Session of 2024

HOUSE BILL No. 2645

By Committee on Education

Requested by Fred Patton on behalf of the State Board of Regents

1-31

1 AN ACT concerning postsecondary education; relating to the nursing 2 service scholarship program; removing limits on the amount of scholarship awards and the number of scholarships; removing the 3 requirement to obtain a sponsor; modifying the terms and conditions 4 5 for interest accrual on repayment obligations; abolishing the nursing service scholarship review committee; amending K.S.A. 74-3292, 74-6 3293, 74-3294, 74-3295, 74-3296, 74-3297 and 74-3298 and repealing 7 the existing sections: also repealing K.S.A. 74-3299. 8

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

Section 1. K.S.A. 74-3292 is hereby amended to read as follows: 74-3292. As used in this act:

- (a) "Committee" means the nursing service scholarship review-committee established under K.S.A. 74-3299, and amendments thereto.
- (b)—"Executive officer" means the chief executive officer of the state board of regents appointed under K.S.A. 74-3203a, and amendments thereto.
 - (e) "Mental health or treatment facility" means:
- (1) Any private treatment facility as such term is defined in K.S.A. 59-29b46, and amendments thereto;
- (2) any public treatment facility as such term is defined in K.S.A. 59-29b46, and amendments thereto;
- (3) any community mental health center organized pursuant to the provisions of K.S.A. 19-4001 through 19-4015, and amendments thereto; and licensed pursuant to K.S.A. 39-2001 et seq., and amendments thereto;
- (4) any mental health clinic organized pursuant to the provisions of K.S.A. 65-211 through 65-215, and amendments thereto, and licensed-pursuant to K.S.A. 39-2001 et seq., and amendments thereto;
- (5) any psychiatric hospital, psychiatric residential treatment facility or residential care facility as such terms are defined in K.S.A. 39-2002, and amendments thereto:
- (6) any hospital as defined in K.S.A. 65-425, and amendments thereto, provided: (A) The hospital has a psychiatric unit; and (B) the scholarship recipient is required to fulfill the nursing service scholarship's employment obligations as an employee in the psychiatric unit of the

hospital; or

- (7) Osawatomie state hospital, Rainbow mental health facility, Larned state hospital, Parsons state hospital and training center or the Kansasneurological institute.
- (d) "Rural area" means any county of this state other than Douglas, Johnson, Sedgwick, Shawnee and Wyandotte counties.
 - (e)(b) "Mental health or treatment facility" means:
- (1) Any private treatment facility as such term is defined in K.S.A. 59-29b46, and amendments thereto;
- (2) any public treatment facility as such term is defined in K.S.A. 59-29b46, and amendments thereto;
- (3) any community mental health center organized pursuant to the provisions of K.S.A. 19-4001 through 19-4015, and amendments thereto, and licensed pursuant to K.S.A. 39-2001 et seq., and amendments thereto:
- (4) any mental health clinic organized pursuant to the provisions of K.S.A. 65-211 through 65-215, and amendments thereto, and licensed pursuant to K.S.A. 39-2001 et seq., and amendments thereto;
- (5) any psychiatric hospital, psychiatric residential treatment facility or residential care facility as such terms are defined in K.S.A. 39-2002, and amendments thereto;
- (6) any hospital as defined in K.S.A. 65-425, and amendments thereto, provided:
 - (A) The hospital has a psychiatric unit; and
- (B) the scholarship recipient is required to fulfill the nursing service scholarship's employment obligations as an employee in the psychiatric unit of the hospital; or
- (7) Osawatomie state hospital, Rainbow mental health facility, Larned state hospital, Parsons state hospital and training center or the Kansas neurological institute.
- (c) "School of nursing" means a school within the state of Kansas which that is approved by the state board of nursing to grant an associate degree or a baccalaureate degree in professional nursing or a certificate of completion in practical nursing and is:
 - (1) Under the control and supervision of the state board of regents;
 - (2) a municipal university; or
- (3) a not-for-profit independent institution of higher education that has its main campus or principal place of operation in Kansas, maintains open enrollment as such term is defined in K.S.A. 74-32,120, and amendments thereto, and is operated independently and not controlled or administered by the state or any agency or subdivision thereof.
- (f) "Sponsor" means any adult care home licensed under the adult care home licensure act, any medical care facility licensed under K.S.A.

