

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 50**

As Agreed to March 25, 2025

Brief*

SB 50 would establish uniform interest rates, repayment schedules, and fees for all scholarships, grants, or other student financial aid program established in law (KSA Chapter 74, Article 32) under the authority of the State Board of Regents (Board). The bill would also change the Low-Income Family Postsecondary Savings Accounts Incentive (KIDS) Program by reducing the number of grants available, reducing expenditure auditing requirements, and sunseting the program on January 1, 2028.

Uniform Interest Rates for State Board of Regents Financial Aid Programs

Uniform Interest and Accrual

The bill would establish a uniform rate of 5.0 percent per year for all repayments arising from the following conditions:

- Any scholarship, grant, or other student financial aid program established in law and under the authority of the Board or under any agreement entered into pursuant to any such scholarship, grant, or other student financial aid program; and
- The scholarship, grant, or student financial aid program requires the payment of interest either in the term of the program or under the agreement entered into by the recipient.

The bill would also prohibit interest from accruing prior to the date at which the award recipient becomes obliged to repay the scholarship, grant, or student financial aid as determined by the Board.

The bill would retroactively apply these provisions to all scholarship, grant, and other student financial aid awards made prior to July 1, 2025, but would not impose an interest rate:

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- In excess of the interest rate specified in either the applicable statute at the time an individual received the aid relating to the repayment obligation or the agreement between the individual and an educational institution, a sponsor, or the Board; or
- Upon amounts owed to the Board by educational institutions or sponsors, or amounts owed to educational institutions or sponsors by the Board.

The bill specifies that the change in interest rate and accrual date would not grant any right, claim, or entitlement of an individual to a refund of payments made before July 1, 2025.

[*Note:* The programs affected by these changes would include the Reserve Officers' Training Corps (ROTC) Service Scholarship, Osteopathic Medical Service Scholarship, Optometry Service Scholarship, Nursing Service Scholarship, Teacher Service Scholarship, Teacher Service Scholarship, Ethnic Minority Fellowship, Advanced Practice Registered Nurse Service Scholarship, Workforce Development Loan, Nurse Educator Service Scholarship, Promise Scholarship, and Adult Learner Grant.]

State Board of Regents Recovery and Application Fees

The bill would authorize the Board to recover reasonable costs for collection of scholarship, grant, and other student financial aid collections, which would include, but not be limited to, court costs, attorney fees, and collection agency fees.

The bill would also authorize the Board to charge fees for processing applications and generally administering student financial assistance programs. The fees would be set by the Chief Executive Officer of the Board and be required to recover all or part of the direct and indirect costs of administering the programs. Any fees charged would be deposited in the State Treasury and credited to the Financial Aid Services Fee Fund of the Board.

Student Agreements—Adult Learner Grants

The bill would change the student agreements entered into under the Adult Learner Grants to be between the student and the Board. [*Note:* Currently, students enter into agreements between the student and their postsecondary educational institution.]

Conforming Amendments

The bill would make conforming amendments to align the interest rate and accrual date of each affected scholarship, grant, or other student financial aid program with the provisions of the bill.

Low-Income Family Postsecondary Savings Accounts Incentive

Program Applications

The bill would change the maximum number of approved applications for calendar years (CYs) 2025, 2026, and 2027 from 300 to 250 per congressional district (district) and from 1,200 to 1,000 applications per year for the statewide maximum. [Note: Statute states that if the maximum number of applications from a district are not approved, then the State Treasurer (Treasurer) may approve applications from other districts to the 1,000 application maximum.]

The bill would prohibit the Treasurer from accepting or approving new applications for the KIDS Program after CY 2027.

Auditing Requirements

The bill would remove requirements that the Treasurer prospectively approve any withdrawals under the KIDS Program and would require withdrawals of matching funds under the Program be subject to audit as provided for in the bill.

The bill would require the Treasurer audit at least 10 withdrawals of matching funds each year for CYs 2025, 2026, and 2027 and determine whether such withdrawals were qualified or non-qualified.

The bill would require the Treasurer to notify any participant who is selected for an audit and request the participant provide, in the manner and form required and on or before a deadline specified by the Treasurer, any documentation and information deemed necessary by the Treasurer to facilitate said audit.

The bill would deem any failure to comply with the audit as being a non-qualified withdrawal and the Treasurer would provide notice thereof to the Kansas Department of Revenue and other appropriate taxing authorities. The Treasurer's determination of an unqualified withdrawal would be considered conclusive, with the exception of obvious error.

