

February 18, 2021

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151D-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2182 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2182 is respectfully submitted to your committee.

HB 2182 would create the Kansas Promise Scholarship Act, amend the Kansas Challenge to Secondary School Students Act, and would include other provisions to require school districts to insure against injury or loss during work-based learning programs.

Kansas Promise Scholarship Act

The Kansas Promise Scholarship Act would be administered by the Kansas Board of Regents. The Act would make any Kansas community college; technical college, including Washburn Institute of Technology; or two-year associate degree program or career and technical education program offered by a private postsecondary educational institution accredited by the Higher Learning Commission with its primary location in Kansas, eligible for the scholarship. The Kansas Board of Regents would be required to adopt rules and regulations to implement and administer the program on or before March 21, 2022. The bill would require the rules and regulations to establish:

1. Scholarship application deadlines;
2. Appeal procedures for denial or revocation of a Kansas Promise Scholarship;
3. Guidelines to ensure that if a Kansas Promise Scholarship recipient graduates from a technical education certificate program or associate degree program and subsequently enrolls at a state university or municipal university, that any courses taken by the student transfer to the state university or municipal university and qualify toward the student's baccalaureate degree;

4. Procedures for a student who receives a Kansas Promise Scholarship to record and report proof of community service and community service hours;
5. The terms, conditions and requirements included in each Kansas Promise Scholarship agreement;
6. Procedures for requesting and approving medical, military and personal absences from an eligible postsecondary educational institution while receiving a Kansas Promise Scholarship;
7. Criteria for determining whether any student who received a Kansas Promise Scholarship fulfilled the employment and repayment requirements included in the agreement; and
8. Criteria for determining when a student who received a Kansas Promise Scholarship may be released from the requirements of a Kansas Promise Scholarship.

The Board of Regents would also be required to:

1. Work with community partners, such as community foundations, school districts, postsecondary educational institutions, Kansas business and industry and Kansas economic development organizations to publicize the Program;
2. Allocate Kansas Promise Scholarship funds to the two-year colleges;
3. Request information from the colleges that may be needed for the administration of the Act;
4. Annually collaborate with the Department of Commerce and Kansas business and industry to identify up to ten job fields and pathways that currently have the highest need for skilled employees;
5. Designate scholarship-eligible career and technical programs and transfer education programs that correspond to the ten job fields and pathways;
6. Ensure that any student who received a Kansas Promise Scholarship fulfills the employment or repayment requirements; and
7. Annually evaluate, beginning January 2022, the program and prepare and submit a report to the Senate Committee on Education and the House Committee on Education.

An eligible student would have to: (1) be a Kansas resident; (2) be a graduate of a Kansas public or private secondary school or have obtained a high school equivalency certificate, with certain exceptions for any student who is a dependent child of a military servicemember; (3) have completed the scholarship application; (4) have entered into a Kansas Promise Scholarship Program agreement; (5) have completed the Free Application for Federal Student Aid; and (6) have enrolled in an eligible postsecondary educational institution in an scholarship-eligible program with coursework in an identified job field that corresponds to a baccalaureate degree program. The student would also be required to complete 100 hours of community service annually or be verified by the postsecondary educational institution to be employed part-time; maintain a 2.0 cumulative grade point average; and fulfill the terms of the agreement.

The agreement requires scholarship recipients to be full-time students; complete the scholarship-eligible program; and within six months after graduation, commence work in the state for at least two years or enroll full-time in a Kansas postsecondary educational institution. The bill outlines additional requirements of scholarship recipients including the requirement to repay an amount equal to the total amount of money received under the 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 the recipient first entered into an agreement if the student fails to satisfy all requirements.

