

State and Federal Compliance Requirements - Foundational Principles

Related to Out-of-State Activity Compliance & Professional Licensure

State Compliance:

Foundational Principle: For any activity that occurs in a state other than the home state of the institution, the institution has the responsibility to determine if the activity causes legal implications in the other state. States Vary Widely!

Be aware of student location and employee/faculty location. Remember your remote employees!

Approvals, Registrations, and Responsibilities may be required by a variety of state agencies:

- **Institutional Approval: Higher Education Agency** - Can be obtained by state-by-state approval or through reciprocity by participating in SARA for activities that occur in another SARA state that are subject to SARA Policy. Activities beyond SARA oversight are subject to the state's approval process where the activity occurs.
- **Program Approval: State Professional Boards** - May be required in a state for programs leading to license or certificate that are subject to the oversight of a state licensing board for the activities that occur in their state.
- **Registration: Secretary of State, Revenue, or Treasury** – if the state determines that the activity in the state is one that is considered as doing business in that state. (could include an employee working in a state)
- **Tax implications: Department of Taxation** – a withholding account may be needed when the entity pays compensation to an employee in the state to deduct and withhold state income tax from the compensation paid to the employee. (institution employee/faculty working from another state)
- **Workers Compensation Insurance: Department of Labor** – For students participating in field placements we are only aware of Colorado requiring this and student teachers are exempt. However, for employee/faculty some states may require workers compensation insurance for the employee working in the state – check with the state.

Federal Compliance:

Foundational Principle: There are state authorization/professional licensure related Federal Regulations that tie compliance to participation in Title IV HEA programs.

Federal regulations related to out-of-state activity compliance and distance education:

- **State Authorization** - [34 CFR 600.9\(c\)](#)
- **Definition of state authorization reciprocity agreement** – [34 CFR 600.2 Definitions](#)
- **Professional Licensure Notifications** - [34 CFR 668.3\(a\)\(5\)\(v\)](#) & [668.43\(c\)](#)
- **Contact information for filing complaints** - [34 CFR 668.43\(b\)](#)
- **Misrepresentation** – Scope and Def: [34 CFR 668.71](#) & Nature of educational program [34 CFR 668.72](#)

Reciprocity for state institutional approval by participation in SARA:

Foundational Principle: As noted above, reciprocity through SARA offers participating institutions the institutional approval to offer activities subject to SARA oversight, as specified in the [SARA Manual](#), in other SARA member states. SARA participation does not cover any institution responsibilities to other state agencies in another state beyond the requirements for institutional approval. Activities not subject to SARA oversight require the institution to follow state-by-state institutional approval requirements as designated by the state.

