July 2025 State Authorization Updates & Information [1]

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Expanding Access, Shrinking Accountability

Alternative credentials have become very popular with faculty, administrators, higher ed reformers, and workforce advocates alike—modular, fast, flexible, and (predominantly) online. Institutions are racing to build noncredit offerings to meet learner and employer demand. And with the passing Senate's so-called Big Beautiful Bill proposing to expand Workforce Pell, it looks like a win for innovation and workforce alignment.

But in reality, it exposes the disconnect between federal financial aid policy, state authorization, and the expanding universe of alternative credentials.

Here's the kicker: As requirements around Workforce Pell are currently written, it excludes both noncredit programs and correspondence education—even though these formats are increasingly central to workforce-aligned learning. At the same time, reporting mechanisms like NC-SARA data collection, federal aid oversight, and accreditation review processes offer little to no visibility into these offerings. The result is a growing sector of post-secondary education operating outside traditional channels of transparency and accountability.

Covered by SARA, Ignored by the Data

SARA participating institutions are allowed to deliver distance education (including online and hybrid modalities) across state lines—including noncredit instruction—without obtaining separate authorization from each member state, district, or territory. But that coverage has a blind spot: noncredit online enrollments are not reported to NC-SARA. That means:

- There's no public accounting of how many students are being served in noncredit formats online across state lines.
- States lack visibility into which out-of-state providers are operating noncredit programs for their residents.
- Many institutions struggle to track this activity comprehensively—especially when it's siloed in continuing ed, professional schools, or other nontraditional units.

This means we're expanding access under the banner of innovation, but in a way that escapes regulatory and (in someways more importantly) consumer oversight.

Unbundled, Untethered—and Still Regulated

There’s a persistent myth in higher ed: that noncredit = nonregulated. But depending on the state, noncredit programs—especially those marketed with workforce outcomes or delivered online—can trigger authorization requirements. This is particularly true when:

- Programs are tied to licensure pathways (explicitly or implicitly);
- Institutions advertise specific job outcomes, salary increases, or industry certifications;
- The offering includes synchronous interaction, coaching, or assessment—even outside a traditional LMS;

And here's where things just got more real: In February 2025, NC-SARA revised Section 5.2 of its Policy Manual (effective July 1, 2025) to clarify that institutions must provide professional licensure disclosures for all covered offerings—including non-Title IV and noncredit programs. If a microcredential, bootcamp, or certificate program prepares students for a licensed profession, institutions are now obligated to disclose whether the program meets educational requirements for that licensed profession in each state based on where students are located at the time of enrollment.

This means that if your institution offers noncredit licensure prep across state lines—even if it’s not federally funded—you are on the hook for disclosures per SARA policy. In theory this shouldn’t be too hard, but don’t forget, these types of courses or programs are often offered outside of the traditional department or college structure. And many institutions aren’t set up to track or publish this information for their noncredit portfolio.

Workforce Pell Won’t Save You (Yet)

The One Big Beautiful Bill Act expands Pell Grant access (effective July 1, 2026) to certain short-term, career-aligned programs. But let’s be clear about the fine print:

- The program must be credit-bearing and the credit must also be allowed to transfer into future degree programs;
- It must be at least 150 clock hours over a timeframe of 8–15 weeks;
- Programs must lead to a “portable, stackable” credential across more than one employer or prepare students for entry-level employment for which there is only one recognized post-secondary credential;
- Programs must be approved by the state governor as aligned with in-demand jobs and meeting employers’ needs;
- Programs must have been offered by the institution for at least one year, and meet performance benchmarks, including a ?70% completion rate and a ?70% job placement rate (within 180 days);
- And: it cannot be correspondence education.

Taken together, these restrictions exclude the very kinds of programs many institutions are investing in most heavily: most noncredit offerings, MOOCs, alternative credential or badging programs, bootcamps, and many workforce certificates. Meanwhile, many institutions are doubling down on these very models—precisely because they’re popular, low-cost, and fast to market. Some are even banking on future Pell eligibility to scale these offerings. This means that some institutions may be building programs that students may never be able to fund—while compliance and accountability responsibilities multiply in the background.

Smarter Innovation Needs Smarter Oversight

Alternative and microcredentials are no longer niche—they're central to how many institutions now approach enrollment growth, workforce partnerships, and educational access. But our regulatory frameworks—from Title IV to state laws to reciprocity agreements—are still written for the credit-bearing, aid-eligible, semester-based world. We need a better system. That includes:

- NC-SARA expanding its data collection to include noncredit online enrollments, even if in a separate category
- Institutions performing comprehensive audits of all alternative credentials with respect to:
    - State authorization requirements;
    - Licensure disclosures;
    - Marketing language that implies job placement, licensure, or wage gains;
- Federal policymakers rethinking the definition of "correspondence" to reflect modern online modalities and learning styles—not just distance learning circa 1996.

Time to Catch Up

We can't keep pretending that the only learners who matter are those earning credit and receiving aid—or that they're the only valid metric for success and accountability in higher education. If we want to truly serve a growing diverse, mobile, ever-changing workforce-focused population, compliance has to catch up to innovation—and funding policy has to catch up to both. Because right now, we are still trying to deliver 21st-century education through a system designed to support the post-war boom and built on the architecture of the medieval university. That box wasn't built for flexibility, mobility, or modular learning—and our learners know it. It's time our policy frameworks caught up too.

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