

APRIL 2021

# INSTITUTION COST SAVINGS STUDY

Technical Report



## Table of Contents

Overview: State Authorization Reciprocity Agreements Institutional Cost Savings Study .....	1
About SARA .....	1
About NC-SARA.....	2
About NCHEMS.....	2
Summary of Results.....	2
Methodology.....	3
Survey.....	3
Cost Savings Multiplier Calculation .....	4
Survey Respondents .....	5
Results .....	8
Calculating Individual Institution Estimates.....	13
Other Benefits of SARA Participation for Institutions.....	13
Limitations and Areas for Future Research.....	13
Appendix A. Simplified State Authorization Fees Schedule .....	15

## List of Tables

Table 1. Cost Calculation by Institution Size .....	5
Table 2. SARA Participation and Survey Responses by Compact.....	6
Table 3. SARA Participation and Survey Responses by Institution Size.....	6
Table 4. SARA Membership and Survey Responses by Sector.....	6
Table 5. Survey Responses by State .....	6
Table 6. Characteristics of Survey Respondents.....	8
Table 7. Cost Multiplier Calculation .....	8
Table 8. Example of Iowa Cost Savings for Initial Authorization Estimated Costs.....	9
Table 9. Initial Authorization Estimated Savings by State.....	9
Table 10. Renewal Estimated Savings by State.....	11

## Overview: State Authorization Reciprocity Agreements Institutional Cost Savings Study

SARA – State Authorization Reciprocity Agreements – was born of the need to streamline oversight and control of each state's postsecondary enterprise. While states bear the responsibility for authorizing education services offered to their citizens, public and private institutions have broadened their reach beyond their borders to residents of other states. Prior to SARA, states and institutions faced the real possibility of being overwhelmed by the administrative processes and wildly varying fees as thousands of schools sought to operate in 50 states and territories.

SARA has made the authorization process more efficient and uniform as well as allowing states to be more effective about addressing quality and integrity issues, all leading to cost savings for institutions, states, and students.

This report is the result of research conducted by the National Center for Higher Education Systems (NCHEMS) and commissioned by the National Council for State Authorization Reciprocity Agreements (NC-SARA). The goal was to gain insight into institutional cost savings associated with SARA participation. The project involved collection of information both from publicly available sources (NC-SARA, individual state authorization websites) as well as a short survey of institutions participating in SARA in the 2018-2019 academic year.

### About SARA

Recognizing the growing demand for distance learning opportunities, higher education stakeholders – including state regulators and education leaders, accreditors, the U.S. Department of Education, and institutions – joined together in 2013 to establish the State Authorization Reciprocity Agreements (SARA), which streamlines regulations for distance education programs. SARA helps expand students' access to educational opportunities and ensures more efficient, consistent, and effective regulation of distance learning programs.

SARA is a voluntary agreement among 49 member states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, and as of January 2021, more than 2,200 institutions participate. SARA is open to all degree-granting institutions in SARA member states – public, private, independent, non-profit, and for-profit -- who pay between \$2,000 and \$6,000 annually based on enrollment. Participating colleges and universities must adhere to stringent requirements, including accreditation and remaining in good financial standing.

Some benefits of SARA are that it improves distance education program quality nationwide, makes it easier for students to access online courses across state lines, reduces costs and bureaucracy for states and institutions, improves coordination between states on higher education opportunities, provides valuable oversight of distance education programs, and shares out-of-state learning experience data such as clinical hours and practice teaching.

### About NC-SARA

The National Council for State Authorization Reciprocity Agreements (NC-SARA) is a nonprofit organization that helps expand students' access to educational opportunities and ensure more efficient, consistent, and effective regulation of distance learning programs.

NC-SARA leads its member states -- in partnership with four regional education compacts -- to ensure consistent compliance with distance education rules for state authorization among its institution participants. NC-SARA also ensures states, institutions, policymakers, and students understand the value, purpose, and benefits of participating in State Authorization Reciprocity Agreements (SARA), particularly with respect to the consumer protection benefits it provides. Today, more than 2,200 institutions in 49 member states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands all voluntarily participate in SARA.

NC-SARA's mission is:

- To provide broad access to postsecondary education opportunities to students across the country;
- To increase the quality and value of higher learning credentials earned via distance education; and
- To assure students are well served in a rapidly changing education landscape.

### About NCHEMS

With offices in Boulder, Colorado, the National Center for Higher Education Management Systems (NCHEMS) is a private nonprofit 501(c)(3) organization whose mission is to improve strategic decision making in postsecondary education for states and institutions in the United States and abroad. Its work has touched on topics across a wide spectrum of public policy: strategic planning to finance and resource allocation to the development of new educational delivery models. Throughout its more than 50 years, NCHEMS has been a resource for turning data into usable knowledge for leaders and policymakers at all levels.

