



## KANSAS BOARD OF REGENTS

### HOUSE EDUCATION BUDGET COMMITTEE

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#### *Testimony in Support of Senate Bill 41*

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Chairwoman Gordon and members of the Committee, thank you for the opportunity to provide testimony in support of Senate Bill 41, legislation that proposes revisions to the statutes the Board of Regents implements through its Private Postsecondary Division. Senate Bill 41 was originally introduced by the Legislative Educational Planning Committee and was unanimously approved by the Senate on February 22.

The Board's Private Postsecondary Division's principal responsibility is to regulate private postsecondary sector institutions. This regulation involves such activities as authorizing private or out-of-state postsecondary institutions to operate in Kansas, reviewing new programs offered by these schools, preparing annual evaluations of institutions and programs for renewal purposes, and investigating complaints leveled against these schools.

This bill makes permanent the new categories and fee levels established by the 2010 Legislature that the Board of Regents charges private and out-of-state postsecondary educational institutions in order to carry out its statutory regulatory responsibilities. The 2010 legislation included a one-year sunset provision, and one concern expressed at that time was the difference in the Board's minimum number of credit hours required for a baccalaureate degree (124) and the minimum number required in most states (120). This issue was resolved by the Board in the fall of 2010 through approval of a revision to the policy. Therefore, Senate Bill 41 would: (1) make the statutory fee structure permanent; (2) grant the Board of Regents rule and regulation authority to set fees within the statutory limits; and (3) lower the minimum fees charged to smaller schools in Kansas so they are better able to thrive.

We are currently in the midst of remarkable growth in the number and complexity of large institutions in the Private Postsecondary sector, both across the United States and in Kansas. For example, from January 2007 to December 2010 the number of approved institutions in Kansas increased 39.2% (from 107 to 149). In that same period, the number of approved academic programs increased 337% (from 567 to 2,481). This growth is expected to continue for the next several years.

It is important to note that the institutions applying to operate and offer programs in Kansas now include multi-billion dollar/Fortune 500 type institutions like the University of Phoenix and

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Kaplan University, which is owned by the Washington Post Corporation. In addition, degree program requests are moving toward the more complex bachelor, master and doctorate degrees and away from less complicated certificate and diploma programs.

The Board's Private Postsecondary Division has hired two full-time persons in the last year, for a current total of four staff members. As noted above, new institutions and programs/degrees seeking approval are projected to at least double the current Division's workload in the very near future.

I also want to emphasize that implementation of the proposed changes will enable the Division to operate on a business model, tracking all costs to operate, and setting fees at a level that will cover those costs and eliminate any reliance on State General Funds to cover both direct and indirect costs.

The proposed changes follow a nationwide trend to increase fees in response to the growth in the industry, and the rates we seek to put in place are comparable to those charged in states similar to Kansas. Fees for states surrounding Kansas, for example, although varied in their structure, have either been increased, or are proposed to increase, in response to industry trends.

As the State Budget Director noted in the bill's fiscal note: "The budget for the Board of Regents recommended by the Governor for FY 2012 assumes continuation of the current fee structure. If the bill is not enacted, fees would revert back to the 2003 fee structure and revenues and expenditures would decline by approximately by \$500,000. Given the current and increasing demands by this industry, the Board would not be able to keep up with the new institutions seeking approval or the current approved institutions seeking to add new programs."

This legislation helps to ensure that Kansas students receive a quality education from this sector by providing the resources necessary to enhance the Division's capacity for due diligence in order to protect consumers. Further, the Private Postsecondary Division has received widespread support from this sector in advocating for passage of this legislation. Thank you for your consideration of Senate Bill 41. I am happy to answer any questions you may have.