

February 11, 2020

The Honorable Molly Baumgardner, Chairperson
Senate Committee on Education
Statehouse, Room 445B-S
Topeka, Kansas 66612

Dear Senator Baumgardner:

SUBJECT: Fiscal Note for SB 354 by Senate Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning SB 354 is respectfully submitted to your committee.

SB 354 would amend the Private and Out-of-State Postsecondary Educational Institutions Act as follows:

1. Update definitions of distance education, ownership, and physical presence to clarify subject matter jurisdiction;
2. Clarify the types of institutions exempt from the Act;
3. Add an exemption for intensive review courses solely designed to prepare students for graduate or professional school entrance examinations or professional licensure examinations;
4. Provide that an institution that is exempt from the Act because it is regulated and approved under another state law may voluntarily bring itself under the Board's jurisdiction if Board approval is required to participate in federal programs authorized by the Higher Education Act of 1965;
5. Require institutions that received degree-granting authority after July 1, 2004, to make progress toward and ultimately achieve and maintain institutional accreditation status with an accrediting agency recognized by the United States Department of Education;
6. Allow the Board to issue a provisional certificate of approval when a degree-granting institution has not yet achieved institutional accreditation;
7. Expand the list of minimum standards required for a certificate of approval;
8. Clarify that institutions are prohibited from awarding credentials based solely on payment of tuition or credit earned from other institutions;
9. Clarify that institutions are prohibited from awarding honorary degrees if they do not award earned degrees;

10. Require institutions to take appropriate measures to protect students' personally identifiable information;
11. Allow the Board to impose requirements on institutions that are closing, including teach-out plans, refund requirements and plans for maintenance of academic records;
12. Clarify that the Board can require an institution to begin closure procedures once a renewal application is deemed late;
13. Allow the Board to condition a certificate of approval at any time the Board determines additional information is necessary;
14. Allow an institution that has had a certificate of approval revoked to reapply for a new certificate of approval twelve months after the final order of revocation if the institution has established that it has cured all deficiencies;
15. Allow the Board to fine institutions for violations of the Act with the amount of the fine based on the institution's tuition revenue within established minimums and maximums;
16. Allow fines to be assessed against the institution's surety bond, and all fines assessed and collected would be remitted to the State Treasurer to the credit of the State General Fund;
17. Expand the coverage of the institution's surety bond to include fines assessed for violation of the Act;
18. Add to the list of violations of the Act obtaining a certificate of approval through fraud or misrepresentation and failing to submit accurate data on a timely basis;
19. Add that a violation of the Act is grounds for revocation of the institution's certificate of approval; and
20. Increase the amount of the civil penalty that can be imposed by a court for violations of the Act from \$5,000 to \$20,000;

The bill also includes technical amendments.

The Board of Regents indicates SB 354 could increase fines from civil penalties that are remitted to the State General Fund, but a precise estimate cannot be determined. The Board anticipates no additional fee revenue from the enactment of SB 354 as the provisions in the bill are not intended to bring new institutions under the scope of the Act. Any fiscal effect associated with SB 354 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Kelly Oliver, Board of Regents