



KANSAS BOARD OF REGENTS

Senate Education Committee
HB 2542 Private and Postsecondary Education Fees
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Greetings Chair Baumgardner and members of the Senate Education Committee. I am Jean Redeker, Vice President for Academic Affairs, at the Kansas Board of Regents (Board). The Board is before you to request changes to certain fee provisions and removal of the sunset clause in K.S.A. 2017 Supp. 74-32,181. This request updates language to clarify current intent and processes and allows the Board to continue charging fees sufficient to cover costs of regulating private and out-of-state postsecondary institutions.

As background, the major re-organization effort contained in SB 345, which was enacted in 1999, transferred the regulation of private and out-of-state postsecondary institutions operating in Kansas from the State Board of Education to the Board of Regents. Such regulation helps to protect consumers and ensure the private and out-of-state schools operating in Kansas meet the quality and consumer protection standards established by law.¹ In addition to reviewing new applications, institutions currently approved to operate in Kansas must be annually reviewed for compliance with state law. To fund this regulatory activity, fees are charged to those institutions seeking to operate in Kansas.

In 2004, the Legislature adopted K.S.A. 2017 Supp. 74-32,162 *et seq.*, which updated and clarified the scope and degree of regulatory oversight. This adoption included a statute that allowed the Board to continue to charge fees for this work (K.S.A. 74-32,181) and set maximum allowable fee amounts, though did not include a sunset clause.

In 2009, working with a private CPA who did a business analysis, the Board determined that the fees then being paid by private and out-of-state schools operating in Kansas did not adequately support the regulatory work required of the Board office. A review of the fees charged by other states regulating this sector was undertaken and a fee schedule was proposed that more correctly reflected the amount and types of work that needed to be done in order to adequately carry out the functions required by K.S.A. 2017 Supp. 74-32,162 *et seq.*

¹ See K.S.A. 2017 Supp. 74-32,169 and K.A.R. 88-28-2 for standards. These standards include such things as ensuring a school is adequately financed, teachers are qualified, course-work is appropriate for the field, etc.

In 2010, the Board requested and the Kansas Legislature adopted the proposed fee schedule by approving amendments to K.S.A. 74-32,181. When the Board returned to the Legislature in 2011 to ask that minor changes be made to the fee statute (which were ultimately enacted), the Legislature included a one-year sunset clause. The sunset clause allowed the Board to charge fees through June 30, 2012. In 2012, the Board requested and the Legislature approved extending the sunset clause through June 30, 2017. The 2017 Legislature established a one-year sunset clause allowing the Board to charge fees to private and out-of-state postsecondary institutions through June 30, 2018.

The fees currently authorized in K.S.A. 2017 Supp. 74-32,181 and paid by the private and out-of-state postsecondary institutions operating (or wishing to operate) in Kansas provide sufficient funding to support the Board's regulatory functions. These functions are designed to help guard against the harm that can develop without sufficient oversight.

The proposed amendment eliminates six fees which range in amount from \$10 to \$250 and include changes related to an institution's name, location, ownership, representative, and programs. The process to update the system for these changes is minimal and the updates will now be part of the annual renewal application. While Board staff continue to conduct on-site visits, fees are not charged for the on-site branch campus review. Therefore, elimination of this fee is recommended. The proposed amendment also modifies language to certain fee areas. Adding "up to" before the percentage charged with the annual renewal application allows the Board flexibility in adjusting the percentage within statutory limits as appropriate to the workload associated with the Board's regulatory duties. The economic impact of eliminating these six fees will be a 0.37 percent decrease in fee revenue to the agency's Private Postsecondary Fee Fund, which is not expected to impact the unit's ability to operate.

Additionally, the proposed amendment to K.S.A. 74-32, 181(g) eliminates the July 30, 2018 sunset clause, extending the Board's authority to charge fees to private and out-of-state postsecondary institutions operating in Kansas. If the 2018 Legislature does not eliminate the sunset clause set forth in K.S.A. 2017 Supp. 74-32,181(g), the result will be the elimination of the Board's authority to charge any fees to this sector as of July 1, 2018. Without adequate fees paid by the schools being regulated, the Board would either need to seek state funding at the same levels, thus requiring Kansas tax payers to pay for state regulatory work done in connection with these private and out-of-state entities, or not be able to adequately regulate the private and out-of-state institutions operating in Kansas. The Board believes the best way to provide this critical oversight is to continue to charge fees to the institutions being regulated.

I respectfully ask that you favorably pass out HB 2542, which updates language to certain fee items and eliminates the sunset clause in K.S.A. 74-32,181, allowing the Board to continue to charge fees necessary to regulate this sector.

Thank you for the opportunity to visit about the proposed statutory amendment. I am happy to stand for any questions.