Start List for the compliance process.

20. Where can I find a model or sample campus compliance process/procedure?

A sample process is included in "Section III: Sample Procedure For Colleges" of this Guide.

21. Who should be the contact for SA at a college?

The campus contact who will handle the State Authorization (SA) process of approval will be determined at the college level.
Identify a campus contact who will handle the State Authorization (SA) process of approval. There should be one person who serves as the SA process coordinator and ensures that the college is in compliance, and is following the SA process/procedure. The SA process coordinator should not handle the entire SA process alone. According to SACSCOC, the president or chief academic officer, who is ultimately responsible for campus compliance, should appoint this point person.

Develop a team with relationships from across your institution. As indicated above, the SA process coordinator should not handle the entire SA process alone. Include institutional leaders and others impacted by SA compliance on your campus, such as Instructional Officers, Financial Aid, Registrars, Distance Learning Administrators, Business Office, etc. A team approach is necessary and should be a working group.

22. **Will the NCCCS attorney be consulted on answers to questions concerning application of the Regulation?**

   Compliance with the State Authorization regulation is an individual campus matter. However, the NCCCS legal counsel has been consulted on Administrative Code or policy issues that affect all colleges such as the “open door” policy.

23. **Will the committee present this information to the President’s Association?**

   Information on State Authorization will be communicated to the Presidents’ Association through the Senior VP and Chief Technology Officer at NCCCS.

If you have questions that are not covered here, submit them using the [VLC Contact Form](#) on the VLC Website.
SECTION VII: GLOSSARY

CHEA
Council for Higher Education Accreditation

C-RAC
Council of Regional Accrediting Commissions.

Consumer Information
Disclosure requirements for participation in Title IV federal financial aid programs. A chart of these requirements may be found in the Federal Student Aid Handbook (updated annually and available on the Department of Ed's Information for Financial Aid Professionals webpage).

Federal Requirements
The remaining active Federal State Authorization regulations are not directed at distance education. The focus is defining how a state must authorize an institution and having a third-party complaint process. The portion addressing distance education was vacated in the courts.

Federal law requires states to develop/clarify how an institution may be authorized within its borders.

NOTE: As of April 2013, with a notice of Proposed Rulemaking in the Federal Register, it appears that the Department of Education is looking to reinstate the portion of the HEA vacated in the courts.

Good Faith Effort
Good faith effort is established by virtue of a college having made certain steps/efforts toward full compliance with the regulation by July 1, 2014.

In an April, 2011 “Dear Colleague” letter, the USDOE explained that “with regard to State authorization provisions at 34 C.F.R. §600.9(c), the Department would “not initiate any action to establish repayment liabilities or limit student eligibility for distance education activities undertaken before July 1, 2014, so long as the institution is making good faith efforts to identify and obtain necessary State authorizations before that date.” In the same letter evidence of good faith efforts by institutions were detailed as including:

• Documentation that an institution is developing a distance education management process for tracking students’ place of residence when engaged in distance education.
• Documentation that an institution has contacted a State directly to discuss programs the institution is providing to students in that State to determine whether authorization is needed.
• An application to a State, even if it is not yet approved.
• Documentation from a State that an application is pending.

MHEC
Midwestern Higher Education Consortium
In most states, there are events that “trigger” physical presence without the presence of a physical campus. A few of these triggers are student enrollments, recruiting activities, advertising/marketing, computer servers, call centers, and in-state faculty members.

Program Integrity Issues
The portion of the Higher Education Opportunity Act of 1965 as amended (HEOA), including the state authorization requirement, as published October 29, 2010 in the Federal Register. 

Program Integrity Rules, 2010
Rules posted in the October 29, 2010 Federal Register (75 Fed. Reg. 66831) defining state authorization, state complaint processes, and credit hour, as well as the elimination of the incentive compensation safe harbors. Portions of these rules were vacated in the courts, but are expected to be re-instituted through the rulemaking process.

Reciprocity Agreement
An interstate agreement in which member states accept other member states’ authority in a particular area. (An example is the agreement where states recognize other states’ driver’s license for driving within the states.)

SA
State Authorization

SACSCOC
Southern Association of Colleges and Schools Commission on Colleges

SARA
State Authorization Reciprocity Agreement. Developed by the Commission on the Regulation of Postsecondary Distance Education. Effort to standardize and simplify compliance with various states’ laws. Most, but not all, states are expected to participate.

SARA NC
State Authorization Reciprocity Agreement North Carolina
Southern Regional Educational Board *Electronic Campus* Regional Reciprocity Agreement.
Dissolution date: June 30, 2017.

**SHEEO**
State Higher Education Executive Officers Association, a good source of information concerning the various states’ rules.

**SREB**
Southern Region Education Board, one of the four US regional compacts, a 16 state compact to which NC belongs

**State requirements**
States have responsibility for authorizing postsecondary institutions operating within their boundaries. SHEEO's website has a comprehensive compendium of State Laws and Regulatory Practices to aid institutions in state-level compliance.

**UNC-GA**
University of North Carolina General Administration

**WCET**
Western Cooperative for Educational Technologies – an off-shoot of WICHE focused on the quality and reach of e-learning programs.

