

MINUTES OF THE HOUSE COMMITTEE ON HIGHER EDUCATION.

The meeting was called to order by Chairperson Lisa Benlon at 3:40 p.m. on January 28, 2002 in Room 231-N of the Capitol.

All members were present except: Deena Horst (E)
Annie Kuether (E)
Valdenia Winn (E)

Committee staff present: Carolyn Rampey, Legislative Research
Paul West, Legislative Research
Renaë Jefferies, Revisor of Statutes
Jim Wilson, Revisor of Statutes
Dee Ann Woodson, Committee Secretary

Conferees appearing before the committee:

Colonel Adam King, representing the Adjutant General's Office
Diane Lindeman, Director, Student Financial Assistance, State Board of Regents

Others attending:

See attached sheet.

HB 2642 - National Guard educational assistance program

Chairperson Benlon opened the hearing on **HB 2642**, and asked Carolyn Rampey from Legislative Research to give a bill briefing and recommendations from the Legislative Educational Planning Committee (LEPC) who had referred this bill to Higher Education. Ms. Rampey distributed an excerpt from the LEPC Report to the 2002 Session, and summarized its recommendations with explanations of how the program would be administered. She said that the bill was introduced at the request of the Adjutant General's Office, and carries out the request that was made to the LEPC to transfer the program to the State Board of Regents, which also administers the ROTC Scholarship Program. (Attachment 1)

Colonel Adam King, Executive Support Staff Officer for the Kansas Air National Guard and representative of the Adjutant General's Office, testified before the Committee in favor of **HB 2642**. He told the Committee that the Kansas National Guard Educational Assistance Program was originally established by law in 1996, and since its inception over 2,000 students have participated. He explained the benefits of the program for both the participants, the National Guard as well as the state. He stated that he was appearing before the Committee to propose some administrative changes to the statute and clarify the rationale for those changes which ultimately should simplify administration of the program and increase the perception of benefit to the recipients.

Colonel King explained the first recommendation was to change the eligibility criteria for participants from requiring the member to first complete Basic Training to making the individual eligible for benefits upon enlistment. He said this would allow participants to attend school and be eligible to receive benefits while awaiting Basic Training as some recipients have to wait a year or longer to get into Basic Training which is no fault of the individual. He stated that the second proposal they were recommending was to shift the administration of the program from the Adjutant General's Department to the Kansas Board of Regents. Colonel King explained that this would enhance the overall service to the customer because the Board of Regents had more expertise in dealing with educational institutions and tuition assistance administration than the Adjutant General's Department. He added that the Adjutant General's Department would still be involved in the program by verifying participant eligibility and coordination with the Board of Regents.

The third proposed change, Colonel King said was to require those individuals eligible to receive federal funds for tuition and fees as a result of their National Guard membership be required to use those federal

CONTINUATION SHEET

funds prior to receiving state funds, which would hopefully increase the overall number of state funds available to provide educational opportunities to Kansas National Guardsmen. Colonel King stated that

they were also requesting an adjustment to the service commitment incurred by program recipients with the changing of language to reflect a service commitment beyond their present term of enlistment equal to 50% of the duration of the benefit. He explained that one semester worth of benefits would incur an additional three months of service commitment, one year incurred a six month commitment and so on. He said this change would create a more reasonable correlation between the term of benefits and service commitment.

Colonel King testified that they are also proposing that an individual, who is verified as eligible, be allowed to enroll with no out of pocket money, and the school would then bill the Board of Regents for the member's tuition and fees. He said that currently the participants have to pay 100% of the tuition and fees out of pocket prior to starting a semester and then is reimbursed a percentage of their expenditures later in the school year. He explained the Regents would issue a warrant to the school based upon availability of funds, and if there were not sufficient funds to pay tuition and fees, the school would then bill the student for the difference. He stated this change would not increase the administrative process, and would not decrease the amount of funds received by the school. He added that it would enable the student to pay a lesser out of pocket amount and delay that payment until later in the semester.

