

SESSION OF 2021

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2064**

As Agreed to April 8, 2021

Brief*

HB 2064 would establish the Kansas Promise Scholarship Act (Act), which would provide scholarships for students to attend an “eligible postsecondary educational institution.” The Act would be administered by the State Board of Regents (Board).

Definitions

The bill would define “eligible postsecondary institution” (institution) to mean one of the following:

- Any community college or technical college established by state statute;
- The Washburn Institute of Technology; or
- Any independent not-for-profit postsecondary institution whose main campus or principal place of operation is in Kansas that offers a program eligible under the Act, maintains an open enrollment, and is accredited by a nationally recognized accrediting agency for higher education.

“Part-time student” would mean a student who is enrolled for at least six credit hours in a semester and is not enrolled as a full-time student.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

The bill would define a “promise eligible program” (eligible program) to mean any two-year associate degree program, career and technical education certificate, or stand-alone program identified by the Board, or an eligible program as designated by the institution pursuant to section 3 of this bill.

The bill would also define “military servicemember” as it is used in other law.

Administration

Rules and Regulations

The Board would be required to adopt rules and regulations on or before March 1, 2022, pertaining to:

- Application deadlines for the scholarship;
- The appeals process for denial or revocation of a scholarship;
- Guidelines for the transferability of a graduated student’s credits from an institution to a state educational institution or a municipal university;
- The terms, conditions, and requirements of the scholarship agreement between the Board and the student;
- Procedures for requesting and approving certain absences from an institution;
- Criteria for determining whether a student has fulfilled the employment and repayment requirements specified in the bill, including methods of repayment; and

- Criteria for determining whether special circumstances or good cause are present that prevent a student from completing the scholarship requirements.

Eligible Programs

The bill would further require that the Board identify the eligible programs that are in the following fields of study:

- Information technology and security;
- Physical and mental healthcare;
- Early childhood education and development;
- Advanced manufacturing and building trades; or
- Those designated by the institution according to Section 3 of the bill.

Other Responsibilities

The bill would also require the Board to:

- Work with community partners to publicize the Promise Scholarship Program (Program);
- Disburse funds to each institution;
- Request information from each institution;
- Ensure students fulfill the scholarship agreement; and
- Starting in January 2022, annually evaluate the Program and report to the standing education committees of the House of Representatives and Senate.

Designation of an Additional Eligible Program by the Institution

The bill would allow an institution to designate one additional eligible program outside of the specified fields if it:

- Is a two-year associate degree program, career and technical education certificate, or stand-alone program; and
- Corresponds to a high wage, high demand, critical need field.

The bill would further require such institution have no less than one existing eligible program. Once adopted, the bill would require such institution maintain the newly designated eligible program for no less than every three years.

Appropriations

The bill would require the Program be subject to appropriations that would not exceed \$10.0 million annually for FY 2022 and FY 2023. Beginning in FY 2024, all subsequent appropriations could not exceed 150.0 percent of the expenditures in the preceding year. The amount of a student's scholarship for each semester would be the aggregate of the amount of tuition and related fees or costs of the institution minus the aggregate amount of all other aid awarded to the student. The bill would specify aid includes any financial assistance that would not require repayment.

If a student is enrolled in an eligible program offered by a four-year postsecondary educational institution, the bill would require that the aggregate amount of tuition, fees, books, and materials for such program be considered the average cost of such program when offered by an institution that is not a four-year institution.

The bill would prioritize scholarships for eligible students whose family household incomes are less than or equal to the following amounts:

- \$100,000 for a family of two;
- \$150,000 for a family of three; and
- \$150,000 + \$4,800 per additional family member beyond three.

Eligible students whose family household income exceeds these limits would be eligible for scholarships under the Act only if scholarship money remains after awarding all other prioritized scholarships.

Eligibility for a Scholarship

Eligible Student

The bill would require a student to meet the following criteria to be considered eligible for a scholarship:

- Be a resident of Kansas; and
 - Have done one of the following in the past 12 months;
 - Graduated from an accredited Kansas public or private secondary school;
 - Completed the requirements for graduation from a non-accredited private secondary school, per KSA 72-4345; or
 - Attended an accredited Kansas public or private secondary school or non-accredited private school, per KSA 72-4345, and obtained a high school equivalency certificate.

- Be 21 years of age or older while having been a resident of Kansas for a minimum of three consecutive years; or
 - Be a dependent child of a military servicemember permanently stationed in another state and have graduated from any out-of-state secondary school or obtained a high school equivalency certificate within the preceding 12 months.
- Complete a scholarship application as established by the Board;
 - Enter into a scholarship agreement with the Board;
 - Complete the Free Application for Federal Student Aid; and
 - Enroll in an eligible program at an institution.

