



Senate Fiscal Agency
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Senate Bill 221 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Tonya Schuitmaker
Committee: Regulatory Reform

CONTENT

The bill would enact the "Higher Education Authorization and Distance Education Reciprocal Exchange Act" to do the following:

- Permit the Department of Licensing and Regulatory Affairs (LARA), on behalf of the State, to enter into reciprocal agreements with public educational agencies in other states or a higher education compact.
- Require the Department to authorize a college or university in Michigan to participate in a reciprocal agreement to which LARA was a party, if the college or university met certain conditions.
- Allow an out-of-State college or university that was not a party to a reciprocal agreement to provide distance education to Michigan residents if it obtained authorization from LARA.
- Prescribe application fees, initial authorization fees, and annual renewal fees of \$2,000 each for an in-State college or university, and \$5,000 each for an out-of-State college and university.
- Require participating and authorized colleges and universities to assure that students enrolled in a distance education program received the services they paid for; protect student records; adopt a policy allowing students to file a complaint; and meet standards of practice contained in interregional guidelines.
- Require LARA to impose certain sanctions if a participating college or university violated the proposed Act, or rules promulgated or an order issued under it.
- Allow the Department to assess an administrative fine of up to \$1,000, plus LARA's actual costs of the investigation, for a violation of the Act or rules promulgated under it, but prohibit LARA from assessing administrative fines against a college or university if the fines in the aggregate were more than \$5,000 for multiple violations that arose from the same transaction.
- Permit LARA to promulgate rules it considered necessary to implement, administer, and enforce the proposed Act.

"Reciprocal agreement" would mean an agreement between this State and a higher education compact or one or more other states that allows participating colleges to provide distance education to residents of Michigan and other member states under the proposed Act.

"Distance education" would mean education that uses one or more technologies to deliver instruction to students who are separated from the instructor, and to support regular and substantive interaction between the students and the instructor, either synchronously or asynchronously. These technologies could include any of the following:

- The internet.
- One-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices.
- Audio conferencing.

-- Video cassettes, DVDs, and CD-ROMs, if they were used in a course in conjunction with any of the technologies listed above.

"College or university" would mean a degree- or certificate-granting public or private college or university, junior college, or community college.

The proposed Act would be repealed on September 30, 2017.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the Department of Licensing and Regulatory Affairs, Michigan community colleges, and Michigan universities. The bill would allow LARA to enter into reciprocal agreements with public educational agencies in other states or a higher education compact. The Department would collect an application fee of \$2,000, an initial authorization fee of \$2,000, and an annual \$2,000 renewal fee. It also would collect an application fee of \$5,000, an initial authorization fee of \$5,000, and an annual \$5,000 renewal fee from out-of-State colleges and universities that were not part of a compact, but that wished to provide distance education to residents of Michigan. The Department would face some increased costs from administration of compacts and distance education agreements as well as rule promulgation. It is unknown at this time how much LARA would collect from these fees, and whether new revenue would be less than or greater than the new costs, so the fiscal impact of the bill on LARA is indeterminate. The revenue from Michigan institutions in the first year could generate between \$200,000 and \$375,000, depending on the number of institutions participating in reciprocal agreements. Revenue in subsequent years would range from \$100,000 to \$200,000.

The impact on community colleges and universities would vary by institution depending on the number of students generated through State Authorization Reciprocity Agreements and administrative savings realized through a state-level streamlined reciprocity process.

Date Completed: 4-15-15

Fiscal Analyst: Bill Bowerman
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.