

SESSION OF 2022

SUPPLEMENTAL NOTE ON SENATE BILL NO. 340

As Amended by Senate Committee on Ways
and Means

Brief*

SB 340, as amended, would make changes to the Kansas Promise Scholarship Act (Act). The bill would address the responsibilities of the State Board of Regents (Board) and the responsibilities of postsecondary institutions, and it would authorize the designation of additional eligible programs and fields of study.

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

Sunset (Section 1)

The bill would sunset the program after FY 2027. Kansas Promise scholarship recipients who had been awarded a Kansas Promise scholarship prior to July 1, 2027, would be able to continue to receive such scholarship until they complete the program as provided in the Act. The bill would state no new Act scholarships may be awarded after July 1, 2027.

Definitions (Section 2)

The bill would amend the definition of “eligible postsecondary institution” by adding the requirement that any community college or technical college must have a recognized service area in order to qualify.

*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 <http://www.kslegislature.org>

The bill would amend the definition of “part-time student” to clarify that enrollment in the required six credit hours could occur in the fall, summer, or spring semester.

The bill would amend the term “promise eligible program” to require the program to be both approved by the Board and be considered high wage, high demand, or critical need. The bill would also require promise-eligible programs to be within a field of study designated in the bill.

[*Note:* These requirements would be in addition to all other requirements currently within the program definitions.]

State Board of Regents (Sections 3, 5, and 7)

Responsibilities (Sections 3 and 7)

The bill would change the date by which the Board is directed to adopt rules and regulations for the Kansas Promise Scholarship Program (Program) from March 1, 2022, to March 1, 2023.

The bill would also clarify elements of the Board’s responsibilities outlined in statute. The Board would no longer be responsible for setting the deadline for scholarship applications but instead be responsible for accepting and processing scholarships throughout the year.

The Board would also be prohibited from adopting terms, conditions, and requirements for scholarship agreements that are more stringent than the requirements for scholarship agreements provided in the Act.

The bill would add responsibilities of the Board, including the following:

- Requesting information from state agencies necessary for administration of the Act;

- Accepting electronic signatures on all forms and agreements;
- Enforcing Kansas Promise Scholarship agreements;
- Collecting moneys repaid by students; and
- Determining fulfillment of residency work requirements.

The bill would clarify that the Kansas Promise Scholarship agreements are made between the Board and the student.

Annual Report (Section 3)

The bill would clarify the annual report requirement by stating that the report shall include, but not be limited, to the following information:

- Total program cost for each promise-eligible program at each eligible postsecondary institution;
- Amount of scholarship moneys awarded that went to each promise-eligible program;
- Number of credit hours paid for with scholarship moneys;
- Amount of scholarship moneys expected to be awarded to each eligible postsecondary institution for each semester;
- Number of scholarships awarded;
- Total amount of scholarship moneys awarded;
- Measures postsecondary educational institutions have taken in working with private business and

industry in the state to determine appropriate fields of study;

- Review of the employment of scholarship recipients who have graduated from the Program including employment fields and geographic location of such employment; and
- Amount of scholarship moneys provided for:
 - Tuition;
 - Fees;
 - Books; and
 - Supplies.

Associate Degree Transfer Program (Section 3)

The bill would allow the Board to designate an associate degree transfer program as an eligible program if the program includes an established 2 + 2 agreement with a four-year postsecondary educational institution or an articulation agreement with said educational institution, and is part of an established degree pathway that allows for the transfer of a minimum of 60 credit hours.

The bill would apply the designation of associate degree transfer programs retroactively to the enactment of the Program on July 1, 2021.

Scholarship Funds (Sections 5 and 7)

The bill would require the Board to disburse scholarship funds through reimbursement requests from eligible postsecondary institutions, and reimbursement requests shall be based upon the actual amount of awarded scholarships for the academic period. The bill would state all requests shall be submitted to the Board on or before September 1, December 1, March 1, and June 1 of each year. The Board would be required to disburse funds to eligible postsecondary

institutions on September 15, December 15, March 15, and June 15 of each year.

The bill would state the Board is the sole entity responsible for collection and recoupment of Kansas Promise Scholarship funds required to be repaid by students who fail to meet the requirements of the Act.

The Board would be authorized to designate a loan servicer or collection agency to collection and recoup such funds on the Board's behalf.

Postsecondary Institutions (Sections 3, 4, and 7)

Requirements (Sections 3 and 7)

The bill would prohibit eligible postsecondary institutions from limiting scholarship awards to certain programs at the institution or awarding less than the full scholarship amount to students who qualify under the Act as long as funds are available.

Eligible postsecondary institutions would be required to counsel eligible students regarding the requirements and conditions of the promise scholarship agreements.

Additional Field of Study (Section 4)

The bill would amend the Program by allowing eligible postsecondary educational institutions to designate an additional field of study that meets local employment needs to be eligible for scholarships. To be eligible, the field of study would be required to meet the following requirements:

- The field of study contains promise-eligible programs approved by the Board;

- The institution already offers such field of study; and
- The field of study is one of the following:
 - Agriculture;
 - Food and natural resources;
 - Education and training;
 - Law, public safety, corrections, and security; or
 - Distribution and logistics.

[*Note:* Current law allows for the designation of a single additional program rather than all eligible programs within a field of study.]

The bill would require all programs designated by eligible institutions prior to enactment of the bill to be maintained until all students currently enrolled have exhausted their promise scholarship eligibility.

