



April 16, 2026

The Honorable Adam Turk, Chairperson
House Committee on Higher Education Budget
300 SW 10th Avenue, Room 281-N
Topeka, Kansas 66612

Dear Representative Turk:

SUBJECT: Fiscal Note for HB 2661 by House Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2661 is respectfully submitted to your committee.

HB 2661 would enact the Foreign Adversaries Out of Higher Education Act (Act). The Act would prohibit postsecondary educational institutions or any affiliate organization from accepting, soliciting, or entering into a gift, grant, contract, research sponsorship, program agreement, partnership, or any other funding relationship with a county of concern or a foreign principal that has an aggravated value of \$100,000 or more. Any monies or other thing of value accepted in violation of the bill's provisions would be required to be returned by the institution or affiliate organization or surrendered to the state. Any monies surrendered to the state would be remitted to the Attorney General. Any item of non-monetary value would be transferred to the Attorney General, who would be required to dispose of the item through sale or other transfer. Any monies surrendered to the state and any proceeds from a sale or transfer of any item would be credited to the Foreign Adversaries Out of Higher Education Fund, which the bill would establish.

Postsecondary educational institutions would be prohibited from entering into any cultural exchange agreement with a country of concern or any foreign principal, unless the institution certifies to the Board of Regents that the agreement does not constrain freedom of speech, control circular materials, or promote an agenda detrimental to the safety of Kansas or the United States. Student organizations or scholar associations affiliated with or operating at a postsecondary educational institution would be prohibited from coordinating activities with a county of concern or any foreign principal. If any student organization or scholar association violates this provision,

the institution would be required to terminate the affiliation with the student organization or scholar association.

Each postsecondary educational institution would be required to report any contract or gift with a country of concern or foreign principal that has a value of \$10,000 or more or an aggregate value within a 12-month period of \$50,000 or more to the Board within 30 days after entering into a contract or receiving the gift. The bill would outline the information to be included in the report. The Board would be required to create and maintain a public transparency database that contains the information required in the reports. The database would be required to be accessible through a website maintained by the Board.

Postsecondary educational institutions would be prohibited from doing the following: (1) operating or hosting any Confucius institute or any similar entity that is funded or supported by the People's Republic of China or any foreign principal and (2) operating or hosting any entity or individual, including any member of the faculty, staff, or student body of the institution, that is funded by the State of Qatar or any foreign principal. Unless specifically authorized to continue to operate at a postsecondary educational institute by a concurrent resolution adopted by the Legislature, any organization or program that is subject to the bill's provisions would be closed or terminated by January 1, 2027, or on the date of termination or expiration of the contract providing for the operation of the entity or program.

The Governor, in consultation with the Attorney General, may designate additional countries as countries of concern or entities or persons as foreign principals. A postsecondary educational institution may appeal to the Governor requesting reconsideration of any designation. The Governor would be required to provide written notice of any such designation to the Legislature, and any such designation would be published on a website maintained by the Attorney General.

Upon receipt of a complaint of a violation of the bill's provisions, the Attorney General would be required to investigate. The Attorney General may also investigate alleged violations of the bill's provisions or other attempts by a country of concern or foreign principal to conceal funding directed to a postsecondary educational institution, exert ideological influence at any institution, or gather intelligence in Kansas. Any investigation would include appropriate protections for individuals who reported alleged violations. Upon finding a violation of the bill's provisions, the Attorney General may bring an action seeking: (1) the repayment of forfeiture, monies, or other things of value received by a postsecondary educational institution through a prohibited contract or gift; (2) civil penalties that could not exceed \$250,000 per violation; and (3) other equitable and declaratory relief the Attorney General deems appropriate.

If a postsecondary educational institution is determined to have violated the bill's provisions by a court, the Attorney General would be required to certify such decision to the Director of the Budget. The institution would not be eligible to receive any state monies provided through research grants for five years from the date of the court decision. At the discretion of the Attorney General and subject to the availability of sufficient funds, any individual who files a complaint with the Attorney General alleging a violation may receive a portion of any monies paid

by an institution to the Attorney General pursuant to a court order issued in an action based on such violation in an amount not to exceed 10.0 percent of such monies.

Any individual employed by or who is an agent of a postsecondary educational institution or an affiliate organization who knowingly conceals funding provided to an institution or an affiliated organization through a prohibited contract or gift may be subject to termination and may be referred to the district or county attorney for criminal investigation. The Kansas Bureau of Investigation (KBI), in consultation with the Governor and Attorney General, would be required to develop and publish educational materials on how countries of concern and foreign principals infiltrate postsecondary educational institutions through direct funding, front organizations, and the abuse of nonprofit charitable organizations. The materials would train law enforcement officers to recognize and investigate efforts and the best practices for protecting faculty and students from influence and repression by such countries of concern and foreign principals.

The bill would establish the Foreign Adversaries Out of Higher Education Fund to be administered by the Attorney General. All expenditures from the Fund would be used for enforcing the provisions of the Act, paying any amounts to an individual who files a complaint with the Attorney General alleging a violation, and providing educational materials. On July 1, 2026, and each July 1 thereafter, \$500,000 would be transferred from the State General Fund to the Foreign Adversaries Out of Higher Education Fund. By December 31, 2026, and each subsequent December 31, the Attorney General, in collaboration with the Board of Regents and the State Treasurer, would be required to submit a report to the Governor and the Legislature providing a summary of investigations conducted.

The Office of the Governor estimates additional ongoing State General Fund expenditures of \$203,054 for salaries and wages, including fringe benefits, from the State General Fund in both FY 2027 and FY 2028 for 1.00 FTE Attorney and 1.00 FTE Legal Assistant to comply with the requirements of the bill, if enacted. The positions would assist in the processes around designating countries of concern, handling appeals, and working with the KBI and the Attorney General's Office on the bill's provisions.

