

SENATE BILL No. 50

AN ACT concerning postsecondary education; relating to the financing thereof; establishing uniform interest rate provisions for scholarship programs that include repayment obligations as a condition of receiving a scholarship; authorizing the board to recover the costs of collecting such repayment obligations and to charge fees for the costs of administering scholarship, grant and other financial assistance programs; requiring eligible students to enter into agreements with the state board of regents instead of a postsecondary educational institution as a condition to receiving a grant under the adult learner grant act; reducing the number of grants available and audits required under the low-income family postsecondary savings accounts incentive program; providing the audit process for certain withdrawals made under such program; amending K.S.A. 74-3260, 74-3267, 74-3272, 74-32,104, 74-32,116, 74-32,135, 74-32,153, 74-32,154, 74-32,223 and 75-650 and K.S.A. 2024 Supp. 74-3295, 74-32,276 and 74-32,286 and repealing the existing sections.

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

New Section 1. (a) On and after July 1, 2025, for any repayment obligation owed by an individual, the applicable interest rate shall be 5% per annum if such repayment obligation:

(1) Arises under any scholarship, grant or other student financial aid program established in article 32 of chapter 74 of the Kansas Statutes Annotated, and amendments thereto, or under any agreement entered into pursuant thereto; and

(2) requires the payment of interest pursuant to the terms of the statute or agreement under which the individual received the scholarship, grant or other student financial aid.

(b) No interest for such scholarship, grant, or other student financial aid shall begin to accrue earlier than the date that the individual becomes required to repay such scholarship, grant or other student financial aid to the state board of regents, as determined by the state board of regents.

(c) The interest rate established in subsection (a) and the accrual date determined under subsection (b) shall apply to repayment obligations arising in relation to any scholarship, grant or other student financial aid distributed prior to July 1, 2025, pursuant to any scholarship, grant or other student financial aid program established in article 32 of chapter 74 of the Kansas Statutes Annotated, and amendments thereto.

(d) Nothing in this section shall be construed to impose an interest rate:

(1) In excess of the interest rate specified in either the applicable statute at the time an individual received the scholarship, grant or other student financial aid relating to the repayment obligation or the agreement between the individual and an educational institution, a sponsor or the state board of regents; or

(2) upon amounts owed to the state board of regents by educational institutions, sponsors or amounts owed to educational institutions or sponsors by the state board of regents.

(e) No individual shall be entitled to a refund for amounts paid to the state board of regents before July 1, 2025.

New Sec. 2. The state board of regents may recover the reasonable costs of collection, including, but not limited to, court costs, attorney fees and collection agency fees, from any individual who is subject to a repayment obligation arising under any scholarship, grant or other student financial aid program established in article 32 of chapter 74 of the Kansas Statutes Annotated, and amendments thereto, or under any agreement entered into pursuant thereto.

New Sec. 3. The chief executive officer of the state board of regents may fix, charge and collect fees for the processing of applications and other activities related to the administration of student financial assistance programs administered by the state board of regents. Such fees shall be fixed in amounts to recover all or a part of the direct and indirect operating expenses incurred for administering

such programs. All moneys received by the state board of regents from the payment of such fees shall be deposited in the state treasury in accordance with K.S.A. 75-4215, and amendments thereto, and shall be credited to the financial aid services fee fund of the state board of regents.

Sec. 4. K.S.A. 74-3260 is hereby amended to read as follows: 74-3260. (a) Upon the failure of any person, who as an eligible student qualified for and received payments under an ROTC service scholarship, to remain eligible and qualified or to satisfy the obligation to accept a commission and serve as an officer in the Kansas national guard for the required period of time under an agreement entered into pursuant to this act, such person shall pay to the state of Kansas an amount equal to the total amount of payments ~~received by~~ *disbursed on behalf of* such person plus accrued interest from the ~~date such payments were received at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points~~ *accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.* Such payment shall commence within 30 days, and be completed within five years, after the date of the act or circumstance that causes the failure of the person to remain eligible and qualified or to satisfy the obligation of such agreement. Payments under this section shall be installment payments and each such installment shall be not less than an amount equal to  $\frac{1}{5}$  of the total amount ~~which that~~ would be required to be paid if paid in five equal annual installments. If an installment payment becomes 91 days overdue, the entire amount outstanding shall become immediately due and payable, including all interest at the rate prescribed *in section 1, and amendments thereto.* Amounts paid under this section shall be deposited in the state treasury and credited to the ROTC service scholarship repayment fund as provided in K.S.A. 74-3260a, and amendments thereto.

