

January 28, 2021

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

Dear Senator Baumgardner:

**SUBJECT:** Fiscal Note for SB 64 by Senate Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning SB 64 is respectfully submitted to your committee.

SB 64 would amend the Private and Out-of-State Postsecondary Educational Institution Act regarding the Board of Regents' authority over private and out-of-state postsecondary institutions operating in Kansas, allowing for increased consumer protection and institutional accountability. Amendments to the Act would include the following:

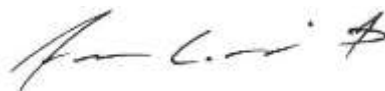
1. Updating definitions for "distance education," "ownership," and "physical presence" to clarify the Board's subject matter jurisdiction;
2. Clarifying situations that exempt institutions from the Act and courses of study that are exempt from the Act;
3. Codifying the ability of an otherwise exempt institution to voluntarily bring itself under the Board's jurisdiction if required for Title IV federal student financial aid eligibility;
4. Requiring accredited status before awarding degrees with certain exceptions;
5. Allowing the Board to issue provisional certificates of approval when a degree-granting institution has not yet achieved accreditation, with potentially increased bonding amount and additional milestones and reporting requirements;
6. Adding to the list of minimum standards required for a certificate of approval, including, but not limited to, requiring institutions to implement appropriate measures to protect students' personally identifiable information; and requiring institutions to publish graduation, placement and loan default rates;

7. Allowing the Board to begin closure procedures once a renewal application is deemed late which may include notice requirements, teach-out plans, maintenance of academic records, refund requirements, and a plan for handling transcript requests;
8. Allowing the Board to set special standards for institutions that receive Title IV student financial aid, including a requirement for audited financial statements;
9. Allowing the Board to condition a certificate of approval at any time the Board determines additional information is necessary;
10. Allowing the Board to fine institutions for violations of the Act;
11. Expanding the coverage of the surety bond to include any fines imposed by the Board;
12. Adding to the list of violations of the Act, obtaining a certificate of approval through fraud or misrepresentation and failure to submit accurate data on a timely basis; and
13. Increasing the amount of civil penalty that can be imposed by a court for violation of the Act from \$5,000 to \$15,000.

The bill would outline additional provisions associated with the amendments listed above including fine amounts for first and subsequent violations which would be remitted to the State Treasury and credited to the State General Fund. Also, the bill would include technical amendments.

The Kansas Board of Regents indicates SB 64 could have a fiscal effect on the Board and revenues collected from private and out-of-state postsecondary educational institutions. The Board indicates fines imposed on these institutions and collected by the Board would increase revenues to the State General Fund. The Board indicates the potential increased number of fines collected and deposited in the State General Fund cannot be estimated. The Board also indicates no additional fees are expected to be collected as the Board does not expect SB 64 would bring new institutions under the scope of the Act's application. Any fiscal effect associated with SB 64 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,



Adam Proffitt  
Director of the Budget

cc: Kelly Oliver, Board of Regents  
Debbie Thomas, Judiciary