

State of Kansas

Kansas Board of Regents

Notice of Hearing on Proposed Adoption of Administrative Regulations

The Kansas Board of Regents will conduct a public hearing to consider proposed new regulations K.A.R. 88-9a-1, 88-9a-2, 88-9a-3, 88-9a-4, 88-9a-5, 88-9a-6, and 88-9a-7. The hearing will be held at 10:00 a.m. on January 17, 2023, in the Kansas Board of Regents Board Room, 1000 SW Jackson St., Suite 520, Topeka, KS 66612.

This 60-day notice of the public hearing shall constitute a public comment period for receiving written public comments on the proposed new regulations. All interested parties may submit comments prior to the hearing to Renee Burlingham at the Kansas Board of Regents' above address, at (785) 430-4239 or via email to rburlingham@ksbor.org. All interested parties will be given a reasonable opportunity to present their views orally on the proposed regulations during the hearing. To provide all parties with an opportunity to present their views, it may be necessary to request each participant limit any oral presentation to five minutes.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statement in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Renee Burlingham through the contact information listed above. Individuals with hearing and/or speech disabilities may contact the Kansas Relay Center at 800-766-3777 for communication accommodations.

Copies of the proposed regulations and the economic impact statement may be found at <http://www.kansasregents.org/about/rules-regulations> or by contacting Renee Burlingham.

A summary of the proposed regulations and the economic impact statement of the regulations follows:

The 2021 Legislature established a new service scholarship program for students enrolled in eligible programs at any Kansas community college, technical college, the Washburn Institute of Technology, or certain private postsecondary institutions, 35 institutions in all. The legislation requires, with certain exceptions, that each student receiving these scholarship dollars agree to reside and work in Kansas for two years following completion of their Promise Act eligible program. \$10,000,000 was appropriated to the Board to fund this scholarship in each of Fiscal Years 2022 and 2023. The legislation anticipates another \$10,000,000 to fund future Fiscal Years of the scholarship at that \$10,000,000 amount.

These regulations: 1) provide definitions of key terms not defined by the statute; 2) set forth the process to apply for a Promise scholarship and appeal a denial or revocation of a Promise scholarship; 3) set forth the terms to be included in a Promise scholarship agreement and the requirements for successful completion of, postponement of, or release from the service obligation; and 4) establish the process for repayment of any Promise scholarship when the service or other requirements are not met or forgiven.

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There is no anticipated economic impact on specific businesses, sectors, public utility ratepayers, or local governments as this Act/regulations do not affect those entities directly. The students who qualify for a scholarship under this program and who successfully complete an eligible educational program and their two-year service requirement will greatly benefit from it financially as it will pay for tuition, required fees, books, and required materials for the Promise eligible program selected by the student. Students who are unable to meet or be excused from the service obligation attached to the scholarship will be responsible for repayment of the scholarship plus interest at the federal PLUS program rate (currently 7.54%). The qualified public higher education institutions at which these individuals choose to enroll will award the scholarships and be reimbursed by funds appropriated by the Legislature for this purpose. Individuals affected by the regulations will benefit financially from receiving a scholarship, the value of which will vary according to the student's individual calculated financial need and cost of the program. Kansas businesses will benefit to the extent additional trained individuals remain in Kansas communities to work after completion of their programs. The regulations, in and of themselves, will have no direct effect, as the regulations simply stipulate how the Board of Regents and the participating institutions shall implement the Kansas Promise Scholarship Act.

There will be no direct economic impact on other public agencies or private businesses as a result of these regulations. The regulations will neither enhance nor restrict business activities and growth other than as discussed previously in this section.

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Article 9a. – Kansas Promise Scholarship

88-9a-1. Definitions. Each of the following terms, when used in this article of the board of regents' regulations in reference to the Kansas promise scholarship act, shall have the meaning specified in this regulation:

(a) "Academic year" means the period of time beginning with July 1 of one calendar year and ending with June 30 of the next calendar year.

(b) "Associate degree transfer program" means a program that meets the requirements in K.S.A. 2021 Supp. 74-32,272(d)(1)(A) or 74-32,272(d)(1)(B) and amendments thereto. Associate degree transfer programs typically include the associate of arts, associate of science, associate of general studies, and associate of fine arts, each of which provides the academic knowledge and skills necessary to prepare the student for continuation of the student's postsecondary education at an institution that offers four-year baccalaureate degree programs.