(b) The state board of regents is authorized to turn any repayment account arising under the ROTC service scholarship program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this section in~~ *section 1, and amendments thereto.*

Sec. 5. K.S.A. 74-3267 is hereby amended to read as follows: 74-3267. (a) (1) Except as otherwise provided in K.S.A. 74-3268, and amendments thereto, upon the failure of any person to satisfy the obligation to engage in the full-time or part-time practice of medicine and surgery within the state of Kansas for the required period of time under an agreement entered into as provided in K.S.A. 74-3266, and amendments thereto, such person shall repay to the state board of regents an amount equal to the total of ~~(1):~~

(A) The amount of money received by such person pursuant to such agreement; plus ~~(2)~~

(B) ~~accrued interest from the date such money was received at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points~~ *accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.*

(2) Any person who applies for and enters a postgraduate residency training program that is not an approved program as provided in this section shall be required to repay all moneys ~~received~~ *disbursed on behalf of such person* as provided in an agreement entered into under K.S.A. 74-3266, and amendments thereto, plus accrued interest

~~from the date such moneys were received at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto, and shall commence such repayment in accordance with subsection (b) within 90 days of graduation from the school of osteopathic medicine or upon termination or completion of a residency training program—~~which that~~ does not comply with the provisions of this act, whichever is later.~~

(3) Any person who enters and completes an approved postgraduate residency training program but fails to satisfy the obligation to engage in the full-time or part-time practice of medicine and surgery for the required period of time shall be required to repay all money ~~received~~ *disbursed on behalf of such person* pursuant to an agreement entered into under K.S.A. 74-3266, and amendments thereto, plus accrued interest from the ~~date such money was received at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto,~~ and shall commence such repayment in accordance with subsection (b) within 90 days of failure to satisfy the obligation.

(b) Each person required to repay any amount under this section shall repay an amount totaling the entire amount to be repaid under all such agreements for which obligations are not satisfied, including all amounts of interest at the rate prescribed *in section 1, and amendments thereto*. Except as otherwise provided in this section, such repayment shall be in installment payments and each such installment shall be not less than an amount equal to  $\frac{1}{5}$  of the total amount ~~which that~~ would be required to be paid if repaid in five equal annual installments.

~~(c) Except as otherwise provided in subparts (2) and (3) of subsection (a) subsections (a)(2) and (a)(3),~~ all installment payments under this section shall commence six months after the date of the action or circumstance that causes the failure of the person to satisfy the obligations of such agreements, as determined by the state board of regents based upon the circumstances of each individual case. If an installment payment becomes 91 days overdue, the entire amount outstanding shall become immediately due and payable, including all amounts of interest at the rate prescribed *in section 1, and amendments thereto*.

(d) The total repayment obligation imposed under all agreements entered into as provided in K.S.A. 74-3266, and amendments thereto, may be satisfied at any time prior to graduation from the accredited school of osteopathic medicine by making a single lump sum payment equal to the total of:

(1) The entire amount to be repaid under all such agreements upon failure to satisfy the obligations under such agreements to practice in Kansas; plus

(2) all amounts of interest accrued thereon at the rate prescribed ~~under this section~~ *in section 1, and amendments thereto*.

(e) The state board of regents is authorized to turn any repayment account arising under the osteopathic medical service scholarship program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this section~~ *in section 1, and amendments thereto*.

Sec. 6. K.S.A. 74-3272 is hereby amended to read as follows: 74-

3272. (a) Except as otherwise provided in subsection (e) and in K.S.A. 74-3273, and amendments thereto, upon the failure of any person to satisfy the obligation to engage in the full-time or part-time practice of optometry within the state of Kansas for the required period of time under an agreement entered into pursuant to K.S.A. 74-3271, and amendments thereto, such person shall repay to the state board of regents an amount equal to the total of:

(1) The amount of money paid by the state board of regents for guaranteed admission and continued enrollment of such person in an accredited school or college of optometry pursuant to a contract entered into therefor under K.S.A. 76-721a, and amendments thereto; plus

(2) ~~accrued interest from the date such money was paid pursuant to such contract at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points~~ *accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.*

(b) Each person required to repay any amount under this section shall repay an amount totaling the entire amount to be repaid under such agreement for which such obligation is not satisfied, including all interest at the rate prescribed *in section 1, and amendments thereto.* Except as otherwise provided in this section, such repayment shall be in installment payments and each such installment shall be not less than an amount equal to  $\frac{1}{5}$  of the total amount ~~which~~ *that* would be required to be paid if repaid in five equal annual installments.