### Summary of Results

Nearly 600 institutions were surveyed, and 171 institutions responded with complete data and were included in this analysis. Analysis of these responses include these key findings:

- Institutions participating in SARA currently spend (on average, depending on state and institution size) between \$3,351 and \$11,221 for initial authorization, and \$3,258 and \$11,033 on annual renewal.
  - If these institutions were not SARA participants, it is estimated that these costs would be up to \$2,180,000 initially, and up to \$402,000 annually.
- Overall, the average institution would spend 38.6 times as much for initial authorization, and 13.6 times as much annually as a non-SARA participant.
- This results in a total cost savings across all SARA participating institutions of \$402 million dollars on initial authorization and \$133 million dollars annually on renewal.

- On average, regardless of institution size, initial authorization to offer interstate distance education nationally will cost an institution over \$100,000, compared to less than \$12,000 for SARA participation.

## Methodology

In order to estimate the savings associated with participation in SARA, it was first necessary to estimate what an institution's costs would be if they chose instead to pursue state authorization from every state in which they provide distance learning education. These costs could then be compared to the required state and NC-SARA costs to create a cost savings multiplier. A list of authorization and renewal fees for each of the 50 states was compiled, and is available in Appendix A. Because many of the fees depend on the number and level of programs offered, NCHEMS needed to gather additional data directly from institutions in order to estimate what their costs would be for individual state authorization.

## Survey

NCHEMS developed a short survey to capture this information and issued it via email to a representative selection of SARA institutions on June 8, 2020. The survey was scheduled to close on June 26, 2020, but extensions were offered due to the unique working conditions caused by COVID-19. A stratified random sample of institutions was selected based on institutional size (as defined by SARA category - small = <2,500 FTE; medium = 2,500 – 9,999 FTE; large = 10,000 + FTE), state, institutional sector, and regional compact. These categories are based on total student enrollment, not just distance education enrollment. In total, the survey was sent to 598 of the 1,984 SARA participating institutions. The purpose of the survey was to learn how many distance learning programs are offered by participating institutions, at what award level, and whether all programs were available to all students regardless of state of residence.

The questions included:

- Q1. Institution Name
- Q2. For Fall 2018, the number of distance learning programs\* offered at the following degree levels:

\*A program for which all the required coursework for program completion is able to be completed via distance education courses.

Certificate:

Associates:

Bachelors:

Masters:

Doctoral:

- Q3. Are all programs offered uniformly to students residing in all participating SARA states, or is there a subset of programs offered to some specific states?
- Q4. Please feel free to offer further comments or clarifications regarding your distance learning programs:
- Q5: NC-SARA is interested in speaking with institutional representatives about their experiences with state authorization prior to NC-SARA. Would you be interested in being contacted by someone from NC-SARA? If yes, please enter your name and email address.

### ***Cost Savings Multiplier Calculation***

Institution program counts (from the survey) were matched to enrollment figures (from NC-SARA) for fall 2018. Those institutions for which survey responses could not be matched to the distance education enrollment data were excluded from the data set. This excluded any institution that did not submit a distance education enrollment report to NC-SARA for fall 2018 or those who were not yet SARA participants. Eleven institutions excluded in this fashion.

For each state in which an institution enrolled a student, the estimated authorization and renewal costs for which that institution would be liable were calculated. If the state based their costs on tuition revenues, the lowest end of the range specified by the state was used. Costs were estimated based on all of the online programs an institution offered, and not necessarily those in which students were enrolled. All state costs were added together to create a total estimated authorization cost and total estimated renewal cost for each institution.

Many states require additional fees either upon application or annually, which were not included in the estimated cost because they are highly variable and information about them is sparse and inconsistent. Some of these include:

- Surety Bonds in the event of school closure
- Change fees
  - Additional programs
  - Additional sites
  - Curriculum modification
  - Change of location
  - Change of name
  - Change of ownership
- Agent Fees and Agent Permits
- Site Evaluation

- Travel
- Staff stipends

With these estimates for the authorization and renewal costs for each state where students are served, NCHEMS calculated an average cost for authorization and renewal by dividing the total estimated authorization and renewal costs by the number of respondents for each size category.

Total costs for SARA participation were compiled for each institutional size category, since state and NC-SARA costs are based on these categories. These costs included both NC-SARA costs and the average of the SARA state costs, which are what each state charges to its own institutions for SARA participation. A complete list of SARA costs can be found in Appendix A. Calculated costs for initial authorization were as follows:

**Table 1. Cost Calculation by Institution Size**

	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Average SARA State Cost	\$1,351	\$2,764	\$5,221
NC-SARA Cost	\$2,000	\$4,000	\$6,000
Total Average SARA Cost	\$3,351	\$6,764	\$11,221

Costs for these institutions to obtain state authorization as a non-SARA participant can be up to \$2.1 million; annually, renewal costs could be up to \$402,000. A cost multiplier was calculated for each institutional size category. This multiplier is the result of dividing the average estimated cost by the SARA participation costs, and represents how much more an institution would spend as non-SARA participant. For example, a cost multiplier of 30 means an institution would spend 30 times as much that they are currently spending as a SARA participant.