The bill would further require the student maintain satisfactory academic progress and satisfy the requirements of the scholarship agreement.

The bill would not prohibit a student enrolled in high school who received a postsecondary course credit from qualifying for the scholarship.

Scholarship Agreement, Repayment for Failure to Complete, and Completion of the Program

Scholarship Agreement

The bill would require to receive a scholarship the student enter into a scholarship agreement with the institution. The bill would require the scholarship agreement contain the following criteria for eligible students:

- Enroll as a full- or part-time student in an eligible program at an institution and complete the Program within 30 months of the date upon which the first scholarship was awarded;
- Within six months of completing the eligible program;
 - Reside and work in the State for a minimum of two consecutive years; or
 - Enroll as a full- or part-time student at any public or not-for-profit postsecondary educational institution whose main campus or principal place of operation is in the State.
- Maintain records and make reports as required by the Board to document satisfaction of the requirements in this bill; and
- Repay the amount of scholarship received, upon failure to satisfy the requirements of the scholarship agreement.

Repayment

Failure to satisfy the requirements of a scholarship agreement would result in the scholarship recipient being liable for repayment to the Board in the amount of the awarded scholarship plus accrued interest. The interest would be set at the rate of the Federal PLUS Program at the time the scholarship was awarded. Moneys collected in this manner would be remitted to the State Treasurer to be put into the Kansas Promise Scholarship Program Fund. The bill would allow installment payments to be made in accordance with Board rules and regulations, with payments to begin six months after the cause for the failure to satisfy the requirements as determined by the Board.

The Board would be authorized to transfer any repayment account to a loan servicer or collection agency.

The Board would be allowed to postpone the requirements for good cause.

Completion of the Program

A scholarship recipient would satisfy the requirements of the Program if the recipient:

- Completes the requirements of the scholarship agreement;
- Commences service as a military servicemember after receiving the scholarship;
- Fails to satisfy the requirements after making the best possible effort to do so as determined by the Board; or
- Is unable to satisfy the requirements due to disability or death of the recipient.
- Kansas Promise Scholarship Program Fund

The bill would establish the Kansas Promise Scholarship Program Fund to be administered by the Board.

Conference Committee Action

As it entered conference, HB 2064 would have amended provisions in the Kansas Deferred Retirement Option Program (DROP) Act relating to participating members' election and extension of their DROP periods. The bill would have removed a requirement that makes a member's election choice irrevocable.

The Conference Committee agreed to replace the contents of HB 2064, as amended by the Senate Committee on Financial Institutions and Insurance, with provisions from HB 2287, as recommended by the House Committee on Commerce, Labor and Economic Development, regarding the Kansas Promise Scholarship Act, as modified by provisions from Sub. for SB 43, as amended by the Senate Committee on Education.

The Conference Committee amended HB 2287 to:

- Modify the administration of the Program to require the Board identify eligible programs by one of four fields of study to reflect language in Sub. for SB 43, as amended by the Senate Committee on Education;
- Modify the administration of the Program to allow for each institution to add an additional program after three years, provided the institution had a preexisting program that met one of the four fields of study;
- Modify the definition of eligible student and the requirements to receive a scholarship to reflect the language in Sub. for SB 43, as amended by the Senate Committee on Education;
- Modify the enrollment requirements to reflect language from Sub. for SB 43, as amended by the Senate Committee on Education;
- Modify enrollment requirements to require student completion of a promise eligible program within 30 months of scholarship receipt;
- Add provisions to the appropriations cap of \$10.0 million to provide for an annual appropriation cap of 150.0 percent of the prior year's expenditures, beginning in the third year of the program;

- Insert the following provisions from Sub. for SB 43, as amended by the Senate Committee on Education:
 - Provisions awarding scholarships to those students with a household income below a specific threshold first; and
 - Provisions establishing the Kansas Promise Scholarship Program Fund from Sub. for SB 43, as amended by the Senate Committee on Education;
- Modify the requirements after completion of the Program to require the student reside and work in Kansas for two years, from Sub. for SB 43, as amended by the Senate Committee on Education; and
- Delete the moratorium on the Program.

Background

As amended and passed by the Senate, HB 2064 would have amended provisions in the Kansas Deferred Retirement Option Program (DROP) Act relating to participating members' election and extension of their DROP periods. The bill would remove a requirement that makes a member's election choice irrevocable. The Conference Committee agreed to replace these provisions with the contents of HB 2287, as modified by Sub. for SB 43.

