NC-SARA Sends Letter to Higher Education Stakeholders Regarding Continued Use of Financial Responsibility Scores

Letter underscores the importance of maintaining student consumer protections throughout COVID-19 pandemic while also allowing key flexibility measures for institutions

BOULDER, CO – The National Council for State Authorization Reciprocity Agreements (NC-SARA) issued a letter to higher education stakeholder groups, including NAICU and ACE, that have raised concerns about the continued use of federal financial composite scores as part of NC-SARA’s evaluative process.

In the letter, NC-SARA President and CEO Dr. Lori Williams wrote, “The COVID-19 pandemic has created unprecedented challenges for our nation’s higher education system. Higher education leaders have been forced to transition their full programs and course offerings to distance learning in record time. Throughout this difficult time, ensuring appropriate quality measures and student consumer protections remain in place is a top priority for NC-SARA.”

Dr. Williams acknowledged stakeholders’ concerns about the ramifications the COVID-19 pandemic will likely have on future federal financial composite scores, and reiterated NC-SARA’s call for a review of the “imperfect measure”.

“Assessing institutions’ financial stability is difficult, especially given the limitations of the current federal financial viability assessment,” Dr. Williams wrote. “NC-SARA recognizes that federal financial responsibility scores from fiscal year 2020 will reflect financial damage from the COVID-19 pandemic. We will encourage states to use their discretion in making a determination about the overall financial viability of those institutions that were in good financial standing prior to the impact of the coronavirus, taking into consideration other information that is available to them as evidence of financial sustainability.”

Additionally, the letter outlines a series of steps NC-SARA plans to take in the near term in response to the changing higher education landscape due to the COVID-19 pandemic, including:

- Supporting high-quality online instruction for students enrolled in SARA participating institutions
- Joining with others to consider improved measures of financial viability moving forward
• Assessing the likely impact of fiscal year 2020 on federal financial responsibility scores to determine whether in the context of industry-wide trends any changes in NC-SARA policy are justified
• Collecting data, particularly from our member states and collaborating with them and the regional compacts that implement SARA, to better understand the financial consequences of this crisis, and determine the best ways to measure the financial viability of participating institutions

Dr. Williams concluded, “NC-SARA would welcome an opportunity to collaborate ACE and other stakeholders to support the development of a reasonable alternative that can help reliably evaluate institutions’ financial health. We feel that this would be beneficial to all those with a vested interest in these issues – students, institutions, and states – and we hope an improved assessment will be in place within the next two years before the effects of the pandemic will show in the scores.”

To read the letters to ACE and NAICU, click here for the ACE letter and click here for the NAICU letter.

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The National Council for State Authorization Reciprocity Agreements (NC-SARA) is a voluntary, interstate reciprocal approach to state oversight of postsecondary distance education. The initiative is administered by the country’s four regional higher education compacts (MHEC, NEBHE, SREB and WICHE) and coordinated by NC-SARA. States and institutions that choose to participate agree to operate under common standards and procedures, providing a more uniform and less costly regulatory environment for institutions, more focused oversight responsibilities for states, and better resolution of student complaints. www.nc-sara.org