The Office of the Attorney General estimates additional ongoing expenditures of \$229,666 in FY 2027 and \$236,556 in FY 2028 from the Foreign Adversaries Out of Higher Education Fund, along with an additional 2.00 FTE positions if the bill is enacted. Of the FY 2027 amount, \$133,905 would be for salaries and wages, including fringe benefits, for an additional 1.00 FTE Assistant Attorney General; \$60,839 would be for salaries and wages, including fringe benefits, for 1.00 FTE Investigator; and \$34,922 would be for other operating expenditures to comply with the bill's provisions. The FY 2028 estimate includes a 3.0 percent inflationary increase over the FY 2027 amount. The agency indicates the bill could be subject to litigation; however, the agency cannot estimate a fiscal effect. The Division of the Budget notes that if the bill is enacted, there would be a \$500,000 transfer from the State General Fund to the Foreign Adversaries Out of Higher Education Fund beginning in FY 2027 and in each subsequent fiscal year.

The Office of Judicial Administration states the bill's enactment could increase the number of cases filed in district court because it allows the Attorney General to bring a cause of action for

violations, which would increase the time spent by judges and court employees processing and deciding cases. The Office indicates enactment of the bill could result in the collection of docket fees for those cases filed under the bill's provisions, if enacted, which would be deposited into the State General Fund. The Office cannot estimate a fiscal effect.

Fort Hays State University (FHSU) states enactment of the bill would reduce revenues by approximately \$5.6 million in FY 2027 and \$11.2 million in FY 2028 from international tuition and fees from the China Partnership Program, as FHSU would no longer be able to operate the Program if the bill was enacted. Of the FY 2027 amount, \$2.6 million would be from tuition and \$2.6 million would be from fees. Of the FY 2028 amount, \$6.0 million would be from tuition and \$5.2 million would be from fees. The revenue estimates provided by FHSU are for half of FY 2027 and for all of FY 2028. FHSU estimates that since it would have to end the China Partnership Program by January 2027, it would still receive tuition and fee revenue for the first half of FY 2027. According to FHSU, the \$11.2 million is what the University has historically received from the China Partnership Program from tuition and fees.

FHSU also estimates it would avoid expenditures of \$142,694 in FY 2027 and \$750,545 in FY 2028, along with 2.00 FTE positions in FY 2027 and 9.00 FTE position in FY 2028 resulting from FHSU ending its China Partnership Program. For the FY 2027 amount, \$124,694 would be salaries and wages and \$18,000 would be for other operating expenditures. Of the FY 2028 amount, \$566,795 would be from salaries and wages and \$183,750 would be from other operating expenditures. FHSU indicates that it has budgeted \$20,000 for travel that would still be needed for travel expenditures to disengage its partnership with China in FY 2027.

Emporia State University (ESU) indicates there would not be a fiscal effect because the University does not have any covered gifts or contracts that would trigger the bill's provisions. ESU also indicates any review could be handled through existing resources.

Pittsburg State University (PSU) estimates the bill's enactment would reduce fee revenue by \$735,000 in both FY 2027 and FY 2028 because PSU indicates it currently delivers courses in early childhood education with an educational institution in China that the university receives reimbursement for expenses. PSU indicates there would be a reduction in expenditures; however, PSU is not able to estimate the reduction.

Kansas State University estimates additional State General Fund expenditures of \$290,000 in FY 2026 and \$204,000 in FY 2027, along with an additional 2.00 FTE positions, if the bill was enacted. Of the FY 2027 amount, \$190,000 would be for ongoing expenditures for salaries and wages for 1.00 FTE Research Security Officer and 1.00 FTE Research Analyst, \$80,000 would be for one-time expenditures for policy review and updates, \$15,000 would be for one-time expenditures for training development, and \$5,000 would be for one-time expenditures for updates to websites and handbooks. For the FY 2028 amount, \$190,000 would be for ongoing expenditures salaries and wages for the two additional positions, \$8,000 would be for ongoing expenditures for training, and \$6,000 would be ongoing expenditures for maintenance of reporting systems.

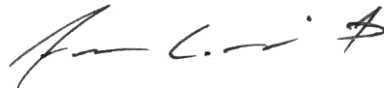
The University of Kansas (KU) estimates additional ongoing State General Fund expenditures of \$115,000 in FY 2027 and FY 2028 for an additional Principal Analyst FTE position to implement the bill's provisions, if the bill was enacted. KU also states that enactment of the bill would reduce revenue from tuition and fees in excess of \$4.0 million in FY 2027 and FY 2028 at KU and the University of Kansas Medical Center. The loss in projected revenue would vary by year depending on enrolled students, online programs, and exchange agreement programs.

Wichita State University estimates any fiscal effect resulting from the bill's enactment could be absorbed within existing resources.

The Board of Regents states enactment of the bill would have a fiscal effect on certain state universities. According to the Board, four state universities received revenue from foreign sources that would not be allowed if the bill was enacted.

The KBI states the bill's enactment would not have a fiscal effect. Any fiscal effect associated with HB 2661 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam C. Proffitt', followed by a stylized dollar sign symbol.

Adam C. Proffitt
Director of the Budget

cc: Ethan Belshe, Office of the Governor
Becky Pottebaum, Board of Regents
Jeff Dewitt, University of Kansas
Gail Gottlieb, KU Medical Center
Stephanie McDowell, Kansas State University
Lyndsay Pletcher, Wichita State University
Douglas Ball, Pittsburg State University
Angela Wolgram, Emporia State University
Wesley Wintch, Fort Hays State University
Matt Bingesser, Office of the Attorney General
Trisha Morrow, Judiciary
Paul Weisgerber, Kansas Bureau of Investigation