

May 22-23, 2014**ITEM 163-117-R0514****Revisions to State Authorization Process, Board of Regents' Policy 221**

THAT

The Board of Regents of Higher Education revises Board of Regents' Policy 221, Authorization to Operate Postsecondary Institution in the State of Montana, in order to (1) establish an authorization process that meets the minimum level of state oversight required by the U.S. Department of Education; and (2) establish an authorization process that ensures eligibility for Montana, and, by extension, any of its interested institutions of higher education, to join the State Authorization Reciprocity Agreement ("SARA"). The Board of Regents further delegates to the commissioner of higher education the authority to sign on its behalf any application submitted by the Montana University System for state membership in SARA.

EXPLANATION

Under the U.S. Department program integrity regulations, which became effective July 1, 2011, each state must have a process in place to authorize institutions to offer postsecondary education, and each institution must be authorized by a state in order to be eligible to participate in Title IV financial aid programs. In Montana, the Board of Regents has the statutory authority and responsibility to serve as the authorizing entity.

These revisions to Policy 221 reflect an evolving understanding of the Board of Regents' role in state authorization and the needs of institutions in light of the program integrity regulations. The current policy does not provide the minimum level of state oversight over private institutions required by the U.S. Department of Education, and puts those institutions at risk of being ineligible to receive federal student aid funds. With the input of the private institutions in Montana, the commissioner's staff has made proposed revisions to the state authorization process to address the issue, adding a requirement for the demonstration of financial integrity and procedures applicable to the closure of institutions.

The new requirements serve a dual purpose in that they also establish an authorization process that will provide Montana, and any of its interested institutions of higher education, the opportunity to join SARA. SARA is a national initiative that seeks to make distance education courses more accessible to students across state lines, and make it easier for states to regulate and institutions to participate in interstate distance education. The commissioner's staff has been reviewing this issue jointly with the campuses and has concluded that joining the reciprocity agreement would be beneficial to both postsecondary institutions in Montana and to the Board of Regents in its role as the regulating entity in Montana.

ATTACHMENTS

Proposed Revised Policy 221

Letters of Support from Carroll College and Rocky Mountain College.