



Senate Fiscal Agency  
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## BILL ANALYSIS



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House Bill 4982 (as enacted)  
Sponsor: Representative Carol Glanville  
House Committee: Higher Education  
Senate Committee: Committee of the Whole

**PUBLIC ACT 127 of 2023**

Date Completed: 10-17-23

**CONTENT**

**The bill amended the Higher Education Authorization and Distance Education Reciprocal Exchange Act to extend the Act's sunset from September 30, 2023, to September 30, 2029.**

The Act authorizes the Department of Labor and Economic Opportunity (LEO), on behalf of the State, to enter into reciprocal agreements with public education agencies in other states or a higher education compact (for more information, see **BACKGROUND**).

"Reciprocal agreement" means an agreement between the State and a higher education compact or one or more other states that allows participating colleges to provide distance education to Michigan residents and other member states under the Act. "Distance education" means 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 may include the Internet and audio conferencing, among other things.

Previously, the Act was set to be repealed September 30, 2023. The bill extended the sunset to September 30, 2029.

The bill took effect September 29, 2023.

MCL 390.1697

**BACKGROUND**

The Act authorizes LEO to enter reciprocal distance learning compacts, ensure that distance learning providers meet standards of practice, set annual fees, protect student records, and establish a student complaint system. In-state schools that choose to participate as part of a national reciprocity agreement are authorized to provide distance education in other member states. Out-of-state schools located in states that are not a member of a national reciprocity agreement may seek authorization under the Act to provide distance education to Michigan residents.<sup>1</sup> According to testimony before the House Committee on Higher Education, Michigan is a member of the Midwestern-State Authorization Reciprocity Agreement, which sets interstate standards for postsecondary distance education.

The Act was enacted in 2015, with a sunset in 2017. Public Act 99 of 2017 extended the sunset to September 30, 2023. In 2019, Governor Gretchen Whitmer issued Executive

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<sup>1</sup> "Postsecondary Schools", Workforce Development Agency, Michigan Department of Labor and Economic Opportunity. Retrieved 10-3-23.

Reorganization Order No. 3, which, among other things, transferred administration of the Act from the Department of Licensing and Regulatory Affairs to LEO.<sup>2</sup>

Legislative Analyst: Abby Schneider

### **FISCAL IMPACT**

The bill will have a likely positive fiscal impact on the 15 universities and 22 community colleges that participate in the Midwestern-State Authorization Reciprocity Agreement (M-SARA) and no significant fiscal impact on the State or local units of government. The bill allows participating postsecondary institutions to remain a part of the M-SARA agreement through September 30, 2029. Remaining a part of this agreement will prevent participating institutions from incurring administrative and regulatory costs associated with complying with the distance learning requirements of each other state that participates in M-SARA individually.

Michigan's participation in M-SARA is financed through fees paid by Michigan institutions that participate in the agreement as well as out-of-state institutions that offer distance learning classes to Michigan students. In-state institutions pay a \$2,000 application fee, a \$2,000 authorization fee and annual renewal fees of \$2,000. Out-of-state institutions pay a \$5,000 application fee, a \$5,000 authorization fee, and a \$5,000 annual renewal fee. Collectively, these fees generated \$389,900 in Fiscal Year 2021-22. Statute requires that these fees only be used to offset administrative costs incurred by LEO in administering Michigan's participation in M-SARA. If the program's sunset delayed by the bill had instead been allowed to occur, LEO would lose this revenue, but also would cease incurring the costs associated with the program, so the sunset would have had little net fiscal impact on the Department.

Fiscal Analyst: Josh Sefton

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<sup>2</sup> MCL 125.1998.

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