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18 19 65-425 et seq., and amendments thereto, any home health agency licensed under K.S.A. 65-5101 et seq., and amendments thereto, any local health department as defined in K.S.A. 65-241, and amendments thereto, any mental health or treatment facility and any state agency which employs licensed practical nurses or licensed professional nurses.

- (d) "Sponsor" means any of the following that is located in a rural opportunity zone as defined in K.S.A. 74-50,222, and amendments thereto:
- (1) An adult care home licensed under the adult care home licensure act, K.S.A. 39-923 et seq., and amendments thereto;
- (2) a medical care facility licensed under K.S.A. 65-425 et seq., and amendments thereto;
- (3) a home health agency licensed under K.S.A. 65-5101 et seq., and amendments thereto;
- (4) a local health department as defined in K.S.A. 65-241, and amendments thereto:
 - (5) a mental health or treatment facility; or
- (6) a state agency that employs licensed practical nurses or licensed professional nurses.
- 20 Sec. 2. K.S.A. 74-3293 is hereby amended to read as follows: 74-21 3293. (a) There is hereby established the nursing service scholarship 22 program. A scholarship may be awarded under the nursing service 23 scholarship program to any qualified nursing student enrolled in or admitted to a school of nursing in a course of instruction leading to 24 25 licensure as a licensed professional nurse or licensed practical nurse. A nursing student shall not be required to be a resident of Kansas to qualify 26 27 for a scholarship under the nursing service scholarship program. The 28 number of new scholarships awarded under the nursing service scholarship 29 program in each year shall not exceed 250. Of this number, except as otherwise provided in this section, 100 scholarships shall be awarded to 30 31 nursing students whose sponsors are located in rural areas and who are 32 enrolled in a course of instruction leading to licensure as a registered-33 professional nurse, 50 scholarships shall be awarded to nursing students 34 enrolled in a course of instruction leading to licensure as a licensed-35 practical nurse and the remaining 100 scholarships shall be awarded to any 36 nursing students who have a sponsor and who are enrolled in a course of 37 instruction leading to licensure as a registered professional nurse. If all 38 scholarships authorized to be awarded under this section to nursing-39 students whose sponsors are located in rural areas have not been awarded 40 by a date established by the state board of regents, the scholarships which have not been awarded by that date may be awarded to nursing students 41 who have a sponsor and who are otherwise qualified to be awarded a-42 scholarship under the nursing service scholarship program. The 43

determination of the individuals qualified for such scholarships shall be made by the executive officer-after seeking advice from the committee. Within each scholarship category prescribed by this subsection, Scholarships shall be awarded on a priority basis to qualified applicants: (1) Whose sponsor is a mental health or treatment facility; and (2) who have the greatest financial need for such scholarships. To the extent-practicable and consistent with the other provisions of this section, eonsideration shall be given to minority applicants.

- (b) Scholarships awarded under the nursing service scholarship program shall be awarded for the length of the course of instruction leading to licensure as a licensed professional nurse or licensure as a licensed practical nurse which the student is enrolled in or admitted to unless otherwise terminated before the expiration of such period of time. Such scholarships shall provide to a nursing student:
- (1) If the nursing student is enrolled in a school of nursing operated by a state educational institution, an amount not to exceed 70% of the instate tuition cost of attendance for an academic year at the school of nursing in which the nursing student is enrolled; or
- (2) if the nursing student is enrolled in a school of nursing notoperated by a state educational institution, the lesser of: (A) An amount not to exceed 70% of the in-state tuition cost of attendance for a year at the school of nursing in which the nursing student is enrolled; or (B) anamount not to exceed 70% of the average amount of the in-state tuitioncost of attendance for a year at the schools of nursing operated by the state educational institutions.
- (c) (1) Except as provided in paragraph (2), the amount of each scholarship shall be established annually by the executive officer and shall be financed equally by the sponsor of the nursing student and by the state of Kansas except if:
- (1) The sponsor is located in a rural area or is a health care facility which has less than 100 beds, and is not a mental health or treatment-facility pursuant to K.S.A. 74-3292(e)(1), (e)(5) or (e)(6), and amendments thereto, the total amount of the scholarship financed by such sponsor shall not exceed \$1,000 and the balance of such amount shall be paid by the state of Kansas; or
- (2) the sponsor is a mental health or treatment facility pursuant to K.S.A. 74-3292(e)(2), (e)(3), (e)(4) or (e)(7), and amendments thereto, the amount of the scholarship shall be paid by the state and such sponsor shall not finance any amount of the scholarship.
- (2) If the nursing student has a sponsor, then the amount of the scholarship for such nursing student shall not exceed the amount established under paragraph (1) multiplied by 125%.
 - Sec. 3. K.S.A. 74-3294 is hereby amended to read as follows: 74-