Scholarship awards for students would be subject to appropriations and would total the aggregate amount of tuition, required fees, and the cost of books and required materials minus the aggregate amount of all other aid awarded per semester. The bill clarifies that aid would include any grant, scholarship or financial assistance awards that do not require repayment. The bill also limits total state appropriations for this Program to \$10.0 million. If a student is enrolled in an eligible postsecondary education program offered by a four-year eligible postsecondary educational institution, the aggregate amount of tuition, mandatory fees and the cost of books and materials for such eligible postsecondary education program shall be the average cost of tuition, mandatory fees and the cost of books and materials for such eligible postsecondary education program when offered by an eligible public postsecondary educational institution that is not a four-year institution. On and after July 1, 2026, no scholarship could be awarded to any student who has not previously been awarded a Kansas Promise Scholarship prior to July 1, 2025.

Kansas Challenge to Secondary School Students Act

HB 2182 would amend the Kansas Challenge to Secondary School Students Act. The bill would allow school districts, at the discretion of the local board of education, to pay tuition, fees, books, materials, and equipment for any high school student who is concurrently or dually enrolled at a postsecondary educational institution (postsecondary institution). The bill would authorize a local board of education to pay all or a portion of those costs. The bill would require any of these payments to be paid directly to the postsecondary institution by the school district. Students or their families would be required to pay any portion of the costs not covered by the school district. School districts would also be authorized to provide transportation for concurrently or dually enrolled students. The bill would require school districts to grant high school credit to concurrently or dually enrolled students who satisfactorily complete course work at a postsecondary institution.

The bill would prohibit school districts from paying for technical education courses that are part of the Excel in Career Technical Education program (also known as SB 155 courses) administered by the Kansas Board of Regents.

The bill would amend the definition of “student” in the Act to require a student to have an individualized plan of study or an individualized education program. The new definition of student would be a person who has:

1. Enrolled in grades ten, 11, or 12 in a school district, or a gifted student enrolled in grades nine, ten, 11, or 12;

2. Demonstrated the ability to benefit from participation in the regular curricula of a postsecondary institution;
3. An individualized plan of study or an individualized education program;
4. Has been authorized by their principal to apply for enrollment at a postsecondary institution; and
5. Is accepted for enrollment at a postsecondary institution.

In order to remain eligible for participation, the bill would require a student to remain in good standing at the postsecondary institution in which they are enrolled or show satisfactory progress as determined by their school district.

The bill would require postsecondary institutions to notify a student or a student's parent or guardian if the course in which a student is enrolled is not eligible for a systemwide transfer of college credit, as determined by the Board of Regents.

The bill would expand the Kansas Foster Child Educational Assistance Program to provide a tuition waiver for foster care students who are concurrently or dually enrolled in a postsecondary institution. In addition, school districts would be authorized to pay for any costs that are not waived, including for fees, books, materials, and equipment.

The bill would require each postsecondary institution that accepts students for concurrent or dual enrollment to submit a report to the Board of Regents. The report would include the following:

1. The number of students from each school district enrolled in the postsecondary institution, including the number of students in foster care;
2. The number of students who successfully complete the courses in which they are enrolled;
3. The tuition rate charged for concurrently or dually enrolled students compared to the tuition rate charged regularly enrolled students; and
4. The portion of costs for concurrent and dual enrollment being paid by school districts.

The Board of Regents would be required to compile and prepare a summary report of the reports submitted by postsecondary institutions. The bill would require this summary report to be submitted to the House Committee on Education and Senate Committee on Education on or before February 15 of each year.

The bill would amend the definition of "accredited independent institution" in the Act to include only not-for-profit postsecondary institutions and to specify the institution must be accredited by a nationally recognized accrediting agency.

Other Provisions

HB 2182 would exempt any business that accepts a secondary student in a work-based learning program from certain claims arising from a student’s negligent act as a result of participating in the program at the business or work site. Except for incidents arising from gross negligence or willful misconduct, a student’s school district would be solely responsible for civil liability for these claims. The bill would define “work-based learning program” as a program in a secondary curriculum that includes work study, on-the-job training, job shadowing, internships, clinicals, practicums, apprenticeships, co-ops, and industry-led service-learning projects. In addition, the bill would allow school districts to purchase insurance contracts to insure against liability claims.