(c) All installment payments under this section shall commence six months after the date of the action or circumstance that causes the failure of the person to satisfy the obligations of such agreement, as determined by the state board of regents based upon the circumstances of each individual case. If an installment payment becomes 91 days overdue, the entire amount outstanding shall become immediately due and payable, including all interest at the rate prescribed *in section 1, and amendments thereto.*

(d) The total repayment obligation imposed under an agreement entered into pursuant to K.S.A. 74-3271, and amendments thereto, may be satisfied at any time prior to graduation from the accredited school or college of optometry by making a single lump-sum payment equal to the total of:

(1) The entire amount to be repaid under such agreement upon failure to satisfy the obligation to practice optometry in Kansas; plus

(2) all interest thereon at the rate prescribed ~~to the date of payment~~ *in section 1, and amendments thereto.*

(e) If a person fails to satisfy an obligation to engage in the full-time or part-time practice of optometry in Kansas for the required period of time under an agreement entered into pursuant to K.S.A. 74-3271, and amendments thereto, because such person is engaged in the practice of optometry in a state other than Kansas, and if such person is subject to or currently making repayments under this section, and if such person subsequently commences the practice of optometry in this state which complies with the agreements entered into under such statute, the balance of the repayment amount, including interest thereon, from the time of such commencement of practice until the obligation of such person is satisfied, or until the time such person again becomes subject to repayments, shall be waived. All repayment amounts due prior to such commencement of practice in this state, including interest thereon, shall continue to be payable as provided in this section. If subsequent to such commencement of practice, the person fails to satisfy such obligation, the person again shall be subject to repayments, including interest thereon, as otherwise provided in this

section.

(f) The state board of regents is authorized to turn any repayment account arising under the optometry service scholarship program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this section in section 1, and amendments thereto.~~

Sec. 7. K.S.A. 2024 Supp. 74-3295 is hereby amended to read as follows: 74-3295. (a) Except as provided in K.S.A. 74-3296, and amendments thereto, upon the failure of any person to satisfy the obligation under any agreement entered into pursuant to the nursing service scholarship program, such person shall pay to the executive officer an amount equal to the total amount of money ~~received by~~ *disbursed on behalf of* such person pursuant to such agreement that was financed by the state of Kansas plus accrued interest ~~at a rate of 5% per annum. Interest shall begin to accrue on the date of the action or circumstances that cause such person to fail to satisfy the obligations of such agreement, as determined by the executive officer based upon the circumstances of each individual case from the accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.~~ Installment payments of any such amounts may be made in accordance with rules and regulations of the state board of regents. Such installment payments shall commence six months after the date on which interest begins to accrue. Amounts paid under this section to the executive officer shall be deposited in the nursing service scholarship repayment fund in accordance with K.S.A. 74-3298, and amendments thereto.

(b) The state board of regents is authorized to turn any repayment account arising under the nursing service scholarship program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this in section 1, and amendments thereto.~~

Sec. 8. K.S.A. 74-32,104 is hereby amended to read as follows: 74-32,104. (a) Except as provided in K.S.A. 74-32,105, and amendments thereto, upon the failure of any person to satisfy the obligation under any agreement entered into pursuant to the teacher service scholarship program, such person shall pay to the executive officer an amount equal to the total amount of money ~~received by~~ *disbursed on behalf of* such person pursuant to such agreement plus accrued interest ~~at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points from the accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.~~ Amounts of payment under this section shall be adjusted proportionately for full years of the obligation that have been satisfied. Installment payments of any such amounts may be made in accordance with the provisions of the agreement entered into by the scholarship recipient or if no such provisions exist in such agreement, in accordance with rules and regulations of the state board of regents, except that such installment payments shall commence six months after the date of the action or circumstances that cause the failure of the person to satisfy the obligations of such agreements, as determined by the executive officer based upon the circumstances of each individual case. Amounts paid under this section to the executive officer shall be deposited in the teacher service scholarship repayment fund in accordance with K.S.A. 74-32,107, and amendments thereto.

