



KANSAS BOARD OF REGENTS

Senate Committee on Education Proponent Testimony on HB 2645

March 6, 2024

**Blake Flanders, Ph.D.
President & CEO, Kansas Board of Regents**

Good afternoon, Chair Baumgardner, and Members of the Committee. Thank you for the opportunity to appear today to testify in favor of HB 2645.

This legislation was proposed by the Board of Regents to increase interest in the Kansas Nursing Service Scholarship Program as one solution to the nursing workforce shortage in Kansas.

The Kansas Nursing Service Scholarship Program, K.S.A. 74-3291 through K.S.A. 74-3299, authorizes scholarships for qualified nursing students pursuing coursework that leads to licensure as licensed professional nurses or licensed practical nurses. The scholarship is available to Kansas residents and non-residents attending nursing schools at the state universities, Washburn University, and Kansas not-for-profit independent institutions. As the program is currently conceived, scholarships are generally funded half by the state and half by each student's sponsor, which may be an adult care home, medical facility, home health agency, local health department, mental health or treatment facility, or a state agency that employs licensed practical nurses or licensed professional nurses in Kansas.

Students receiving scholarships must agree to complete their coursework and obtain licensure, then practice nursing in their sponsor's employ. At minimum, students must practice nursing for the length of their scholarship-funded studies. If a student fails to meet the program's requirements, the scholarship must be repaid with interest.

HB 2645 would make several changes to the program's authorizing statutes designed to increase the scholarship's attractiveness to applicants, with the goal of increasing the state's nursing workforce. The principal changes in HB 2645 alter the sponsorship requirement, eliminate the cap on the number of scholarships that may be awarded, and eliminate the cap on scholarship amounts. The Legislature's annual appropriation would then determine the number and size of the scholarships we would be able to offer.

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As amended by the House, the bill would make students eligible for a scholarship without a sponsor. Scholarship recipients would continue to have the option of locating a sponsor and benefitting from a higher scholarship award as an incentive to work with an employer. The sponsor must be located in one of the state's 95 rural opportunity zone counties. The program would retain the requirement for scholarship recipients to work in Kansas after graduation.

The existing statutory language limiting the number of new scholarships each year to 250 would be removed.

The existing cap on scholarship awards, which generally limits awards to 70% of the amount of the cost of in-state tuition at the student's institution, would also be removed. These changes would incentivize greater participation in the program by making the post-graduation work requirement more flexible, permitting awards to serve a greater number of students, and permitting awards to cover more of students' educational expenses.

The bill would also eliminate the nursing scholarship review committee, which under the existing program is tasked with consulting with the Board of Regents President and CEO on scholarship award decisions and various scholarship administration matters, including the terms of sponsorship agreements. The review committee has finished their work and as the program has functioned for years, is no longer needed.

Finally, the bill would set the interest rate on repayments for students not fulfilling their service obligation to a flat 5%. This would provide predictability to students and eliminate the variable rate contained in current law that fluctuates annually. This would permit students to know the consequences of default with greater certainty when they enter into their initial scholarship agreements and greatly reduce the financial impact to students. The current rate in statute is the federal PLUS Rate plus five percentage points, currently 13.05%.

I want to thank the Kansas Hospital Association for their efforts to develop the House amendments for the sponsorship feature of the program. As this program is intended to support our health care workforce needs, we are pleased an optimal solution for structuring this program was found to make it appealing while meeting the needs of our state's health care providers.

When your Committee works HB 2645, I would encourage the Committee to add in the contents of HB 2644. HB 2644 passed out of the House Education Committee with support from the Kansas Board of Regents and the Kansas Independent College Association. There was no neutral nor opponent testimony. Unfortunately, the bill passed out of the House Education Committee the week of Turnaround and did not have time to get above the line.

HB 2644 would streamline the administration of the scholarship programs the Board administers for the State of Kansas by establishing uniform interest rate provisions for the service scholarships. Under current law, the interest rate for each service scholarship is separately outlined in individual statutes. The bill would create an interest rate of 5.0 percent per year which would begin to accrue when the repayment obligation begins.

For your review, I have attached the testimony the Board submitted for HB 2644 to this testimony.

Thank you for the opportunity to offer proponent testimony on this legislation.



KANSAS BOARD OF REGENTS

House Committee on Education Proponent Testimony on HB 2644

February 13, 2024

Blake Flanders, Ph.D.
President & CEO, Kansas Board of Regents

Good afternoon, Chair Thomas, and Members of the Committee. Thank you for the opportunity to appear today to testify in favor of HB 2644.

This legislation was proposed by the Board of Regents to streamline the administration of the scholarship programs the Board administers for the State of Kansas that carry a service requirement and an interest rate when a student goes into repayment:

- ROTC Service Scholarship
- Osteopathic Medical Service Scholarship
- Optometry Service Scholarship
- Nursing Service Scholarship
- Teacher Service Scholarship
- Advanced Practice Registered Nurse Service Scholarship
- Nurse Educator Service Scholarship
- Promise Scholarship
- Adult Learner Grant

The authorizing statutes for each of these programs specify that upon failing to meet scholarship conditions, such as living and working in Kansas after graduation, the scholarship must be repaid with interest.

