

February 6, 2020

REVISED

The Honorable Sean Tarwater, Chairperson  
House Committee on Commerce, Labor and Economic Development  
Statehouse, Room 151D-S  
Topeka, Kansas 66612

Dear Representative Tarwater:

**SUBJECT:** Revised Fiscal Note for HB 2515 by House Committee on Commerce,  
Labor and Economic Development

In accordance with KSA 75-3715a, the following revised fiscal note concerning HB 2515 is respectfully submitted to your committee.

HB 2515 would create the Kansas Promise Scholarship Act to be administered by the Kansas Board of Regents. The Act would make any Kansas community college or technical college eligible for the scholarship. The Board of Regents would be required to adopt rules and regulations to implement and administer the program on or before March 21, 2021. The bill would require the rules and regulations to establish:

1. Scholarship application deadlines;
2. Appeal procedures for denial or revocation of a Kansas Promise Scholarship;
3. Guidelines to ensure that if a Kansas Promise Scholarship recipient graduates from a technical education certificate program or associate degree program and subsequently enrolls at a state university, that any courses taken by the student transfer to the state university and qualify toward the student's baccalaureate degree;
4. Procedures for a student who receives a Kansas Promise Scholarship to record and report proof of community service and community service hours;
5. The terms, conditions and requirements included in each Kansas Promise Scholarship agreement;
6. Procedures for requesting and approving medical, military and personal absences from an eligible postsecondary educational institution while receiving a Kansas Promise Scholarship;

7. Criteria for determining whether any student who received a Kansas Promise Scholarship fulfilled the employment and repayment requirements included in the agreement; and
8. Criteria for determining when a student who received a Kansas Promise Scholarship may be released from the requirements of a Kansas Promise Scholarship.

The Board of Regents would also be required to:

1. Publicize the Program;
2. Allocate Kansas Promise Scholarship funds to the two-year colleges;
3. Request information from the colleges that may be needed for the administration of the Act;
4. Annually collaborate with the Department of Commerce and Kansas business and industry to identify up to ten job fields that currently have the highest need for skilled employees;
5. Designate scholarship-eligible education programs that correspond to the ten job fields;
6. Ensure that any student who received a Kansas Promise Scholarship fulfills the employment or repayment requirements; and
7. Beginning January 2021, annually evaluate the program and prepare and submit a report to the Senate Committee on Education and the House Committee on Education.

An eligible student would have to: (1) be a Kansas resident; (2) be a graduate of a Kansas public or private secondary school or have obtained a high school equivalency certificate; (3) have completed the scholarship application; (4) have entered into a Kansas Promise Scholarship Program agreement; (5) have completed the Free Application for Federal Student Aid; and (6) have enrolled in an eligible postsecondary educational institution in an scholarship-eligible program. The student would also be required to complete 100 hours of community service annually or maintain 15 hours of weekly employment; maintain a 2.0 cumulative grade point average; and fulfill the terms of the agreement.

The agreement requires scholarship recipients to be full-time students; complete the scholarship-eligible program; and within six months after graduation, commence work in the state for at least two years or enroll full-time in a Kansas postsecondary educational institution. The bill outlines additional requirements of scholarship recipients including the requirement to repay an amount equal to 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 if the student fails to satisfy all requirements.

The Board of Regents indicates HB 2515 would have a fiscal impact on the Kansas Board of Regents, community colleges, and technical colleges, excluding the Washburn Institute of Technology (WIT). 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 \$37,419 which

includes \$27,419 for salaries and wages for a part-time position and \$10,000 for other operating costs.

The Board indicates scholarship awards for students would be subject to appropriations, but could cover tuition, required fees, and the cost of books and required materials. The average cost of tuition, fees and books per full-time student at community colleges and technical colleges are listed in the table below:

	<u>Tuition</u>	<u>Fees</u>	<u>Books</u>	<u>Total</u>
Community Colleges	\$2,070	\$1,350	\$1,000	\$4,420
Technical Colleges	\$3,600	\$1,320	\$1,000	\$5,920

The Kansas Higher Education Data System reports there are 5,242 students enrolled in technical education programs at community colleges for the 2019-2020 academic year and 1,933 full-time students enrolled at technical colleges, excluding WIT. Assuming 50.0 percent of the postsecondary students enrolled in technical education program would be enrolled in a program leading to one of the ten high demand job fields, the Board estimates HB 2515 would increase state scholarship support for technical education by \$17.3 million from the State General Fund annually beginning in FY 2021 including \$11.6 million at community colleges ( $\$4,420 \times 5,242$  students  $\times 50\% = \$11,584,820$ ) and \$5.7 million at technical colleges ( $\$5,920 \times 1,933$  students  $\times 50\% = \$5,721,680$ ). The Board indicates this bill would increase demand of scholarship programs based on growth in the Excel in Career Technical Education Initiative which reported enrollment of 3,870 students in 2012 and 11,690 students in 2018.

The Department of Commerce estimates the requirements of HB 2515 would increase its annual expenditures by \$2,387 for 0.05 FTE position beginning in FY 2021. This estimate was not available at the time this fiscal note was originally published. Any fiscal effect associated with HB 2515 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell  
Director of the Budget

cc: Kelly Oliver, Board of Regents  
Sherry Rentfro, Department of Commerce