### **Survey Respondents**

NCHEMS received 179 responses to the survey for a response rate of 30%, but there were eight institutions for which enrollment data could not be collected. In the end, complete data was collected from 171 responding institutions. Respondents largely reflected the diversity across regional compacts and NC-SARA participating institutions, as shown in Table 2 through Table 4 below, both in institution size and sector. Note that for SARA purposes, the New England Board of Higher Education (NEBHE) includes New York and New Jersey, and the Southern Regional Education Board (SREB) includes Pennsylvania, Puerto Rico, and the U.S. Virgin Islands. Percentages throughout the report may not equal 100% due to rounding.

**Table 2. SARA Participation and Survey Responses by Compact**

	MHEC	NEBHE	SREB	WICHE
<b>SARA Participation</b>	29%	14%	45%	13%
<b>Total Responses</b>	32%	15%	47%	6%

Care was taken to further reflect the population of institutions by size and by sector within the original sample, and the responses also reflected this diversity. Overall, the responses closely aligned with SARA participation by institution size, though as shown in Table 3, among NEBHE and WICHE respondents, there were greater percentages of medium and large institutions.

**Table 3. SARA Participation and Survey Responses by Institution Size**

	Small	Medium	Large
<b>SARA Participation</b>	49%	35%	15%
<b>Total Responses</b>	50%	36%	14%
<b>MHEC</b>	56%	35%	9%
<b>NEBHE</b>	40%	40%	20%
<b>SREB</b>	53%	33%	14%
<b>WICHE</b>	27%	45%	27%

**Table 4. SARA Membership and Survey Responses by Sector**

	Private, For-Profit	Private, Not-For-Profit	Public Associates, Other 2-Year and Less Than 2-Year	Public Masters, Bachelors and Other 4-Year	Public Research
<b>SARA Participation</b>	6%	43%	29%	13%	9%
<b>Total Responses</b>	6%	47%	26%	11%	10%
<b>MHEC</b>	2%	61%	26%	6%	6%
<b>NEBHE</b>	12%	48%	12%	16%	12%
<b>SREB</b>	6%	40%	30%	14%	11%
<b>WICHE</b>	18%	36%	27%	0%	18%

**Table 5. Survey Responses by State**

State	Responses
Alabama	3
Alaska	1
Arizona	4
Arkansas	8
California*	0
Colorado	0



Connecticut	2
DC	0
Delaware	0
Florida	5
Georgia	5
Hawaii	0
Idaho	1
Illinois	7
Indiana	2
Iowa	4
Kansas	7
Kentucky	5
Louisiana	3
Maine	2
Maryland	4
Massachusetts	4
Michigan	9
Minnesota	1
Mississippi	3
Missouri	8
Montana	0
Nebraska	5
Nevada	0
New Hampshire	0
New Jersey	2
New Mexico	0
New York	13
North Carolina	9
North Dakota	1
Ohio	6
Oklahoma	4
Oregon	1
Pennsylvania	10
Puerto Rico	3
Rhode Island	1
South Carolina	2
South Dakota	1
Tennessee	5
Texas	9
Utah	1
Vermont	1
Virgin Islands	0
Virginia	3
Washington	2

<b>West Virginia</b>	0
<b>Wisconsin</b>	4
<b>Wyoming</b>	0
<b>Total</b>	171

\*CA is not currently a member of SARA, but included for comprehensiveness.

## Results

On average, the institutions who responded to the survey offered 19 distance education programs and served 1,251 students in 22 states. As expected, larger institutions offered significantly more programs to more students, as shown in Table 6. Costs for these institutions to obtain state authorization as a non-SARA member can be up to \$2.1 million; annually, renewal costs could be up to \$402,000.

**Table 6. Characteristics of Survey Respondents**

	<b>N</b>	<b>Average # of Programs</b>	<b>Average # of Out-of-State Students Served</b>	<b>Average # of States Served</b>	<b>Range of Estimated Authorization Costs (in thousands)</b>	<b>Range of Estimated Renewal Costs (in thousands)</b>
Small	86	11	99	17	\$0 - \$805	\$0 - \$247
Medium	61	18	333	24	\$0 - \$851	\$0 - \$260
Large	24	52	7,711	34	\$15 - \$2,180	\$13 - \$402
<b>Total</b>	<b>171</b>	<b>19</b>	<b>1,251</b>	<b>22</b>	<b>\$0 - \$2,180</b>	<b>\$0 - \$402</b>

Based on these results, we estimate that on average, regardless of institution size, initial authorization to offer distance learning nationally would cost an institution over \$100,000, compared to less than \$12,000 for SARA participation. SARA participation costs remain fairly consistent over time, while average estimated renewal costs for non-SARA participants would range from \$45,000 to \$171,000. Specific figures as well as the resulting cost multipliers can be found in Table 7. The cost multiplier indicates how much more state authorization costs are than the cost of SARA participation; for example, a small institution (less than 2,500 FTE) could expect to pay 34.3 times more in order to get initially authorized to operate in the states it offers programs if they choose not to participate in SARA, and 13.7 times more each year to maintain authorization in individual states.