(c) "Award date" means the scholarship recipient's first day of class in the semester, trimester, or other academic period for which any part of the student's tuition, fees, books, or supplies are first funded by the Kansas promise scholarship.

(d) "Complete the free application for federal student aid (FAFSA)" means that the student has a completed FAFSA application on file with the institution at which the student is applying for a promise scholarship. A completed FAFSA application is one that has produced a valid institutional student information record (ISIR) and is free of error codes that would render the student ineligible for federal student financial aid. A valid ISIR is one that has not been rejected and has been assigned an expected family

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contribution (EFC) or student aid index (SAI).

(e) "Continuously enrolled" means successfully completing at least six credit hours per academic year in successive academic years.

(f) "Full-time student" means that the student is enrolled in 12 or more credit hours in each semester in which the student is enrolled.

(g) "Kansas resident" means domiciliary resident, as defined in K.S.A. 71-407 and amendments thereto.

(h) "Last dollar scholarship" means a scholarship award that can be applied toward a student's tuition, fees, or required books and materials only after all of the student's other financial aid awards have been applied. Other financial aid awards shall include any grant, scholarship, or financial assistance that does not require repayment and is not earned through a work study program. Military financial educational benefits and any family postsecondary savings account or other qualified tuition program established pursuant to section 529 of the internal revenue code of 1986 shall not be considered other financial aid awards.

(i) "Maintain satisfactory academic progress in the courses of the promise-eligible program" means that the student's academic work in the courses for which the student received a promise scholarship is satisfactory, as determined by the promise-eligible institution at which the student is enrolled based on the institution's general academic policies.

(j) "Prerequisite course" means a course or other requirement that is not part of the student's promise-eligible program but that the student must successfully

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complete before enrolling in a required course that is part of the student's promise-eligible program.

(k) "Promise-eligible institution" means any of the following "eligible postsecondary educational institutions," as defined in K.S.A. 74-32,271 and amendments thereto:

(1) Each community college and technical college established under the laws of Kansas that has a recognized service area, as defined in K.S.A. 74-32,433 and amendments thereto;

(2) the Washburn institute of technology; or

(3) each institution named in K.S.A. 2021 Supp. 74-32,164, and amendments thereto, that offers a promise-eligible program.

(l) "Promise-eligible program" means each program that meets the following conditions:

(1) Is offered by a promise-eligible institution;

(2) is a two-year associate degree program, a career and technical education certificate program, or a stand-alone parent program;

(3) is included in the board of regents' program inventory or, for a private institution as defined in paragraph (k)(3), has been approved as a promise-eligible program by the Kansas postsecondary technical education authority and the board of regents;

(4) is identified by the board of regents as corresponding to a high-wage, high-demand, or critical-need occupation; and

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(5)(A) Is identified by the board of regents as being in one of the following fields of study:

- (i) Information technology and security;
- (ii) mental and physical healthcare;
- (iii) advanced manufacturing and building trades; or
- (iv) early childhood education and development; or

(B) is identified by the board of regents as being in one of the following fields of study and the field of study is currently offered, maintained, and designated by a promise-eligible institution pursuant to K.S.A. 2021 Supp. 74-32,273, and amendments thereto:

- (i) Agriculture;
- (ii) food and natural resources;
- (iii) education and training;
- (iv) law, public safety, corrections, and security; or
- (v) distribution and logistics.

(m) "Promise scholarship" means the award of student financial aid under the Kansas promise scholarship act, K.S.A. 2021 Supp. 74-32,271 et seq. and amendments thereto. The promise scholarship is a last dollar scholarship and a service scholarship.

(n) "Required materials" means those educational materials that are required by the promise-eligible institution, as a condition of enrollment, for every student in each course within the promise-eligible program and not deemed required for only students who are awarded a promise scholarship.

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(o) "Service scholarship" means a type of student financial aid that requires the student to perform a service in return for the award. If the service is performed in accordance with the service agreement, the student will be released from any further obligations. If the service is not performed and is not formally waived, the student will be required to repay the scholarship. For purposes of the promise scholarship, the required service consists of living and working in Kansas for two consecutive years upon completion of the promise-eligible program.

