



Arizona State Board for Private Postsecondary Education

DEPARTMENT OF EDUCATION
OS/ES/COO

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March 7, 2014

The Honorable Arne Duncan, Secretary of Education
Ms. Carney McCullough, Federal Negotiator
Ms. Pam Moran, Federal Negotiator
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

RE: State of Arizona's comments on State Authorization; Negotiated
Rulemaking for 34 CFR §§ 600.9

Dear Secretary Duncan, Ms. McCullough and Ms. Moran:

The Arizona State Board for Private Postsecondary Education ("State Board") respectfully requests the Department consider the following input as the state agency that licenses and regulates the private colleges and universities in the State of Arizona. In short, we would like the Department to accept "home state" licensure as satisfactory to meeting the requirement for consumer protection in other states- so long as the "home state" will provide assistance and adjudicate complaints for students from other states.

As the "home state" for two, large on-line universities, University of Phoenix and Grand Canyon University, the State Board has substantial experience in the licensing and regulation of online programs.

The State Board would like to provide the following comments:

* It is important that the Department understand that the State Board adjudicates and provides consumer protection for any of the licensed institutions "originating" education from our State, regardless of the student's state residency. To be clear, the State Board provides consumer protection for out of state students.

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* In that regard, and by example, the institutions licensed by the State Board will satisfy the need for the Department to ensure consumer protection, regardless of student's state residency when the education is delivered online from Arizona.

* Most importantly, the Department should acknowledge that many State's simply exempt, or are not under any existing jurisdiction of a state agency, that out of state distance education institutions, specifically public universities and community colleges, from the requirement to be "legally authorized". Accordingly, the Department's goal of ensuring consumer protection will NOT be met by the rule as currently written.

The State Board offers the following recommendation: to design language that allows the school's home state to provide consumer protection; and if that state provides sufficient consumer protection, to not require those schools to seek licensure in all 50 states.

To be clear, the Department's espoused rationale for the rule is the necessity to provide consumer protection. This meet's that goal, but also makes it simpler and easier for online schools to clearly communicate where students should go with necessary complaints.

The State Board believes this to be a superior alternative that would provide an opportunity for all State's to address consumer protection and provides a simpler solution for the educational institutions, the students and a more cohesive regulatory framework.

The State Board also requests the Department consider the following points during the negotiated rulemaking process:

* Although the District of Columbia vacated § 600.9 on procedural grounds, the state licensing agencies have been affected since inception. This agency alone has received over 4,000 inquiries, primarily from state universities and community colleges, inquiring "about obtaining state authorization". The time and personnel resources to respond to all of these inquiries has been unduly burdensome on this agency. Please note, 99% of the inquiries are from state institutions as the private institutions have sought the required licensure of not only "campus based" programs, but for online programs if licensure was

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required by that particular State (based upon that states licensing requirements of either "physical presence" or "state residency" of the student).

The State Board is disappointed that none of the current negotiators are from the State Licensing Agencies. The State Board realizes that the Department solicited nominations and we are unsure if none were offered or if none were chosen.

Regardless, it is disappointing that the Department has not sought out the very licensing agencies that the proposed rules will affect. This was apparently a similar situation when the rule was originally promulgated. With that said, the State Board would like to work in a collaborative manner with the Department to ensure a cogent rule is drafted.

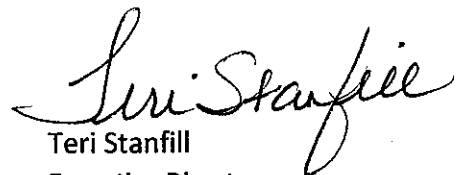
Again, the State Board strongly encourages the Department to consider the negative affect the state authorization rule, as currently written, has had on institutions and state agencies; but a simpler alternative, as stated, would address the Department's concern in providing consumer protection for students attending online programs.

The State Board would welcome the opportunity to discuss this issue further. Please contact Teri Stanfill at teri.stanfill@azppse.gov to schedule a meeting or conference call.

Respectfully submitted,



Jason Pistillo
Chairman



Teri Stanfill
Executive Director