

## HOUSE BILL No. 2872

By Representatives McKinney, Barnes, Burroughs, Crow, Findley, Garner, Gatewood, Gilbert, Kirk, Kuether, Larkin, Levinson, Loganbill, Minor, E. Peterson, Sharp, Showalter, Thimesch, Toelkes and J. Williams

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AN ACT establishing the workforce development loan program; concerning such loan; creating a fund; providing for loan repayment, forgiveness and administration thereof; amending K.S.A. 72-4433 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

New Section 1. (a) There is hereby established the workforce development loan program act.

(b) Within the limits of appropriations and private contributions therefor, and in accordance with the provisions of this act, the state board of regents may award such loans to Kansas residents who are enrolled in or admitted to an area vocational technical school, technical college, community college or vocational school administered under the state board of regents and who enter into a written agreement with the state board of regents as provided in section 2 and amendments thereto.

(c) The board of regents may accept any private contributions to the program. The chief executive officer of the board of regents shall turn such contributions over to the state treasurer who shall deposit such moneys into the workforce development loan fund.

(d) After consultation with the secretaries of the departments of human resources, social and rehabilitation services and commerce and housing, the board may establish a list of education programs in which an applicant must enroll to be eligible for a loan under this program.

(e) The loans shall be awarded on a priority basis to qualified applicants who have the greatest financial need. All loans shall be awarded to resident students attending area vocational technical schools, technical colleges, community colleges or area vocational schools. Special preference shall also be established for residents drawing unemployment compensation or such residents who were laid off from employment within the prior six months. The board may also establish preferences for workers deemed to be eligible for North American free trade agreement transition assistance under United States department of labor standards or

1 the Kansas department of human resources standards.

2 (f) Loans awarded under this program shall be awarded on an annual  
3 basis and shall be in effect for one year unless otherwise terminated be-  
4 fore the expiration of such period of time. Such loans shall be awarded  
5 for the payment of tuition, fees, books, room and board and any other  
6 necessary school related expenses.

7 New Sec. 2. (a) The applicant for a workforce development loan shall  
8 provide to the board of regents on forms provided by such board all  
9 information requested by such board.

10 (b) As a condition to awarding such loan, the state board of regents  
11 and the recipient of such loan shall enter into an agreement which shall  
12 require the person receiving the loan to:

13 (1) Complete the required course of instruction and receive the des-  
14 ignated degree, certificate or diploma for that course of instruction;

15 (2) continue to live and work in Kansas after the recipient's course  
16 of instruction is completed until the loan is totally forgiven. Agree that  
17 for each year of living and working in Kansas,  $\frac{1}{8}$  of the total loan amount's  
18 principal and interest that accrued during the prior year shall be forgiven;

19 (3) agree that the service commitment for each agreement entered  
20 into under this section is in addition to the service commitment contained  
21 in any other agreement which has been or may be entered into under  
22 this section for the purpose of obtaining a loan;

23 (4) maintain records and make annual reports to the chief executive  
24 officer of the board of regents or such executive officer's designee as  
25 required to document the satisfaction of the agreement terms of the loan;  
26 and

27 (5) repay any amounts required upon the recipient's failure to com-  
28 plete the terms of the agreement.

29 (c) Such agreement shall establish a repayment schedule requiring  
30 the recipient to begin making payments one year after the discontinuance  
31 of the recipient's enrollment in a Kansas educational institution, either  
32 by failure to attend, completion of the program or at such other times as  
33 the board deems appropriate.

34 New Sec. 3. (a) Upon completion of the recipient's program of study,  
35 the recipient shall be eligible for forgiveness of the loan by living and  
36 working in Kansas.

37 (b) By annually providing to the board of regents the required doc-  
38 umentation certifying that the recipient worked and lived in Kansas  
39 throughout the prior year. Such documentation shall be provided to the  
40 board of regents within 30 days of the annual due date calculated from  
41 the completion of the course of study.

42 (c) If the required documentation certifying that the recipient lived  
43 and worked in Kansas is not received in the prescribed time by the board,

1 the remaining loan amount shall be due and payable as prescribed under  
2 section 4, and amendments thereto.

