

**Testimony Provided by Century Foundation Policy Associate Margaret Mattes to the Massachusetts Special Commission on Interstate Reciprocity Agreements on September 14, 2016**

Thank you for the opportunity to speak today regarding the Commonwealth's policies regarding the regulation of interstate distance learning and the State's potential participation in the State Authorization and Reciprocity Agreement, or SARA.

My name is Margaret Mattes and I am a policy associate at The Century Foundation, an independent research institute based in New York. In my role, I have been actively involved in the discussion of SARA in New York, as well as nationally, and help to lead a coalition of organizations that believe this pact goes too far in protecting colleges while failing to adequately protect consumers.

Fundamentally, SARA is an interstate compact that would allow postsecondary schools based in other states to enroll Massachusetts residents online without abiding by Massachusetts standards. SARA is a risky development because it cedes a state's ability to take action against bad actors. Online colleges that currently enroll Massachusetts residents are well aware that the state is entitled to enforce its strong consumer protection laws against companies abusing Massachusetts consumers. If the state enters the SARA agreement, however, Massachusetts would agree to the weaker oversight of out-of-state online schools and relinquish the ability to guard students against abusive practices.

Under SARA, Massachusetts would rely on the goodwill of other states to provide oversight, while neither residents nor the state itself would have leverage to address problems. For example, if a school based in Kansas recruits students in Massachusetts who are treated unfairly, students and the Department of Higher Education are wholly reliant on Kansas to take action on any complaints. If the complaints are not addressed to Massachusetts' satisfaction, the only way that Massachusetts could seek to rein in the school would be to wholly abandon SARA, a move that would face fierce opposition from Massachusetts-based institutions that would lose the ability to operate in other member states. In other words, the SARA agreement induces every college to become an advocate for the most predatory company. Additionally, the ability of schools to earn approval in one state, but enroll students across the country, will inspire schools to set up shop in states with the lowest regulatory standards while broadcasting nationwide.

Additionally, SARA requires member states to regulate for-profit, nonprofit, and public institutions identically, mandating that Massachusetts ignore the financial incentives that have caused predatory behavior at for-profit schools. As numerous investigations have shown and current Massachusetts rules reflect, deceptive practices are widespread in the for-profit education sector while they are relatively rare among public and other

nonprofit schools. The SARA agreement would thus force Massachusetts to treat fundamentally different actors in the same way.

Given the inherently interstate nature of online education, there is little doubt that the regulation of online education must be dealt with among rather than within states. However, SARA is not the solution. The Board should consider alternatives that would provide institutions the advantages of interstate reciprocity without undermining consumer protections.

At the present time, California is similarly facing this challenge, recognizing the flaws of SARA but acknowledging the pressing need for increased regulation of out-of-state online education providers. Ideally, Massachusetts and California would come together to form an alternative to SARA that would more appropriately balance the competing interests of schools and consumers.

Federal authorities are also currently considering the role of the United States Department of Education in this arena. The Department has proposed new regulation governing interstate distance education providers and is expected to issue a final version of these rules by November. It is very likely that this new regulation will, at the very least, necessitate alterations to the existing SARA. For this practical reason, if for no other, Massachusetts should postpone joining SARA until federal authorities have determined whether such an agreement is in accordance with national standards.

It is my belief that SARA, as it currently stands, is likely to perpetuate the oftentimes predatory and deceitful practices of online schools, especially for-profit institutions, that are already well-recorded. However, states such as Massachusetts and California should use the discussion that the SARA agreement has initiated to jumpstart a more thorough and inclusive conversation to formulate a more appropriate method to regulate interstate distance learning.

Thank you.