(p) "Stand-alone program" means a promise-eligible program that meets the following requirements:

- (1) Is less than 16 credit hours;
- (2) leads to an industry recognized credential, license, or certification; and
- (3) has been identified as a stand-alone program by the board of regents' vice president of workforce development or, for a private institution as defined in paragraph (k)(3), the institution's governing board.

(q) "Two-year associate degree program" means an academic program that consists of at least 60 semester undergraduate level credit hours that is an associate degree transfer program or that enables a student to qualify for immediate employment. The governing boards of institutions identified in paragraph (k)(3) may authorize one or more two-year associate degree programs at less than 60 undergraduate-level semester credit hours. The two-year associate degree program that qualifies a student for immediate employment is the associate of applied science.

(r) "Work in Kansas" means any type of employment that is physically

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performed in Kansas or that is performed for an employer that is physically located in Kansas, or for which the employee is issued a W-2, 1099, or other wage and tax statement showing Kansas withholding or estimated tax to the state of Kansas. Work performed during any period when the scholarship recipient is enrolled in any postsecondary educational institution in accordance with K.S.A. 2021 Supp. 74-32,276, and amendments thereto, shall not count toward the two-year service requirement.

Work in Kansas shall include the following:

- (1) Full-time salaried or hourly employment;
- (2) part-time salaried or hourly employment for any number of hours; and
- (3) self-employment. (Authorized by K.S.A. 2021 Supp. 74-32,272, as amended by L. 2022, ch. 94, sec. 29; implementing K.S.A. 2021 Supp. 74-32,271, 74-32,272, 74-32,273, 74-32,274, 74-32,275, and 74-32,276, as amended by L. 2022, ch. 94, secs. 28, 29, 30, 31, 32, and 33; effective P-_____.)

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88-9a-2. Application. (a) Each application shall be for an academic year.

(b) Each student shall submit a renewal application for any subsequent academic year for which the student seeks a promise scholarship.

(c) Each promise-eligible institution shall use the electronic link to the board of regents' application form and any electronic or paper application materials made available by the board. No changes shall be made to the board of regents' application form.

(d) Each promise-eligible institution shall accept promise scholarship applications throughout the academic year and shall process each student-completed application in the order in which it was received. Each promise-eligible institution shall deny any application that is for a semester, trimester, or other academic period that has already concluded. For purposes of this subsection, a semester, trimester, or other academic period shall be deemed to have concluded on the last day classes are officially required to meet for that semester, trimester, or other academic period.

(e) Each promise-eligible institution, before awarding a promise scholarship, shall ensure that the applicant has entered into a promise scholarship agreement with the board of regents. (Authorized by K.S.A. 2021 Supp. 74-32,272, as amended by L. 2022, ch. 94, sec. 29; implementing K.S.A. 2021 Supp. 74-32,272, 74-32,275, and 74-32,276, as amended by L. 2022, ch. 94, secs. 29, 32, and 33; effective P-_____.)

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88-9a-3. Appeal procedure. (a) If a student whose application for a promise scholarship is denied or whose award of a promise scholarship is revoked disagrees with the denial or revocation, the student may file a written appeal with the promise-eligible institution's financial aid office within 30 days of notification of denial or revocation.

(b) The financial aid office of each promise-eligible institution shall provide an appeal form on request.

(c) If a student fails to file an appeal in the time frame and manner specified in this regulation, the denial or revocation of the promise scholarship as determined by the promise-eligible institution's financial aid office shall become final upon expiration of the appeal period.

(d) If a student files a timely appeal, the promise-eligible institution shall hear and decide the appeal using its existing procedures for student financial aid appeals. If the promise-eligible institution does not have an appeal procedure specific to student financial aid, the promise-eligible institution shall hear and decide the appeal using its existing appeal procedures for other matters. (Authorized by and implementing K.S.A. 2021 Supp. 74-32,272, as amended by L. 2022, ch. 94, sec. 29; effective P-_____.)

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88-9a-4. Scholarship awards. (a) Each promise-eligible institution shall award a promise scholarship to an eligible promise scholarship applicant enrolled in one or more promise-eligible programs. No promise-eligible institution shall limit scholarship awards to certain promise-eligible programs or, as long as promise scholarship funds are available, award less than the full promise scholarship amount for which an applicant qualifies. A promise scholarship applicant shall no longer be eligible for continued promise scholarship awards once the applicant has reached the lifetime limit pursuant to K.S.A. 2021 Supp. 74-32,274, and amendments thereto.