HB 2644 would standardize the interest rate on those repayments to a flat 5%. This would provide predictability to students and eliminate the variable rates contained in existing laws that fluctuate annually. This would permit students to know the consequences of default with greater certainty when they enter into their initial scholarship agreement and greatly reduce the potential financial impact to students if they do end up in repayment. For many of the programs, the current rate in statute is the federal PLUS Rate plus five

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percentage points, which for this year is 13.05%. A table is attached that displays five years of the interest rates for the programs.

To identify a standard percentage rate, we contacted other states that administer financial aid and heard from several that charge 5%, such as West Virginia and Maine; and others that charge 0%, such as Vermont and New York. To us, the 5% rate seemed sufficiently impactful to encourage service completion, while not creating an undue burden on students.

The bill would also standardize the date at which interest begins to accrue across the programs as the date when the repayment obligation commences. The program statutes vary as to when interest rates must be applied, sometimes as early as when the first course financed with the scholarship is taken.

The bill would also establish uniform rules regarding collection costs and fees. The Board of Regents is tasked with collecting repayments when a student defaults on their scholarship obligations. HB 2644 would expressly authorize the Board to recover reasonable collection costs from defaulting students. It would also make permanent a perennial appropriations proviso that permits the Board President and CEO to establish fees related to administration of the state's financial assistance programs.

Finally, the bill would amend the Adult Learner Grant Act, which was enacted last session to align the Act's requirement surrounding students' grant agreements with the Promise Scholarship Act. The bill would require students to enter into the agreements with the Board of Regents—which is tasked with administering the program and enforcing the agreements—rather than with the students' respective educational institutions.

In addition to the amendments in the introduced bill, we would like to propose repealing two programs that are no longer utilized: the Ethnic Minority Fellowship Program and the Workforce Development Loan Program. To accomplish this, we propose the following amendments to the bill:

- strike Section 9, page 8 lines 11-41;
- strike Section 12, page 9 lines 40-43 and page 10 lines 1-37; and
- add to the list of repealed statutes in Section 16: K.S.A. 74-32,112; K.S.A. 74-32,113; K.S.A. 74-32,114; K.S.A. 74-32,115; K.S.A. 74-32,116; K.S.A. 74-32,117; K.S.A. 74-32,118; K.S.A. 74-32,119; K.S.A. 74-32,151; K.S.A. 74-32,152; K.S.A. 74-32,153; K.S.A. 74-32,154; K.S.A. 74-32,155; K.S.A. 74-32,156; K.S.A. 74-32,157; K.S.A. 74-32,158; K.S.A. 74-32,159; K.S.A. 74-32,160; and K.S.A. 74-32,161.

Thank you for the opportunity to offer proponent testimony on this legislation.

Program	Statutory Language for Interest Accrual	When does interest begin to accrue?	2023-2024 Interest Rate	2022-2023 Interest Rate	2021-2022 Interest Rate	2020-2021 Interest Rate	2019-2020 Interest Rate
ROTC Service Scholarship	...such person shall pay to the state of Kansas an amount equal to the total amount of payments received by 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.	Date of disbursement to student	13.05%	12.54%	11.28%	10.30%	12.08%
Osteopathic Service Scholarship	...such person shall repay to the state board of regents an amount equal to the total of (1) the amount of money received by such person pursuant to such agreement plus (2) 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.	Date of disbursement to student	13.05%	12.54%	11.28%	10.30%	12.08%
Optometry Service Scholarship	...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.	Date of disbursement to student	13.05%	12.54%	11.28%	10.30%	12.08%
Nursing Service Scholarship	...such person shall pay to the executive officer an amount equal to the total amount of money received by such person pursuant to such agreement which was 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 and shall pay to the sponsor an amount equal to the total amount of money received by such person pursuant to such agreement which was financed by the sponsor 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.	KBOR has used the date when the student is determined out of compliance.	13.05%	12.54%	11.28%	10.30%	12.08%
Teacher Service Scholarship	...such person shall pay to the executive officer an amount equal to the total amount of money received by 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.	KBOR has used the date when the student is determined out of compliance.	13.05%	12.54%	11.28%	10.30%	12.08%
Advanced Practice Registered Nurse Scholarship	...such person shall pay to the executive officer an amount equal to the total amount of money received by such person pursuant to such agreement which 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.	Date of disbursement to student	13.05%	12.54%	11.28%	10.30%	12.08%
Nurse Educator Service Scholarship	...such person shall pay to the executive officer an amount equal to the total amount of money received by 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.	KBOR has used the date when the student is determined out of compliance.	13.05%	12.54%	11.28%	10.30%	12.08%
Promise Act Scholarship	...such student shall pay an amount equal to the total amount of money received by 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.	Date student is determined out of compliance.	8.05%	7.54%	6.28%	N/A	N/A