Participants who are found to have made a non-qualified withdrawal would be required to pay back the portion of withdrawn funds on a time frame established by the Treasurer. Should a participant not pay back the funds within the allotted time, the bill would establish a rate of 5.0 percent per year, compounded monthly, and authorize the Treasurer to exercise enforcement available to them to recover said funds. This requirement would be in addition to, and not in substitution to, any other fine, penalty, interest, or other consequence otherwise imposed by law in connection to withdrawals from the KIDS Program.

The bill would require all refunds and interest be credited to the State General Fund.

Reporting

The bill would change the annual reporting requirement for the Program to report the number and results of any audits performed each year to the Governor and Legislature on or before January 31 for 2026, 2027, and 2028.

Effective Date

The bill would be in effect upon publication in the *Kansas Register*.

Conference Committee Action

The Conference Committee agreed to the provisions of SB 50, as introduced and passed by the Senate, and agreed to add the contents of Sub. for SB 281, as passed by the Senate, regarding the Low-Income Family Postsecondary Savings Accounts Incentive.

Background

SB 50 (Uniform Interest Rates for State Board of Regents Financial Aid Programs)

The bill was introduced by the Senate Committee on Education at the request of the Board.

Senate Committee on Education

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the the Board. The proponent generally stated that the bill would streamline the Board's administration of the programs and would provide predictability to students.

Written-only proponent testimony was provided by a representative of the Kansas Health Science University's Kansas College of Osteopathic Medicine.

No other testimony was provided.

House Committee on Education

In the House Committee hearing, **proponent** testimony was provided by a representative of the Board. The proponent explained the bill would streamline the administration of the service scholarship programs and standardize the interest rate on repayments at 5.0 percent, in line with comparable states.

Written-only proponent testimony was provided by a service scholarship recipient.

No other testimony was provided.

The House Committee amended the bill to change the uniform interest rate from 5.0 percent per year to the equivalent to the interest rate applicable to loans made under the federal PLUS program at the time the individual enters into an agreement that includes the repayment obligation. [*Note: The Conference Committee did not retain this amendment.*]

Sub. for SB 281 (Low-Income Family Postsecondary Savings Accounts Incentive)

The bill was introduced by the Senate Committee on Ways and Means at the request of Senator Billinger.

Senate Committee on Government Efficiency

In the Senate Committee hearing, **proponent** testimony was provided by representatives of Interhab, Kansas Council on Developmental Disabilities, and Office of the State Treasurer. The proponents generally stated that the bill would free up more staff time at the Treasurer's Office to accomplish other goals and tasks of the agency as well as help further promote Kansas ABLE Savings Accounts.

Written-only proponent testimony was provided by a private citizen.

Opponent testimony was provided by a private citizen. The opponent generally stated that the KIDS program works well and is important for those families and that doing away with the program so abruptly will hurt those who need and use it.

No other testimony was provided.

The Senate Committee amended the bill to remove the contents of the bill, as introduced, and insert new language pertaining only to the KIDS program. The amended language would prohibit new applications after calendar year 2027, change application maximums, and allow for reduced auditing requirements for the Office of State Treasurer. [Note: The Conference Committee retained this amendment.]

The Senate Committee recommended a substitute bill be adopted.

Fiscal Information

SB 50 (Uniform Interest Rates for State Board of Regents Financial Aid Programs)

According to the fiscal note prepared by the Division of the Budget on SB 50, as introduced, the Board states that the bill would have negligible fiscal effect on agency operations.

Sub. for SB 281 (Low-Income Family Postsecondary Savings Accounts Incentive)

According to the fiscal note prepared by the Division of the Budget on SB 281, as introduced, the Office of the State Treasurer estimates an increase in State General Fund (SGF) revenues of \$250,000 in FY 2026 and \$295,000 in FY 2027 due to decreased transfers from the SGF to the KIDS Program. The agency also estimates a decrease of \$250,000 in FY 2026 and \$295,000 in FY 2027 from agency fee funds also due to the elimination of the KIDS Program.

The Office of the State Treasurer further estimates that the elimination of the KIDS Program will not impact the number of agency staff but will provide approximately 852 staff-hours annually that could be devoted to other agency operations.

The Board of Regents and Department of Revenue both state that enactment of the bill would have no fiscal effect on their agencies.

Any fiscal effect associated with the bill is not reflected in *The FY 2026 Governor's Budget Report*.

An updated fiscal note was not available when the Senate Committee took action on the substitute bill.

Education; Kansas Board of Regents; postsecondary; scholarships; uniform interest rates; repayment; Kansas Promise Scholarship Program; State Treasurer; Low-income Family Postsecondary Savings Accounts Incentive Program

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