[*Note:* In the background of Sub. for SB 43 below, the amendments retained or modified and included in the Conference Committee agreement are noted.]

HB 2287

The bill was introduced by the House Committee on K-12 Education Budget at the request of Representative Tarwater.

[*Note:* The bill is identical to 2020 HB 2515, as amended by the House Committee on Commerce, Labor and Economic Development. Provisions of 2020 HB 2515 with minor modifications were included in 2020 HB 2510, which was vetoed by the Governor.]

House Committee on Commerce, Labor and Economic Development

In the House Committee hearing, representatives of the Associated General Contractors of Kansas, Kansas Association of Community College Trustees, Kansas Independent Colleges Association, Kansas Technical Colleges, Overland Park Chamber of Commerce, and Wichita Regional Chamber of Commerce testified as **proponents**, stating the bill would improve workforce development and affordability of higher education.

Written-only **proponent** testimony was provided by representatives of AlignEd, Civic Council of Greater Kansas City, Kansas Board of Regents, and Washburn University.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Board estimates implementation of the bill would require additional annual expenditures of \$65,064 and 1.0 FTE position. The Board estimates the entire cost of scholarships under the bill to be \$12.2 million; however, the bill provides that any scholarships provided by

the bill be subject to appropriations and capped at \$10.0 million. The bill contains no appropriations. Any fiscal effect associated with the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Sub. for SB 43

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, **proponent** testimony was provided by representatives of the Kansas Association of Community College Trustees, the Kansas Independent College Association, the Kansas Technical Colleges, and the State Board of Regents. Written-only **proponent** testimony was provided by representatives of Cowley College, Johnson County Community College, the Kansas Association of School Boards, the KC Chamber, and Washburn University. The proponents generally stated that these scholarships would be most beneficial for students whose parents' income disqualifies them from receiving Pell Grants but is not enough to help cover the financial cost of a postsecondary education. Proponents also stated this bill would help develop the specialized workforce needed by Kansas businesses.

Written-only neutral testimony was provided by representatives of the Department for Children and Families and the Governor's Council on Education. The testimony generally stated the conferees supported the focus on cultivating a highly educated and skilled workforce. The primary concern from the conferees was the unknown fiscal cost of the program. The Senate Committee recommended a substitute bill be introduced that contained the following changes from the original bill:

- Defined "part-time student;"

- Changed the date for the initial report on the Program to January 15, 2023;
- Added early childhood education and development to the list of eligible programs [*Note*: The Conference Committee retained this amendment.];
- Clarified eligibility requirements by stating that a student's graduation from high school or completion of a high school equivalency certificate must occur within the 12 months prior to scholarship application [*Note*: The Conference Committee retained this amendment.];
- Defined the scholarship amount as the average cost of tuition, mandatory fees, and cost of books and required materials for the program offered at eligible community colleges, technical colleges, or the Washburn Institute of Technology;
- Limited appropriations to the Program at \$6.0 million per fiscal year; and
- Added income prioritization to the Program. The thresholds are as follows:
 - \$100,000 for a family of two or less;
 - \$150,000 for a family of three; and
 - \$150,000 + \$4,800 per family member for families of four or more. [*Note*: The Conference Committee retained this amendment.]

Fiscal Information

A fiscal note was not immediately available on the substitute bill.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the State Board of

Regents (Board) state that the bill would have a fiscal impact on the Board, community colleges, and the Washburn Institute of Technology. There would also be an impact on private, not-for-profit postsecondary institutions but the Board is unable to estimate the impact and so has excluded them from their estimate.

The Board estimates that it would need an annual increase of \$37,532 to administer the Program. Of this amount, \$27,532 would be for the salaries and wages for a part-time position and the remaining \$10,000 for operating costs.

Utilizing the average costs at community colleges for the 2019-2020 school year, current enrollment in bill eligible programs, as introduced, and assuming 50.0 percent of student costs would be covered by grants, scholarships, and other non-repayable aid, the Board estimates that the bill would increase annual state scholarship support by \$21.9 million beginning in FY 2022. However, the Board estimates demand to increase for the scholarship program given the growth of the Excel in Career Technical Education Initiative, which has grown from 3,870 students in 2012 to 13,934 students in 2020. Any fiscal effect associated with the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Kansas Promise Scholarship Act; post-secondary institutions; community colleges;
Kansas Board of Regents

ccrb_hb2064_01_promisescholarship.odt