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BILL ANALYSIS



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Senate Bill 260 (as enacted)
Sponsor: Senator Dave Hildenbrand
Committee: Appropriations

PUBLIC ACT 99 of 2017

Date Completed: 7-12-18

CONTENT

The bill would postpone the sunset date of the Higher Education Authorization and Distance Education Reciprocal Exchange Act from September 30, 2017, to September 30, 2023. 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 participate in SARA in Michigan.

MCL 390.1697

FISCAL IMPACT

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

According to the State accounting system, as of May 2017, the Act resulted in revenue of \$630,000 and expenditures of \$203,098 in fiscal year (FY) 2015-16; and revenue of \$345,000 and expenditures of \$178,156 in FY 2016-17.

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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