**Table 7. Cost Multiplier Calculation**

	<b>Average Auth. Costs</b>	<b>Average Renewal Costs</b>	<b>Average SARA Auth. Costs</b>	<b>Average SARA Renewal Costs</b>	<b>Initial Auth. Multiplier</b>	<b>Renewal Multiplier</b>
Small	\$114,845	\$44,753	\$3,351	\$3,258	34.3	13.7

Medium	\$220,262	\$80,865	\$6,764	\$6,633	32.6	12.2
Large	\$588,073	\$170,973	\$11,221	\$11,033	52.4	15.5

The cost multiplier was used to create an estimated cost for each state, regional compact, and NC-SARA as a whole, for both initial authorization and renewal. The costs of national and state SARA fees were then subtracted from the estimated costs in order to calculate an estimated savings amount.

An example of how each state's total was calculated is available in Table 8. In the example, Iowa uses the same fee structure as NC-SARA (\$2,000 for small schools; \$4,000 for medium schools, and \$6,000 for large schools), resulting in total costs of \$4,000 - \$12,000 for SARA participating institutions. The total cost number for each size group was multiplied by the number of SARA participating institutions in Iowa in that group, and then by the cost multiplier noted in Table 7. **In Iowa, this resulted in an estimated \$9.15 million dollars spent by SARA participating institutions on initial authorization.**

**Table 8. Example of Iowa Cost Savings for Initial Authorization Estimated Costs**

	No. of SARA schools	Calculation*	Initial Authorization Estimated Costs
Small	32	\$4,000 x 32 x 34.3	\$4,390,400
Medium	11	\$8,000 x 11 x 32.6	\$2,868,800
Large	3	\$12,000 x 3 x 52.4	\$1,886,400
Total Schools	46		\$9,145,600

\*Fees used in the calculation are based on the sum of NC-SARA and state SARA fees.

Note that for each state, the actual state SARA costs were used to create the multiplier, rather than the average SARA costs. This provides a more accurate reflection of state and SARA savings for institutions. While the multiplier is likely to vary across individual states, the overall multiplier was used for all states since an individual state multiplier would require a much larger sample.

**Overall, we estimate that SARA participation saves member institutions \$402 million dollars for initial authorization, and \$133 million annually in renewal costs.** Breakdowns of estimated costs and savings by state are available in Table 9 and Table 10.

**Table 9. Initial Authorization Estimated Savings by State**

State	Number of SARA Member Institutions	Estimated Costs	State and NC SARA Costs	SARA Affiliation Fee	Estimated Savings
Alabama	35	\$9,468,400	\$244,000	\$0	\$9,224,400
Alaska	4	\$582,000	\$14,000	\$0	\$568,000
Arizona	29	\$8,027,500	\$191,000	\$0	\$7,836,500