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- 3294. (a) An applicant for a scholarship under the nursing service scholarship program shall provide to the executive officer, on forms supplied by the executive officer, the following information:
 - (1) The name and address of the applicant;
- (2) the name and address of the school of nursing in which the applicant is enrolled or to which the applicant has been admitted; *and*
- (3) the name and address of the sponsor of the applicant and averified copy of the agreement entered into by the applicant and the sponsor in accordance with the provisions of the nursing service-scholarship program; and the name and address of the sponsor of the applicant and a verified copy of the agreement entered into by the applicant and the sponsor; and
- (4)—(4) any additional information—which that may be required by the executive officer.
- (b) As a condition to awarding a scholarship under the nursing service scholarship program, the executive officer and the applicant for a scholarship shall enter into an agreement—which that shall require that the scholarship recipient:
- (1) Complete the required course of instruction and, within six months after completion, attain licensure with the Kansas state board of nursing as a licensed professional nurse or a licensed practical nurse;
- (2) complete the free application for federal student aid for each academic year for which scholarship funds are awarded under the agreement;
- (3) within six months after attaining licensure, engage in the full-time practice of nursing, or the equivalent to full-time practice, in the employment of the sponsor in accordance with the agreement entered into by the scholarship recipient and the sponsor Kansas and continue such full-time practice, or the equivalent to full-time practice, for the total amount of time required under the agreement, which shall be for a period of not less than the length of the course of instruction for which scholarship assistance was provided, or engage in the part-time practice of nursing in the employment of the sponsor in accordance with the agreement entered into by the scholarship recipient and the sponsor-Kansas and continue such part-time practice for the total amount of time required under the agreement, which shall be for a period of time that is equivalent to full time, as determined by the state board of regents, multiplied by the length of the course of instruction for which scholarship assistance was provided. If the scholarship recipient has a sponsorship agreement, then the scholarship recipient shall engage in the practice of nursing in the employment of such sponsor in accordance with such sponsorship agreement for the period of time required under this paragraph, except as provided in K.S.A. 74-3296, and amendments

thereto;

- (3)(4) commence the full-time practice of nursing, or the equivalent to full-time practice, or the part-time practice of nursing, within six months after registration in accordance with the agreement entered into by the scholarship recipient and the sponsor, continue such practice for the total amount of time required under the agreement, and comply with such other terms and conditions as may be specified by such agreement;
- (4)(5) maintain records and make reports to the executive officer as may be required by the executive officer to document the satisfaction of the obligations under the nursing service scholarship program and under agreements entered into-with the sponsor pursuant thereto and with the sponsor, if any; and
- (5)(6) upon failure to satisfy-an agreement to engage in the full-time practice of nursing, or the equivalent to full-time practice, or the part-time practice of nursing, for the required period of time under any such agreement, the requirements of the agreement with the state board of regents, to repay to the state-and to the sponsor the amounts as provided in K.S.A. 74-3295, and amendments thereto.
- (e) Upon the awarding of a scholarship under the nursing service scholarship program, the sponsor shall pay to the executive officer the amount of such scholarship to be financed by the sponsor, if any. Each such amount shall be deposited in the nursing service scholarship program fund in accordance with K.S.A. 74-3298, and amendments thereto.
- (d) The sponsorship by a scholarship recipient may be transferred from one sponsor to another upon the agreement of the original sponsor, the scholarship recipient and the sponsor to which the sponsorship is to be transferred. The terms, conditions and obligations of the transferred agreement shall be substantially similar to the terms, conditions and obligations of the original agreement. No sponsorship shall be transferred unless the agreement transferring such sponsorship provides for service in a rural area or in a mental health or treatment facility and is approved by the executive officer as consistent with the provisions of the nursing service scholarship program and as consistent with any rules and regulations relating thereto adopted by the state board of regents in accordance with the provisions of K.S.A. 74-3297, and amendments thereto.
- Sec. 4. K.S.A. 74-3295 is hereby amended to read as follows: 74-3295. (a) Except as provided in K.S.A. 74-3296, and amendments thereto, upon the failure of any person to satisfy the obligation under any agreement entered into pursuant to the nursing service scholarship program, 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 that was financed by the state of Kansas plus accrued