The final proposed recommendation that Colonel King talked about was to create a Kansas National Guard Educational Assistance Program repayment fund in the State Treasury whereby any recouped funds may be returned to this program. He stated that presently no such fund exists and any recouped funds are returned to the State's General Fund. He concluded his testimony by saying that the proposed changes would greatly simplify administration of the program and increase the perception of these educational benefits to approximately 300 Kansas National Guard men and women annually in return for service to their community, state and nation. (Attachment 2)

General questions and discussion followed by Committee members regarding transfers from other states to the Kansas program, clarification of the availability of funds and how amounts are determined for each eligible students depending upon the allocation of funds by the state, grade requirements and oversight of progress for each student, other possible financial aid available, other benefits afforded National Guard men and women when on active duty such as medical, dental, PX privileges, etc., and the problem for the Adjutant General's Department in tracking or auditing other financial aids received by program participants.

Because of his past working experience in the National Guard, Representative Tafanelli further clarified to the Committee members how the Assistance Program was set up to run in conjunction with the appropriation of state funding since they don't know from year to year what amount that would be each year. He said it was devised that when individuals apply at the beginning of the semester there was a cut-off date, and after that date they take the dollar amount appropriated and divide it by the total number of participants in order for everyone to receive something. He stated that it was difficult for the students from year to year to know how much to expect from the State Tuition Assistance Program because it is based on whatever the Legislature appropriates from one year to the next.

Committee discussion and questions continued with concerns expressed regarding completion of service requirements, length of time it takes individuals to be scheduled for their Basic Training after signing on with the National Guard and being approved for participation in the assistance program, further clarification by staff on the repayment of the scholarship funds back to the National Guard's scholarship fund, some cleanup language needed in the statute involving the Department of Education wording, what happens when participants do not make acceptable grades, and explanation about some participants needing only one year of schooling vs a four year study course depending on their chosen fields. Inquiry was also made as to the reason for the change in the service obligation from a four-year commitment to serve in the National Guard to one and one-half years of service obligations to be fulfilled concurrently with the benefit.

CONTINUATION SHEET

The Chair called upon Diane Lindeman, Director, Student Financial Assistance with the Kansas Board of Regents, to testify before the Committee about the changes being requested by the Adjutant General's Department in **HB 2642**, and also the impact on the Board of Regents taking over the administration of the National Guard Educational Assistance Program. She explained that they currently administer 15 student financial assistance programs which disburses about \$16 million to nearly 11,000 students from about 27,000 eligible applicants. She stated that included in those programs were five programs which contained provisions for payback through service or repayment in cash with interest. Ms. Lindeman added that the workload, time and effort involved requires 100% of the work time of the four employees assigned to student financial aid administration, and no other staff are available to assist in administering the financial aid programs. She said that for them to take on administering the National Guard Educational Assistance Program it would require an additional classified position and funding plus one Senior Administrative Assistant position at a cost of \$26,500 annually for salaries and benefits; \$2,500 annually for OOE; and \$3,000 one-time for office fixtures, equipment and furniture. (Attachment 3)

Committee questions regarded the need for an additional position to handle only 300 participants when the current four positions are handling 11,000, new position would also handle other work assignments within the Board of Regents and not just the National Guard's program work, and that 38 to 42 schools are involved each year with this program and the area of expertise for the National Guard is not in dealing with educational institutions.

Chairperson Benlon closed the hearing on **HB 2642**. There being no objections expressed by the Committee members, Chairperson Benlon called for final action on the bill. Representative Krehbiel stated that he wanted to make sure that the language in the bill was corrected, and the Revisor, explained how they would correct the language.

Representative Krehbiel made a motion that this bill be passed out of Committee with the changes as confirmed by the Revisor. Representative Storm seconded the motion.

After Committee discussion, vote was taken and the motion passed unanimously. Representative Tafanelli agreed to carry the bill on the floor.

