

## CHAPTER 43

( HB 263 )

AN ACT relating to teacher scholarships.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 164.773 is amended to read as follows:

- (1) The General Assembly hereby establishes the Student Teacher Stipend Program to reduce financial barriers to students in completing educator preparation programs and entering the educator workforce.
- (2) As used in this section:
  - (a) "Academic term" means a fall or spring academic semester;
  - (b) "Approved educator preparation program" means a program approved by the Education Professional Standards Board for the preparation of teachers and other professional school personnel;
  - (c) "Authority" means the Kentucky Higher Education Assistance Authority;
  - (d) "Eligible student" means a student who:
    1. Is a citizen or permanent resident of the United States;
    2. Is a Kentucky resident as determined by the ~~authority~~~~[participating institution in accordance with criteria established by the Council on Postsecondary Education for the purposes of admission and tuition assessment]~~;
    3. Is enrolled in an approved educator preparation program at a participating institution;
    4. Is approved for student teaching by the participating institution;
    5. ***Is student teaching at a Kentucky public school or nonpublic school certified by the Kentucky Board of Education under KRS 156.160, except as provided in subsection (7) of this section;***
    6. Has not previously received a student teacher stipend under this section; and
    - 7.~~[6.]~~ Meets any other criteria established in administrative regulation promulgated by the authority;
  - (e) "Participating institution" means an institution of higher education located in Kentucky that offers an approved educator preparation program and executes an agreement with the authority on terms the authority deems necessary or appropriate for the administration of the Student Teacher Stipend Program; and
  - (f) "Student teacher" has the same meaning as in KRS 161.010.
- (3) The Kentucky Higher Education Assistance Authority shall administer the Student Teacher Stipend Program and shall promulgate administrative regulations in accordance with KRS Chapter 13A as may be needed for administration of the program.
- (4)
  - (a) Beginning with the 2024-2025 academic year, to the extent funds are available, the authority may award a student teacher stipend of up to five thousand dollars (\$5,000) to an eligible student during the academic term in which the student is a student teacher.
  - (b) If funds are not sufficient to award stipends to all eligible students, awards shall be determined in accordance with administrative regulations promulgated by the authority.
- (5) For each academic term, by the deadline established by the authority, a participating institution shall submit to the authority a report of all eligible students for that academic term. The authority shall disburse stipend funds ~~[monthly]~~to ***eligible students directly or through*** the participating institution, ***in accordance with the distribution process determined by the authority***~~[to distribute to eligible students]~~.
- (6) The participating institution shall notify the authority within five (5) days of the withdrawal of a previously eligible student from the program and no additional distributions shall be made to ***or on behalf of***~~the participating institution for~~ the student.

(7) *The authority may establish criteria for approving a student teacher stipend for a student who is student teaching outside of Kentucky but is otherwise an eligible student under subsection (2)(d) of this section.*

(8) Funds awarded to an eligible student under this section shall not be considered student financial aid in the year the funds are received.

(9)~~(8)~~ By November 1, 2025, and each November 1 thereafter, the authority shall submit a report to the Legislative Research Commission for referral to the Interim Joint Committee on Education on the utilization and effectiveness of the Student Teacher Stipend Program. The Kentucky Center for Statistics shall assist in developing the report which shall include but not be limited to:

- (a) The total number of eligible students and stipend recipients, and the total award amount by participating institution and program;
- (b) The demographic data of stipend recipients, including but not limited to:
  - 1. School district of high school graduation;
  - 2. County and city of residence prior to postsecondary enrollment;
  - 3. The participating institution in which the eligible student is enrolled while a student teacher; and
  - 4. The school and district in which the eligible student is a student teacher; and
- (c) The data correlation between stipend recipients and nonrecipients entering and remaining in the educator workforce, including but not limited to student teaching location and teaching position location.

➔Section 2. KRS 164.769 is amended to read as follows:

(1) It is the intent of the General Assembly to establish a teacher scholarship program to assist highly qualified individuals to become certified Kentucky teachers and render teaching service in Kentucky schools.

(2) For purposes of this section, the terms listed below shall have the following meanings:

- (a) "Critical shortage area" means an understaffing of teachers in particular subject matters at the secondary level, in grade levels, or in geographic locations at the elementary and secondary level, as determined by the commissioner of education in consultation with the authority. The commissioner and the authority may use any source considered reliable, including but not limited to local education agencies, to identify the critical shortage areas;
- (b) "Dual credit" has the same meaning as in KRS 158.007;
- (c) "Eligible program of study" means an undergraduate or graduate program of study which is preparatory to teacher certification;
- (d) ~~["Expected family contribution" means the amount that a student and his family are expected to contribute toward the cost of the student's education determined by applying methodology set forth in 20 U.S.C. sec. 1087 kk to 1087 vv;~~
- ~~(e)~~ "Participating institution" means an institution of higher education located in Kentucky which offers an eligible program of study and has in force an agreement with the authority providing for administration of this program;
- (e)~~(f)~~ "Qualified teaching service" means teaching the major portion of each school day for at least seventy (70) days each semester in a public school of the Commonwealth or a private school certified pursuant to KRS 156.160(3), except that an individual having a disability defined by Title II of the Americans with Disabilities Act (42 U.S.C. secs. 12131 et seq.) or serious and extended illness, whose disability or illness, certified by a licensed physician, prevents that individual from teaching a major portion of each school day, shall be deemed to perform qualified teaching service by teaching the maximum time permitted by the attending physician;
- (f)~~(g)~~ "Semester" means a period of about eighteen (18) weeks, which usually makes up one-half (1/2) of a school year or one-half (1/2) of a participating institution's academic year; and
- (g)~~(h)~~ "Summer term" means an academic period consisting of one (1) or more sessions of instruction between a spring and a fall semester.