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1 interest at a rate which is equivalent to the interest rate applicable to loans 2 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 3 an amount equal to the total amount of money received by such person-4 pursuant to such agreement which was financed by the sponsor plus-5 6 accrued interest at a rate which is equivalent to the interest rate applicable 7 to loans made under the federal PLUS program at the time such person-8 first entered into an agreement plus five percentage points of 5% per annum. Interest shall begin to accrue on the date of the action or 9 circumstances that cause such person to fail to satisfy the obligations of 10 such agreement, as determined by the executive officer based upon the 11 12 circumstances of each individual case. Installment payments of any such amounts may be made in accordance with the provisions of agreements 13 entered into by the scholarship recipient and the sponsor or if no such-14 15 provisions exist in such agreements, in accordance with rules and 16 regulations of the state board of regents, except that. Such installment 17 payments shall commence six months after the date-of the action or-18 eircumstances that cause the failure of the person to satisfy the obligations 19 of such agreements, as determined by the executive officer based upon the 20 circumstances of each individual case on which interest begins to accrue. 21 Amounts paid under this section to the executive officer shall be deposited 22 in the nursing service scholarship repayment fund in accordance with 23 K.S.A. 74-3298, and amendments thereto. 24

- (b) The state board of regents is authorized to turn any repayment account arising under the nursing service scholarship program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed under this section.
- Sec. 5. K.S.A. 74-3296 is hereby amended to read as follows: 74-3296. (a) (1) Except as otherwise specified in the agreement with the sponsor, an obligation under any agreement entered into under the nursing student scholarship program shall be postponed:
 - (1)(A) During any required period of active military service;
- $\frac{(2)}{(B)}$ during any period of service as a part of volunteers in service to America (VISTA);
 - (3)(C) during any period of service in the peace corps;
- $\frac{(4)}{(D)}$ during any period of service commitment to the United States public health service;
- (5)(E) during any period of religious missionary work conducted by an organization exempt from tax under section 501(c)(3) of the federal internal revenue code as in effect on December 31, 2000 July 1, 2024;
 - (6)(F) during any period of time the person obligated is unable

because of temporary medical disability to practice nursing;

- (7)(G) during any period of time the person obligated is enrolled and actively engaged on a full-time basis in a course of study leading to a degree in the field of nursing—which that is higher than that attained formerly by the person obligated;
- (8)(H) during any period of time *that* the person obligated is on job-protected leave under the federal family and medical leave act of 1993; or
- (9)(I) during any period of time the state board of regents determines that the person obligated is unable because of special circumstances to practice nursing.
- (2) Except for elauses (6), (8) and (9) paragraphs (1)(F), (1)(H) and (1)(I), an obligation under any agreement entered into as provided in the nursing service scholarship program shall not be postponed more than five years from the time the obligation was to have been commenced under any such agreement.
- (3) An obligation under any agreement entered into as provided in the nursing service scholarship program shall be postponed under clause (6) paragraph(1)(F) during the period of time the medical disability exists.
- (4) An obligation under any agreement entered into as provided in the nursing service scholarship program shall be postponed under-elause (8) paragraph (1)(H) during the period of time the person obligated remains on FMLA leave.
- (5) An obligation under any agreement entered into as provided in the nursing service scholarship program shall be postponed under-elause (9) paragraph (1)(I) during the period of time the state board of regents determines that the special circumstances exist.
- (6) The state board of regents shall adopt rules and regulations prescribing criteria or guidelines for determination of the existence of special circumstances causing an inability to satisfy an obligation under any agreement entered into as provided in the nursing service scholarship program, and shall determine the documentation required to prove the existence of such circumstances. Except for clauses (1), (6), (8) and (9), an obligation under any agreement entered into as provided in the nursing service scholarship program shall not be postponed unless the postponement is approved by the sponsor or is otherwise provided for in the agreement with the sponsor. Except for paragraphs (1)(A), (1)(F), (1) (H) and (1)(I), an obligation under any agreement entered into as provided in the nursing service scholarship program shall not be postponed unless the postponement is approved by the scholarship recipient's sponsor, if any, or is otherwise provided for in an agreement with a sponsor.
- (b) An obligation under any agreement entered into as provided in the nursing service scholarship program shall be satisfied:

