

Agenda Item V: (ACTION) Additions and modifications to the *SARA Manual*

- b) *SARA Manual*, Section 3: Institutions and Participation
Section 3.2, Provisional status for SARA institutions and
Section 3.3. Provisional status of an institution between renewal periods

Background

In December, 2014 the Board added policies enabling institutions, under certain specified circumstances, to participate in SARA on a provisional basis. Additional, related policies were added in November, 2017 and March, 2018.

Current policies allow SARA states to approve institutions for initial or renewal participation in SARA on provisional status under four, specified circumstances (see below). Policies also provide that an institution admitted or renewed on provisional status may not remain in that status for more than a year.

The circumstances enabling provisional status all relate to actions taken by accreditors, states, the U.S. Department of Education or similar entities. Unfortunately, such issues sometimes take more than a year to resolve.

After discussion with state and regional SARA staff, NC-SARA staff recommend the following modifications to current policies. Recommended new language is in red and underlined; language recommended for removal is ~~struck through~~.

SARA Manual, Version 18.2, Section 3: Provisional Status for SARA institutions

3.2 Provisional status for SARA institutions

- a. A state, at its discretion, may approve an institution applying for initial or renewal participation in SARA to participate on provisional status in any of the following circumstances:
1. The institution is on provisional status or the equivalent with its institutional accrediting association;
 2. The institution is currently using a letter of credit or is under a cash management agreement with the U.S. Department of Education (Such institutions must still have a Federal Financial Responsibility Composite Score above 1.0.);
 3. The institution is the subject of a publicly announced investigation by a government agency, and the investigation is related to the institution's academic quality, financial stability or student consumer protection; or
 4. The institution is the subject of a current investigation by its Home State related to the institution's academic quality, financial stability or student consumer protection.
- b. States shall notify their regional compact and NC-SARA of their admission or renewal of an institution on provisional status. NC-SARA will provide indication of the institution's provisional status on the NC-SARA website. The NC-SARA Institution Provisional Participation Form should be completed and submitted by the state. (See appendix C).
- c. An institution admitted to or renewed for SARA participation on provisional status is subject to such additional oversight measures as the Home State considers necessary for purposes of ensuring SARA requirements are met regarding program quality, financial stability and consumer protection, including enrollment limits if deemed necessary and

appropriate by the Home State. The Home State shall report to its regional SARA steering committee at least once a year on the status of any institution(s) admitted or renewed on provisional status.

d. An institution admitted to or renewed for SARA participation on provisional status shall remain in that status for a period not to exceed one year unless all of the following are true:

1. an external entity whose action has resulted in the institution's provisional status (see 3.2, a) has not within the one-year period taken action to resolve the institution's status with that entity;
2. the SARA portal entity recommends extension;
3. the SARA director of the relevant regional compact approves extension; and,
4. to support comparable application across regions, the Executive Director of NC-SARA approves such action.

e. In no event shall such an extension of provisional status exceed one additional year.

ef. In the event that its Home State determines that an institution on SARA provisional status is no longer subject to any of the conditions set forth in Section (a), its Home State shall remove the institution's designation of provisional status and shall notify the regional compact and NC-SARA.

fg. If an institution on SARA provisional status is found by its Home State to not meet the requirements of SARA, the Home State shall disallow any further enrollments under SARA, shall notify its regional compact and NC-SARA, and:

1. Remove the institution from SARA participation, or
2. Allow the institution a period of time not to exceed 12 months in which to come into compliance with SARA policies under state supervision. Only one such time period is allowed in any three-year period.

gh. If an institution on SARA provisional status is found by its Home State not to meet the requirements of SARA, the Home State shall allow any students enrolled in the institution under SARA at the time of the finding of noncompliance a period of six months in which to conclude their work at the institution under SARA provisions, irrespective of the institution's SARA status.

EXPLANATORY NOTES

N1- SARA staff has received recent inquiries from states and institutions regarding what constitutes a government investigation under SARA Manual Section 3.2 (a), for purposes of establishing provisional participation.

Subsections 3 and 4 cannot be applied based solely on a third-party action such as a private lawsuit or news story. If a private lawsuit, news story or other third-party event results in an investigation by a government agency as set forth in the wording of the sections, these sections can be used. Only an investigation that has been made public can serve as the basis for provisional status. That requirement does not apply to the institution's home state, but the state has to be taking investigative action, not just waiting for the third-party action to conclude.

Lawsuits by states or the U.S. government are considered to have resulted from governmental investigation and can be the basis of a determination of provisional status.

3.3. Provisional status of an institution between renewal periods

A state, at its discretion, may place an institution on provisional status at any time if the institution is subject to any conditions set forth in Section 3.2.a or if the institution's federal financial composite score falls between 1.0 and 1.5. (An institution with a score below 1.0 is

not eligible for SARA participation.) An institution placed on provisional status shall remain in that status until its next renewal date, at which time the state will determine if the institution will be removed from SARA participation, renewed for provisional SARA participation for no longer than one year (unless conditions of Section 3.2, d are met), or renewed without such provisional designation.

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