

National Council for State Authorization Reciprocity Agreements  
President/CEO and Board of Directors  
3005 Center Green Drive  
Suite 130  
Boulder, Colorado 80301

April 16, 2021

**Re: Proposed NC-SARA Manual Modification Comments**

Dear President Williams and Members of the Board:

Our organizations share the goal of ensuring that higher education students are protected from predatory schools and have access to high quality education that does not leave them with unmanageable debt, whether they enroll in brick-and-mortar programs or in online education. Given the increase in the use of online education during the pandemic, the consumer protection role of the National Council for State Authorization Reciprocity Agreements (NC-SARA) is increasingly important.

In recent months, several of the signatories to this letter have had encouraging conversations with President and CEO Lori Williams and NC-SARA board members about opportunities to improve NC-SARA's structure and policy. We care deeply about the issues of quality online education and consumer protection, and we've appreciated having open channels through which to communicate with your team and share our thoughts and opinions. Thank you for those conversations, and we look forward to more in the future.

Unfortunately, the signatories to this letter did not receive the typical notification from NC-SARA announcing the most recent proposed changes to the manual had been released, and as a result were unaware of the timeline for the comment period. Because several of the proposed changes pertain to provisional status, which has been a focus of our comments in the past, we wanted to be sure to send you some thoughts for your consideration in advance of the May meeting. We hope these comments will be shared broadly with board members and given full consideration during the meeting.

**Proposed Changes to Section 3.2**

There are three proposed changes to Section 3.2, each seeking to extend the amount of time an institution can remain on provisional status and therefore bypass the traditional state authorization process, despite posing a heightened risk to students. We are concerned to see these efforts to expand, rather than limit, the benefits of reciprocity to schools that are out of compliance with NC-SARA's minimum requirements for eligibility. Institutions are already afforded the opportunity to address and correct problems through the existing provisional status process and extending the time an institution can remain on provisional status puts students at unnecessary risk. The NC-SARA policy modifications document indicates that the changes were suggested by MHEC and NC-SARA staff, but does not explain the justification for asking

students to bear the risk inherent in giving institutions this additional deference. We believe instead that Home States should have more authority to revoke NC-SARA membership at problem institutions, reverting oversight to the states where students live, rather than granting those institutions even more time on provisional status.

**Section 3.2(a)(8):** The proposed change to section 3.2(a)(8) would allow for a state to restart the provisional clock each time the school changes ownership. Unfortunately, the change creates no cap on the number of times provisional status can be extended in this way, creating the opportunity for a problematic school to violate NC-SARA standards with no improvement while maintaining the benefits of membership by undertaking ownership changes every several years. Although the NC-SARA documents state that “the additional time will not necessarily indicate greater risk of institutional closure and in some cases the opposite,” it doesn’t consider the risk of allowing students to continue to enroll at toxic-asset institutions that repeatedly change hands.

A change in ownership can pose a great risk to students, especially in the event of a sudden closure of the school soon after. Given the recent examples of the Zenith/Corinthian<sup>1</sup> and Dream Center/ECMC<sup>2</sup> acquisitions this is an area of extremely strong concern, and we recommend that NC-SARA consider creating a set of uniform requirements states can use to evaluate institutions to ensure that potential new owners have the financial and administrative capability to take over an educational institution.

**Section 3.2(e) and Section 3.2(g)(2):** The proposed changes to section 3.2(e) and Section 3.2(g)(2) would further allow institutions to extend their time on provisional status in the event that they are waiting on a new Federal Financial Responsibility Composite Score, or if the institution is under investigation by a government agency, and the investigation is related to the institution’s academic quality, financial stability or student consumer protection. However, extending the time an institution can remain on provisional status for either of these reasons exposes students to heightened risk at institutions with known or likely problems.

Provisional status must have a definitive time limit, and institutions cannot be allowed to remain on provisional status indefinitely. If and when institutions meet that limit, they will still have the opportunity to seek approval from states through the traditional state authorization process, and they will further have the opportunity to reapply for NC-SARA membership as soon as they meet the requirements. But to extend the provisional status—based only on the hope that the institution may present less risk in the future—puts students at risk unwarrantedly. We therefore recommend that the board reject these proposed changes, and instead look for ways to strengthen the efficacy of provisional status.

In particular, any breach of NC-SARA policies should be sufficient to trigger a provisional status review, and Portal Entities should have, at a minimum, authority to revoke an institution’s membership if they determine there is a significant risk to students not specifically listed in the NC-SARA manual. We urge the board to work with states to articulate processes for what the evaluation of institutions should entail, and to establish a uniform set of strong, consumer protection-focused monitoring requirements and restrictions that institutions on provisional

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<sup>1</sup> <https://www.insidehighered.com/news/2017/11/09/zenith-education-will-close-all-three-its-campus>

<sup>2</sup> <https://www.insidehighered.com/news/2018/12/10/dream-center-colleges-closing-years-end>

status should be subject to. NC-SARA must also take responsibility for monitoring states' compliance with this process, along with other membership requirements.

Thank you for your time and attention to these issues. We welcome opportunities to discuss these recommendations at your convenience.

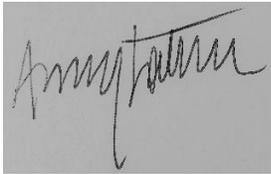
Sincerely,



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