Enforcement (Section 7)

The bill would clarify that eligible postsecondary educational institutions would not be considered contractors of the State and could not be required to participate in the tracking, collection, or recoupment of funds by students who fail to uphold the requirements of their scholarship agreement.

Kansas Promise Scholarships (Section 5)

Awards

The bill would require that scholarships be awarded on an academic year basis rather than on a semester basis.

The bill would also establish a definition of “aid” to mean any grant, scholarship, or financial assistance awards that do not require repayment, with the exceptions of assistance provided under the Servicemen’s Readjustment Act of 1944 (GI Bill) or any family postsecondary savings account (Section 529 Accounts).

The bill would remove language allowing for excess funds to be awarded to eligible students whose family household income exceeds the limits in the Act.

Expenditure of Scholarship Funds

The bill would cap the expenditures for eligible students to either 68 credit hours or \$20,000, whichever occurs first, over the lifetime of the student. Students would also be prohibited from using promise scholarship funds for the following:

- Prerequisite classes required for promise-eligible programs unless said prerequisite is within the eligible program; or
- Any remedial course as defined in statute unless offered in a corequisite format.

Eligibility Requirements (Section 7)

The bill would change eligibility requirements for the Program by requiring a student to be a citizen of the United States and removing the requirement that the student be 21 years of age or older if they had not graduated from a secondary school within the 12 months prior to application.

The bill would also add clarification to state that the three-year residency requirement must be proven by one of the following:

- Issuance date on a Kansas-issued identification card;
- Kansas voter registration records; or
- Kansas income tax documentation.

The bill would make students who had been in the custody of the Secretary for Children and Families at any time during grades 9 through 12, and not eligible for the Kansas Foster Child Educational Assistance Act, automatically eligible for promise scholarships.

The bill would make further clarifications to eligibility requirements, such as stating that the applicant's Free Application for Federal Student Aid (FAFSA) must be determined to be free of error codes and that the maintenance of satisfactory academic progress must be in the promise-eligible program for which the scholarship was awarded.

Kansas Promise Scholarship Agreements (Section 7)

The bill would change the time in which a student must complete the Program from 30 months to 36 months from initial award of the scholarship.

The bill would also clarify that the two-year residency requirement upon completion of a promise-eligible program must be verified by the scholarship recipient providing a W-2 wage and tax statement to show proof of Kansas withholding or estimated income tax to the State of Kansas.

The bill would amend the terms of repayment by stating that the interest rate would be determined based upon when the student's first course funded under the Program began, rather than when the student entered into an agreement with the Board as in current law.

The bill would clarify that interest would begin accruing on the date when the student is determined to be out of compliance with their scholarship agreement.

For the purposes of determining a student's satisfaction of the Act's requirements, collection or recoupment of funds, or determination of eligibility, the bill would authorize all eligible postsecondary educational institutions and state agencies to provide the Board with the following information:

- Last known contact information for each student who has entered into, but not completed, a scholarship agreement;
- Notification of a student receiving a Kansas Promise Scholarship;
- Completion of a promise-eligible program by a student;
- Exhaustion of Kansas Promise Scholarship benefits by a student; and
- Information on any student exceeding the 36-month program completion requirement.

Kansas Promise Scholarship Funding (Section 5)

The bill would remove the 150 percent escalator for appropriations after FY 2023 and provide for no more than \$10.0 million annually through FY 2027.

Background

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

Senate Committee on Education

In the Senate Committee hearing on January 18 and 19, 2022, **proponent** testimony was provided by representatives of the Kansas Association of Community College Trustees, Kansas Independent College Association, and Kansas Technical Colleges. Proponents generally spoke to the initial success of the Program and how the bill would address issues that have arisen during the initial application of the Program.

Neutral testimony was provided by a representative of the Board. The representative said the Program has been an initial success, and the Board has not taken an official position on the bill.

No **opponent** testimony was provided.

The Senate Committee on Education amended the bill to:

- Amend the definition of “promise eligible program” to require it be approved by the Board and be high wage, high demand, or critical need;
- Prohibit eligible postsecondary educational institutions from limiting scholarship awards or awarding less than the full scholarship amount;
- Clarify the designation of an additional field of study by adding the following qualifications:
 - The field of study contains promise-eligible programs;
 - The institution already offers the field of study; and
 - The field of study is specified in the bill;

- Delete language regarding the designation of an additional program by an eligible educational institution;
- Include a lifetime cap of \$20,000 of promise scholarship money per student; and
- Remove the retroactive application of amendments made to the Kansas Promise Scholarship agreements (Section 6) of the Act.

Senate Committee Ways and Means

On March 10, 2022, the Senate Committee on Ways and Means amended the bill to add additional reporting requirements by the Board regarding measures postsecondary educational institutions have taken in working with private business and industry in the state to determine appropriate fields of study and a review of the employment of scholarship recipients who have graduated from a Kansas promise scholarship program, including their employment fields and geographic location of such employment.

The Senate Committee also amended the bill to limit the the annual appropriated amount to \$10.0 million through FY 2027; to sunset the program after FY 2027; change from 48 months to 36 months the time period for completing an eligible program, starting from the date the scholarship was first awarded; and require the Board to be notified if a student exceeds the 36-month program completion requirement.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Board estimates enactment of the bill would increase annual expenditures from the State General Fund by \$125,000 due to new requirements and responsibilities. The *FY 2023 Governor's Budget Report* does not reflect the new costs that would be incurred with enactment of the bill.

Education; scholarship