(b) The state board of regents is authorized to turn any repayment

account arising under the teacher service scholarship program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this section~~ *in section 1, and amendments thereto.*

Sec. 9. K.S.A. 74-32,116 is hereby amended to read as follows: 74-32,116. (a) Except as provided in K.S.A. 74-32,117, and amendments thereto, upon the failure of a person to satisfy any obligation under an agreement entered into in accordance with the Kansas ethnic minority fellowship program, such person shall pay to the executive officer an amount equal to the total amount of money ~~received by~~ *disbursed on behalf of* such person pursuant to such agreement plus accrued interest from the ~~date such money was received at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points~~ *accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.* Amounts of payment under this section shall be adjusted proportionately for full years of performance of the obligations that have been satisfied. Installment payments of any such amounts may be made in accordance with the provisions of the agreement entered into by the fellowship recipient or if no such provisions exist in such agreement, in accordance with rules and regulations of the state board of regents, except that such installment payments shall commence six months after the date of the action or circumstances that cause the failure of the person to satisfy the obligations of such agreements, as determined by the executive officer based upon the circumstances of each individual case. Amounts paid under this section to the executive officer shall be deposited in the Kansas ethnic minority fellowship program fund in accordance with K.S.A. 74-32,119, and amendments thereto.

(b) The state board of regents is authorized to turn any repayment account arising under the Kansas ethnic minority fellowship program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this section~~ *in section 1, and amendments thereto.*

Sec. 10. K.S.A. 74-32,135 is hereby amended to read as follows: 74-32,135. (a) Except as provided in K.S.A. 74-32,136, and amendments thereto, upon the failure of any person to satisfy the obligation under any agreement entered into pursuant to this act, such person shall pay to the executive officer an amount equal to the total amount of money ~~received by~~ *disbursed on behalf of* such person pursuant to such agreement ~~which that~~ is financed by the state of Kansas plus accrued interest ~~at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points~~ *from the accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.* Installment payments of such amounts may be made in accordance with rules and regulations of the state board of regents, except that such installment payments shall commence six months after the date of the action or circumstances that cause the failure of the person to satisfy the obligations of such agreements, as determined by the executive officer based upon the circumstances of each individual case. Amounts paid under this section to the executive officer shall be deposited in the advanced practice registered nurse service scholarship program fund in accordance with K.S.A. 74-32,138, and amendments thereto.

(b) The state board of regents is authorized to turn any repayment account arising under the advanced practice registered nurse service scholarship program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this section~~ *in section 1, and amendments thereto.*

Sec. 11. K.S.A. 74-32,153 is hereby amended to read as follows: 74-32,153. (a) Upon completion of the recipient's program of study, the recipient shall be eligible for forgiveness of the loan by living and working in Kansas.

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

(c) If the required documentation certifying that the recipient lived and worked in Kansas is not received in the prescribed time by the board, the remaining loan amount shall be due and payable as prescribed under K.S.A. 74-32,154 and amendments thereto.

~~(d) Interest rates on the loan shall be determined by the state treasurer according to the interest rate received on the state idle funds plus 3%.~~

Sec. 12. K.S.A. 74-32,154 is hereby amended to read as follows: 74-32,154. (a) Except as otherwise provided in K.S.A. 74-32,155, and amendments thereto, upon the failure of any person to satisfy an obligation incurred under the loan agreement as provided in K.S.A. 74-32,152, and amendments thereto, such person shall repay to the state treasurer an amount equal to the total of: (1) The amount of money ~~received by disbursed on behalf of~~ such person pursuant to such agreement; plus (2) accrued interest, ~~calculated at the interest rate on the state idle funds plus 3%, from the date such money was received from the accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.~~

(b) Each person required to repay any amount under this section shall repay an amount totaling the entire amount to be repaid under all such agreements for which obligations are not satisfied, including all amounts of interest at the rate prescribed ~~in subsection (a)~~ *section 1, and amendments thereto.* Except as otherwise provided in this section, such repayment shall be made in installment payments determined by the state board of regents as provided ~~in subsection (e) of the~~ K.S.A. 74-32,152(c), and amendments thereto.

(c) All installment payments under this section shall commence six months after the date of the action or circumstance that causes the failure of the person to satisfy the obligations of such agreements, as determined by the state board of regents based upon the circumstances of each individual case. If an installment payment becomes 91 days overdue, the entire amount outstanding shall become immediately due and payable, including all amounts of interest at the rate prescribed *in section 1, and amendments thereto.*

(d) The total repayment obligation imposed under all agreements entered into as provided in K.S.A. 74-32,152, and amendments thereto, may be satisfied at any time prior to graduation by making a single lump-sum payment equal to the total of: (1) The entire amount to be repaid under all such agreements upon failure to satisfy the obligations under such agreements upon practice in Kansas; plus (2) all amounts of interest accrued thereon at the rate prescribed ~~in subsection (a)~~ *section 1, and amendments thereto.*