3 (d) Interest rates on the loan shall be determined by the state trea-  
4 surer according to the interest rate received on the state idle funds plus  
5 3%.

6 New Sec. 4. (a) Except as otherwise provided in section 5, and  
7 amendments thereto, upon the failure of any person to satisfy an obli-  
8 gation incurred under the loan agreement as provided in section 2, and  
9 amendments thereto, such person shall repay to the state treasurer an  
10 amount equal to the total of (1) the amount of money received by such  
11 person pursuant to such agreement, plus (2) accrued interest, calculated  
12 at the interest rate on the state idle funds plus 2%, from the date such  
13 money was received.

14 (b) Each person required to repay any amount under this section shall  
15 repay an amount totaling the entire amount to be repaid under all such  
16 agreements for which obligations are not satisfied, including all amounts  
17 of interest at the rate prescribed in subsection (a). Except as otherwise  
18 provided in this section, such repayment shall be made in installment  
19 payments determined by the state board of regents as provided in sub-  
20 section (c) of the section 2, and amendments thereto.

21 (c) All installment payments under this section shall commence six  
22 months after the date of the action or circumstance that causes the failure  
23 of the person to satisfy the obligations of such agreements, as determined  
24 by the state board of regents based upon the circumstances of each in-  
25 dividual case. If an installment payment becomes 91 days overdue, the  
26 entire amount outstanding shall become immediately due and payable,  
27 including all amounts of interest at the rate prescribed.

28 (d) The total repayment obligation imposed under all agreements en-  
29 tered into as provided in section 2, and amendments thereto, may be  
30 satisfied at any time prior to graduation by making a single lump-sum  
31 payment equal to the total of (1) the entire amount to be repaid under  
32 all such agreements upon failure to satisfy the obligations under such  
33 agreements to practice in Kansas, plus (2) all amounts of interest accrued  
34 thereon at the rate prescribed in subsection (a).

35 (e) The state board of regents is authorized to turn any delinquent  
36 repayment account arising under the workforce development loan pro-  
37 gram to a designated loan servicer or collection agency, the state not being  
38 involved other than to receive payments from the loan servicer or collec-  
39 tion agency at the interest rate prescribed under this section.

40 New Sec. 5. (a) There is hereby established in the state treasury the  
41 workforce development loan fund. The state board of regents shall remit  
42 all moneys received under this act to the state treasurer at least monthly.  
43 Upon receipt of each such remittance the state treasurer shall deposit the

1 entire amount thereof in the state treasury, and such amount shall be  
2 credited to the workforce development loan fund.

3 (b) The state treasurer, upon receipt of moneys from persons making  
4 payments under sections 2, 3 and 4, and amendments thereto, shall de-  
5 posit the entire amount thereof in the state treasury, and such amount  
6 shall be credited to the workforce development loan fund.

7 (c) All expenditures from the workforce development loan fund shall  
8 be made for the purposes of this act and shall be made in accordance  
9 with appropriation acts upon warrants of the director of accounts and  
10 reports issued pursuant to vouchers approved by the executive officer of  
11 the state board of regents or such executive officer's designee.

12 New Sec. 6. (a) The state treasurer shall be the receiving agent for  
13 loan payments and credits received under the provisions of this act. The  
14 state treasurer shall keep a record of payments received from each person  
15 and credited to such person's account obligation.

16 (b) The state treasurer shall send all accounts which are three or more  
17 months delinquent to the executive officer of the state board of regents.

18 (c) The state treasurer shall adopt rules and regulations to administer  
19 the state treasurer's duties under the provisions of this act.

