

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 123**

As Agreed to April 5, 2023

Brief*

SB 123, as amended, would create the Kansas Adult Learner Grant Act (Adult Learner Act) and a workforce retention incentive tax credit (tax credit); establish the Career and Technical Education Credential and Transition Incentive for Employment Success Act; address the residency status of veterans, their spouses, and dependents regarding postsecondary tuition and fees; and amend the Kansas Promise Scholarship Act (Promise Act).

The bill would take effect upon publication in the *Kansas Register*.

Kansas Adult Learner Grant Act

Definitions

The bill would define the following terms for purposes of the Adult Learner Act:

- “Adult learner grant eligible program” as any baccalaureate degree offered by an eligible postsecondary education institution that is identified as an “adult learner grant eligible program” by the State Board of Regents (KBOR) or designated as an “adult learner grant eligible program” by an eligible postsecondary educational institution.
- “Eligible postsecondary educational institution” as one of the following:
 - A state educational institution under the control and supervision of the KBOR;
 - A municipal university;
 - Any not-for-profit institution of postsecondary education with its main campus or principal place of operation in Kansas that offers an eligible grant program, is operated independently and not controlled or administered by any state agency or subdivision of the State, maintains open enrollment, and is accredited by a nationally recognized accrediting agency for higher education in the United States; or

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kIRD>

- A not-for-profit independent institution of higher education that is accredited by an institutional accrediting agency recognized by the U.S. Department of Education, is operated independently and not controlled or administered by the State or any agency or subdivision of the state, maintains open enrollment, offers online education, and offers exclusively competency-based education programs; and
- “Part-time student” as a student who is enrolled for six credit hours or more in a semester, or the equivalent, and is not enrolled as a full-time student.

Administration

Rules and regulations. The bill would require the KBOR to adopt rules and regulations implementing the program on or before March 1, 2024. The bill would require the rules and regulations to establish:

- Grant application and renewal forms and deadlines;
- Appeal procedures for denial or revocation of a Kansas Adult Learner Grant (grant);
- The terms, conditions, and requirements for the grant consistent with the provisions of the Adult Learner Act; and
- Procedures for requesting and approving medical, military, and personal absences from an eligible postsecondary educational institution while a grant recipient is receiving such grant.

Grant-eligible programs. The KBOR would be required to identify adult learner grant-eligible programs (grant-eligible programs) offered by each eligible postsecondary educational institution that are in any of the following fields of study:

- Information technology and security;
- Health care and nursing;
- Science, engineering, aerospace, and advanced manufacturing;
- Education, early childhood education and development;
- Business, accounting, and data analytics; or
- A field designated by the eligible postsecondary institution pursuant to the Adult Learner Act.

The bill would allow an eligible postsecondary educational institution to designate one additional grant-eligible program if the additional program is a baccalaureate degree program that corresponds to a high wage, high demand, or critical need occupation. To designate an additional grant-eligible program, such institution would be required to have and maintain an existing grant-eligible program in the above fields of study and maintain the additional grant-eligible program designation for at least four consecutive years. After maintaining such program

for at least four years, the institution would be authorized to designate a new grant-eligible program that corresponds with a high wage, high demand or critical need occupation.

Publicity. The bill would require the KBOR to work with community partners to publicize grants, including, but not limited to, publicizing eligible postsecondary educational institutions, approved scholarship-eligible educational programs, application procedures, and application deadlines.

Annual evaluation and report. Beginning January 1, 2025, the KBOR would be required to annually evaluate the program and prepare and submit a report to the Senate Committee on Education, Senate Committee on Commerce, House Committee on Education, and House Committee on Commerce, Labor and Economic Development.

Grant Specifications

Grant amount. The bill would require grant amounts to be \$3,000 per semester for students who are enrolled full time. The grant amount would be prorated using a sliding scale for students who are not enrolled full time. The bill would specify full-time enrollment is 12 credit hours per semester and would qualify for a 100 percent grant, and 6 credit hours would qualify for a 50 percent grant.

Grant expenditure. The bill would allow for grants to be expended only for purposes of tuition and required fees, books and materials.

Duration. The bill would allow students to receive a grant for up to 48 months after the date that the grant was first awarded or upon graduation from the program, whichever comes first.