Arkansas	33	\$3,803,200	\$100,000	\$0	\$3,703,200
Colorado	41	\$5,706,000	\$144,000	\$0	\$5,562,000
Connecticut	25	\$8,139,500	\$220,000	\$0	\$7,919,500
District of Columbia	12	\$4,825,000	\$110,000	\$50,000	\$4,665,000
Delaware	4	\$827,800	\$18,000	\$0	\$809,800
Florida	83	\$23,851,800	\$560,000	\$0	\$23,291,800
Georgia	65	\$10,114,300	\$275,000	\$0	\$9,839,300
Hawaii	6	\$1,061,600	\$28,000	\$0	\$1,033,600
Idaho	10	\$2,256,350	\$55,000	\$0	\$2,201,350
Illinois	93	\$17,703,650	\$478,750	\$0	\$17,224,900
Indiana	47	\$5,378,800	\$140,000	\$0	\$5,238,800
Iowa	46	\$9,145,600	\$252,000	\$0	\$8,893,600
Kansas	44	\$4,681,400	\$126,000	\$0	\$4,555,400
Kentucky	41	\$11,164,700	\$297,000	\$0	\$10,867,700
Louisiana	22	\$4,539,100	\$115,000	\$0	\$4,424,100
Maine	17	\$1,537,000	\$46,000	\$0	\$1,491,000
Maryland	28	\$7,769,200	\$200,000	\$0	\$7,569,200
Massachusetts	46	\$15,418,000	\$405,000	\$0	\$15,013,000
Michigan	56	\$15,919,200	\$414,000	\$0	\$15,505,200
Minnesota	59	\$12,858,250	\$341,500	\$0	\$12,516,750
Mississippi	30	\$4,730,250	\$130,000	\$0	\$4,600,250
Missouri	71	\$8,980,650	\$242,500	\$0	\$8,738,150
Montana	11	\$1,308,000	\$32,000	\$0	\$1,276,000
Nebraska	26	\$3,546,380	\$91,800	\$0	\$3,454,580
Nevada	9	\$1,478,400	\$34,000	\$0	\$1,444,400
New Hampshire	15	\$2,858,100	\$75,000	\$0	\$2,783,100
New Jersey	43	\$7,224,500	\$205,900	\$0	\$7,018,600
New Mexico	21	\$3,253,100	\$85,000	\$0	\$3,168,100
New York	103	\$40,980,800	\$1,061,000	\$50,000	\$39,869,800
North Carolina	75	\$18,389,600	\$476,000	\$0	\$17,913,600
North Dakota	14	\$1,575,600	\$40,000	\$0	\$1,535,600
Ohio	78	\$21,162,800	\$524,000	\$0	\$20,638,800
Oklahoma	34	\$4,241,200	\$110,000	\$0	\$4,131,200
Oregon	31	\$8,818,100	\$235,000	\$0	\$8,583,100
Pennsylvania	105	\$11,947,600	\$324,000	\$50,000	\$11,573,600
Puerto Rico	16	\$3,277,600	\$92,000	\$50,000	\$3,135,600
Rhode Island	8	\$3,338,250	\$84,500	\$0	\$3,253,750
South Carolina	38	\$9,160,400	\$256,000	\$0	\$8,904,400
South Dakota	17	\$3,981,800	\$112,000	\$0	\$3,869,800
Tennessee	58	\$14,120,800	\$384,000	\$0	\$13,736,800
Texas	113	\$17,651,400	\$424,000	\$0	\$17,227,400
Utah	22	\$6,830,400	\$156,000	\$0	\$6,674,400

Vermont	13	\$1,384,800	\$38,000	\$0	\$1,346,800
Virgin Islands	1	\$68,600	\$2,000	\$10,000	\$56,600
Virginia	64	\$11,111,100	\$291,000	\$0	\$10,820,100
Washington	40	\$7,173,650	\$196,000	\$0	\$6,977,650
West Virginia	27	\$3,201,700	\$83,500	\$0	\$3,118,200
Wisconsin	47	\$5,627,400	\$152,000	\$0	\$5,475,400
Wyoming	8	\$856,400	\$22,000	\$0	\$834,400
<b>Total</b>	<b>1,984</b>	<b>\$413,057,730</b>	<b>\$10,733,450</b>	<b>\$210,000</b>	<b>\$402,114,280</b>

**Table 10. Renewal Estimated Savings by State**

State	Number of SARA Member Institutions	Estimated Costs	State and NC SARA Costs	SARA Affiliation Fee	Estimated Savings
Alabama	35	\$3,292,400	\$244,000	\$0	\$3,048,400
Alaska	4	\$196,600	\$14,000	\$0	\$182,600
Arizona	29	\$2,728,900	\$191,000	\$0	\$2,537,900
Arkansas	33	\$1,359,200	\$100,000	\$0	\$1,259,200
Colorado	41	\$1,969,200	\$144,000	\$0	\$1,825,200
Connecticut	25	\$2,900,000	\$220,000	\$0	\$2,680,000
District of Columbia	12	\$1,585,000	\$110,000	\$50,000	\$1,425,000
Delaware	4	\$262,200	\$18,000	\$0	\$244,200
Florida	83	\$7,900,900	\$560,000	\$0	\$7,340,900
Georgia	65	\$3,688,900	\$275,000	\$0	\$3,413,900
Hawaii	6	\$373,700	\$28,000	\$0	\$345,700
Idaho	10	\$761,000	\$55,000	\$0	\$706,000
Illinois	93	\$6,372,650	\$478,750	\$0	\$5,893,900
Indiana	47	\$1,916,800	\$140,000	\$0	\$1,776,800
Iowa	46	\$3,385,200	\$252,000	\$0	\$3,133,200
Kansas	44	\$1,703,400	\$126,000	\$0	\$1,577,400
Kentucky	41	\$4,010,400	\$297,000	\$0	\$3,713,400
Louisiana	22	\$1,568,750	\$115,000	\$0	\$1,453,750
Maine	17	\$594,200	\$46,000	\$0	\$548,200
Maryland	28	\$2,692,000	\$200,000	\$0	\$2,492,000
Massachusetts	46	\$5,407,500	\$405,000	\$0	\$5,002,500
Michigan	56	\$4,143,200	\$304,000	\$0	\$3,839,200
Minnesota	59	\$4,540,850	\$341,500	\$0	\$4,199,350
Mississippi	30	\$1,701,500	\$130,000	\$0	\$1,571,500
Missouri	71	\$3,262,400	\$242,500	\$0	\$3,019,900
Montana	11	\$454,000	\$32,000	\$0	\$422,000
Nebraska	26	\$1,251,420	\$91,800	\$0	\$1,159,620

