

PRESS RELEASE

UPCEA/WCET Survey Shows Institutions Struggling to Comply with State Regulations

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Many distance education institutions are out-of-compliance with state regulations aimed at protecting consumers, according to the results of a joint survey on 'state authorization' regulations released today by the [University Professional & Continuing Education Association \(UPCEA\)](#) and the [WICHE Cooperative for Educational Technologies \(WCET\)](#).

"This has been a complex issue for institutions to tackle," said Robert Hansen, president of UPCEA. "Members of both WCET and UPCEA, as well as state regulators, have wondered where institutions are in the process of complying with state regulations. We are also concerned about the possible negative impact on students. UPCEA is proud to partner with WCET to provide this important snapshot of institutional responses."

Of the 230 institutions responding to the survey, 215 serve students in other states. Those institutions averaged serving students in 34 different U.S. states, protectorates or territories. While the colleges serve students in many states, ***sixty-nine percent of the responding institutions have yet to apply for authorization to operate in any state.***

"As our survey shows, there are many colleges that are sifting through regulations that vary greatly from state-to-state and are well on their way down the path to compliance," said Jim Fong, director of UPCEA's Center for Research and Consulting. "Of those who have not applied, many cited the high cost of becoming authorized and the lack of staff to handle the applications. About one-in-six institutions replied that state authorization is not an institutional priority."

The 'state authorization' issue was brought to the forefront last October when the U.S. Department of Education issued a regulation that an institution must be able to document that it meets "any State requirements for it to be legally offering distance or correspondence education in that State." Many institutions discovered that they had not sought the proper approvals in states in which they enroll students. Subsequently, the federal requirement has been set aside by a court case, but could return if the Department wins an appeal or addresses the technicality that caused the regulation to be vacated. Even without the federal requirement, states still expect institutions to follow their laws.

Despite the state regulations, many institutions are choosing not to seek authorization. One-in-five colleges cited that they expected the repeal of the regulations. Ten percent said that they believe that they are exempt from the regulations, even though this is unlikely.

"Without the threat of federal oversight, it seems that some colleges have chosen not to submit themselves to application processes that they view as costly, complex, and duplicative," said Russ Poulin, Deputy Director, Research & Analysis for WCET. "While some colleges are banking on repeal or for the court ruling to be upheld, that would have an impact only at the federal level. State laws preceded the federal regulation and remain in effect. The percentage of colleges that think they are

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exempt from applying is high, indicating that many of those respondents do not fully understand the states' requirements. In defense of the colleges, state authorization processes in some states are amazingly complex and costly. Some regulations were written for the era of schools advertising on matchbooks and they need to be updated for the digital age."

Survey respondents echoed that sentiment by calling for more consistency in regulations across the states. A few projects are currently underway to create reciprocal agreements or model legislation to promote more uniformity from state-to-state. Most of these projects will not produce any quick fixes as some states will require legislative action to change their requirements.

Additional findings from the survey:

- **The Costs are Significant.** For the institutions that have estimated the costs to comply in the first year, the average estimate for state fees and other application costs is \$143,884. The median estimate is \$78,793. This does not include the staff time to research the regulations, complete the applications, and manage the compliance process.
- **Institutions are Planning to Pull Out of States.** Fifty-nine percent of the colleges expected that they will no longer accept students from some states. The states that were identified most frequently were Massachusetts, Minnesota, and Arkansas.
- **The Revenue at Stake is Significant.** On average, the revenue generated by out-of-state students represents 18% of the revenue for the institution's distance education operations. The "trimmed mean" income at stake was \$2,898,595 (we had to remove one very large outlier) with a median of \$475,769.
- **Thousands of Students Affected.** On average, the institutions stated that the number of students that they might not be able to serve is 173, with a low of 0 and a high of 4,000. The institutions responding to this question estimated that they will not be able to serve a total of about **19,000 students**.
- **Smaller Colleges May Suffer.** With fewer students in a state, the cost-per-student may have a bigger impact on smaller colleges.

The full report and an Executive Summary can be found on both organizations' websites:

UPCEA: <http://www.upcea.edu/resources/state-auth-600-9.html>

WCET: <http://wcet.wiche.edu/advance/upcea-wcet-sa-survey>

A free webcast to discuss the survey results in more detail will be held on Thursday, August 25th at 2:00 pm EDT. UPCEA and WCET members will have priority for enrolling in the webcast. For more information about the webcast and to register to participate, go to:

<http://wcet.wiche.edu/connect/upcea-wcet-sa-webcast>

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About UPCEA

Founded in 1915, the University Professional & Continuing Education Association (formerly the University Continuing Education Association) is the premier U.S. organization for adult, professional, and continuing higher education. The Association assists institutions of higher learning and affiliated nonprofit organizations to increase access through a wide array of educational programs and services. UPCEA also provides national leadership in support of policies that advance workforce and professional development. Learn more about UPCEA at: <http://www.upcea.edu>.

About WCET

The WICHE Cooperative for Educational Technologies (WCET) is a cooperative, membership-driven non-profit provider of solutions and services that accelerate the adoption of effective practices and policies, advancing excellence in technology-enhanced teaching and learning in higher education. More information about WCET's institutional membership resources, services and common interest groups can be found at <http://wcet.wiche.edu>.