(b) To the extent that promise scholarship funds remain available, each promise-eligible institution at which the promise scholarship recipient is enrolled shall continue providing promise scholarship funds to the recipient for credit hours that are within a promise-eligible program if the recipient meets the following conditions:

(1) Continues to maintain satisfactory academic progress in the courses of the promise-eligible program for which a promise scholarship was awarded;

(2) has not reached the lifetime limit established by K.S.A. 2021 Supp. 74-32,274, and amendments thereto; and

(3) continues to meet all other eligibility requirements for the promise scholarship.

(c) Any promise scholarship recipient may use promise scholarship awards to pay for no more than the lifetime limit established by K.S.A. 2021 Supp. 74-32,274, and amendments thereto, regardless of the number of promise-eligible programs in which

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the recipient enrolls. (Authorized by K.S.A. 2021 Supp. 74-32,272, as amended by L. 2022, ch. 94, sec. 29; implementing K.S.A. 2021 Supp. 74-32,272, 74-32,274, 74-32,275, and 74-32,276, as amended by L. 2022, ch. 94, secs. 29, 31, 32, and 33; effective P-_____.)

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88-9a-5. Scholarship agreement. (a) Each student who is determined qualified by a promise-eligible institution for a promise scholarship shall enter into a promise scholarship agreement with the board of regents.

(b) Each promise scholarship agreement shall require the student to meet the following requirements:

(1) Enroll as a full-time student or a part-time student in a promise-eligible program at the promise-eligible institution from which the student is receiving the promise scholarship;

(2) within 36 months of the initial promise scholarship award date, meet one of the following requirements:

(A) Successfully complete the promise-eligible program for which the student received the promise scholarship; or

(B) if the promise-eligible program for which the promise scholarship is awarded is a career and technical education associate degree or certificate program that leads to multiple credentials, successfully complete the number of credit hours necessary to earn the first credential in that promise-eligible program;

(3) within six months after successfully completing the promise-eligible program for which the promise scholarship was awarded, meet one the following requirements:

(A) Reside in and commence work in Kansas and continue to reside and work in Kansas for at least two consecutive years following completion of the promise-eligible program for which the promise scholarship was awarded; or

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(B) enroll as a full-time student or a part-time student in any public or private postsecondary educational institution with its primary location in Kansas and, within six months of graduation or failure to remain continuously enrolled, reside in and commence work in Kansas, and continue to reside and work in Kansas for at least two consecutive years;

(4) until released from the scholarship agreement obligations, maintain records and annually report to the board of regents the following personal information on the form provided by the board:

(A) Full legal name;

(B) current residential address;

(C) telephone number;

(D) personal and work electronic-mail addresses;

(E) contact information for two individuals at different addresses who know how to contact the student;

(F) the name of each promise-eligible institution that awarded a promise scholarship to the student;

(G) the promise-eligible program credential sought by the student;

(H) specification of whether the student successfully completed the promise-eligible program for which the student's promise scholarship was awarded;

(I) the student's employment status, current employer contact information, original hire date, and employer verification of the information required by this paragraph;

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(J) the student's Kansas postsecondary institution enrollment status, name of institution currently attending, course of study in which the student is enrolled, anticipated graduation date, and registrar's verification information; and

(K) any additional relevant information that the board of regents may require; and

(5) upon failure to meet any requirement of the promise scholarship agreement, repay to the board of regents the full amount of the promise scholarship awarded to the student, with interest accruing beginning on the date the student is determined by the board to be out of compliance and at the rate established pursuant to K.S.A. 2021 Supp. 74-32,276 and amendments thereto.

(c) Each promise-eligible institution shall withhold the award of any promise scholarship until after the student has met all eligibility requirements and entered into a promise scholarship agreement with the board of regents. (Authorized by K.S.A. 74-32,272, as amended by L. 2022, ch. 94, sec. 29; implementing K.S.A. 2021 Supp. 74-32,272 and 74-32,276, as amended by L. 2022, ch. 94, secs. 29 and 33; effective P-_____.)