(e) The state board of regents is authorized to turn any delinquent

repayment account arising under the workforce development loan program to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this section in section 1, and amendments thereto.~~

Sec. 13. K.S.A. 74-32,223 is hereby amended to read as follows: 74-32,223. (a) Except as provided in K.S.A. 74-32,224, and amendments thereto, upon the failure of any person to satisfy the obligation under any agreement entered into pursuant to the program, such person shall pay to the executive officer an amount equal to the total amount of money ~~received by~~ *disbursed on behalf of* such person pursuant to such agreement plus accrued interest ~~at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points from the accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.~~ Installment payments of any such amounts may be made in accordance with the provisions of agreements entered into by the scholarship recipient and the executive officer, in accordance with rules and regulations of the state board of regents, except that such installment payments shall commence six months after the date of the action or circumstances that cause the failure of the person to satisfy the obligations of such agreements, as determined by the executive officer based upon the circumstances of each individual case. Amounts paid under this section to the executive officer shall be deposited in the nurse educator service scholarship repayment fund in accordance with K.S.A. 74-32,226, and amendments thereto.

(b) The state board of regents is authorized to turn any repayment account arising under the program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this section in section 1, and amendments thereto.~~

Sec. 14. K.S.A. 2024 Supp. 74-32,276 is hereby amended to read as follows: 74-32,276. (a) As a condition to receiving a Kansas promise scholarship, an eligible student shall enter into a Kansas promise scholarship agreement with the state board of regents. The eligible postsecondary educational institution making the scholarship award to such student shall counsel each eligible student on the requirements and conditions of the promise scholarship agreement. Such agreement shall require any student who receives a Kansas promise scholarship to:

(1) Enroll as a full-time or part-time student at the eligible postsecondary educational institution from which the student is receiving a Kansas promise scholarship and engage in and complete the required promise eligible program within 36 months of the date the scholarship was first awarded;

(2) within six months after graduation from the promise eligible program:

(A) Reside in and commence work in the state of Kansas for at least two consecutive years following completion of such program. A scholarship recipient may use a *form* W-2 wage and tax statement showing Kansas withholding or estimated income tax to the state of Kansas as proof of work in Kansas; or

(B) enroll as a full-time or part-time student in any public or private postsecondary educational institution with its primary location in Kansas and upon graduation or failure to re-enroll, reside in and commence work in Kansas for at least two consecutive years following the completion of such program;

(3) maintain records and make reports to the state board of regents on such forms and in such manner as required by the state board of

regents to document the satisfaction of the requirements of this act; and

(4) upon failure to satisfy the requirements of a Kansas promise scholarship agreement, repay the amount of the Kansas promise scholarship the student received under the program as provided in subsection (b) to the state board of regents.

(b) (1) Except as provided in subsection (c), if any student who receives a Kansas promise scholarship fails to satisfy the requirements of a Kansas promise scholarship agreement, such student shall pay an amount equal to the total amount of money ~~received by~~ *disbursed on behalf of* such student pursuant to such agreement that is financed by the state of Kansas plus accrued interest ~~at a rate equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such student's first course funded by a Kansas promise scholarship award began. Interest shall begin accruing on the date the student is determined to be out of compliance with the Kansas promise scholarship agreement from the accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.~~ Monthly installment payments of such amounts may be made in accordance with rules and regulations of the state board of regents. Such installment payments shall begin six months after the date of the action or circumstances that cause such student to fail to satisfy the requirements of a Kansas promise scholarship agreement, as determined by the state board of regents upon the circumstances of each individual case. All moneys received pursuant to this subsection shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the Kansas promise scholarship program fund.

(2) For any Kansas promise scholarship awarded on or after July 1, 2021, the state board of regents shall be the sole entity responsible for collecting or recouping any Kansas promise scholarship funds required to be repaid by a student who fails to satisfy the requirements of a Kansas promise scholarship agreement pursuant to this section.

(3) The state board of regents is authorized to turn any repayment account arising under this act to a designated loan servicer or collection agency to collect on the state board's behalf, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this subsection in~~ *section 1, and amendments thereto.*

(4) Eligible postsecondary educational institutions and each state agency are authorized to provide academic, employment, residency and contact information regarding students who received a Kansas promise scholarship to the state board of regents for the purposes of:

(A) Determining whether or not a student satisfied the requirements of this act and the Kansas promise scholarship agreement; and

(B) aiding in the collection or recoupment of any funds required to be repaid pursuant to this section.

