

Legislative Analysis



EXTEND SUNSET DATE FOR THE HIGHER EDUCATION AUTHORIZATION AND DISTANCE EDUCATION RECIPROCAL EXCHANGE ACT

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Analysis available at
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House Bill 4982 as introduced
Sponsor: Rep. Carol Glanville
Committee: Higher Education
Complete to 9-19-23

SUMMARY:

House Bill 4892 would amend the Higher Education Authorization and Distance Education Reciprocal Exchange Act to extend the sunset (expiration date) by six years to September 30, 2029.

The sunset was last extended by 2017 PA 99,¹ which moved it from September 30, 2017, to the current September 30, 2023. If no action is taken regarding the current sunset, the act will be repealed on that date.

MCL 390.1697

FISCAL IMPACT:

House Bill 4982 would have a minimal fiscal impact on public universities and community colleges. Fifteen Michigan public universities and 22 Michigan public community colleges participate in the State Authorization Reciprocity Agreement (SARA), according to the National Council for State Authorization Reciprocity Agreements. As the bill would extend the sunset date, institutions would continue to receive revenue generated by students participating in distance education. If the sunset were allowed to expire, reciprocity agreements could become more difficult to participate in, adding additional expenses for colleges and universities, and it could lead to the loss of revenue if distance education reciprocity agreements could not continue.

Under the program, in-state institutions pay LEO 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 LEO a \$5,000 application fee, an authorization fee of \$5,000, and a \$5,000 annual renewal fee.

The application, authorization, and renewal fees collected under the act are directed under statute to cover expenses for LEO in providing administrative services related to the agreements. If the sunset were not extended, LEO 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. In FY

¹ See <https://www.legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-0260-CF453113.pdf>

2021-22, LEO collected \$389.9 million in revenues for the program and had expenses of \$368.4 million. Without the sunset extension provided for under the bill, LEO would no longer be authorized to offer this service for Michigan colleges, universities, and community colleges after September 30, 2023.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.