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88-9a-6. Postponement of or release from promise scholarship agreement

requirements. (a) Any promise scholarship recipient may request that one or more requirements of the promise scholarship agreement be postponed during any period if the recipient meets any of the following conditions:

- (1) Is serving in volunteers in service to America (VISTA);
 - (2) is serving in the peace corps;
 - (3) has a service commitment to the United States public health service;
 - (4) is performing religious missionary work conducted by an organization exempt from tax under section 501(c)(3) of the federal internal revenue code;
 - (5) is determined by the board of regents to be unable to commence or continue performance in satisfaction of the obligation because of temporary medical disability;
 - (6) is on job-protected leave under the family and medical leave act of 1993 (FMLA);
 - (7) is unable to meet the requirement of the scholarship agreement due to good cause, as determined by the board of regents; or
 - (8) is continuously enrolled as a full-time student or part-time student at a Kansas postsecondary educational institution if the first enrollment was within six months after successfully completing the promise-eligible program for which the promise scholarship was received. The student shall remain enrolled in at least six hours each semester for which the student wants to postpone the Kansas employment requirement.
- (b) Except for paragraphs (a)(5), (a)(6), and (a)(7), a recipient's obligation

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under the promise scholarship agreement shall not be postponed more than five years from the time that performance of the obligation was to have commenced under the agreement. Each obligation under any agreement entered into in accordance with the promise scholarship program shall be postponed under paragraph (a)(5) during the period of time that the medical disability exists.

(c) For purposes of paragraph (a)(6), the recipient's obligation under the promise scholarship agreement shall not be postponed for more than the duration of the recipient's FMLA leave.

(d)(1) For purposes of paragraph (a)(7), "good cause" shall include the following:

(A) Inability to secure employment in Kansas within six months of completing the promise-eligible program or any postponement granted pursuant to subsection (a) after making the best possible effort to do so;

(B) inability to retain employment in Kansas for two consecutive years after completing the promise-eligible program or any postponement granted under subsection (a) after making the best possible effort to do so;

(C) inability to reside in Kansas for the two consecutive years immediately succeeding completion of the promise-eligible program or any postponement granted under subsection (a) after making the best possible effort to do so; and

(D) inability to meet any other requirement of the promise scholarship after making the best possible effort to do so.

(2) "The best possible effort" shall be determined by the board of regents' director of student financial aid upon the promise scholarship recipient's submission of a

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request supported by documentation, which may include any of the following as relevant:

- (A) Written communications from employers confirming the recipient's applications for employment;
- (B) a verifiable list of employers, with contact information, to whom the recipient has applied;
- (C) records establishing the reason for the recipient's inability to reside in Kansas; or
- (D) records establishing the reason for the recipient's inability to retain employment for two consecutive years.

(e)(1) A promise scholarship recipient shall have met the requirements of the promise scholarship agreement and shall be released from repayment of the scholarship award if the recipient meets any of the following conditions:

- (A) Successfully completes the requirements of the agreement;
- (B) commences service as a military servicemember, as defined in K.S.A. 2021 Supp. 74-32,271 and amendments thereto, at any time after receiving a promise scholarship award;
- (C) fails to meet the requirements of the agreement only after making the best possible effort to do so; or
- (D) is unable to meet the requirements of the agreement due to disability or death of the recipient.

(2) "The best possible effort" shall be determined by the board of regents'

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director of student financial aid upon the scholarship recipient's submission of documentation, which may include any of the following as relevant:

- (A) Written communications from employers confirming the recipient's applications for employment;
 - (B) a verifiable list of employers, with contact information, with which the recipient has applied;
 - (C) records establishing the reason for inability to reside in Kansas; or
 - (D) a signed statement from an appropriate administrator of the promise-eligible institution explaining the circumstances of the promise scholarship recipient's inability to complete the promise-eligible program within 36 months.
- (f) Each promise scholarship award recipient who wants to postpone or be released from any obligation of the recipient's promise scholarship agreement shall submit to the board of regents a written request for postponement or release on a form provided by the board.
- (g) Each request for postponement or release shall be made by submitting a completed postponement or release form to the board of regents. Each request for postponement or release shall be mailed or electronically mailed to the address indicated, with an attention subject line of "Kansas promise scholarship repayment." The request shall include the recipient's full legal name, the promise-eligible institution from which the recipient received the promise scholarship, and the recipient's dates of attendance at that institution. (Authorized by K.S.A. 2021 Supp. 74-32,272, as amended by L. 2022, ch. 94, sec. 29; implementing K.S.A. 2021 Supp. 74-32,272 and

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74-32,276, as amended by L. 2022, ch. 94, secs. 29 and 33; effective

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88-9a-7. Repayment. (a) Each promise scholarship award recipient who fails to meet the requirements of the promise scholarship agreement and has not timely sought and received a postponement or release from the obligations of the agreement shall repay the total amount of promise scholarship disbursed to or on behalf of the recipient, plus interest at the rate prescribed by K.S.A. 2021 Supp. 74-32,276, and amendments thereto.