(5) Eligible postsecondary educational institutions shall:

(A) Provide annually to the state board of regents the last known contact information of each student who received a Kansas promise scholarship until the requirements of the program and scholarship agreement are complete; and

(B) notify the state board of regents when a student who received a Kansas promise scholarship:

(i) Completes the program of study for which the student received the scholarship or has exhausted scholarship benefits; and

(ii) exceeds the 36-month program completion requirement

provided in this section. This requirement shall apply to any Kansas promise scholarship awarded on or after July 1, 2021.

(6) For any Kansas promise scholarship awarded on or after July 1, 2021, eligible postsecondary educational institutions shall not be considered a contractor of the state nor shall such institutions be required to participate in tracking, collecting or recouping any funds required to be repaid by a student who fails to satisfy the requirements of a Kansas promise scholarship agreement pursuant to this section.

(c) Any requirement of a Kansas promise scholarship agreement entered into pursuant to this section may be postponed for good cause in accordance with rules and regulations of the state board of regents.

(d) A scholarship recipient satisfies the requirements of the Kansas promise scholarship program if such recipient:

- (1) Completes the requirements of the scholarship agreement;
- (2) commences service as a military servicemember after receiving a Kansas promise scholarship;
- (3) fails to satisfy the requirements after making the best possible effort to do so as determined by the state board of regents;
- (4) is unable to obtain employment or continue in employment after making the best possible effort to do so; or
- (5) is unable to satisfy the requirements due to disability or death of the scholarship recipient.

Sec. 15. K.S.A. 2024 Supp. 74-32,286 is hereby amended to read as follows: 74-32,286. (a) As a condition to receiving a grant under this act, an eligible student shall enter into an agreement with the *state board of regents*. The eligible postsecondary educational institution that awarded such grant. ~~Such eligible postsecondary educational institution~~ shall counsel each eligible student on the requirements and conditions of the agreement. Such agreement shall require any student who receives a grant award to:

(1) Enroll as a full-time or part-time student at the eligible postsecondary educational institution that made the grant award and engage in and complete the adult learner grant eligible program;

(2) within six months after graduation from the adult learner grant eligible program:

(A) Reside and commence work in the state of Kansas for at least two consecutive years following completion of such program. A scholarship recipient may use a *form W-2* wage and tax statement showing Kansas withholding or estimated income tax to the state of Kansas as proof of work in Kansas; or

(B) enroll as a full-time or part-time student in any public or private postsecondary educational institution with its primary location in Kansas and upon graduation or failure to re-enroll, reside in and commence work in Kansas for at least two consecutive years following the completion of such program;

(3) maintain records and make reports to the state board of regents on such forms and in such manner as required by the state board of regents to document the satisfaction of the requirements of this act; and

(4) upon failure to satisfy the requirements of an agreement entered into pursuant to this section, repay the amount of the grant award the student received under the program as provided in subsection (b) to the state board of regents.

(b) (1) Except as provided in subsection (c), if any student who receives a grant award fails to satisfy the requirements of the agreement entered into pursuant to this section, such student shall pay an amount equal to the total amount of money ~~received by~~ *disbursed on behalf of* such student pursuant to such agreement plus accrued interest ~~at a rate equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such student's first course funded by a grant~~

~~award began. Interest shall begin accruing on the date the student is determined to be out of compliance with the agreement from the accrual date determined under section 1, and amendments thereto, and at the rate prescribed in section 1, and amendments thereto.~~ Monthly installment payments of such amounts may be made in accordance with rules and regulations of the state board of regents. Such installment payments shall begin six months after the date of the action or circumstances that cause such student to fail to satisfy the requirements of the agreement, as determined by the state board of regents upon the circumstances of each individual case. All moneys received pursuant to this subsection shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the Kansas adult learner grant program fund.

(2) The state board of regents shall be the sole entity responsible for collecting or recouping any grant moneys required to be repaid by a student who fails to satisfy the requirements of an agreement entered into pursuant to this section.

(3) The state board of regents is authorized to turn any repayment account arising under this act to a designated loan servicer or collection agency to collect on the state board's behalf. The state's involvement shall only be to receive payments from the loan servicer or collection agency at the interest rate prescribed ~~under this subsection~~ *in section 1, and amendments thereto.*

(4) Eligible postsecondary educational institutions and each state agency are authorized to provide academic, employment, residency and contact information regarding students who received a grant award to the state board of regents for the purposes of:

(A) Determining whether or not a student satisfied the requirements of this act and the agreement entered into pursuant to this section; and

(B) aiding in the collection or recoupment of any funds required to be repaid pursuant to this section.

