

DEPARTMENT OF EDUCATION ISSUES FINAL RULES ON STATE AUTHORIZATION

Colleges and universities that offer educational programs online will have to comply with significant new regulations effective July 1, 2018. On Dec. 19, the United States Department of Education (ED) published its final rules on State Authorization (Rules), which state that online students will require additional protections that are not required for students enrolling in traditional programs. The Rules clarify the state authorization requirements that institutions offering online programs must meet. They also establish new disclosure obligations and define authorization rules for additional locations or branch campuses in foreign countries.

The Rules will apply when a student who enrolls in an online program lives in a different state than the institution's main campus. Institutions offering such online programs will need to obtain authorization from a state in order to disburse Title IV federal student aid to students residing in that state. An institution is considered to have state approval if the state participates in a state authorization reciprocity agreement and the institution is covered by that agreement. ED will not consider an institution to be authorized in a state unless it has a process for review and appropriate action plans to address complaints from enrolled students who reside in that state. Without such a complaint process, an online institution cannot disburse Title IV to students residing in that state.

Any institution offering a Title IV eligible educational program that is provided or can be completed 100 percent online or by correspondence course (excludes internships and practicums) must provide new disclosures prescribed by the Rules to all enrolled and prospective students in that program. The new public and individualized disclosures must be made for all programs, including graduate programs. No institution is exempt from providing the disclosures, which include:

- Information on the institution's state authorization.
- Information on where students should file complaints.
- State-specific refund policies.
- Information on any adverse legal and accreditation actions involving the institution.
- State-specific educational prerequisites for licensure and certification,

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and whether the program meets those prerequisites.

- The consequences (loss of Title IV eligibility) if a student moves to a state in which the institution is not authorized.

Finally, the Rules impose new obligations on institutions that have branch campuses or additional locations in foreign countries. If 50 percent or more of an educational program is offered at a foreign branch campus or additional location, then the additional location or branch campus must be legally authorized by an appropriate government authority in the country where it is physically located. An institution must provide ED with documentation of legal authorization upon request, showing that the foreign governmental agency knows that postsecondary educational activities are taking place and that the foreign government has no objection.

Colleges and universities offering online programs, or that have foreign campuses or locations, will have 18 months to comply with the Rules. In particular, the Rules will require online institutions to develop and disseminate a significant amount of information to prospective and enrolled students. Institutions may need to make fundamental changes to their websites and enrollment documents in order to comply.