(b) Repayment of all funds shall become due immediately upon failure to meet the promise scholarship agreement terms, conditions, and requirements.

(c) Repayment shall be made to the Kansas board of regents' designated loan servicer or collections agency. All payments shall be mailed with an attention subject line of "Kansas promise scholarship repayment" and shall include the recipient's full legal name, the name of each promise-eligible institution from which the recipient received the promise scholarship, and the recipient's dates of attendance at each institution.

(d) Any recipient may repay the scholarship and interest in monthly installments of at least 1/60 of the total amount owed. Each recipient who chooses to make installment payments shall make those payments as follows:

(1) Payments owed shall commence within 180 days of the board's designee's determination of failure to comply with the promise scholarship obligation and shall be completed within five years following the date of the act or circumstance that causes the recipient to fail to remain eligible and qualified or to meet the obligations of the scholarship agreement.

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(2) If an installment payment becomes overdue 10 days from any date an installment was due, the entire amount outstanding shall become immediately due and payable, including all interest, without further notice or opportunity to remedy the default.

(3) The total repayment obligation may be met at any time by making a single lump-sum payment equal to the total of the following:

(A) The entire amount to be repaid upon failure to meet the obligations under the scholarship agreement; and

(B) all amounts of interest at the rate prescribed in K.S.A. 2021 Supp. 74-32,276, and amendments thereto, accrued on or before the date of full payment.
(Authorized by K.S.A. 2021 Supp. 74-32,272, as amended by L. 2022, ch. 94, sec. 29; implementing K.S.A. 2021 Supp. 74-32,272 and 74-32,276, as amended by L. 2022, ch. 94, secs. 29 and 33; effective P-_____.)

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Kansas Administrative Regulations Economic Impact Statement (EIS)

Kansas Board of Regents
Agency

Julene Miller
Agency Contact

785-430-4291
Contact Phone Number

New: K.A.R. 88-9a-1, 88-9a-2, 88-9a-3, 88-9a-4, 88-9a-5, 88-9a-6, 88-9a-7.

☒ Permanent ☐ Temporary

K.A.R. Number(s)

Is/Are the proposed rule(s) and regulation(s) mandated by the federal government as a requirement for participating in or implementing a federally subsidized or assisted program?

- ☐ Yes If yes, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration and the Attorney General. Budget approval is not required; however, the Division of the Budget will require submission of a copy of the EIS at the end of the review process.
- ☒ No If no, do the total annual implementation and compliance costs for the proposed rule(s) and regulation(s), calculated from the effective date of the rule(s) and regulation(s), exceed \$1.0 million over any two-year period through June 30, 2024, or exceed \$3.0 million over any two-year period on or after July 1, 2024 (as calculated in Section III, F)?
- ☐ Yes If yes, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration, the Attorney General, AND the Division of the Budget. The regulation(s) and the EIS will require Budget approval.
- ☒ No If no, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration and the Attorney General. Budget approval is not required; however, the Division of the Budget will require submission of a copy of the EIS at the end of the review process.

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Section I

Brief description of the proposed rule(s) and regulation(s).

The 2021 Legislature established a new service scholarship program for students enrolled in eligible programs at any Kansas community college, technical college, the Washburn Institute of Technology, or certain private postsecondary institutions, 35 institutions in all. The legislation requires, with certain exceptions, that each student receiving these scholarship dollars agree to reside and work in Kansas for two years following completion of their Promise Act eligible program. \$10,000,000 was appropriated to the Board to fund this scholarship in each of Fiscal Years 2022 and 2023. The legislation anticipates another \$10,000,000 to fund future Fiscal Years of the scholarship at that \$10,000,000 amount.

These regulations: 1) provide definitions of key terms not defined by the statute; 2) set forth the process to apply for a Promise scholarship and appeal a denial or revocation of a Promise scholarship; 3) set forth the terms to be included in a Promise scholarship agreement and the requirements for successful completion of, postponement of, or release from the service obligation; and 4) establish the process for repayment of any Promise scholarship when the service requirement is not met or forgiven.

