

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:30 p.m. on February 7, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Sharon Wenger, Kansas Legislative Research Department\
Laura Younker, Kansas Legislative Research Department
Jason Long, Office of the Revisor of Statutes
Eunice Peters, Office of the Revisor of Statutes
Dale Dennis, Deputy Commissioner, Kansas Department of Education
Dorothy Gerhardt, Committee Assistant

Conferees appearing before the Committee:

Dr. Andy Tompkins, President & CEO, Kansas Board of Regents
Sherry C. Diel, Executive Director, Kansas Real Estate Commission (written only)

Others attending:

See attached list.

Introduction of Legislation

Julene Miller, Kansas Board of Regents, appeared before the committee to request legislation providing for a new technical education tiered funding distribution. A brief committee discussion followed. It was moved by Senator Ruth Teichman, seconded by Senator John Vratil that legislation providing for a new technical education tiered funding formula be introduced. Motion carried on a voice vote.

Senator Mike Petersen provided a written request for legislation that relates to students residing within the 2.5 mile radius of their school. It will provide a method for parents or guardians to petition the school board for transportation due to a serious safety hazard. If granted, it requires the review of these conditions biennially. The bill also requires notification of KDOT officials for consideration in the Safe Routes to School Program. It was moved by Senator Ruth Teichman, seconded by Senator John Vratil that legislation providing this be introduced. Motion carried on a voice vote.

Hearing continued on SB 8 - Defining information technology project for state universities under the control of the state board of regents

Discussion continued with reiteration of Senator Abrams' question of how this would change the bidding process. The Senator stated that following the hearing he was told this legislation would not affect the bidding process. This legislation raises the amount where the on-site project coordinator has the ability to make the determination of how things are actually implemented.

There being no further discussion, the hearing on **SB 8** was closed.

It was moved by Senator Abrams and seconded by Senator King that the committee recommend **SB 8** favorable for passage. Motion carried on a voice vote.

Hearing on SB 41 - Private and out of state postsecondary educational institution act; fees

Jason Long, Office of the Revisor of Statutes, presented a summary of the provisions of the proposed legislation. **SB 41** would make permanent the new categories and fee levels established for FY 2011 by the 2010 Legislature that the Board of Regents may charge private and out-of-state postsecondary educational institutions in order to carry out the Board's statutory and regulatory responsibilities. The fees listed in the bill would be the maximum allowable amounts.

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

CONTINUATION SHEET

Minutes of the Senate Education Committee at 1:30 p.m. on February 7, 2011, in Room 152-S of the Capitol.

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.

Dr. Andy Tompkins, President and CEO, Kansas Board of Regents appeared with testimony in support of the proposed legislation (Attachment 1). He stated **SB 41** would make the statutory fee structure permanent, grant the Board of Regents rule and regulation authority to set fees within the statutory limits, and lower the minimum fees charged to smaller schools in Kansas so they are better able to thrive. He pointed out that between January, 2007 and December, 2010, the number of approved institutions in Kansas increased 39.2%. In that same period, the number of approved academic programs increased 337% with this growth expected to continue for several years.

He emphasized 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.

Written testimony in support of the proposed legislation was provided by Sherry Diel, Executive Director, Kansas Real Estate Commission (Attachment 2).

There being no further testimony, the hearing on **SB 41** was closed.

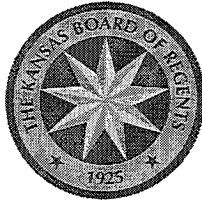
The next meeting is scheduled for February 8, 2011.

The meeting was adjourned at 01:55 p.m.

SENATE EDUCATION COMMITTEE GUEST LIST

DATE: February 7, 2011

NAME	REPRESENTING
James Bingham	KU Medical Center
Kaitlin Alegria	Sen. Emmer
Jonathan Krueger	KBOR
Andy Smith	KBOR
MARK DEBETTI	KNET
Gary Alexander	KBOR
Rob Edlestone	KATC
Theresa Marcel Schwartz	KBOR
Julene Miller	KBOR
Tyler Curtis	ESU/KBOR
David Rainer	Kearney Assoc.
Katie Geier	KBOR
Crystal Ruderbaugh	KBOR
Tom Kuh	KRSB
John Pinegar	Washburn University



KANSAS BOARD OF REGENTS

SENATE EDUCATION COMMITTEE

February 7, 2011

Testimony in Support of Senate Bill 41

Andy Tompkins, President and CEO

Chairwoman Schodorf 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. The 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 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.

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Senate Education
2-7-11
Attachment 1

The Board's Private Postsecondary Division has hired two more 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.

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 the support of most of 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.



Memo To: Senate Education Committee
From: Sherry C. Diel, Executive Director
Date: February 7, 2011
RE: SB 41—Proponent—Private and out of state postsecondary educational institutions act; establishing fees by regulation

Chairperson Schodorf and members of the Senate Education Committee, the Kansas Real Estate Commission (Commission) supports the Kansas Board of Regent's (KBOR) ability to set reasonable fees by regulation at a lower rate than the statutory cap based upon the size of the school's enrollment.

The Kansas Board of Regents approves certificates for private and out of state postsecondary educational institutions that provide pre-license and continuing education courses required by the Commission's statutes and regulations for real estate salespersons and brokers. The Commission approves the real estate curriculum and the instructors for the courses after the school is approved by the KBOR. During the 2010 Legislative Session, legislation was passed that increased the fees charged by KBOR to approve schools' requests for original and renewal certifications as private and out of state postsecondary institutions and established a new fee for branch offices. The legislation did not allow the KBOR to set a lower fee by regulation.

After the 2010 legislation was passed, the Commission received several complaints from schools that offered real estate curriculum about the high cost to remain certification as a private or out of state postsecondary educational institution. A long-time provider of real estate curriculum decided that it was no longer cost effective to maintain its status as a private postsecondary school.

The Commission supports a statute whereby the KBOR can set fees by regulation for approval as private and out of state postsecondary institutions at reasonable rates taking into consideration the size of enrollment for small schools that provide curriculum for professional licensing agencies.

Thank you for your consideration.

Senate Education
2-7-11
Attachment 2