Income limitation. The bill would limit grants to eligible students whose family household income is 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 plus \$4,800 per additional family member beyond three.

Kansas Adult Learner Grant Agreements

The bill would require each eligible students who receives a grant to enter into an agreement with the postsecondary educational institution that requires the student to do the following:

- Enroll as a full- or part-time student at the eligible postsecondary institution;
- Do one of the following within six months of graduation from a grant eligible program:
 - Reside and commence work in the state of Kansas for a minimum of two consecutive years; or

- Enroll as a full- or part-time student in any public or private postsecondary education institution whose primary location is in Kansas and, upon graduation, reside and work in the state for a minimum of two years;
- Maintain records and make reports to the KBOR as required by the KBOR; and
- Repay the amount of the grant award received by the student should the student fail to satisfy the requirements of the agreement.

The bill would require all eligible postsecondary educational institutions to provide counseling to each eligible student regarding the requirements and conditions of the agreement. All repayments made by students for failure to satisfy the requirements of an agreement shall be for the amount of the grant with interest as determined by the federal PLUS program.

The bill would task the KBOR as the sole entity responsible for the collection of all repayments of grant funds and would authorize the KBOR to utilize designated loan servicers and collection agencies to collect on the KBOR's behalf. To aid with the collection of repayments, the bill stipulates that all postsecondary educational institutions and state agencies must provide the KBOR with a student's academic, employment, residency, and contact information for the following purposes:

- Determining whether a student has satisfied their agreement; and
- Aiding in the collection of repayments of funds under the bill.

All eligible postsecondary educational institutions would be required by the bill to annually provide the last known contact information for each student who had received a grant award until the requirements of the agreement are met.

Appropriations Made for Program

The bill would limit appropriations made for the program to \$1.0 million per fiscal year.

Student Eligibility

To be eligible for a grant, the bill would require a student to:

- Be a Kansas resident;
- Be 25 years of age or older at the time the student's first course that is funded by a grant begins;
- Complete the free application for federal student aid for the academic year in which the student applies to receive a grant; and
- Enroll as a full- or part-time student at an eligible postsecondary educational institution in an adult learner grant-eligible program.

A student would continue to receive a grant if the student maintains satisfactory academic progress toward completion of the grant-eligible program, maintains a minimum of a 2.0

cumulative grade point average, completes a grant renewal application on such forms in such manner as established by the KBOR, and completes the free application for federal student aid for the academic year for which the student applies to renew the grant.

Kansas Workforce Retention Incentive Tax Credit

The bill would establish a tax credit of \$1,500 for individuals who received a grant if they demonstrate satisfactorily to the Secretary of Revenue (Secretary) that they successfully completed their grant-eligible program with the awarding of their degree and either:

- Currently reside in Kansas and have resided in Kansas for at least two consecutive years following the completion of their program and are currently employed in Kansas; or
- Have commenced service as a military servicemember.

To claim the tax credit, the bill would require an individual to submit such information and documentation to the Secretary in a form and manner as required by the Secretary.

The bill would require individuals to claim the tax credit not later than the 5th taxable year after the taxable year in which the individual successfully completed the grant-eligible program with an award of their degree.

Any amount of the tax credit that exceeds the individual's tax liability would be carried forward once to the next succeeding taxable year as a credit against the individual's income tax liability for such year. Any amount of the tax credit remaining after being carried forward once would be forfeited.

The bill would require the Secretary to adopt rules and regulations implementing and administering the tax credit on or before March 1, 2024. The bill would require the rules and regulations to include criteria to determine whether a student who has received a grant has fulfilled the residency and employment requirements to qualify for the tax credit.

Kansas Adult Learner Grant Program Fund

The bill would create the Kansas Adult Learner Grant Program Fund to be administered by the KBOR. All expenditures from the Fund would be for grants awarded pursuant to the program and in accordance with appropriation acts.

Sunset

The Adult Learner Act would sunset on July 1, 2028.

Career and Technical Education Credential and Transition Incentive for Employment Success Act

The bill would establish the Career and Technical Education Credential and Transition Incentive for Employment Success Act.

The bill would require all school districts and colleges that offer career technical education (CTE) for students in grades 9 – 12 to, upon request of the student, pay any fees associated with any assessment or examination required for the student to obtain the industry-sought credential associated with the student's CTE program.