Nevada	9	\$486,200	\$34,000	\$0	\$452,200
New Hampshire	15	\$1,038,600	\$75,000	\$0	\$963,600
New Jersey	43	\$2,653,550	\$205,900	\$0	\$2,447,650
New Mexico	21	\$1,164,800	\$85,000	\$0	\$1,079,800
New York	103	\$14,333,200	\$1,061,000	\$50,000	\$13,222,200
North Carolina	75	\$6,470,800	\$476,000	\$0	\$5,994,800
North Dakota	14	\$557,600	\$40,000	\$0	\$517,600
Ohio	78	\$7,272,400	\$524,000	\$0	\$6,748,400
Oklahoma	34	\$1,495,000	\$110,000	\$0	\$1,385,000
Oregon	31	\$3,151,100	\$235,000	\$0	\$2,916,100
Pennsylvania	105	\$4,324,800	\$324,000	\$50,000	\$3,950,800
Puerto Rico	16	\$1,198,000	\$92,000	\$50,000	\$1,056,000
Rhode Island	8	\$907,950	\$67,500	\$0	\$840,450
South Carolina	38	\$3,332,000	\$256,000	\$0	\$3,076,000
South Dakota	17	\$1,516,400	\$112,000	\$0	\$1,404,400
Tennessee	58	\$5,078,400	\$384,000	\$0	\$4,694,400
Texas	113	\$5,915,600	\$424,000	\$0	\$5,491,600
Utah	22	\$2,252,400	\$156,000	\$0	\$2,096,400
Vermont	13	\$507,400	\$38,000	\$0	\$469,400
Virgin Islands	1	\$27,400	\$2,000	\$10,000	\$15,400
Virginia	64	\$3,963,300	\$291,000	\$0	\$3,672,300
Washington	40	\$2,569,325	\$196,000	\$0	\$2,373,325
West Virginia	27	\$1,165,550	\$83,500	\$0	\$1,082,050
Wisconsin	47	\$2,022,400	\$152,000	\$0	\$1,870,400
Wyoming	8	\$306,200	\$22,000	\$0	\$284,200
<b>Total</b>	<b>1,984</b>	<b>\$143,732,645</b>	<b>\$10,606,450</b>	<b>\$210,000</b>	<b>\$132,916,195</b>

### Calculating Individual Institution Estimates

The data gathered for this analysis can also be used to calculate estimates of costs and savings associated with SARA participation for individual institutions. Results of a regression analysis showed that there are several key variables that influence what costs an institution would incur, both as a participant of SARA and if they obtained authorization outside of SARA. These variables include:

- the home state
- institution size
- the number of out-of-state students enrolled
- the number of states served
- the number of programs offered via distance education
- if the institution is a community college.

Although the results of the regression analysis are outside of the scope of this report, a new calculator is available on the NC-SARA website that allows institutions to estimate their own costs and savings based on these factors.

### Other Benefits of SARA Participation for Institutions

As a follow-up to the cost-savings study, NC-SARA conducted interviews with 12 institutional staff to learn more about the experience with implementing SARA and its benefits. Six of the interviewees were from public institutions, 5 were from private non-profit, and 1 was from a private for-profit institution. Several key themes emerged from these interviews:

- SARA reduces bureaucracy
- SARA allows for program and enrollment expansion, increasing access for prospective students
- SARA reduces expenses and saves time
- SARA provides institutions with more information and insights to make decisions
- SARA gives institutions “peace of mind” that they are in compliance across multiple states

While the small number of people interviewed limited the ability to make any generalizations about the non-financial impact of SARA, it is clear that many institutions value their participation. As one subject put it, “SARA has been a game changer. People need to appreciate it; it reduced the bureaucracy, fees, and staff time.”

### Limitations and Areas for Future Research

While this report presents a reasonable estimate of state authorization costs for non-SARA participating institutions, there are certain methodology limitations. First, estimated state authorization fees may be much less than the true costs. When estimating what the total costs would be to institutions, very few fees were included (as discussed earlier), and these fees often increase the individual state costs by thousands of dollars. In addition, these

calculations did not account for indirect costs to an institution, such as staff time in obtaining state authorization from multiple states, and other associated expenses. Minimum costs were used when the cost could not be directly calculated (such as in those states which base their fees on tuition and fees revenue), which may also have led to an underreporting of the true cost.

Second, estimated costs were based on enrollment reported to NC-SARA for fall of 2018 by institutions that are already SARA participants. Institutions may choose to enroll students from other states that are SARA participants because they know they will incur no additional costs; those not participating in SARA may choose to limit their out-of-state enrollment, thereby reducing costs but also reducing opportunities for students.

