

January 25, 2021

The Honorable Molly Baumgardner, Chairperson
Senate Committee on Education
Statehouse, Room 445B-S
Topeka, Kansas 66612

Dear Senator Baumgardner:

SUBJECT: Fiscal Note for SB 43 by Senate Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning SB 43 is respectfully submitted to your committee.

SB 43 would create the Kansas Promise Scholarship Act. The Kansas Promise Scholarship Program would be subject to appropriations and would award a promise scholarship to any eligible student who enrolls in a promise eligible program at an eligible institution which would amount to the aggregate amount of tuition, required fees and the cost of books and required materials for the promise eligible program minus the amount received from any grants, scholarships or other financial assistance awards that do not require repayment. The bill would define a promise eligible program as any two-year associate degree program or career and technical education certificate or stand-alone program offered by an eligible institution and identified by the Kansas Board of Regents in any of the following fields of study: (1) information technology and security; (2) physical and mental healthcare; or (3) advanced manufacturing and building trades.

The Act would make any Kansas community college; technical college, including Washburn Institute of Technology; or not-for-profit institution of postsecondary education with its main campus or principal place of operation in Kansas that offers a promise eligible program, is operated independently and not controlled or administered by any state agency or subdivision of the state, maintains open enrollment and is accredited by a nationally recognized accrediting agency for higher education in the United States, eligible for the scholarship.

The Board of Regents would be required to implement and administer the program to include:

1. Identifying the promise eligible programs offered by each eligible institution;
2. Working with public and private secondary schools and community partners, such as community foundations and business, industry and economic development organizations

- to publicize Kansas promise scholarships, including, but not limited to, publicizing promise eligible programs, eligible institutions and application procedures and deadlines;
3. Distributing any appropriated funds to eligible institutions for the purpose of awarding Kansas promise scholarships;
 4. Ensuring that each scholarship recipient fulfills the requirements of the scholarship agreement;
 5. Adopting rules and regulations for the implementation and administration of the program on or before March 1, 2022; and
 6. Preparing and submitting a report to the Kansas Legislature and the Governor on the Kansas Promise Scholarship Program on or before January 15, 2022, and each January 15 thereafter. The report would include, but not be limited to, the following information for the immediately preceding academic year: (1) The total number of scholarship applications; (2) the total number of scholarship recipients and the total amount of scholarship moneys awarded; (3) the total number of scholarship recipients who completed an eligible postsecondary education program; and (4) the total number of scholarship recipients who satisfied the requirements of a scholarship agreement.

An eligible student would have to: (1) be a Kansas resident; (2) be a graduate of an accredited Kansas public or private secondary school or have obtained a high school equivalency certificate; (3) have recently completed the requirements for graduation at a non-accredited private secondary school as provided in KSA 72-4345; (4) be 21 years of age or older and, upon application for a scholarship, has been a resident of Kansas for three or more consecutive years; or (5) be a dependent child of a military servicemember permanently stationed in another state and recently graduated or completed the requirements for high school graduation at any out-of-state secondary school or obtained a high school equivalency certificate.

To receive a promise scholarship an eligible student would have to: (1) complete a scholarship application; (2) complete the Free Application for Federal Student Aid; (3) enroll in a promise eligible program at an eligible institution; and (4) enter into a scholarship agreement.

The agreement would require scholarship recipients to be part-time or full-time students; maintain satisfactory academic progress toward completion of the scholarship-eligible program; within six months after graduation, reside in and commence work in the state for at least two consecutive years or enroll part-time or full-time in any public or not-for-profit Kansas postsecondary educational institution; maintain records and make reports as required by the Board to document the satisfaction of program obligations; and repay the scholarship upon failure to satisfy requirements of the scholarship agreement.

The bill would outline stipulations for postponement of requirements for good cause as well as recoupment of scholarship awards from any student who fails to satisfy all requirements. Repayment would equal 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.

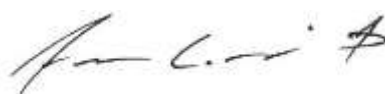
The Kansas Board of Regents indicates SB 43 would have a fiscal impact on the Kansas Board of Regents, community colleges, and technical colleges, including the Washburn Institute of Technology. The Board indicates private not-for-profit postsecondary educational institutions would also be impacted, 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 \$37,532, including \$27,532 for salaries and wages for a part-time position and \$10,000 for other operating costs associated with the position and additional expenses related to tracking scholarship recipients.

The Board indicates scholarship awards for students 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 2019-2020 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 Board reports there were 266,000 resident student credit hours enrolled in Promise Act qualified technical education programs at community colleges and technical colleges during the 2019-2020 academic year. Assuming 50.0 percent of the cost of tuition, fees and books would qualify for the scholarship after accounting for amounts received from any grants, scholarships or other financial assistance awards that do not require repayment, the Board estimates SB 43 would increase annual state scholarship support for technical education by \$21.9 million (266,000 credit hours x \$165 average per credit hour cost x 50.0 percent) beginning in FY 2022. The Board indicates the bill would increase demand for scholarship programs based on growth in the Excel in Career Technical Education Initiative which reported enrollment of 3,870 students in 2012 and 13,934 students in 2020. If it receives more applications than can be financed with state appropriations, the Board indicates a process would be instituted to award applications to those with the greatest financial need. Although not specified by the Board, all additional expenditures from SB 43 would likely require additional appropriations from the State General Fund. Any fiscal effect associated with SB 43 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Kelly Oliver, Board of Regents