



KANSAS BOARD OF REGENTS

HOUSE EDUCATION COMMITTEE February 15, 2016

HB 2622

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Kansas Board of Regents

Good afternoon Chairman Highland and Members of the Committee. Thank you for the opportunity to provide testimony in support of House Bill 2622 which impacts a number of regulatory functions of the Board of Regents.

The Board is proposing amendments to the maximum fee charged, pursuant to K.S.A. 2015 Supp. 72-4530, which applies to issuance of GED credentials and verification of credential. The Board is also proposing amendments to statutes applicable to out-of-state and private postsecondary education institutions operating in Kansas, pursuant to K.S.A. 2015 Supp. 74-32,162 *et seq.*

The proposed amendments to K.S.A 2015 Supp. 72-4530(b) would increase the fee cap charged by the Board for providing duplicate and verified GED credentials. The amount would go from the current \$15 to a maximum of \$25.

Many of the proposed amendments to K.S.A 2015 Supp. 74-32,162 *et seq.* are largely technical in nature and are being requested so that the language used in the statutes conform with current practices. The Board is asking to revoke two statutes for the reasons outlined herein and requesting a reduction to the minimum level charged for renewal fees in order to align revenue received with Board expenses and lessen the fee burden on smaller institutions. In addition, the Board requests an increase to the “late fee” charged to private and out-of-state institutions in order to discourage the fairly widespread practice of seeking renewal of a certificate of approval very late, sometimes even after the stated date of expiration.

The requested amendments will help to ensure these statutes conform with best practices and clarify already existing meanings and procedures.

The specifics of each proposed amendment are as follows:

72-4530(b) –The Board requests an increase in the fee cap set by this statute. This statute currently sets the fee charged by the Board for GED credential duplication or verification at a maximum of \$15 per document. Credentialing services include purchase of official copies of GED credentials for education or employment and verification of GED credentials from third-party vendors. The vendor used by the Board of Regents to assist with such credentialing services charges \$15 per document. Therefore, no part of the fee can be retained by the Board to help pay for the Board's administrative activities. In FY2015, 5,667 duplicate GED credentials were issued.

The Board is requesting an increase of the fee cap to \$25 for duplicate credential and verification fees. This action would authorize the Board to increase fees as needed to sustain the financial stability of GED state administration in Kansas.

72-32,166 – The Board requests revocation of this statute. This statute creates and empowers an "Advisory Commission." However, that Commission no longer performs any services that are not and cannot still be obtained through more informal and less costly mechanisms than the mandated annual meeting of individuals representing the regulated sector. The proposed amendment eliminating the advisory commission will save the state money and is supported by that commission itself, as evidenced by the attached letter from the advisory commission.

74-32,176 – The Board requests revocation of this statute. This statute prohibits institutions from collecting tuition prior to instruction and the submission of a student's first assignment. Although this prohibition was first enacted in 2004, it does not reflect modern practices with regard to when tuition is paid to postsecondary institutions. Currently, most institutions of this nature must and do collect tuition prior to providing the coursework. Prohibiting advance tuition payments just for this sector creates a disadvantage for the regulated institutions that does not appear necessary or warranted.

74-32, 181 – The Board requests amendment to this statute in order to (a) clarify which institutions should be considered "in-state" or "out-of-state" for purposes of paying fees, (b) make changes in certain fees, and (c) clarify the deadline for requesting renewal of a previously issued Certificate of Approval in a timely manner.

- (1) The suggested new language in subsection (a)(1) would clarify in-state and out-of-state definitions by replacing the word 'domiciled' with 'chartered, incorporated or otherwise organized under the laws of Kansas'. Because there is more than one definition that can be used for "domiciled," the current statute language creates the potential for an institution that is headquartered or created

out-of-state to argue that it qualifies as an in-state institution merely because it has a building (physical presence) in the state. The suggested replacement phrase is the legal definition of domicile that has consistently been used in this context and making the requested amendment will clarify meaning and help the Board properly implement this statute by eliminating the possibility of ambiguity.

The Board also requests that this subsection be further amended to replace 'or' with 'and' to clarify that in order to be considered an in-state institution, and thus qualify to pay fees at the in-state rate, the institution must be both physically located in Kansas and are currently established in Kansas.

- (2) The requested amendment to subsection (a)(1) and (2) would impact the minimum rate for renewal fees. Currently, in-state renewal fee minimums are set at \$800 for non-degree granting institutions and \$1,600 for degree granting institutions. Institutions that are considered out-of-state have renewal minimums of \$2,400 for non-degree granting institutions and \$3,000 for degree granting institutions. The Board asks that the statute be amended in order to reduce in-state renewal fee minimums to \$500 (non-degree) and \$1,000 (degree) and reduce out-of-state renewal fee minimums to \$1,000 (non-degree) and \$2,000 (degree). These reductions are being requested in order to align the revenue received by the Board with the expense incurred by the Board (the average amount of staff time needed to process a "normal" renewal request) and to lessen the fee burden on smaller institutions. Forty institutions, or 20% of the 205 institutions with a Certificate of Approval in FY 2015, paid a renewal fee at the minimum level.
- (3) The requested amendment to subsection (a)(1) would increase the late fee charged to institutions seeking to renew their Board issued Certificate of Approval. The current late fee is \$100 and the proposed increase would change that amount to \$500. The purpose of this increase is to encourage compliance and decrease late renewals. In FY 2015, 48 institutions, or 23% of the 205 institutions with Certificates of Approval, submitted a late renewal application. The Board believes this late fee change is necessary in order to discourage and hopefully decrease the number of institutions that apply for renewal so late that Board staff cannot adequately review the facts and documentation (and if necessary request additional information) prior to the expiration of the Certificate of Approval. The Board believes if the late fee penalty is increased, it may discourage seeking renewal any later than 60 days prior to the expiration date of the Certificate of Approval.
- (4) The proposed amendment to subsection (d) would clarify the timeline for processing a renewal application. Each certificate of approval issued by the

Board is valid for a term of one year, and each certificate of approval must be annually renewed prior to its expiration date. By statute, one-hundred-and-twenty (120) days before a certificate of approval expires, the Board is required to forward the institution a “renewal application form” and the institution is required to submit a completed renewal application sixty (60) days prior to the expiration date. Failure to timely submit the completed application results in the late fee charge authorized by K.S.A. 2015 Supp. 74-32,181 and established in K.A.R. 88-28-6. While the Board believes the current statute and regulation language requires that the renewal application be provided to the Board no later than 60 days prior to expiration, after which time the late fee penalty must be paid, the suggested amendment would make that rule and the timing of the late fee penalty clearer to regulated institutions.

Thank you for your consideration. I am happy to answer any questions you may have.

Fiscal Notes:

The Private Postsecondary unit works with a private CPA to ensure that all fees are set at appropriate levels and provide sufficient revenues to fund the work authorized and required by K.S.A 74-32,162 *et seq.*

Increasing the GED credential duplication and verification fee allows the Board to retain a portion of the fee thus lessening the need to supplement operations with general fund moneys, while improving the financial sustainability for the administration of the GED test and credentialing in service to the 228,000 Kansans currently without a high school diploma or its equivalent. In FY 2015, 5,667 duplicate GED credentials were issued. If the \$25 fee had been in place during this time, it would have resulted in an additional \$56,670 that would have been available to fund the work of the Board’s GED unit.

Based on FY 2015 data, the proposed reduction in the renewal fee would result in a 2% decrease in revenue.

Given that the goal of increasing the late fee is to encourage compliance and decrease late renewals from the institutions, a minimal impact on revenue is expected if this measure is adopted.