

Distance Education Reciprocal Exchange Act Sunset

Phone: (517) 373-8080
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Senate Bill 260 as passed by the Senate

Sponsor: Sen. Hildenbrand

House Committee: Appropriations

Senate Committee: Appropriations

Complete to 6-12-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

SB 260 would extend the sunset date of the Higher Education Authorization and Distance Education Reciprocal Exchange Act by six years. The act is currently set to expire on September 30, 2017, while the bill would make the new sunset September 30, 2023.

Colleges and universities within the state of Michigan may provide distance education in other states that participate in the State Authorization Reciprocity Agreement (SARA). SARA establishes comparable standards for distance education courses and programs. Colleges that wish to enter into SARA or reciprocal agreements with other educational compacts must seek approval from the Department of Licensing and Regulatory Affairs (LARA). LARA then authorizes colleges and universities to enter into the reciprocal agreements.

In-state institutions pay LARA a \$2,000 application fee, an initial authorization fee of \$2,000, and then an annual renewal fee of \$2,000. Out-of-state institutions that wish to offer distance education within the state pay LARA a \$5,000 application fee, an authorization fee of \$5,000 and a \$5,000 annual renewal fee.

14 Michigan public universities and 11 Michigan public community colleges participate in SARA according to the National Council for State Authorization Reciprocity Agreements. It is unclear how many out-of-state colleges and universities offer distance education programs within the state.

FISCAL IMPACT:

The application, authorization and renewal fees collected under the act are directed under statute to cover expenses for LARA in providing administrative services related to the agreements. If the sunset were not extended, LARA could no longer collect fees from both in-state and out-of-state colleges and universities, nor could it negotiate on behalf of in-state and out-of-state colleges and universities for distance education agreements. As of June 12, LARA has collected \$345,000 in revenues and has expenses of \$209,000 for FY 2016-17. Without the sunset extension provided for under the bill, LARA would no longer offer this service for Michigan colleges, universities, and community colleges after September 30.

The bill would have an indeterminate fiscal impact on Michigan public colleges, universities and community colleges, and the impact would vary by institution. As the bill would extend the sunset date, institutions would continue to receive revenue generated by students participating in distance education. If the sunset was allowed to expire, reciprocity agreements could become more difficult to participate in, adding additional expenses for colleges and universities if LARA is no longer the clearinghouse for such agreements. Higher Education institutions would save \$2,000 per year not having to pay a renewal fee to LARA.

Fiscal Analysts: Perry Zielak
Marcus Coffin

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