

HB

256

LEGISLATIVE REFERENCE LIBRARY

LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3808
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 400
Juneau, Alaska 99801-2105

Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

Senate Rules Committee 5/8/97 1:10 p.m



ALASKA COMMISSION
on
POSTSECONDARY EDUCATION

HB 256 - FEE FOR SERVICE

SERVICE: Consumer Protection - Authorization of postsecondary institutions to operate in the state of Alaska within minimum standards

PROTECT: Students purchasing education at postsecondary schools (academic and vocational)

ISSUE: Current fee charged to institutions does not recoup cost to state for service provision

GOAL: Fee for Service (Authorization) to cover partial cost

REQUEST: *Support legislation promoting responsible fee structure for service*

DIVISION OF INSTITUTIONAL RELATIONS
S T A T E O F A L A S K A

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

TONY KNOWLES, GOVERNOR

3030 VINTAGE BLVD.
JUNEAU, ALASKA 99801-7109
VOICE (800) 441-2962
In Juneau 465-6740
TDD (907) 465-3143
FAX (907) 465-3293

MEMORANDUM

TO: ALASKA LEGISLATORS
FROM: DEBORAH CRAIG, DIRECTOR OF INSTITUTIONAL RELATIONS
SUBJECT: HB 256 - FEE FOR SERVICE
DATE: 4/23/97

In addition to the management of the Alaska Student Loan Program, the Alaska Commission on Postsecondary Education (ACPE) is responsible for authorizing postsecondary schools to operate in the state of Alaska. The authorization function is primarily one of consumer protection for students. ACPE establishes minimum standards concerning quality of education, ethical and business practices, health and safety, and fiscal responsibility of schools, to protect students against substandard, transient, unethical, or fraudulent practices of institutions.

Alaska Statute 14.48.090 imposes a set fee structure that the Commission must charge an institution for each application for authorization to operate or renewal of authorization to operate, as listed below:

- | | |
|--|-------|
| 1. Initial Authorization to Operate | \$100 |
| 2. Renewal of Authorization to Operate | \$100 |

These fees do not come close to recouping the actual labor (1.5 positions) and associated costs of authorization activities. Personnel and travel costs for FY97 will reach almost \$100,000. In FY96, ACPE collected less than \$2,000. The remaining costs of this function are borne by corporate receipts. Rather than reinvent the wheel on this issue, staff surveyed 25 state approving agencies to gain perspective on the various ways to tie the fee charged to the cost of doing business. The survey showed that fees varied from a low of \$50 to a high of \$6,000. A number of states utilize a system of scaled fees which are tied to tuition rates or tuition revenues.

ACPE is proposing a change in the fee structure to a percentage of gross tuition revenue/fees, less refunds and a set fee for less labor intensive services (change of program review, site review, etc.). Minimum and maximum fee thresholds would be established. See sample on next page. As the bulk of authorization activity is for renewal of authorization, charging a higher fee for initial authorizations would place an additional burden on new businesses with already significant start up costs. The proposed fees structure is intended to place the primary burden on institutions that derive the greatest benefit from the authorization process: institutions seeking reauthorization and gleaning student loan revenues.

This legislation also clarifies the criteria for exemption from authorization to operate. This would allow postsecondary institutions meeting the prescribed criteria to be exempt from fees associated with authorization and authorization requirements.

Further, this legislation provides a mechanism for the ACPE to recoup a portion of the cost of investigating and adjudicating institutional violations of statute and regulation. Fines would be based on the cost of investigation and adjudication within a maximum fine threshold and only assessed if the commission finds that an actual violation has occurred.

Again, the authorization function is one of consumer (student) protection and guardianship of Alaska student loan funds. Naturally, the proposed fee structure will seem significant to a population who have received our services essentially for free for many years. Nonetheless, as pressure increases for state agencies to become more cost effective, a fee schedule that charges the entity that benefits and covers at least a portion of the cost to the state is appropriate.

Comparison of Licensing Fees for Other States

STATE	CODE	INITIAL	RENEWAL	AMEND	AGENT	SITE CHANGE
Alaska		\$100	\$100	\$0	\$50	\$0
Arizona	*	\$800	600-1400	\$300	\$75	\$300
*Kansas	*	\$300-\$1,300	300-1200	100-250		
Colorado	* +	\$2,000	\$750	\$150	\$150	\$150
Florida	+	\$2,000	\$250		\$100	
Illinois	^	\$500	\$150			
Louisiana	+ ^	\$500	500 plus late fee			
Missouri	*	\$250	250-2500			
Nevada	*	\$1,500		\$500	\$200	
New Mexico	* +	\$500	2%-5000		\$500	
Ohio	* + ^	\$300-\$1,100	200-825	\$200	\$100	\$150
Oklahoma	* + ^	\$750	\$375		\$100	\$250
South Carolina	*	\$100-\$1,000	100-1000	\$50	\$25	\$50
Tennessee	* +	\$2,500	350-8000	Special Fees		
Texas	* + ^	\$1,000-\$2,500	3%+	\$225		\$375
Washington	* + ^	\$250-\$2,500	additional fees charged for special requests			

Code

- * Charges percentage scaled to tuition revenues
- + Charges late fee or annual fee
- ^ Tailors fee to individual requests and has authority to amend fee structure

Sample Fee Structure for Alaska

Initial Authorization and Application Fee - 2 Years	\$1,500
Renewal of Authorization - 3 Years	Min \$500/Max \$2500
	3% of Tuition/Fee Revenue
Change of Ownership	Min \$500/Max \$2500
	3% of Tuition/Fee Revenue
Change of Program or Additional Programs	\$100
Additional Site Inspection	\$100