(5) Eligible postsecondary educational institutions shall:

(A) Provide annually to the state board of regents the last known contact information of each student who received a grant award until the requirements of the program and the agreement are complete; and

(B) notify the state board of regents when a student who received a grant award completes the program of study for which the student received the grant or has exhausted the benefits available under this act.

(6) Eligible postsecondary educational institutions shall not be considered a contractor of the state nor shall such institutions be required to participate in tracking, collecting or recouping any moneys required to be repaid by a student who fails to satisfy the requirements of an agreement entered into pursuant to this section.

(c) Any requirement of an agreement entered into pursuant to this section may be postponed for good cause in accordance with rules and regulations of the state board of regents.

(d) A scholarship recipient satisfies the requirements of the adult learner grant program if such recipient:

(1) Completes the requirements of the agreement entered into pursuant to this section;

(2) commences service as a military servicemember after receiving a grant award;

(3) fails to satisfy the requirements after making the best possible effort to do so as determined by the state board of regents;

(4) is unable to obtain employment or continue in employment after making the best possible effort to do so; or

(5) is unable to satisfy the requirements due to disability or death of the grant recipient.

Sec. 16. K.S.A. 75-650 is hereby amended to read as follows: 75-650. (a) As used in this section:

(1) "Federal poverty level" means the most recent poverty income guidelines published in the calendar year by the United States department of health and human services.

(2) "Program" means the low-income family postsecondary savings accounts incentive program established by this section.

(3) "Qualified individual or family" means an individual or family who resides within the state of Kansas and whose household income is positive and not more than 200% of the federal poverty level for the tax year prior to the year in which the application is submitted.

(4) "Participant" means a qualified individual or family who has been approved for a matching grant under the program.

(5) "District" means a congressional district of the state of Kansas.

(6) "Application" means an application for a matching grant under the program.

(7) "Third-party contributor" means any individual or organization who contributes ~~money moneys~~ to a family postsecondary savings account established pursuant to K.S.A. 75-640 et seq., and amendments thereto, other than the account owner who established such family postsecondary savings account for the benefit of the participant.

(8) Words and phrases have the meanings provided by K.S.A. 75-643, and amendments thereto, unless otherwise provided by this section.

(b) There is hereby established the low-income family postsecondary savings accounts incentive program. The purpose of the program is to encourage the establishment of family postsecondary savings accounts pursuant to K.S.A. 75-640, and amendments thereto, by qualified individuals and families.

(c) The treasurer shall:

(1) Implement and administer the program;

(2) develop marketing plans and promotional material for the program;

(3) prescribe the procedure for, and requirements relating to, the submission and approval of applications;

(4) do all things necessary and proper to carry out the purposes of this act; and

(5) adopt any rules and regulations and policies deemed necessary for implementation and administration of the program.

(d) Applications shall be submitted to the treasurer in the manner and form required by the treasurer. Applications shall be accompanied by any information deemed necessary by the treasurer. Applications ~~must~~ shall be submitted each year using the applicant's household income from the previous tax year.

(e) ~~Beginning in calendar year 2009~~ *In calendar years 2025, 2026 and 2027, the treasurer may approve ~~no~~ not more than ~~300~~ 250 applications from a single district. If ~~300~~ 250 applications from residents of a district are not approved in *each such* calendar year ~~2009~~ or any year thereafter, the treasurer may approve additional applications submitted by residents of the remaining districts of up to the program total of ~~1,200~~ 1,000 applications per year. Applications shall be approved on a first come, first served basis. The treasurer shall provide written notice, to an applicant, of the approval or nonapproval of such person's application. *For calendar year 2028, and each calendar year thereafter, the treasurer shall not accept nor approve any application for the program.**

(f) The amount of contributions made to an account by an account

owner who establishes a family postsecondary savings account for the benefit of a participant pursuant to K.S.A. 75-640 et seq., and amendments thereto, shall be matched by the state on a dollar-for-dollar basis if the account owner contributes at least \$100 to a family postsecondary education savings account for the benefit of the participant during ~~the calendar year~~ *any of the calendar years 2025, 2026 and 2027* for which the application has been approved. The aggregate of all matching amounts for any family postsecondary savings account shall not exceed \$600 ~~in~~ *for* any calendar year. All contributions by a third-party contributor shall be deposited in the matching grant account for the participant established by the treasurer or another similar account for which the withdrawals are restricted as required by subsection (h).