The bill would define the term "industry-sought credential" as a CTE credential that meets the following criteria:

- Repeatedly referenced in job postings; and
- Frequently referred to by employers in communications with a school district as a CTE credential in demand.

The bill would require the State Board of Education (State Board) and the KBOR, on or before July 1, 2023, and on an annual basis thereafter, to jointly approve a list of industry-sought credentials. The Board and KBOR would be required to consult with the following individuals when determining the list of credentials:

- Secretary of Labor;
- Secretary of Commerce; and
- Representatives of industries that recognize CTE credentials.

The bill would further require the State Board and KBOR to conduct an annual survey commencing on or before July 1, 2023, of all CTE credentials offered by school districts and colleges which meet the definition of "industry-sought credential."

Veteran Residency Requirements for Postsecondary Tuition

In law regarding residency in Kansas for purposes of tuition and fees at a postsecondary educational institution, the bill would replace the requirement that a veteran must have been permanently stationed in Kansas with a requirement that a veteran must have been stationed in Kansas for at least 11 months during service in the armed forces. The person seeking to be deemed a resident for the purpose of tuition would still be required to live in Kansas at the time of enrollment.

[*Note.* Current law provides that for a veteran, or the spouse or dependent of a veteran, to be deemed a resident of Kansas for tuition purposes, a veteran must either have been permanently stationed in Kansas during service in the armed forces or have established residency in Kansas prior to service in the armed forces.]

In addition, the bill would remove outdated language.

Kansas Promise Scholarship Act

Eligible Fields of Study, Promise-eligible Programs

The bill would add both elementary and secondary education programs to the fields of study designated by an eligible postsecondary educational institution for which scholarships are available under the Promise Act. The continuing fields of study are:

- Information technology and security;
- Mental and physical health care;
- Advanced manufacturing and building trades; or
- Early childhood education.

Designation of Additional Fields of Study, Local Employment Needs

The bill would also update the eligible fields of study that a college could choose to add to the other scholarship-eligible fields of study (e.g., agriculture, education, and training). The bill would add the term “transportation” to the field of study currently listed as “distribution and logistics.”

Scholarship Award Amount Determination

The bill would clarify that, for students enrolled in a promise-eligible program at a private college, the scholarship amount would be:

The **aggregate amount** of tuition, mandatory fees, and the cost of books and materials for the academic year in which the student is enrolled and receiving the scholarship minus the **aggregate amount** of all other aid awarded to the student.

[*Note:* The bill would maintain the requirement that the scholarship award could not exceed the average cost of tuition, required fees, and the cost of books and required materials for the same program at an eligible public college.]

Eligibility Requirements

The bill would amend the eligibility requirements for an individual seeking to continue their receipt of a Kansas Promise Scholarship by requiring the individual maintain a minimum of a 2.0 grade point average in the promise eligible program.

Sunset

The bill would establish a sunset of July 1, 2028, for the Promise Act.

The bill would also make clarifying technical changes.

Conference Committee Action

The Conference Committee agreed to the House amendments to SB 123 and further agreed to amend the contents of HB 2132, HB 2138, as passed by the House Committee of the Whole, and HB 2400 into the bill. The Conference Committee also agreed to the following amendments of provisions in HB 2132, HB 2138, and HB 2400:

- HB 2132 –
 - Require scholarship recipients maintain a minimum of a 2.0 grade point average to retain eligibility for said scholarship;
 - Establish a sunset of July 1, 2028, on the Kansas Promise Scholarship Act;
- HB 2138 –
 - Remove language regarding the state appropriation of funds for the payment of CTE credentials for students in grades 9 – 12;
 - Add language requiring school districts and colleges to pay, at the request of the student, any fees associated with assessments or examinations taken in order for said students to obtain an industry-sought credential associated with the student's CTE program;
 - Remove language regarding the payment of funds to school districts, community colleges, technical colleges, and the Washburn Institute of Technology for the reimbursement of fees associated with assessments and examinations for the purpose of a student obtaining an industry-sought credential;
- HB 2400 –
 - Establish a sunset of July 1, 2028, on the Kansas Adult Learners Grant Act;
 - Require grant recipients maintain a minimum of a 2.0 grade point average to retain eligibility for said grant; and
 - Include language specifying that grants may be expended only upon tuition, required fees, or required books and materials.