Third, estimates of state authorization costs are based on the most recent publicly available data, and are therefore likely to change in the near future. States may adjust fees for SARA participation, and in particular, might raise fees for non-SARA institutions as they realize how cumbersome it is to manage individual institution authorizations. Similarly, the cost multipliers provided in this report provide a useful way of examining the cost savings associated with SARA participation, but are also subject to change in the future.

It is clear that there is an appetite to better assess the cost savings for SARA participating institutions. However, a highly varied regulatory environment across the states, compounded by the shifting federal perspectives on state authorization and weak regulatory enforcement, means that fully and accurately calculating or estimating those savings remains a challenge. Additional costs associated with compliance that are not taken into account in the various states' authorization fee structures – such as personnel, legal, and insurance-related costs – likely cannot be fully captured. Further inquiry via a case study approach might at least provide interested parties with a taxonomy of the categories of costs and related savings, as well as a general sense of their magnitude, that could be helpful in describing the benefits that the SARA approach has had on this complicated landscape.



### Appendix A. Simplified State Authorization Fees Schedule

This table specifies the basic (simplified) institutional costs associated with obtaining an authorization to serve students who reside in states other than their own home state. Most information gathered from NC-SARA State Authorization Survey results, in the cases where the survey was incomplete, the data was sourced from the state.

STATE	NC SARA Initial Auth. Fee	NC SARA Renewal Fee	SARA Notes	State Non-SARA, Initial Auth. Fee	State Non-SARA Renewal Fee	State Non-SARA Notes
Alabama	2000-6000	2000-6000	FTE Based	2500/1250	Same	Community Colleges
Alaska	0	0		2500	500-2500	
Arizona	2500-180000	2500-180000	FTE Based	800	600-2300	
Arkansas	0	0	Must be SARA Member	500/degree 100/1-3 courses	None	
California				1500		Out of State applications
Colorado	0	0		2500	2500	
Connecticut	3000-9000	3000-9000	FTE Based	3000-9000	3000-9000	FTE Based
Delaware	0	0	Must be NC-SARA Member	250/institution	250	
DC	3000-9000	3000-9000	FTE Based	5000	2500	3000 for non-accredited institutions
Florida	1500-4500	1500-4500	FTE Based	Initial application requires: Base fee: Lvl 1 - 500 Lvl 2 - 1000 Lvl 3 - 2000 Lvl 4 - 3000 Lvl 5 - 4000 Lvl 6 - 5000 Plus init. Application fee: Non degree granting - 2000 + 200/program Degree-Granting - 3000 + 200/program	Renewal fees: Level 1 (0-100) = 1500 Level 2 (101-500) = 2000 Level 3 (501-1000) = 5000 Level 4 (1001-5000) = 7000 Level 5 (5001-10000) = 8500 Level 6 (>10000) = 10000	

NC-SARA Cost Savings Study

Georgia	1000-2000	1000-2000	FTE Based	1,000/2000/3000/4000/5000 + 1000-25000 based on projected revenue	Renewals based on revenue, Min 1000, max 25K	
Hawaii	1000	1000	Annually per institution application processed	10000/19000	10000/19000	
Idaho	1500			100-5000	100-5000	
Illinois	1750		No fee for community colleges	7000 + 500 notice of intent + 3500 * programs (<1000), 8000 + 500 + 4500 * programs (>1000)	500	
Indiana	0	0		2000	500	
Iowa	2000-6000	2000-6000	FTE Based	5000+ annual registration fee (2000 / 4000 / 6000)	2000/4000/6000 *	
Kansas	0			Degree granting institution 5500 Initial evaluation fee (in addition to initial application fees - one for highest level offered): Non-degree level 1500 Associate degree level 2000 Baccalaureate degree level 3000 Master's degree level 4000 Professional or doctoral degree level 5000	Degree granting institution 3% of gross tuition, but not less than 2000, nor more than 25000	Non-degree granting institutions, 3000 and renewal 3% of gross tuition (min-max of 1800 - 25000)

NC-SARA Cost Savings Study

					For a college that has had a license from CPE for less than five (5) years, the fee shall be: Enrollment	
				5000 for out of state program, plus 200/ course out of program; 200/ Cert of Associates program; 500/ Bach program; 1500 / Masters program and 2000/Doctoral program.	100 or less 1000 101-500 2000 501-1000 3000 1001-2000 4500 2001-3000 6000 3001-4000 8000 4001-5000 10000 5001 and above 12000	
Kentucky	3000-7000	3000-7000	FTE Based			
Louisiana	1500	1500	1500 application and 1500 annual fee.	1500	1500	
Maine	0	0		0	0	
Maryland	2000-6000	2000-6000	FTE Based	7500 +	7500 +	
Massachusetts	3000-12000	3000-12000	FTE Based; no fee for community colleges	0	0	
Michigan	2000+2000	2000	For every institution, the first year of application costs 4000, and 2000 every year after	5000 + annual 5000	5000	
Minnesota	750-7500	750-7500	FTE Based	2000/2500/3000/3500+	1200	Fees are dependent on the number of types of programs/degrees