Section II

Statement by the agency if the rule(s) and regulation(s) exceed the requirements of applicable federal law, and a statement if the approach chosen to address the policy issue(s) is different from that utilized by agencies of contiguous states or the federal government. *(If the approach is different or exceeds federal law, then include a statement of why the proposed Kansas rule and regulation is different.)*

These regulations do not exceed the requirements of any applicable federal law. Other states offer similar scholarships, with varying requirements and limitations, and none of which seem to include service obligations. For example, Oklahoma offers a Promise Scholarship based on a family income threshold of \$60,000. Students apply while in 8th through 11th grade and must meet academic and conduct requirements while in high school. There are no other eligibility requirements. Each state's law contains different requirements related to who is eligible and the nature of the benefits. To administer this scholarship in accordance with the Kansas statute, we looked to other Kansas laws and applicable federal law, particularly service scholarship statutes, the Truth in Lending Act, and the Fair Debt Collections Practices Act, in an attempt to maintain consistency with those other Kansas scholarship programs and compliance with applicable federal law.

Section III

Agency analysis specifically addressing the following:

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A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

Among the Board of Regents' strategic goals is to attract, retain and graduate qualified students to meet the needs of business and industry in this State or that may be looking to locate in this State. To the extent the Promise Scholarship Act and corresponding regulations result in more students seeking skills and training that are needed in the Kansas workforce, and those students remain in Kansas after graduation, the law/regulations will enhance business activities and growth. The statutes/regulations place no requirements or restrictions on any entity other than the public institutions of higher education in Kansas and the students accepting the terms of the required service scholarship agreement.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule(s) and regulation(s) and on the state economy as a whole;

There is no anticipated economic impact on specific businesses, sectors, public utility ratepayers, or local governments as this Act/regulations do not affect those entities directly. The students who qualify for a scholarship under this program and who successfully complete an eligible educational program and their two-year service requirement will greatly benefit from it financially as it will pay for tuition, required fees, books and required materials for the Promise eligible program selected by the student. Students who are unable to meet or be excused from the service obligation attached to the scholarship will be responsible for repayment of the scholarship plus interest at the federal PLUS program rate (currently 7.54%). The qualified public higher education institutions at which these individuals choose to enroll will award the scholarships and be reimbursed by funds appropriated by the Legislature for this purpose. Individuals affected by the regulations will benefit financially from receiving a scholarship, the value of which will vary according to the student's individual calculated financial need and cost of the program. Kansas businesses will benefit to the extent additional trained individuals remain in Kansas communities to work after completion of their programs. The regulations, in and of themselves, will have no direct effect, as the regulations simply stipulate how the Board of Regents and the participating institutions shall implement the Kansas Promise Scholarship Act.

There will be no direct economic impact on other public agencies or private businesses as a result of these regulations. The regulations will neither enhance nor restrict business activities and growth other than as discussed previously in this section.

C. Businesses that would be directly affected by the proposed rule(s) and regulation(s);

Only eligible prospective students and the participating higher education institutions will be directly affected by these proposed rules and regulations. Students who are unable to meet or be excused from the service obligation attached to the receipt of the scholarship will be responsible for repayment of the scholarship plus interest at the federal PLUS program rate. Any repayments received by the Board will be returned to the scholarship fund and used to fund future scholarships.

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D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

There are no direct costs associated with these rules and regulations. The initial estimate of cost was determined by the Legislature to be \$10,000,000 annually in the first two fiscal years (the amount set forth in the statute and appropriated to the Board for distribution to the institutions), but the agency will have more refined data after a year or two of enrollments utilizing this scholarship program for what the actual cost will be. One of the anticipated benefits to the state would be an increase in the educated workforce and of course the benefit to the students who are eligible for and successfully complete these scholarship eligible programs and the ensuing service obligation in employment options with potentially higher lifetime income.

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

The Board absorbed the implementation costs associated with this program in the first year. Included in the Board's budget was a request for \$125,000 to hire a staff person to administer the Promise Scholarship Act and the additional responsibilities that were assigned to the agency. The Board was appropriated the additional \$125,000 and will look to hire a staff person to assist the Student Financial Aid unit with the responsibilities the Act establishes.

F. An estimate of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governments, or members of the public.

Note: Do not account for any actual or estimated cost savings that may be realized.

