

HOUSE BILL No. 2204

By Committee on New Economy

1-29

AN ACT establishing the workforce development loan program; concerning such loan; creating a fund; providing for loan repayment, forgiveness and administration thereof; amending K.S.A. 2000 Supp. 79-4804 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. (a) There is hereby established the workforce development loan program act.

(b) Within the limits of appropriations and private contributions therefor, and in accordance with the provisions of this act, the state board of regents may award such loans to Kansas residents who are enrolled in or admitted to an educational facility administered under the state board of regents or Washburn University and who enter into a written agreement with the state board of regents as provided in section 2 and amendments thereto.

(c) The board of regents shall accept any private contributions to the program. The chief executive officer of the board of regents shall turn such contributions over to the state treasurer who shall deposit such moneys into the workforce development loan fund.

(d) The loans shall be awarded on a priority basis to qualified applicants who have the greatest financial need. At least 60% of the number of loans awarded shall be to resident students attending community colleges, technical colleges or area vocational schools.

(e) Loans awarded under this program shall be awarded on an annual basis and shall be in effect for one year unless otherwise terminated before the expiration of such period of time. Such loans shall be awarded for the payment of tuition, fees, books, room and board and any other necessary school related expenses.

New Sec. 2. (a) The applicant for a workforce development loan shall provide to the board of regents on forms provided by such board all information requested by such board.

(b) As a condition to awarding such loan, the state board of regents and the recipient of such loan shall enter into an agreement which shall require the person receiving the loan to:

(1) Complete the required course of instruction and receive the des-

1 ignated degree, certificate or diploma for that course of instruction;

2 (2) continue to live and work in Kansas after the recipient's course
3 of instruction is completed until the loan is totally forgiven. Agree that
4 for each year of living and working in Kansas, $\frac{1}{8}$ of the total loan amount's
5 principal and interest that accrued during the prior year shall be forgiven;

6 (3) agree that the service commitment for each agreement entered
7 into under this section is in addition to the service commitment contained
8 in any other agreement which has been or may be entered into under
9 this section for the purpose of obtaining a loan;

10 (4) maintain records and make annual reports to the chief executive
11 officer of the board of regents or such executive officer's designee as
12 required to document the satisfaction of the agreement terms of the loan;
13 and

14 (5) repay any amounts required upon the recipient's failure to com-
15 plete the terms of the agreement.

16 (c) Such agreement shall establish a repayment schedule requiring
17 the recipient to begin making payments one year after the discontinuance
18 of the recipient's enrollment in a Kansas educational institution, either
19 by failure to attend, completion of the program or at such other times as
20 the board deems appropriate.

21 New Sec. 3. (a) Upon completion of the recipient's program of study,
22 the recipient shall be eligible for forgiveness of the loan by living and
23 working in Kansas.

24 (b) By annually providing to the board of regents the required doc-
25 umentation certifying that the recipient worked and lived in Kansas
26 throughout the prior year. Such documentation shall be provided to the
27 board of regents within 30 days of the annual due date calculated from
28 the completion of the course of study.

29 (c) If the required documentation certifying that the recipient lived
30 and worked in Kansas is not received in the prescribed time by the board,
31 the remaining loan amount shall be due and payable as prescribed under
32 section 4, and amendments thereto.

33 (d) Interest rates on the loan shall be determined by the state trea-
34 surer according to the interest rate received on the state idle funds plus
35 2%.

36 New Sec. 4. (a) Except as otherwise provided in section 5, and
37 amendments thereto, upon the failure of any person to satisfy an obli-
38 gation incurred under the loan agreement as provided in section 2, and
39 amendments thereto, such person shall repay to the state treasurer an
40 amount equal to the total of (1) the amount of money received by such
41 person pursuant to such agreement, plus (2) accrued interest, calculated
42 at the interest rate on the state idle funds plus 2%, from the date such
43 money was received.

1 (b) Each person required to repay any amount under this section shall
2 repay an amount totaling the entire amount to be repaid under all such
3 agreements for which obligations are not satisfied, including all amounts
4 of interest at the rate prescribed in subsection (a). Except as otherwise
5 provided in this section, such repayment shall be made in installment
6 payments determined by the state board of regents as provided in sub-
7 section (c) of the section 2, and amendments thereto.

8 (c) All installment payments under this section shall commence six
9 months after the date of the action or circumstance that causes the failure
10 of the person to satisfy the obligations of such agreements, as determined
11 by the state board of regents based upon the circumstances of each in-
12 dividual case. If an installment payment becomes 91 days overdue, the
13 entire amount outstanding shall become immediately due and payable,
14 including all amounts of interest at the rate prescribed.

