

February 5, 2024

The Honorable Rick Billinger, Chairperson
Senate Committee on Ways and Means
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Billinger:

SUBJECT: Fiscal Note for SB 378 by Senator Olson

In accordance with KSA 75-3715a, the following fiscal note concerning SB 378 is respectfully submitted to your committee.

SB 378 would enact the Kansas Trade Service Scholarship Act and create the Kansas Trade Service Scholarship Program. Beginning on or before March 1, 2025, the Board of Regents would be required to adopt rules and regulations establishing the following:

1. A scholarship application process including, but not limited to, accepting scholarship applications throughout the academic year and processing applications in the order they were received;
2. Appeal procedures for denial or revocation of a scholarship;
3. The terms, conditions, and requirements that would be incorporated into each scholarship agreement, which could not be more stringent than the requirements provided in the Act;
4. Procedures for requesting and approving medical, military, and personal absences from an eligible postsecondary educational institution while receiving a scholarship;
5. Criteria for determining whether a student who received a Kansas Trade Service Scholarship fulfilled the residency, employment, and repayment requirements included in the scholarship agreement; and
6. Criteria for determining when a student who received a scholarship may be released from the requirements of a scholarship if there are special circumstances that caused the student to be unable to complete the requirements.

The bill would require the Board to identify eligible trade programs offered by each eligible postsecondary educational institution in any of the fields outlined in the bill. SB 378 also outlines other Board responsibilities in administering the program. A student could not be awarded a Kansas Trade Service Scholarship if the student is also awarded a Kansas Promise Scholarship.

SB 378 outlines the amounts of a Kansas Trade Service Scholarship for a student for each academic year, the eligibility requirements to receive the scholarship, and the eligibility requirements to continue receiving the scholarship. Eligible students would be required to enter into a Kansas Trade Service Scholarship agreement with the Board. The postsecondary educational institution providing the scholarship would be required to counsel each eligible student on the requirements of the agreement. The bill outlines the agreement requirements.

For FY 2025, the bill would appropriate \$10.0 million from the State General Fund for the Kansas Trade Service Scholarship and \$10.01 million from the State General Fund for trade program capital improvement grants. The \$10.0 million for the scholarships would be used to implement the provisions of the bill. The \$10.01 million for the grants would be to provide grants to each community college and to each of the following technical colleges: Flint Hills Technical College; Manhattan Area Technical College; North Central Kansas Technical College; Fort Hays State University; Northwest Kansas Technical College; Salina Area Technical College; Washburn Institute of Technology; and Wichita State University Campus of Applied Sciences and Technology. Each college would receive a grant of \$385,000 for capital improvements of trade program buildings and facilities and for repairs and purchases of trade program educational equipment and fixtures.

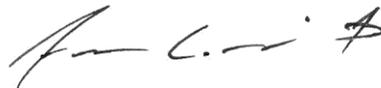
The bill would create the Kansas Trade Service Scholarship Fund, which would be administered by the Board. All expenditures from the fund would be for scholarships awarded pursuant to the Act. Any student who receives a scholarship and fails to satisfy the requirements of the agreement would be required to pay an amount equal to the total amount of monies received pursuant to the agreement and financed by the state, plus accrued interest at a rate equivalent to the interest rate applicable to loans made under the federal PLUS Program when the student’s first course funded by a scholarship award began. Interest would begin accruing on the date the student is determined to be out of compliance with the agreement. Payments would be credited to the Kansas Trade Service Scholarship Fund. The bill’s provisions would expire on July 1, 2027.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
Expenditures			
State General Fund	--	\$20,220,890	\$20,220,890
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	--	--
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	2.00	2.00

The Board of Regents states enactment of the bill would require the Board to develop rules and regulations, administer the scholarship program, award scholarships to eligible students, track students according to the requirements of the bill, and collect any potential repayments from students who did not fulfill the requirements of the scholarship agreement. To fulfill the requirements specified in the bill, the Board estimates additional expenditures of \$210,890 from the State General Fund in FY 2025 and FY 2026, along with an additional 2.00 FTE positions. Of that amount, \$194,890 would be for salaries and wages and \$16,000 would be for other operating expenditures. The Board is unable to estimate the number of students who could receive a scholarship. The Board indicates the scholarship and grant program would continue into future fiscal years, which would require a continued allocation for the scholarship, grant program, and for the 2.00 additional positions. The estimate of additional funds needed for the positions in FY 2026 do not include any additional funding for increases in benefit rates and salary increases.

The Board also notes the bill appropriates \$10.0 million from the State General Fund for the scholarship and \$10.01 million for trade program capital improvement grants in FY 2025. The Division of the Budget notes the Board's request for the additional FTE are additional State General Fund expenditures and are not included in the appropriated funding amounts for the scholarship and trade program capital improvement grants. Any fiscal effect associated with SB 378 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Becky Pottebaum, Board of Regents