**Section 1033.30 Institution Approval Requirements**

a) Authorization to Participate

1) Any degree-granting postsecondary institution, including public, private nonprofit and private for-profit institution, that desires to participate in SARA to offer distance education under the authority of the State of Illinois must:

A) Be accredited as defined in Section 1032.20.

B) Have Illinois as the designated home state, as defined in Section 1032.20, for postsecondary education offerings.

C) Be financially stable, evidenced by:

i) being a public institution of higher education in Illinois; or

ii) being a private for-profit or private nonprofit institution participating in federal student aid programs under Title IV of the Higher Education Act of 1965 (PL 89-329), by meeting the following criteria:

• having a most recent Federal Financial Responsibility Composite score of 1.5 or above; or

• having a financial responsibility score between 1 and 1.4 and providing additional financial evidence described in subsection (a)(2) to the Board to determine the financial status of the institution; or

iii) being a private for-profit or private nonprofit institution not participating in federal student aid programs and without a Federal Financial Responsibility Composite Score, providing a comparable score that is calculated by an independent accountant using the U.S. Department of Education's calculation methodology that matches the institution's sector and is certified by the same independent accountant and additional financial evidence described in subsection (a)(2) to the Board to determine financial status of the institution.

D) No private for-profit or private nonprofit institution with a Federal Financial Responsibility Score below 1.0 will be determined eligible by the Board to participate in SARA through this State, even if any such institution is cleared by the U.S. Department of Education to participate in Title IV student aid programs.

2) The following shall be used by the Board staff to determine the financial status of institutions required to provide additional financial evidence:

A) A written statement in the most recent fiscal year audited financial statement confirming that the institution is financially stable. The audited financial statement must show that the institution has adequate revenue to meet its financial obligations, including payment of unearned tuition.

B) An irrevocable letter of credit from a bank or other similar financial institution in an amount equivalent to the estimated unearned tuition revenue from distance education students in one academic year. The formula to calculate unearned tuition is the maximum number of students that could be enrolled in any one academic year multiplied by the amount of the tuition for each academic level charged by the institution. The sum of the subtotals by academic level is the estimated unearned tuition revenue.

b) Institutional participation shall be voluntary and, as such, institutions that choose not to participate will be governed by current Illinois statutes and regulations for distance education programs (the Board of Higher Education Act [110 ILCS 205], the Private College Act [110 ILCS 1005], the Academic Degree Act [110 ILCS 1010], and the Public Community College Act [110 ILCS 805], and 23 Ill. Adm. Code 1030 and 1050).

c) Physical Presence

1) Any institution that meets the requirements of subsection (a) that has Illinois as the home state, is located in Illinois and holds its principal institutional accreditation in Illinois must receive Board approval for operating and degree granting authority under the Private College Act, the Academic Degree Act, or the Board of Higher Education Act, or be exempt from approval requirements as specified in 23 Ill. Adm. Code 1030.

2) Any Illinois public community college desiring to participate in SARA shall be reviewed and approved by ICCB. This will not abrogate the Board of Higher Education's authority to request reviews of community colleges participating in the agreement.

3) Any out-of-state institution from any SARA member state with physical presence as determined under this subsection (c)(3) must apply and obtain operating and degree granting authority from the Board. In determining whether such out-of-state participating institution has a physical presence, the following shall apply:

A) The institution has a physical location in this State for synchronous or asynchronous instruction;

B) The institution requires students to physically meet in a location for instructional purposes more than twice per full-term (quarter or semester) course for a total of more than six hours;

C) The institution offers a "short course" or seminars that require more than 20 contact hours in one six-month period;

D) The institution establishes a physical location to provide information for the purpose of enrolling students or providing student support services;

E) The institution establishes an administrative office, including but not limited to office space for instructional or noninstructional staff;

F) The institution maintains a mailing address or phone exchange in Illinois.

4) Any out-of-state institution from a SARA member state that does not have physical presence in Illinois shall not be required by the Board to fulfill any additional Illinois requirements to operate under SARA if it does the following:

A) Offers distance learning courses that do not require students to gather in groups, except for the provisions in subsection (c)(3)(B);

B) Holds recruitment activities or advertises to students, whether through print, billboard, direct mail, internet, radio, television or other media;

C) Offers distance education courses on a military base if enrollment in those courses is limited to federal employees and family members;

D) Maintains a server, router or similar electronic service device housed in a facility that otherwise would not constitute physical presence (the presence of a server or similar pass-through switching device does not by itself constitute the offering of a course or program in Illinois);

E) Has faculty, adjunct faculty, mentors, tutors or other academic personnel residing in Illinois (the presence of instructional faculty in Illinois, when those faculty teach entirely via distance education and never meet their students in person, does not establish physical presence for purposes of the SARA);

F) Holds proctored exams on behalf of the institution in Illinois;

G) Has contractual arrangements with third-party providers to offer or support SARA eligible programs. Any contact between a third‑party provider of educational services and the State or SARA office must be made through the participating degree-granting institution. A third-party provider may not represent a participating institution regarding any subject under SARA's operating policies to any SARA office or the State of Illinois;

H) Offers educational field experiences for students, including an educational field trip arranged for a group of students that are normally in residence at an institution in another state, with the exception of full-scale residency programs such as a summer session at a field station;

I) Operates limited supervised field experiences. For the purposes of the SARA, interstate supervised field experiences originating from any member state's distance learning or campus-based program will be considered distance education not triggering physical presence if those activities involve placing not more than 10 students from any academic program, who are physically present simultaneously, at a single clinical facility or site in Illinois. Any out-of-state SARA member institution intending to have a larger pool of student placement must get approval from the Board to do so. Any out-of-state SARA member institution that owns a supervised field experience, clinical or practicum site shall be exempted from the limitations on placement of its own students at that site.

5) Any institution approved to participate in SARA that offers courses or programs designed to lead to professional licensure or certification or advertised as leading to licensure must satisfy all federal requirements for disclosures regarding such professional licensure programs under 34 C.F.R. 668.43. These requirements will also apply to non-Title IV institutions. To comply with this requirement, participating institutions must do the following:

A) Provide a list of all states for which the institution has determined that its curriculum meets the state educational requirements for licensure or certification;

B) Provide a list of all states for which the institution has determined that its curriculum does not meet the state educational requirements for licensure or certification;

C) Provide a list of all states for which the institution has not made a determination that its curriculum meets the state educational requirements for licensure or certification;

D) Provide notification in writing to enrolled students that the institution has determined that the course or program does not meet or if it is not determined if it meets the requirements for professional licensure or certification in the state in which the student is located;

E) Provide notification in writing to prospective students before financial obligation is made that the institution has determined that the course or program does not meet or if it is not determined if it meets the requirements for professional licensure or certification in the state in which the student is located; and

F) Institutions that are unable, after all reasonable efforts, to determine whether a program will meet state professional licensure requirements shall provide the student or applicant with current contact information for any applicable licensing boards and advise the student or applicant to determine whether the program meets requirements for licensure in the state where the student is located.

6) Out-of-state institutions that choose to participate outside the reciprocity agreement or are from nonmember states will be bound by other Illinois laws identified in subsection (b) for distance education programs.

(Source: Amended at 48 Ill. Reg. 6686, effective April 22, 2024)