20 New Sec. 7. (a) Except as otherwise specified in the agreement, an  
21 obligation under any agreement entered into under the workforce de-  
22 velopment loan program shall be postponed: (1) During any required  
23 period of active military service; (2) during any period of temporary med-  
24 ical disability during which the person obligated is unable to work; (3)  
25 during any period of time the person is on job-protected leave under the  
26 federal family and medical leave act of 1993; or (4) during any period of  
27 time the state board of regents determines that the person obligated is  
28 unable to work because of special circumstances. Under clause (1), an  
29 obligation to work and live in Kansas in accordance with an agreement  
30 under section 2, and amendments thereto, shall not be postponed more  
31 than five years from the time the person's obligation to work and live in  
32 Kansas was to commence under any such agreement. An obligation to  
33 work and live in Kansas in accordance with an agreement under section  
34 2, and amendments thereto, shall be postponed under clause (2) during  
35 the period of time the medical disability exists. An obligation to work and  
36 live in Kansas in accordance with an agreement under section 2, and  
37 amendments thereto, shall be postponed under clause (3) during the pe-  
38 riod of time the person obligated remains on family and medical leave  
39 act leave. An obligation to work and live in Kansas in accordance with an  
40 agreement under section 2, and amendments thereto, shall be postponed  
41 under clause (4) during the period of time the state board of regents  
42 determines that the special circumstances exist. The state board of re-  
43 gents shall adopt rules and regulations prescribing criteria or guidelines

1 for determination of the existence of special circumstances causing an  
2 inability to work and live in Kansas and shall determine the documenta-  
3 tion required to prove the existence of such circumstances.

4 (b) An obligation to work and live in Kansas in accordance with an  
5 agreement under section 2, and amendments thereto, shall be satisfied:  
6 (1) If the obligation to work and live in Kansas has been completed in  
7 accordance with the agreement; (2) if the person obligated dies; and (3)  
8 if, because of permanent physical disability, the person obligated is unable  
9 to work and live in Kansas.

10 New Sec. 8. If a person fails to satisfy an obligation to work and live  
11 in Kansas for the required period of time under an agreement entered  
12 into as provided in section 2, and amendments thereto, because such  
13 person is working in or working and living in a state other than Kansas,  
14 and if such person is subject to or currently making repayments under  
15 such agreement, and if such person subsequently commences working  
16 and living in this state in compliance with the agreement, the balance of  
17 the repayment amount, including the interest thereon, from the time of  
18 commencement of working and living in Kansas until the obligation of  
19 such person is satisfied or until such time as such person again becomes  
20 subject to repayments, shall be waived. All repayment amounts due prior  
21 to commencement of working and living in this state again, including  
22 interest thereon, shall continue to be payable as provided under the  
23 agreement. If subsequent to commencement of working and living in this  
24 state, the person fails to satisfy the obligation to work and live in this state  
25 for the period of time specified in the agreement, the person again shall  
26 be subject to repayments, including interest thereon, as provided in the  
27 agreement.

28 New Sec. 9. The state board of regents shall adopt rules and regu-  
29 lations for administration of the workforce development loan program  
30 and shall establish terms, conditions and obligations which shall be in-  
31 corporated into the provisions of any agreement under this act.

32 New Sec. 10. On July 1 of each year or as soon thereafter as sufficient  
33 moneys are available \$500,000 from the moneys credited to the depart-  
34 ment of human resources from the United States department of labor  
35 and \$500,000 from the moneys received by the department of social and  
36 rehabilitation services from the United States department of health and  
37 human services shall be transferred by the state treasurer and credited  
38 to the workforce development loan fund established in section 5, and  
39 amendments thereto.

40 Sec. 11. K.S.A. 72-4433 is hereby amended to read as follows: 72-  
41 4433. The rate per hour of tuition for postsecondary students shall be  
42 fixed by each board subject to approval of the state board at the com-  
43 mencement of each school year for such school year. ~~Such rate shall be~~

1 an amount equal to ~~12 1/2%~~ of the local cost per enrollment hour for the  
2 school year ending June 30, 1982, and 15% of the local cost per enroll-  
3 ment hour for each school year thereafter. *Different rates may be fixed*  
4 *by each board for different programs administered by such board. Each*  
5 *local board shall have the authority to fix tuition, fees and charges for*  
6 *rates per hour of tuition for postsecondary students who are not residents*  
7 *of the state.*

8 Sec. 12. K.S.A. 72-4433 is hereby repealed.

9 Sec. 13. This act shall take effect and be in force from and after its  
10 publication in the statute book.

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