Background

The Conference Committee agreed to the House amendments to SB 123 and further agreed to amend the contents of HB 2132, HB 2138 as passed by the House Committee of the Whole, and HB 2400 into the bill.

SB 123 (Veteran Residency Status for Postsecondary Tuition)

The bill was introduced by Senators Pittman and Peck.

Senate Committee on Education

In the Senate Committee hearing on February 15, 2023, **proponent** testimony was provided by Senator Peck, Senator Pittman, and a representative of the Kansas Veterans of Foreign Wars (VFW). The proponents generally stated the bill would incentivize individuals to move to Kansas as it would ease the financial burden placed upon military families who often do not qualify for in-state tuition rates.

Three private citizens and a representative of the Kansas National Education Association (KNEA) provided written-only proponent testimony, generally stating the bill would benefit Kansas and military families.

No other testimony was provided.

House Committee on Education

In the House Committee hearing on March 14, 2023, Senator Peck, Senator Pittman, and representatives of the KNEA and VFW provided **proponent** testimony. The KNEA representative indicated enactment of the bill could result in increased enrollment by creating student opportunities that may have previously been considered unaffordable.

No other testimony was provided.

The House Committee amended the bill to change its effective date to be upon publication in the *Kansas Register*. [Note. The Conference Committee did not retain this amendment.]

HB 2132 (Kansas Promise Scholarship Act)

The bill was introduced by the House Committee on Appropriations at the request of Representative Hoffman.

House Committee on Education

In the House Committee hearing, **proponent** testimony was provided by representatives of Cowley College, Kansas Association of Community College Trustees, and KBOR. The proponents generally noted that the addition of elementary and secondary education would allow the Act to assist in addressing the teacher shortage by utilizing agreements with universities to allow students to transfer following their two years of study to complete their degrees in education. Additionally, the inclusion of “transportation” to the existing optional distribution and logistics field would make students eligible for scholarship awards for transportation programs (e.g., commercial truck driving). Additional clarifying changes, including more consistent language in an award calculation, were also highlighted.

Written-only proponent testimony was provided by representatives of the Kansas Association of School Boards, Kansas Independent College Association, KNEA, and State Board of Education.

The House Committee amended the bill to make clarifying changes requested by the KBOR and to change the effective date of the bill from publication in the *Kansas Register* to publication in the statute book. [Note. The Conference Committee retained this amendment.]

HB 2138 (Career and Technical Education Credential and Transition Incentive for Employment Success Act)

The bill was introduced by the House Committee on Education at the request of Representative Murphy.

House Committee on Education

In the House Committee hearing, proponent testimony was provided by representatives of ESSDACK, Kansas Association of Community College Trustees, Kansas Association of School Boards, and State Board of Education. The proponents generally stated the bill would help students who completed CTE courses to be able to obtain their credential regardless of whether the student or their family could afford the cost of the assessment. The proponents further stated that ensuring students could take credentialing assessments following completion of CTE courses helps address both the worker shortages and increases the value of CTE courses already paid for by the State.

No other testimony was provided.

The House Committee amended the bill to expand the entities that could receive reimbursement payments for CTE credentials, as provided by the bill, to include community colleges, technical colleges, and the Washburn Institute of Technology. The amendment also specifies students must be enrolled in high school (grades 9-12). [Note. The Conference Committee did not retain this amendment.]

House Committee of the Whole

The House Committee of the Whole amended the bill to require the State Board to work with KBOR on the survey of industry-sought credentials being offered and in the determination and approval of a list of said credentials. [Note. The Conference Committee retained this amendment.]

HB 2400 (Kansas Adult Learner Grant Act)

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of a representative of Western Governor's University.

House Committee on Commerce, Labor and Economic Development

In the House Committee hearing, **proponent** testimony was provided by a representative of Western Governor's University, stating the bill would provide financial support for low- and middle-income individuals over the age of 25 seeking a bachelor's degree in a high-need field

and incentivize grant recipients to stay in Kansas following graduation. The conferee also stated the bill would complement the Kansas Promise Scholarship.