Costs to Affected Businesses – \$0

Costs to Local Governmental Units – \$0

Costs to Members of the Public – \$0

Total Annual Costs – \$0

(sum of above amounts)

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

No additional implementation or compliance costs are reasonably expected to be incurred by, or passed along to, others as a result of enacting these regulations. Whatever requirements are in place for administering these scholarships, the institutions and Board Office will administer and comply with them and will seek appropriate funding from the Legislature.

The Board Office simply relates the information above and has no reason to believe there will be any degree of additional compliance costs to administer this scholarship.

- ☐ Yes If the total implementation and compliance costs exceed \$1.0 million over any two-year period through June 30, 2024, or exceed \$3.0 million over any two-year period on or after July 1, 2024, and prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If
- ☐ No
- ☒ Not Applicable

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applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

If applicable, click here to enter public hearing information.

Provide an estimate to any changes in aggregate state revenues and expenditures for the implementation of the proposed rule(s) and regulation(s), for both the current fiscal year and next fiscal year.

There are no direct costs associated with these rules and regulations. The initial estimate of cost was determined by the Legislature to be \$10,000,000 annually in the first two fiscal years (the amount set forth in the statute and appropriated to the Board for distribution to the institutions), but the agency will have more refined data after a year or two of enrollments utilizing this scholarship program for what the actual cost will be. One of the anticipated benefits to the state would be an increase in the educated workforce and of course the benefit to the students who are eligible for and successfully complete these scholarship eligible programs and the ensuing service obligation in employment options with potentially higher lifetime income.

Provide an estimate of any immediate or long-range economic impact of the proposed rule(s) and regulation(s) on any individual(s), small employers, and the general public. If no dollar estimate can be given for any individual(s), small employers, and the general public, give specific reasons why no estimate is possible.

There is no anticipated economic impact on any small employers or the general public as this Act/regulations do not affect those entities directly. The students who qualify for a scholarship under this program and who successfully complete an eligible educational program and their two-year service requirement will greatly benefit from it financially as it will pay for tuition, required fees, books and required materials for the Promise eligible program selected by the student. Students who are unable to meet or be excused from the service obligation attached to the receipt of the scholarship will be responsible for repayment of the scholarship plus interest at the federal PLUS program rate (currently 7.54%). The public higher education institutions at which these individuals choose to enroll will award the scholarships and be reimbursed by funds appropriated by the Legislature for this purpose. Individuals affected by the regulations will benefit financially from receiving a scholarship, the value of which will vary according to the student's individual calculated financial need and cost of the program. Kansas businesses will benefit to the extent additional trained individuals remain in Kansas communities to work after completion of their programs. The regulations, in and of themselves, will have no direct effect, as the regulations simply stipulate how the Board of Regents and the participating institutions shall implement the Kansas Promise Scholarship Act.

There will be no direct economic impact on private businesses as a result of these regulations. The regulations will neither enhance nor restrict business activities and growth other than as discussed previously in this section.

G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will

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increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.

The regulations are not anticipated to affect cities, counties, or school districts.

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).

The provisions in this set of regulations directly impact only the prospective applicants for the scholarship and the participating higher education institutions. The Board has sought input from representatives of the Kansas Association of Community College Trustees, the Kansas Technical College Association, the Kansas Independent College Association and Foundation, Washburn University, Johnson County Community College, and individual legislators to determine what the regulations should include. The feedback received has been incorporated into the regulations and/or this statement. As noted previously, these regulations are anticipated to have no effect on businesses, cities, counties, or other state agencies.

Section IV

Does the Economic Impact Statement involve any environmental rule(s) and regulation(s)?

- ☐ Yes If yes, complete the remainder of Section IV.
☒ No If no, skip the remainder of Section IV.

- A. Describe the capital and annual costs of compliance with the proposed rule(s) and regulation(s), and the persons who would bear the costs.

[Click here to enter agency response.](#)

- B. Describe the initial and annual costs of implementing and enforcing the proposed rule(s) and regulation(s), including the estimated amount of paperwork, and the state agencies, other governmental agencies, or other persons who would bear the costs.

[Click here to enter agency response.](#)

- C. Describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons who would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).

[Click here to enter agency response.](#)

- D. Provide a detailed statement of the data and methodology used in estimating the costs used.

[Click here to enter agency response.](#)

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