NC-SARA Cost Savings Study

						offered, initial fees range from 250 to 25000+.
Mississippi	500-1500	500-1500	FTE Based	100 +3000	0	
Missouri	500	500		0	0	
Montana	0			0	0	
Nebraska	300			0	0	
Nevada	0			2000	0	
New Hampshire	2500-40000		out-of-state online headcount	10000/20000		in-state and out of state w/branch in NH / out of country. Note that the 20K is for institutions outside of the US.
New Jersey	~1300	~1300	50000 fee split evenly among participating institutions - may vary annually.			(b) Out-of-State institutions that wish to offer New Jersey residents no other programs, except for college credit-bearing distance [education programs] learning with no physical presence in New Jersey, are not required to seek licensure from the Secretary. (b) Out-of-State institutions that wish to offer New Jersey residents no other programs, except for college credit-bearing distance [education programs]

NC-SARA Cost Savings Study

						learning with no physical presence in New Jersey, are not required to seek licensure from the Secretary.
New Mexico	1000 application fee	1000 application fee		500 +5000	200	
New York	5000-9000	5000-9000	FTE Based	17000	17000	
North Carolina	2000-6000	2000-6000	FTE Based	5000 (includes 4 AS or BS, 2 MS, 1 Doc) - additional programs are 1000 (AS), 1500 (BS), 2000 (MS), 3000 (Doc), 500 (Cert)	1-5 programs, 4000, 6-10 programs, 6000, 11-15 programs, 8000, 16-20 programs, 10000, 21-25 programs, 12000, 26-30 programs, 14000, 30+, 16000	
North Dakota	0	0		1000	500	
Ohio	2000-6000	2000-6000	FTE Based	Base Fee: -Associate: 3000 -Bachelor's: 3000 -Master's: 5000 -Doctorate: 5000 Program Review Fee: 1000/program	1000/program	Base fee is only assessed once, for the first program submission at each degree level.
Oklahoma	0	0	Must be NC-SARA Member	1200 + \$200 per outside solicitor	Dependent on prior year tuition, 700-1500 max	
Oregon	3000-7000	3000-7000	Biennial fee, FTE Based	7500		0-50000: 3126; 50001-250000: 3845; 250001-500000: 4563; 500001-750000: 5282, 750001-

NC-SARA Cost Savings Study

						1,000,000: 6000; over 1,000,000 add 359 to the 750K rate for every 250K over a million.
Pennsylvania	1K-60K		Based on Distance Tuition Revenue	0	0	
Puerto Rico	2000-6000	2000-6000	FTE Based			
Rhode Island	Initial: 3500/6000/850 0		Initial is one-time, renewal is annual, FTE Based: <2500/2500-9999/>10000	<2,500 FTE: 5000;2500-9999 fte: 7500; 10000 FTE: 10000	Same as initial	In state: 1500, 4000, 6000 for same FTE counts
South Carolina	2000-6000	2000-6000	FTE Based	150-5500	115-3750	
South Dakota	4000	4000		0	0	
Tennessee	2000-6000	2000-6000	FTE Based	App fee: 3000+500 per program or 9000 for optional expedited authorization (USE 9000)	500/1500/3500 or 9000 for optional expedited authorization (USE 9000)	
Texas	0	0	Must be NC-SARA Member	0 for accredited institutions / 5000 for non	0	TX Higher Education Coordinating Board
Utah	2000-6000	2000-6000	FTE Based	1500 OR 1500-2500 (public)		either flat fee or sliding scale based on gross tuition income of registered programs
Vermont	0			0	0	
Virgin Islands	0	0				
Virginia	1000 / 2000 / 3000	1000 / 2000 / 3000		2500/6000	250-5000	
Washington	1250 "expense recovery charge"	1250 "expense recovery charge"		2000 +1,000 for each degree program	1000 +250 for each degree program	

NC-SARA Cost Savings Study

West Virginia	500	0		2000	500	
	\$0	\$0		Initial fee is for highest degree program offered to WI students (see list below) plus 500 for each additional approved program. <ul style="list-style-type: none"> <li>• 2000 for approval of one program which does not lead to a degree.</li> <li>• 2500 for approval of one program which leads to an associate degree.</li> <li>• 3300 for approval of one program which leads to a baccalaureate degree.</li> <li>• 3900 for approval of one program which leads to a master's degree.</li> <li>• 5100 for approval of one program which leads to a doctoral degree.</li> </ul>	<ul style="list-style-type: none"> <li>•500 annual fee and</li> <li>•a second payment which is a percentage of the school's adjusted gross annual revenues minus refunds paid to students.</li> </ul>	
Wisconsin			Initial Application Fee, then just NC SARA Membership			
Wyoming	0	0		100	100	



**CONTACT**

[info@nc-sara.org](mailto:info@nc-sara.org)

[nc-sara.org](http://nc-sara.org)