The minutes for the Higher Education Committee meeting of January 23 were presented for approval. Representative Storm made the motion to approve the minutes as written, seconded by Representative Krehbiel, and the motion carried.

Chairperson Benlon adjourned the meeting at 5:05 p.m. The next meeting of the House Higher Education Committee will be On Call of the Chair.

*Excerpt from Legislative Educational Planning
Committee Report to the 2002 Session*

Grant Program is applicable only to students who are enrolled at the state's public and private four-year universities and does not provide assistance to students at community colleges, technical colleges, and area vocational schools. A number of changes were made to student assistance programs by legislation enacted during the 2001 Session, but an attempt to amend the law to increase the award amount for the Kansas State Scholarship Program was unsuccessful. (The current limit is \$1,000.)

Awards made under the Ethnic Minority Graduate Fellowship Service Program have been suspended pending the outcome of a complaint filed with the Office of Civil Rights during the 2000-01 school year. The complaint was filed by a majority graduate student who is questioning the legality of the program. Currently, the Office of Civil Rights and the State Board of Regents are conducting a review of the program and only renewal awards have been made during the 2000-01 school year.

A student assistance program that currently is not administered by the State Board of Regents is the National Guard Educational Assistance Program, which provides state payment of tuition and required fees for eligible members of the Kansas National Guard at area vocational schools, technical colleges, community colleges, Washburn University, state universities, and accredited independent institutions. The program is administered by the Adjutant General. However, representatives of the Adjutant General's Office asked the Committee to transfer the program to the State Board of Regents, which also administers the ROTC Scholarship Program. According to Board of

Regents staff, the Board Office would have to add a new staff position at a first-year cost of \$35,000 in order to administer the program should it be transferred.

Participants in the National Guard Educational Assistance Program incur a four-year obligation to serve in the Kansas National Guard, regardless of how many years they receive tuition assistance. Failure to fulfill the obligation results in repayment of all assistance received. All repayments are credited to the State General Fund. For FY 2002, a total of \$497,218 is approved for the program, of which \$247,218 is from the State General Fund and \$250,000 is from the Economic Development Initiatives Fund.

Representatives of the Adjutant General's Office informed the Committee that there are several disadvantages of the current program and requested changes relating to eligibility requirements, direct payment of tuition to the institution, and the service commitment.

Recommendation. The Committee historically has strongly supported student assistance programs and has monitored the administration of programs by the State Board of Regents. The Committee concurs with the recommendation of the Adjutant General that administration of the National Guard Educational Assistance Program should be transferred to the State Board of Regents. The Committee also encourages the staff of the State Board to explore the option of charging a service fee for certain student assistance programs in order to generate funds to help pay operating expenditures associated with oversight of the student assistance programs it administers.

With regard to the National Guard Educational Assistance Program, the

Committee recommends the introduction of legislation to implement the following changes:

- Transfer administration of the National Guard Educational Assistance Program from the Adjutant General to the State Board of Regents.
- Make individuals eligible for assistance immediately upon enlistment in the Kansas National Guard instead of them having to spend up to a year to complete military training.
- Provide for a tuition waiver for recipients such that the institution is reimbursed by the agency that administers the program. This would make the program parallel to the ROTC Scholarship Program and would eliminate the need for the recipient to make an out-of-pocket expenditure and then wait to be reimbursed.
- Change the service obligation from a four-year commitment to serve in the National Guard to one and one-half years of service for each year of benefit, with the service obligation to be fulfilled concurrently with the benefit.
- Require individuals to apply for and use other forms of financial assistance, including scholarships, grants, and federal tuition assistance, before becoming eligible to participate in the National Guard Educational Assistance Program.