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

Written-only neutral testimony was provided by representatives of the KBOR and Kansas Independent College Association. The neutral conferees generally stated the programs targeted in the bill would align with the Kansas Promise Scholarship Act and suggested amendments to the bill.

The House Committee amended the bill on February 21, 2023, to:

- Change the workforce retention incentive payment of \$3,000 to a nonrefundable and nontransferable income tax credit of \$1,500 to be administered by the Secretary [*Note.* The Conference Committee retained this amendment.];
- Limit the receipt of grants to 48 months instead of 60 months [*Note.* The Conference Committee retained this amendment.];
- Add a sliding scale for determining the grant amount [*Note.* The Conference Committee retained this amendment.];
- Specify the age requirement applies at the time of student's first course that is funded by the grant begins, rather than the time of enrollment [*Note.* The Conference Committee retained this amendment.];
- Add requirements for students to continue receiving a grant [*Note.* The Conference Committee retained this amendment.];
- Include provisions regarding the administration of the tax credit by the Secretary [*Note.* The Conference Committee retained this amendment.]; and
- Make conforming and technical changes. [*Note.* The Conference Committee retained this amendment.]

On February 23, 2023, the bill, as amended by the House Committee, was withdrawn from the House Calendar and referred to the House Committee on Appropriations. On March 1, 2023, the bill was withdrawn from the House Committee on Appropriations and rereferred to the House Committee on Commerce, Labor and Economic Development. On March 6, 2023, the House Committee recommended the bill be passed with the amendments previously recommended.

House Committee of the Whole

The House Committee of the Whole amended the bill to remove a provision providing for increased future transfers to the Fund and to make changes to the qualifications for the tax credit. [*Note.* The Conference Committee retained this amendment.]

Fiscal Information

SB 123 (Veteran Residency Status for Postsecondary Tuition)

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, KBOR indicated the bill could have a fiscal effect on post-secondary educational institutions, but the amount would vary by institution depending on the number of students impacted. The KBOR is unable to estimate a fiscal effect because the number of students who would qualify for resident tuition and the number of students who would choose to stay in Kansas cannot be determined.

Any fiscal effect associated with enactment of SB 123 is not reflected in *The FY 2024 Governor's Budget Report*.

HB 2132 (Kansas Promise Scholarship Act)

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the KBOR indicates the bill would increase costs due to the additional time required to administer the Act but that the additional costs would be negligible and could be accomplished within existing resources. Any fiscal effect from enactment of HB 2132 is not reflected in *The FY 2024 Governor's Budget Report*.

HB 2138 (Career and Technical Education Credential and Transition Incentive for Employment Success Act)

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the State Department of Education (KSDE) stated the bill would require additional State General Fund (SGF) appropriations of \$177,119 for FY 2024. KSDE based its estimate on the current three-year average of CTE credentials received by high school students (1,433) by the average cost of an industry recognized credential (\$103). Any fiscal effect from enactment of HB 2138 is not reflected in *The FY 2024 Governor's Budget Report*.

HB 2400 (Kansas Adult Learner Grant Act)

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Board indicates that an SGF appropriation of \$1.0 million would allow it to award the maximum \$3,000 scholarship to approximately 166 students in both FY 2024 and FY 2025. The Board estimates it would be allowed to award the maximum \$3,000 scholarship to approximately 111 students in each subsequent year when the appropriation would be limited to 150.0 percent of the amount dispersed for the immediately preceding fiscal year.

KBOR indicates the enactment of the bill would increase its annual administrative expenditures by \$187,427 SGF beginning in FY 2024, which includes \$130,000 for salaries, \$41,427 for benefits, and \$16,000 for other operating expenditures for 2.0 FTE positions that would be required to administer the program. The additional duties required to administer the program would include creating rules and regulations, awarding scholarships to eligible

students, tracking scholarship recipients, and collecting any potential repayments from students who did not fulfill the requirements of the scholarship agreement.

A revised fiscal note on the amended bill was not immediately available. Any fiscal effect associated with enactment of HB 2400 is not reflected in *The FY 2024 Governor's Budget Report*.

Education; post secondary education; military; veterans; Kansas Promise Scholarship Act; adult learners; Kansas Adult Learner Grant Act; grants; scholarships; residency

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