**WICHE**
Western Interstate Commission for Higher Education (one of the four US educational compacts)
SECTION VIII: RESOURCES

The following links were live as of February 2017. Please see the Glossary for organizational names.

All links in this document open in a new window

NC-SARA - National Council for State Authorization Reciprocity Agreements
- NC-SARA homepage contains FAQs, Resource Items, approved states and more
- NC-SARA State Actions Regarding SARA
- April 2013 President’s Forum work on State Authorization Reciprocity Agreement
- What does my institution need to do?
- SARA Manual
- SARA Unified Agreement

SACSCOC – Southern Association of Colleges and Schools- Commission on Colleges
- The Principles of Accreditation (Federal Requirements are in Section 4)

SARA NC – State Authorization Reciprocity Agreement North Carolina
- SARA NC Homepage contains FAQs, Approved Institutions, Fees, and more
- Application Process and Forms

SHEEO - State Higher Education Executive Officers Association
- SHEEO’s Main State Authorization Page
- SHEEO State Authorization Surveys

SREB – Southern Regional Education Board
- Southern Regional Education Board

UNC-GA - University of North Carolina General Administration
- Committee on Educational Planning, Policies, and Programs Assessment on SARA membership
- January 2016 Board Meeting Summary

DOE – United States Department of Education
- Federal Requirements for State Authorization
- State Authorization Regulations
- Federal Register, April 16, 2013, Notice of rulemaking/public hearings for multiple topics including State Authorization
- Dear Colleague Letter, May 6, 2011: State authorization under the Program Integrity Regulations
  Includes Clarification of "good faith efforts"
- Department of Education Complaint Process
- Court of Appeals Ruling

VLC State Authorization
- NC Community Colleges Virtual Learning Community State Authorization website
WCET - WICHE Cooperative for Educational Technologies

- WCET state authorization of Distance Education
- State Authorization & Supervised Field Experiences: Easier Than You Think
- WCET State Authorization Network
- WCET Frontiers Blog – Making a Case for Joining or Not Joining SARA
- Six Common Myths about State Authorization for Distance Education
- Update on the Five Types of State Authorization Regulations
- State Authorization “Ground Rule: No More Delays, More Confusion to Come”
- Call to Action: Comment on State Authorization for DE Regulation

Webpage Examples

- Arizona State University Accreditation and State Regulatory Authorizations
- Grand Canyon University State Authorization
- Lorain County Community College Distance Learning Complaint Process for Out of State Students
- University of New Hampshire State Authorization for Online Education
- Surry Community College Online Learning State Authorization
ENDNOTES


iii North Carolina’s State Portal Entity for NC-SARA, http://www.saranc.org/

iv North Carolina State Education Assistance Authority, http://www.ncseaa.edu/


x Issues SARA does not address, http://www.nc-sara.org/about/issues-sara-does-not-address

xi Grievance contact for North Carolina students, https://www.northcarolina.edu/complaints

xii Grievance contact for students in other states, http://www.saranc.org/docs/SARA-NC-ComplaintForm.pdf


xiv Code of Federal Regulations, Title 34, Part 668.43: Institutional Information, http://www.ecfr.gov/cgi-bin/text-idx?node=34:3.1.3.1.34#se34.3.668_143


xvi Federal Student Aid: Consumer Information (click on Consumer Information Disclosures at a Glance to download a quick reference), http://ifap.ed.gov/qahome/qaassessments/consumerinformation.html


xx HEOA Regulations, http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=f440d9d97f569548482b990ca8e523b0&ty=HTML&h=L&mc=true&n=pt34.3.600&r=PART#se34.3.600_19


Department of Education Complaint Process, http://www2.ed.gov/about/offices/list/ocr/complaints-how.html


WCET state authorization of Distance Education http://wcet.wiche.edu/focus-areas/policy-and-regulation/state-authorization

State Authorization & Supervised Field Experiences: Easier Than You Think https://wcetblog.wordpress.com/2015/12/15/state-auth-field-experiences/

WCET State Authorization Network http://wcet.wiche.edu/initiatives/state-authorization-network

WCET Frontiers Blog – Making a Case for Joining or Not Joining SARA https://wcetblog.wordpress.com/2015/10/14/sara_businesscase/

Six Common Myths about State Authorization for Distance Education https://wcetblog.wordpress.com/2015/07/23/myths-about-state-auth/


State Authorization "Ground Rule: No More Delays, More Confusion to Come https://wcetblog.wordpress.com/2015/05/05/state-auth-on-ground-rule/

Call to Action: Comment on State Authorization for DE Regulation https://wcetfrontiers.org/2016/08/02/comment-on-state-auth-reg/

Arizona State University Accreditation and State Regulatory Authorizations http://asuonline.asu.edu/about-us/state-regulatory-authorizations

Grand Canyon University State Authorization - https://www.gcu.edu/academics/academic-policies.php#h-consumer-information

Lorain County Community College Distance Learning Complaint Process for Out of State Students http://www.lorainccc.edu/Distance+Learning/Out-of-State+Students.htm

University of New Hampshire State Authorization for Online Education http://online.unh.edu/state-authorization-online-education

Surry Community College Online Learning State Authorization http://surry.edu/areas-of-study/online-learning/state-authorization