Postsecondary Student Residency Requirements

The Committee engaged in a review of residency requirements at Kansas postsecondary institutions, with particular attention to the state universities. Cur-

rently, a student must be a Kansas resident for 12 months in order to pay in-state tuition rates at a state university. During the 2001 Session, legislation was introduced at the request of the Board of Regents which would shorten the residency requirement for fee purposes at the three regional state universities (Emporia, Fort Hays, and Pittsburg) from 12 months to 6 months (SB 362 and HB 2589). The Committee was informed that, although the regional universities might receive less tuition because fewer students would be designated as nonresidents were the bill to pass, the universities would make up the loss because they would attract more out-of-state students who would want to enroll at a school where they could more easily qualify for lower tuition rates. The proposal envisions that an out-of-state student at a regional university would be considered a Kansas resident after living in Kansas six months, which is the same policy that currently exists for community college students.

Regents "Two for One" Funding

The Committee reviewed a program begun in FY 1999 to provide funding for technology-based instructional equipment at the state universities. Under the program, student tuition was increased by \$1 per hour and was matched by the state on the basis of \$2 in state funding for each tuition dollar. The additional money was used at each campus for technology-based equipment. For the period FY 1999 through FY 2001, additional revenues totaled about \$5.7 million.

The Governor considered the program to have terminated at the end of three years and submitted his recommendations for FY 2002 without the state's portion of the "two for one" program

**Adjutant General's Department Testimony
to the
House Committee on Higher Education
concerning
House Bill 2642
28 Jan 02**

Madam Chairperson, thank you for the opportunity to present testimony today on House Bill 2642 concerning the Kansas National Guard Educational Assistance Program. I am Col Adam King, Executive Support Staff Officer for the Kansas Air National Guard and I will be representing the Adjutant General's Department today.

The Kansas National Guard Educational Assistance Program was originally established by law in 1996. Since its inception over 2000 students have participated. The program enables participants to receive funds for tuition and fees at accredited Kansas Education and Vocational Technical Institutions in return for a member's satisfactory participation in the Kansas National Guard, which provides trained personnel at a moments notice for local, state and national emergency needs. Additionally, this higher education opportunity contributes to enhancing the training and education of the civilian workforce thereby contributing to the economic development of the state.

Since the program's enactment in 1996 we have had an opportunity to work with the existing provisions of the statute and receive feedback from the recipients. Based upon the track record of the program and the feedback, we are here today to propose administrative changes to the statute and the rationale for these changes, which should ultimately simplify administration of the program and increase the perception of benefit to the recipients.

First, we propose changing the eligibility criteria for participants from requiring the member to first complete Basic Training to making the individual eligible for benefits upon enlistment. This will allow participants to attend school and be eligible to receive benefits while awaiting Basic Training. This change is significant to the recipient since a person may have to wait a year or longer to get into Basic Training. This is due to no fault of the individual but is rather due to a shortage of Basic Training billets. One of the reasons many people are attracted to the National Guard is this educational benefit. To delay a benefit due to no fault of the individual is difficult to justify. This change will significantly increase the perception of the benefit to the recipient without increasing the overall number of eligible participants.

Next, we propose shifting administration of the program from the Adjutant General's Department to Kansas Board of Regents. This move should enhance the overall service to the customer, due to the fact that the Regents have far more expertise in dealing with educational institutions and tuition assistance administration than does the Adjutant General's Department. The move would not eliminate participation by the Adjutant General's Department from program administration, and if adopted will still require involvement of the Adjutant General's Department in verifying participant

eligibility and close coordination with the Kansas Board of Regents. The Kansas Board of Regents has already agreed philosophically with this proposal.

Next, we propose requiring those individuals eligible to receive federal funds for tuition and fees as a result of their National Guard membership be required to use those federal funds prior to receiving state funds. This combination of state and federal funds and the requirement to use federal funds first will significantly increase the overall number of funds available to provide educational opportunities to Kansas National Guardsman.

