

SESSION OF 2024

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2644

As Recommended by House Committee on
Education

Brief*

HB 2644 would establish uniform interest rates, repayment schedules, and fees for all scholarships, grants, or other financial aid established in law (KSA Chapter 74, Article 32) under the authority of the Kansas Board of Regents (KBOR).

Uniform Interest and Accrual

The bill would establish a uniform rate of 5.0 percent per annum for all repayments arising from the following conditions:

- Any scholarship, grant, or other student financial aid program established in law and under the authority of KBOR or under any agreement entered into pursuant to any such scholarship, grant, or other student financial aid program; and
- The scholarship, grant, or student financial aid program requires the payment of interest either in the term of the program or under the agreement entered into by the recipient.

The bill would prohibit interest from accruing prior to the date at which the award recipient becomes obliged to repay the scholarship, grant, or student financial aid as determined by KBOR. The bill would also retroactively apply to all

*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>

scholarship, grant, and other student financial aid rewards made prior to July 1, 2024, with the exception of the following circumstances:

- Awards with an interest rate less than 5.0 percent at the time of an individual's receipt; or
- Awards with an interest rate specified in any agreement between the individual recipient and a state education institution, sponsor, or KBOR.

The bill specifies that the change in interest rate and accrual date does not grant any right, claim, or entitlement of an individual to a refund of payments made at an interest rate in excess of 5.0 percent.

KBOR Recovery and Application Fees

The bill would authorize KBOR to recover reasonable costs for collection of scholarship, grant, and other student financial aid collections, which would include, but not be limited to, court costs, attorney fees, and collection agency fees.

The bill would also authorize KBOR to charge fees for processing applications and generally administering student financial assistance programs. The fees would be set by the Chief Executive Officer of KBOR and be required to recover all or part of the direct and indirect costs of administering the programs. Any fees charged would be deposited in the state treasury and credited to the Financial Aid Services Fee Fund of KBOR.

Conforming Language

The bill contains changes to existing law to conform each scholarship, grant, or other student financial aid that is subject to the bill with the new universal interest rate and accrual date.

Background

The bill was introduced by the House Committee on Education at the request of a representative of KBOR.

House Committee on Education

In the House Committee hearing, **proponent** testimony was provided by a representative KBOR. The conferee generally stated that the changes would allow for easier administration of the various programs by KBOR and that it would lead to a better experience for students receiving the scholarships, grants, and other student financial assistance.

Written-only proponent testimony was provided by a representative of the Kansas Independent College Association.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, KBOR states that the bill would have a negligible fiscal effect on agency operations.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Education; Kansas Board of Regents; postsecondary; scholarships; interest rate