- (1) If the obligation has been completed in accordance with the agreement;
 - (2) if the person obligated dies;
 - (3) if, because of permanent physical disability, the person obligated is unable to satisfy the obligation;
 - (4) if the person obligated fails to satisfy the requirements for graduation from the school of nursing after making the best effort possible to do so; *and*
 - (5) if the person obligated fails to satisfy all requirements for a permanent license to practice nursing in Kansas or has been denied a license after applying for a license and making the best effort possible to obtain such license; (6) if, because of bankruptey, loss of licensure or certification or other failure in the operations of the sponsor, the sponsor cannot or will not employ the person obligated; or (7) if the sponsor releases the person obligated from employment with the sponsor and the person obligated otherwise completes the terms, conditions and obligations of the agreement by engaging in the practice of nursing in Kansas.
 - (c) (1) An obligation under any sponsorship agreement shall be satisifed if:
 - (A) Because of bankruptcy, loss of licensure or certification or other failure in the operations of the sponsor, such sponsor cannot or will not employ the person obligated; or
 - (B) the sponsor releases the person obligated from employment with such sponsor.
 - (2) Notwithstanding the provisions of paragraph (1), the person obligated shall still be required to complete the terms, conditions and obligations of the agreement with the state board of regents by engaging in the practice of nursing in Kansas.
 - Sec. 6. K.S.A. 74-3297 is hereby amended to read as follows: 74-3297. (a) The state board of regents, after consultation with the committee, may adopt rules and regulations establishing minimum terms, conditions and obligations which shall be incorporated into the provisions of any agreement entered into between a sponsor and the recipient of a scholarship under the nursing service scholarship program. The terms, conditions and obligations shall be consistent with the provisions of law relating to the nursing service scholarship program. The terms, conditions and obligations so established shall include, but not be limited to, the terms of eligibility for financial assistance under the nursing service scholarship program, the amount of financial assistance to be offered, the length of employment with the sponsor required as a condition to the receipt of such financial assistance, the circumstances under which the employment obligation may be discharged or forgiven, the amount of money required to be repaid because of failure to satisfy the obligations

 under an agreement and the method of repayment and such other additional provisions as may be necessary to earry out the provisions of the nursing service scholarship program. The state board of regents, after consultation with the committee, shall adopt rules and regulations as necessary to administer the nursing service scholarship program.

- (b) The state board of regents shall provide an annual written report on the nursing service scholarship program to the senate and house committees on education.
- Sec. 7. K.S.A. 74-3298 is hereby amended to read as follows: 74-3298. (a) There is hereby created in the state treasury the nursing service scholarship program fund. The executive officer shall remit all moneys received from sponsors, which are paid under K.S.A. 74-3294, and amendments thereto, pursuant to scholarship awards, or from a school of nursing, which that are paid because of nonattendance or discontinued attendance by scholarship recipients, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the nursing service scholarship program fund. All expenditures from the nursing service scholarship program fund shall be for scholarships awarded under the nursing service scholarship program—or refunds to sponsors and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive officer or by a person designated by the executive officer.
- (b) The nursing student scholarship discontinued attendance fund is hereby abolished. On the effective date of this act, the director of accounts and reports shall transfer all moneys remaining in the nursing student scholarship discontinued attendance fund to the nursing service scholarship program fund.
- (c) There is hereby created in the state treasury the nursing service scholarship repayment fund. The executive officer shall remit all moneys received for amounts paid under K.S.A. 74-3295, and amendments thereto, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance the state treasurer shall deposit the entire amount in the state treasury to the credit of the nursing service scholarship repayment fund. All expenditures from the nursing service scholarship repayment fund shall be for scholarships awarded under the nursing service scholarship program and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive officer or by a person designated by the executive officer.
- Sec. 8. K.S.A. 74-3292, 74-3293, 74-3294, 74-3295, 74-3296, 74-3297, 74-3298 and 74-3299 are hereby repealed.

Sec. 9. This act shall take effect and be in force from and after its publication in the Kansas register.