The Kansas Board of Regents indicates the provisions of HB 2182 related to the Kansas Promise Scholarship Act would have a fiscal effect on the Kansas Board of Regents and public community colleges and technical colleges. The Board indicates private not-for-profit postsecondary educational institutions would also be affected, but those institutions are excluded from its estimate. The Board estimates the cost to create rules and regulations, administer the scholarship program, award scholarships to eligible students, track students according to the requirements in the bill, and collect any potential repayments from students who did not fulfill the requirements of the scholarship agreement would increase annual expenditures by \$65,064 which includes \$55,064 for salaries and wages for 1.00 FTE position and \$10,000 for other operating costs.

The Board indicates scholarship awards for students would be subject to appropriations, but could cover tuition, required fees, and the cost of books and required materials. While the actual cost per student would vary depending on the college and program of study, the Board of Regents data system reports the average cost of tuition, fees and books per credit hour for students enrolled at community colleges and technical colleges during the 2020-2021 academic year as listed in the table below:

	<u>Tuition</u>	<u>Fees</u>	<u>Books</u>	<u>Total</u>
Community & Technical Colleges	\$84	\$48	\$33	\$165

The Kansas Higher Education Data System reports there were 148,000 resident student credit hours enrolled full-time in Promise Act qualified technical education programs at community colleges and technical colleges during the 2019-2020 academic year. To fully fund all 148,000 potentially eligible student credit hours, it would cost \$24.4 million (148,000 student credit hours x \$165 average per credit hour = \$24,420,000). Since HB 2182 would include a requirement to fund the scholarship program after accounting for amounts received from any grants, scholarships or other financial assistance awards that do not require repayment, the Board would assume 50.0 percent of the cost of tuition, fees and books would qualify for the scholarship at an estimated cost of \$12.2 million (148,000 student credit hours x \$165 average per credit hour x 50.0 percent = \$12,210,000) beginning in FY 2022.

The Board’s assumptions included in this estimated are based on data which suggests 50.0 percent of students receive federal grants in the amount of \$5,160 and 40.0 percent of students

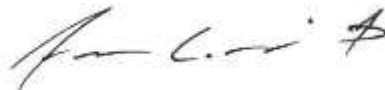
receive scholarships in the amount of \$2,160 annually to cover the cost of attendance at community and technical colleges. In addition to tuition, fees and books, these financial aid awards also cover the cost of room and board, which averages \$6,150 annually at Kansas colleges. Since any scholarship awards would require additional state appropriations, the Board indicates that if it receives more applications than can be financed with any additional state funding appropriated by the 2021 Legislature, a process would be instituted to award applications to those with the greatest financial need. The Kansas Department of Commerce estimates the bill would increase its expenditures by \$2,387 annually.

According to the Board of Regents, the amendments to the Kansas Challenge to Secondary School Students Act could increase the number of secondary students that would choose dual enrollment if districts would choose to pay for a portion or all of the tuition and related costs. However, a fiscal effect cannot be estimated as the number of school districts that would approve this arrangement is not known. In addition, the Board of Regents states that the tuition waiver for foster care students would be an extension of the current program for postsecondary students and could result in reduced tuition revenue; however, a fiscal effect cannot be estimated.

The Department of Education states the amendments to the Kansas Challenge to Secondary School Students Act would not affect state aid to school districts; any additional local district expenditures that would result from dual enrollment tuition and related costs would be borne by the local district.

The Department of Education states that the amendments related to liability for students in work-based learning programs would not affect state aid to school districts. However, the bill would increase school districts' exposure to liability for students participating in work-based learning programs. The bill would allow those districts that have participating students to purchase the appropriate insurance contract coverage to offset this additional potential liability. Any increase in insurance premium costs would be borne by local districts. Any fiscal effect associated with HB 2182 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Craig Neuenswander, Education
Kelly Oliver, Board of Regents
Kim Holter, Children & Families
Sherry Rentfro, Department of Commerce
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