

SESSION OF 2021

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR SENATE
BILL NO. 43**

As Recommended by Senate Committee on
Education

Brief*

Sub. for SB 43 would establish the Kansas Promise Scholarship Act (Act) and the Kansas Promise Scholarship Fund. The Act would provide scholarships to eligible students enrolled in eligible programs at eligible institutions.

Definitions

The bill would define the following terms in the Act.

Eligible Institutions

The bill would define an “eligible institution” as 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, offers a program eligible under the Act, maintains an open enrollment, and is accredited by a nationally recognized accrediting agency for higher education.

*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>

Eligible Student

The bill would require a student to meet the following criteria to be considered eligible to apply for a scholarship. The bill would define “eligible student” as a person who:

- Is a resident of Kansas; and
 - Is 21 years of age or older while being a resident of Kansas for a minimum of three years; or
 - Is a dependent child of a military servicemember permanently stationed in another state and who graduated from any out-of-state secondary school or obtained a high school equivalency certificate within the preceding 12 months; or
 - Has 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.

Part-Time Student

The bill would define a “part-time student” as a student enrolled a minimum of six credit hours in a semester without being considered a full-time student.

Promise Eligible Program

For an eligible student to utilize a scholarship under the Act, the bill would require the the student to attend a two-year associate degree program, career and technical education certificate, or stand-alone program identified by the State Board of Regents (Board) at an eligible institution in one of the following fields of study:

- Information technology and security;
- Physical and mental healthcare;
- Early childhood education and development; or
- Advanced manufacturing and building trades.

The term “state board” would also be defined.

Kansas Promise Scholarship Program

The bill would establish the Kansas Promise Scholarship Program (Program) subject to appropriations from the Legislature.

Scholarship Calculation

The bill would require scholarship amounts to be the average aggregate amount of tuition, mandatory fees, and the cost of books and required materials for the program offered by eligible community colleges, technical colleges, and the Washburn Institute of Technology, minus any moneys the recipient has received in the form of grants, scholarships, or other financial assistance not requiring repayment.

Scholarship Income Prioritization

The bill would prioritize scholarships for eligible students whose family households 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 will be eligible for scholarships under the Act only if scholarship money remains after awarding all other prioritized scholarships.

Application Process

To receive a scholarship under the Program, an eligible student would be required to:

- Complete a scholarship application as established by the Board;
- Complete the Free Application for Federal Student Aid;
- Enroll in a promise eligible program at an eligible institution; and
- Enter into a scholarship agreement with the Board.

Scholarship Agreement

The scholarship agreement would be between the recipient and the Board.

The bill would require the scholarship agreement to contain the following criteria for eligible students:

- Enroll as a full- or part-time student in an eligible program at an eligible institution and complete the program;
- Maintain satisfactory academic progress towards completion of the promise eligible program;
- Maintain records and make reports as required by the Board to document satisfaction of program requirements; and
- Be within six months of program completion;
 - 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.

The Board would be allowed to postpone the requirements for good cause. Failure to satisfy the requirements would result in the student being required to repay the scholarship amount.

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 this 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.

Administration

The bill would require the Board to implement and administer the Program. The Board would be required to:

- Identify promise eligible programs offered by each eligible institution;
- Work with public and private secondary schools and community partners to publicize the scholarships;
- Subject to appropriations, distribute funds to eligible institutions for the purpose of awarding scholarships; and
- Ensure each scholarship recipient fulfills the requirements of the scholarship agreement.

The Board would also be required to adopt rules and regulations no later than March 1, 2022, for the implementation and administration of the Program.

The Board would be required to submit a report to the Legislature and the Governor on the Kansas Program no later than January 15, 2023, and each January 15 thereafter. The contents of this report would be required to contain content that includes:

- Total number of scholarship applications;
- Total number of scholarship recipients and the total amount of scholarship moneys awarded;
- Scholarship recipient graduation rates; and
- Completion rates of scholarship agreements.

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.

Kansas Promise Scholarship Program Fund

The bill would establish the Kansas Promise Scholarship Program Fund (Fund) to be administered by the Board. The bill would limit appropriations to the Fund at no more than \$6.0 million per fiscal year.

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, **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;
- 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;
- 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.

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*.

Education; Kansas Promise Scholarship Act; Post-secondary; Community Colleges; State Board of Regents