

SESSION OF 2025

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 50**

As Amended by House Committee on Education

**Brief\***

SB 50, as amended, 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).

***Uniform Interest and Accrual***

The bill would establish a uniform rate equivalent to the federal PLUS program interest rate at the time the recipient enters into an agreement 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.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

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:

- 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.

### ***Background***

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.

### **Fiscal Information**

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

Kansas Board of Regents; postsecondary; scholarships; uniform interest rates; repayment