

SESSION OF 2002

**CONFERENCE COMMITTEE REPORT
HOUSE BILL NO. 2872**

As Agreed to May 8, 2002

Brief *

Sub. for HB 2872 establishes the Workforce Development Loan Program. The Program, to be administered by the Board of Regents, would provide forgivable loans to Kansas residents to attend an area vocational technical school, technical college, community college or vocational school coordinated under the state Board of Regents or any program of study which leads to an associates degree at a Board of Regents institution. The loan amounts would cover the cost of books, tuition, fees, room and board, and any other necessary school related expenses. The loans would be forgiven by living and working in Kansas in a field using the skills attained under the course of instruction for which the loan was received, at the rate of 1/4 of the total loan principal and interest in the first three years and the remainder in the fourth year. Persons who fail to meet the loan's service commitment would be required to repay the loan plus interest computed at a rate equal to the interest rate received on state idle funds plus 3 percent. The State Treasurer is charged with the responsibility for collection duties on loans in repayment status. Any loan repayments received under the act would be credited to the Workforce Development Loan Fund created by the bill.

The Board of Regents may establish a list of education programs in which an applicant must enroll to be eligible for a loan. Prior to establishing the eligible program list, the Board is to consult with the Secretaries of the Department of Human Resources, Department of Social and Rehabilitation Services (SRS), and the Department of Commerce and Housing. Priority for the loans would be given to those with the greatest financial need, with the highest priority given to financially needy applicants who were in foster care until the applicant's 18th birthday, or who were released from foster care prior to their 18th birthday after having graduated from high school or

*Conference committee summary reports are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree.

completing their GED while in foster care. Special preference will also be given to residents who are drawing unemployment compensation, who have been laid off from employment within the last six months, or for workers deemed eligible for North American Free Trade Agreement Transition Assistance.

Loans under the program are subject to available funding. The Board of Regents is authorized to accept private donations for the program. The bill also directs the Department of Human Resources to make an annual transfer to the Workforce Development Loan Fund of \$500,000 of federal funds from the United States Department of Labor Workforce Investment Act (WIA) which are returned to the state as unspent local WIA program year adult, youth, and dislocated worker funds. These WIA funds would be made available subject to the written approval of the United States Department of Labor authorizing the use of the funds for the Workforce Development Loan Program. An equal amount from federal funds available to SRS would also be provided, to be used for those candidates that meet the eligibility guidelines for federal funding administered by SRS.

The bill also authorizes each board of an area vocational school, technical college, community college, or vocational school to establish different tuition rates for different vocational education programs administered by each board. These rates would be subject to approval of the State Board of Regents at the beginning of each school year.

The bill would establish a tuition and fee waiver program for students who are in the custody of SRS when they reach 18 years of age and who enroll in a public postsecondary institution in Kansas within two years of the time they graduate from a high school or satisfy the requirements for a general educational development (GED) certificate.

Eligible institutions are area vocational schools, technical colleges, community colleges, and the public universities under the governance of the State Board of Regents. The bill would limit the number of students for whom tuition and fees could be waived under the program to three per year for each institution.

Under the bill, an institution that waives tuition and fees for a student would apply to the State Board of Regents for reimbursement of the amount of tuition and fees waived. The State Board of Regents would then certify the amounts waived to SRS. SRS would then transfer the amount certified from federal Chaffee Foster Care Independence Grant moneys to the Tuition Waiver Gifts, Grants and

Reimbursements Fund, which would be created under the and would be administered by the State Board of Regents.

The waiver of tuition and fees could not exceed eight semesters of undergraduate study. The program would terminate June 30, 2006, except that students who receive waivers before that date would continue to receive waivers until they complete their studies.

Background

The bill was introduced by Representative McKinney and 19 other House members. In providing testimony in support of the bill, Representative McKinney stated that the bill is aimed at three policy goals: (1) encouraging more students to enter vocational fields and fill the skills in such great demand in the Kansas economy; (2) after they have been trained, keeping these Kansas residents in the state to benefit Kansas businesses and the Kansas economy; and (3) provide one means of helping technical schools expand their capacity. Other conferees providing testimony in support of the bill included representatives of the Kansas Association of Community College Trustees, the Wichita Area Chamber of Commerce, the Manhattan Area Technical College, the Kansas Chamber of Commerce and Industry, and Cessna Aircraft. A representative of the Department of Human Resources testified in support of the goals of the bill but expressed concern about the impact of the language transferring federal funds to the program.

The House Higher Education Committee made numerous adjustments to the bill as introduced and recommended passage of the substitute bill.

The Senate Committee amended the bill to ensure that guidelines are followed for federal funding to be used for the program and that the Department of Human Resources and the Department of Social and Rehabilitation Services would not incur penalties for the misuse of federal grant moneys.

The Senate Committee of the Whole amended the bill to provide forgivable loans to Kansas residents to attend any Kansas public postsecondary educational institution. This expanded the bill to allow for use of the loans by qualified students at public universities as well as vocational schools, technical colleges, community colleges, or vocational schools.

The Conference Committee agreed upon the following compromise provisions:

- Eligible students could participate in the program for attendance at an area vocational technical school, technical college, community college or vocational school coordinated under the state Board of Regents or any program of study which leads to an associates degree at a Board of Regents institution.
- Loan forgiveness would be 1/4 of principal and interest in the first three years and the remainder in the fourth year.
- Students who were released from foster care prior to their 18th birthday after having graduated from high school or completing their GED while in foster care would also be eligible to participate in the program in addition to children who are in foster care up to their 18th birthday.
- Local boards could establish different tuition rates for different vocational education programs administered by the board. These rates would be subject to approval of the State Board of Regents at the beginning of each school year.
- A tuition and fee waiver program for students who are in the custody of SRS when they reach 18 years of age and who enroll in a public postsecondary institution in Kansas within two years of the time they graduate from a high school or satisfy the requirements for a general educational development (GED) certificate would be established. This portion of the Conference Committee Report is also contained in HB 2956.

The fiscal note on the bill as introduced indicated that the State Treasurer would require \$40,625 and 1.0 FTE position to provide loan servicing, customer contact, and collection duties and the Board of Regents would require \$32,000 and 1.0 FTE position for program administration. A fiscal note reflecting subsequent changes to the bill was not available upon publication of this Conference Committee Report.