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BILL



ANALYSIS

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Senate Bill 260 (as introduced 3-21-17)  
Sponsor: Senator Dave Hildenbrand  
Committee: Appropriations

Date Completed: 5-9-17

### **CONTENT**

The bill would postpone the date of the sunset contained in Public Act 45 of 2015 from September 30, 2017, to September 30, 2023. Public Act 45 established the Higher Education Authorization and Distance Education Reciprocal Exchange Act. Institutions voluntarily register with their home state to provide distance education in other states that participate in the State Authorization Reciprocity Agreement (SARA). Participating in this national system is in lieu of having to register with each state individually.

Under the Act, the Department of Licensing and Regulatory Affairs (LARA), on behalf of the State, enters into reciprocal arrangements with public educational agencies in other states or a higher education compact. The Department then authorizes a college or university in Michigan to participate in a reciprocal agreement to which LARA is a party, if the college or university meets certain conditions. The Department also may allow an out-of-State college or university that is not a party to a reciprocal agreement to provide distance education to Michigan residents if it obtains authorization from LARA.

According to the National Council for State Authorization Reciprocity Agreements website, 14 Michigan public universities, 11 Michigan public community colleges, and 18 Michigan private institutions in Michigan participate in SARA.

MCL 390.1697

### **FISCAL IMPACT**

Colleges and universities located in the State of Michigan pay an application fee of \$2,000, an initial authorization fee of \$2,000, and annual renewal fees of \$2,000 to participate in a reciprocal agreement under the Act. Colleges and universities located outside of the State of Michigan that are not part of a compact, but wish to provide distance education to residents of Michigan, pay an application fee of \$5,000, an initial authorization fee of \$5,000, and annual renewal fees of \$5,000. The Act provides that fees collected must be used solely for administrative expenses incurred under the Act.

According to the State accounting system, as of May 2017, the following revenue and expenditures have resulted under the Act:

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expenditures</u>
FY 2015-16	\$630,000	\$203,098
FY 2016-17	\$345,000	\$178,156

The impact on community colleges and universities of delaying the Act's sunset date would vary by institution depending on the number of students generated under the State Authorization Reciprocity Agreement and administrative savings realized through a State-level streamlined reciprocity process.

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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.