We also propose an adjustment to the service commitment incurred by program recipients. Presently an individual incurs a 4-year service commitment in addition to their present term of enlistment after benefits are received. This language means that if an individual receives 1 semester, 1 year or 4 years worth of benefits, they incur an additional 4-year service commitment. We propose changing this language to reflect a service commitment beyond their present term of enlistment equal to 50% of the duration of the benefit. Therefore, 1 semester worth of benefits incurs an additional 3 months of service commitment, 1 year incurs a 6-month commitment and so on. This change would create a more reasonable correlation between the term of benefits and service commitment.

Under the present system a participant must pay 100% of tuition and fees out of pocket prior to starting a semester and is then reimbursed a percentage of their expenditures later in the school year. We propose that an individual, who is verified as eligible, be allowed to enroll with no out of pocket money. The school would then bill the Board of Regents for the member's tuition and fees. The Regents would issue a warrant to the school based upon availability of funds. If there are not sufficient funds to pay tuition and fees, the school would then bill the student for the difference. This change will not increase the administrative process. It also will not decrease the amount of funds received by the school. It would however, enable the student to pay a lesser out of pocket amount and delay that payment until later in the semester.

Finally, we propose creating a Kansas National Guard Educational Assistance Program repayment fund in the state treasury whereby any recouped funds may be returned to this program. Presently no such fund exists and any recouped funds are returned to the state general fund. This change would keep any recouped funds in the Educational Assistance Program.

Madam Chairperson, we firmly believe that the changes presented today will greatly simplify administration of the program and increase the perception of these educational benefits to approximately 300 Kansas National Guard men and women annually in return for service to their community, state and nation. Thank you again for the opportunity to testify before this committee and I look forward to answering questions you may have.



KANSAS BOARD OF REGENTS

1000 SW JACKSON STREET • SUITE 520 • TOPEKA, KS 66612-1368

GENERAL ADMINISTRATION - 785-296-3421
STUDENT FINANCIAL AID - 785-296-3517
GED TESTING SERVICES - 785-296-3191
FAX - 785-296-0983
www.kansasregents.org

HOUSE HIGHER EDUCATION COMMITTEE

TESTIMONY ON HOUSE BILL 2642

Presented by Diane Lindeman
Director, Student Financial Assistance
Kansas Board of Regents

January 8, 2002

Good afternoon Chairperson Benlon and members of the Committee. My name is Diane Lindeman and I am the Director of Student Financial Assistance for the Kansas Board of Regents. I am pleased to be able to provide information regarding HB 2642.

House Bill 2642 makes the following amendments to the Kansas National Guard

Educational Assistance Program:

- Makes individuals eligible for assistance immediately upon enlistment in the National Guard, instead of them having to spend up to a year completing military training.
- Provides for a tuition waiver for recipients such that the institution is reimbursed by the agency that administers the program. This makes the program parallel the ROTC Scholarship Program.
- Changes the service obligation from a four-year commitment to serve in the National Guard to one and one-half years of service obligation to be fulfilled concurrently with the benefit.
- Requires the recipient to apply for and use other forms of financial assistance before becoming eligible to participate in the program.

House Higher Education Committee
Meeting Date: 1-28-02
Attachment No.: 3

- Transfers administration of the National Guard Educational Assistance Program from the Adjutant General to the Kansas Board of Regents.

The Board of Regents staff currently administers 15 student financial assistance programs, disbursing about \$16 million to nearly 11,000 students, from about 27,000 eligible applicants. Included in these programs are five programs, which contain provisions for payback through service or repayment in cash with interest. These five service programs require extensive time and effort to track students; establish cash repayment schedules; and receive and record cash payments. The total portfolio of 15 programs currently requires 100 percent of the work time of the four employees assigned to student financial aid administration. No other staff are available for assignment to student financial aid administration. Therefore, we would require an additional classified position and funding to administer the National Guard Educational Assistance Program. We would need one Senior Administrative Assistant position at a cost of \$26,500 annually for salaries and benefits; \$2,500 annually for OOE; and \$3,000 one-time for office fixtures, equipment and furniture.

I thank you for your time and would be pleased to answer any questions that you may have.