(g) Between January 1 and January 31 of each state fiscal year, the director of accounts and reports shall transfer from the state general fund to the Kansas postsecondary education savings program trust fund the amount, as certified by the treasurer, necessary to meet the matching obligations under subsection (f) for the preceding calendar year, except that the amount transferred from the state general fund to the Kansas postsecondary education savings program trust fund shall not exceed the maximum amount specified by appropriation act for such purpose for that state fiscal year. On or before January 31 of each year, the treasurer shall transfer from the Kansas postsecondary education savings program trust fund to the account of each participant the amount determined by the treasurer to meet the matching obligation due to such participant under subsection (f) for the preceding calendar year.

(h) ~~(1) The treasurer shall ensure that all withdrawals of matching funds are used for qualified withdrawals under K.S.A. 75-640 et seq., and amendments thereto. The treasurer shall not be required to prospectively approve any withdrawals under the program. Withdrawals of matching funds under the program shall be subject to audit as provided in this subsection.~~

*(2) The treasurer shall retrospectively audit at least 10 withdrawals of matching funds under the program made during each of the calendar years 2025, 2026 and 2027 to determine whether each such withdrawal was a qualified withdrawal or a nonqualified withdrawal under K.S.A. 75-640 et seq., and amendments thereto. The treasurer shall notify any participant whose withdrawal was selected for audit and request such participant to provide to the treasurer any documentation and information deemed necessary by the treasurer to facilitate the audit and determine whether the withdrawal was a qualified withdrawal or a nonqualified withdrawal under K.S.A. 75-640 et seq., and amendments thereto. Such documentation and information shall be submitted to the treasurer in the manner and form required by the treasurer on or before a deadline established by the treasurer and specified in the notice. If the participant does not timely respond to the notice of the audit, the audited withdrawal shall be conclusively presumed to be a nonqualified withdrawal. If the participant does not timely respond to the notice of audit or the treasurer otherwise determines that the audited withdrawal was a nonqualified withdrawal, then the treasurer shall provide notice thereof to the Kansas department of revenue or other appropriate taxing authorities as determined by the treasurer and the participant.*

*(3) The treasurer's determination that a withdrawal is a nonqualified withdrawal under K.S.A. 75-640 et seq., and amendments thereto, shall be conclusive for the purposes of this act, absent manifest error.*

*(4) If the treasurer determines that the audited withdrawal was a*

*nonqualified withdrawal under K.S.A. 75-640 et seq., and amendments thereto, then the participant shall refund the matching portion of the withdrawal by paying such portion to the treasurer; on payment terms established by the treasurer. Any such amounts that remain due and unpaid after the date prescribed by the treasurer for the payment thereof shall be subject to interest at the rate of 5% per annum, compounded monthly, from the date prescribed by the treasurer for the payment thereof. To collect such refund and interest from the participant, the treasurer is authorized to certify the amount due for setoff pursuant to K.S.A. 75-6201 et seq., and amendments thereto, and to exercise any other enforcement right otherwise available to the treasurer. The refund requirement under this act is in addition to and not in substitution for any other fine, penalty, interest or other consequence otherwise imposed by law in connection with withdrawals from the Kansas postsecondary education savings program.*

*(i) The treasurer shall deposit all refunds and interest received under subsection (h) in the state treasury to the credit of the state general fund.*

~~(j)~~ *(j) The treasurer shall prepare and submit to the governor and the legislature a report on the program on or before January 31 of each year 2026, 2027 and 2028. Such report shall include the number of accounts opened under the program, the amount of moneys contributed to such accounts by the participants, the amount of matching moneys transferred by the treasurer pursuant to subsection (g), the average income of the participants, an analysis of the success of the program in meeting the purpose of the program the number and results of any audit performed pursuant to subsection (h) and any other information deemed appropriate by the treasurer.*

~~(k)~~ *(k) The provisions of this section shall be a part of and supplemental to the Kansas postsecondary education savings program.*

Sec. 17. K.S.A. 74-3260, 74-3267, 74-3272, 74-32,104, 74-32,116, 74-32,135, 74-32,153, 74-32,154, 74-32,223 and 75-650 and K.S.A. 2024 Supp. 74-3295, 74-32,276 and 74-32,286 are hereby repealed.

Sec. 18. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

\_\_\_\_\_

SENATE adopted

Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

Passed the HOUSE

as amended \_\_\_\_\_

HOUSE adopted

Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*