15 (d) The total repayment obligation imposed under all agreements en-
16 tered into as provided in section 2, and amendments thereto, may be
17 satisfied at any time prior to graduation by making a single lump-sum
18 payment equal to the total of (1) the entire amount to be repaid under
19 all such agreements upon failure to satisfy the obligations under such
20 agreements to practice in Kansas, plus (2) all amounts of interest accrued
21 thereon at the rate prescribed in subsection (a).

22 (e) The state board of regents is authorized to turn any delinquent
23 repayment account arising under the workforce development loan pro-
24 gram to a designated loan servicer or collection agency, the state not being
25 involved other than to receive payments from the loan servicer or collec-
26 tion agency at the interest rate prescribed under this section.

27 New Sec. 5. (a) After the transfer of moneys pursuant to K.S.A. 2000
28 Supp. 79-4806, and amendments thereto, an amount equal to 5% of the
29 balance of all moneys credited to the state gaming revenues fund shall
30 be transferred and credited to the workforce development loan fund.

31 (b) There is hereby established in the state treasury the workforce
32 development loan fund. The state board of regents shall remit all moneys
33 received under this act to the state treasurer at least monthly. Upon re-
34 ceipt of each such remittance the state treasurer shall deposit the entire
35 amount thereof in the state treasury, and such amount shall be credited
36 to the workforce development loan fund.

37 (c) The state treasurer, upon receipt of moneys from persons making
38 payments under sections 2, 3 and 4, and amendments thereto, shall de-
39 posit the entire amount thereof in the state treasury, and such amount
40 shall be credited to the workforce development loan fund.

41 (d) All expenditures from the workforce development loan fund shall
42 be made for the purposes of this act and shall be made in accordance
43 with appropriation acts upon warrants of the director of accounts and

1 reports issued pursuant to vouchers approved by the executive officer of
2 the state board of regents or such executive officer's designee.

3 New Sec. 6. (a) The state treasurer shall be the receiving agent for
4 loan payments and credits received under the provisions of this act. The
5 state treasurer shall keep a record of payments received from each person
6 and credited to such person's account obligation.

7 (b) The state treasurer shall send all accounts which are three or more
8 months delinquent to the executive officer of the state board of regents.

9 (c) The state treasurer shall adopt rules and regulations to administer
10 the state treasurer's duties under the provisions of this act.

11 New Sec. 7. (a) Except as otherwise specified in the agreement, an
12 obligation under any agreement entered into under the workforce de-
13 velopment loan program shall be postponed: (1) During any required
14 period of active military service; (2) during any period of temporary med-
15 ical disability during which the person obligated is unable to work; (3)
16 during any period of time the person is on job-protected leave under the
17 federal family and medical leave act of 1993; or (4) during any period of
18 time the state board of regents determines that the person obligated is
19 unable to work because of special circumstances. Under clause (1), an
20 obligation to work and live in Kansas in accordance with an agreement
21 under section 2, and amendments thereto, shall not be postponed more
22 than five years from the time the person's obligation to work and live in
23 Kansas was to commence under any such agreement. An obligation to
24 work and live in Kansas in accordance with an agreement under section
25 2, and amendments thereto, shall be postponed under clause (2) during
26 the period of time the medical disability exists. An obligation to work and
27 live in Kansas in accordance with an agreement under section 2, and
28 amendments thereto, shall be postponed under clause (3) during the pe-
29 riod of time the person obligated remains on family and medical leave
30 act leave. An obligation to work and live in Kansas in accordance with an
31 agreement under section 2, and amendments thereto, shall be postponed
32 under clause (4) during the period of time the state board of regents
33 determines that the special circumstances exist. The state board of re-
34 gents shall adopt rules and regulations prescribing criteria or guidelines
35 for determination of the existence of special circumstances causing an
36 inability to work and live in Kansas and shall determine the documenta-
37 tion required to prove the existence of such circumstances.

38 (b) An obligation to work and live in Kansas in accordance with an
39 agreement under section 2, and amendments thereto, shall be satisfied:
40 (1) If the obligation to work and live in Kansas has been completed in
41 accordance with the agreement; (2) if the person obligated dies; and (3)
42 if, because of permanent physical disability, the person obligated is unable
43 to work and live in Kansas.

1 New Sec. 8. If a person fails to satisfy an obligation to work and live
2 in Kansas for the required period of time under an agreement entered
3 into as provided in section 2, and amendments thereto, because such
4 person is working in or working and living in a state other than Kansas,
5 and if such person is subject to or currently making repayments under
6 such agreement, and if such person subsequently commences working
7 and living in Kansas in this state in compliance with the agreement, the
8 balance of the repayment amount, including the interest thereon, from
9 the time of commencement of working and living in Kansas until the
10 obligation of such person is satisfied or until such time as such person
11 again becomes subject to repayments, shall be waived. All repayment
12 amounts due prior to commencement of working and living in this state
13 again, including interest thereon, shall continue to be payable as provided
14 under the agreement. If subsequent to commencement of working and
15 living in this state, the person fails to satisfy the obligation to work and
16 live in this state for the period of time specified in the agreement, the
17 person again shall be subject to repayments, including interest thereon,
18 as provided in the agreement.

19 New Sec. 9. The state board of regents shall adopt rules and regu-
20 lations for administration of the workforce development loan program
21 and shall establish terms, conditions and obligations which shall be in-
22 corporated into the provisions of any agreement under this act.

23 Sec. 10. K.S.A. 2000 Supp. 79-4804 is hereby amended to read as
24 follows: 79-4804. (a) After the transfer of moneys pursuant to K.S.A. 2000
25 Supp. 79-4806, and amendments thereto, an amount equal to ~~85~~ 80% of
26 the balance of all moneys credited to the state gaming revenues fund shall
27 be transferred and credited to the state economic development initiatives
28 fund. Expenditures from the state economic development initiatives fund
29 shall be made in accordance with appropriations acts for the financing of
30 such programs supporting and enhancing the existing economic founda-
31 tion of the state and fostering growth through the expansion of current,
32 and the establishment and attraction of new, commercial and industrial
33 enterprises as provided by this section and as may be authorized by law
34 and not less than ½ of such money shall be distributed equally among
35 the congressional districts of the state. Except as provided by subsection
36 (g), all moneys credited to the state economic development initiatives
37 fund shall be credited within the fund, as provided by law, to an account
38 or accounts of the fund which are created by this section.

39 (b) There is hereby created the Kansas capital formation account in
40 the state economic development initiatives fund. All moneys credited to
41 the Kansas capital formation account shall be used to provide, encourage
42 and implement capital development and formation in Kansas.

43 (c) There is hereby created the Kansas economic development re-

1 search and development account in the state economic development ini-
2 tiatives fund. All moneys credited to the Kansas economic development
3 research and development account shall be used to promote, encourage
4 and implement research and development programs and activities in Kan-
5 sas and technical assistance funded through state educational institutions
6 under the supervision and control of the state board of regents or other
7 Kansas colleges and universities.

8 (d) There is hereby created the Kansas economic development en-
9 dowment account in the state economic development initiatives fund. All
10 moneys credited to the Kansas economic development endowment ac-
11 count shall be accumulated and invested as provided in this section to
12 provide an ongoing source of funds which shall be used for economic
13 development activities in Kansas, including but not limited to continuing
14 appropriations or demand transfers for programs and projects which shall
15 include, but are not limited to, specific community infrastructure projects
16 in Kansas that stimulate economic growth.

17 (e) Except as provided in subsection (f), the director of investments
18 may invest and reinvest moneys credited to the state economic develop-
19 ment initiatives fund in accordance with investment policies established
20 by the pooled money investment board under K.S.A. 75-4232, and
21 amendments thereto, in the pooled money investment portfolio. All mon-
22 eys received as interest earned by the investment of the moneys credited
23 to the state economic development initiatives fund shall be deposited in
24 the state treasury and credited to the Kansas economic development en-
25 dowment account of such fund.

26 (f) Moneys credited to the Kansas economic development endow-
27 ment account of the state economic development initiatives fund may be
28 invested in government guaranteed loans and debentures as provided by
29 law in addition to the investments authorized by subsection (e) or in lieu
30 of such investments. All moneys received as interest earned by the in-
31 vestment under this subsection of the moneys credited to the Kansas
32 economic development endowment account shall be deposited in the
33 state treasury and credited to the Kansas economic development endow-
34 ment account of the state economic development initiatives fund.

35 (g) In each fiscal year, the director of accounts and reports shall make
36 transfers in equal amounts on July 15 and January 15 which in the aggre-
37 gate equal \$2,000,000 from the state economic development initiatives
38 fund to the state water plan fund created by K.S.A. 82a-951, and amend-
39 ments thereto. No other moneys credited to the state economic devel-
40 opment initiatives fund shall be used for: (1) Water-related projects or
41 programs, or related technical assistance; or (2) any other projects or
42 programs, or related technical assistance, which meet one or more of the
43 long-range goals, objectives and considerations set forth in the state water

1 resource planning act.

2 Sec. 11. K.S.A. 2000 Supp. 79-4804 is hereby repealed.

3 Sec. 12. This act shall take effect and be in force from and after its
4 publication in the statute book.

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