- (3) The authority may, to the extent of appropriations and other funds available to it pursuant to subsection (9) of this section, award teacher scholarships to persons eligible under subsection (4) of this section, who initially demonstrate financial need in accordance with standards and criteria established by the authority or received teacher scholarships pursuant to this section prior to July 1, 1996. Each teacher scholarship shall be evidenced by a promissory note that requires repayment or cancellation pursuant to subsection (6) of this section.
- (4) Kentucky residents who are United States citizens and enrolled or accepted for enrollment in an eligible program of study at a participating institution shall be eligible to apply for and be awarded teacher scholarships. Teacher scholarships shall first be awarded to highly qualified eligible students who meet standards and requirements established by the Education Professional Standards Board pursuant to KRS 161.028 for admission to a teacher education program at a participating institution in pursuit of initial teacher certification. If funds are not depleted after awarding teacher scholarships to students who meet the preceding criteria, then awards shall be made to any otherwise eligible students.
- (5) The authority shall establish, by administrative regulation, the maximum amount of scholarship to be awarded for each semester and summer term under this section. The amount of each scholarship to be awarded shall not exceed the applicant's total cost of education minus other financial assistance received or expected to be received by the applicant during the academic period.
- (6)
  - (a) The authority shall disburse teacher scholarships to eligible students who agree to render qualified teaching service as certified teachers, and are unconditionally admitted and enrolled in an eligible program of study.
  - (b) A teacher scholarship shall not be awarded or a promissory note cancellation shall not be granted to any person who is in default on any obligation to the authority under any program administered by the authority pursuant to KRS 164.740 to 164.785 until financial obligations to the authority are satisfied, except that ineligibility for this reason may be waived by the authority for cause.
  - (c) Recipients shall render one (1) semester of qualified teaching service for each semester or summer term of scholarship received, except that recipients who teach in a critical shortage area designated by the authority or teach dual credit coursework in a certified Kentucky high school shall render one (1) semester of qualified teaching service as repayment for two (2) semesters or summer terms of scholarships received. Upon completion of each semester of qualified teacher service, the authority shall cancel the appropriate number of promissory notes.
  - (d) If the recipient of a teacher scholarship fails to complete an eligible program of study at a participating institution or fails to render qualified teaching service in any semester following certification or recertification, unless the failure is temporarily waived for cause by the authority, the recipient shall immediately become liable to the authority for repayment of the sum of all outstanding promissory notes and accrued interest. Persons liable for repayment of scholarships under this paragraph shall be liable for interest accruing from the dates on which the teacher scholarships were disbursed.
  - (e) Recipients who have outstanding loans or scholarships under KRS 156.611, 156.613, 164.768, or 164.770 respectively, and who render qualified teaching service, shall have their notes canceled in accordance with subsection (6)(c) of this section.
  - (f) The authority shall establish, by administrative regulation, the terms and conditions for the award, cancellation, and repayment of teacher scholarships including, but not limited to, the selection criteria, eligibility for renewal awards, amount of scholarship payments, deferments, the rate of repayment, and the interest rate thereon.
  - (g) Notwithstanding any other statute to the contrary, the maximum interest rate applicable to repayment of a promissory note under this section shall be eight percent (8%) per annum, except that if a judgment is rendered to recover payment, the judgment shall bear interest at the rate of five percent (5%) greater than the rate actually charged on the promissory note.
- (7) A repayment obligation imposed by this section shall not be voidable by reason of the age of the recipient at the time of receiving the teacher scholarship.
- (8) Failure to meet repayment obligations imposed by this section shall be cause for the revocation of a person's teaching certificate, subject to the procedures set forth in KRS 161.120.
- (9) All moneys repaid to the authority under this section shall be added to the appropriations made for purposes of this section, and the funds and unobligated appropriations shall not lapse.

- (10) The authority may execute appropriate contracts and promissory notes for administering this section.
- (11) Notwithstanding any other statute to the contrary, if available funds are insufficient for all requested scholarships for eligible applicants during any fiscal year, the authority shall give priority consideration to eligible applicants who previously received teacher scholarships and, until June 30, 2018, to loan forgiveness for teachers who have outstanding loan balance eligibility for Best in Class loans issued prior to June 30, 2008. If funds are insufficient to make all requested renewal scholarships to eligible applicants, the authority shall reduce all scholarship awards to the extent necessary to provide scholarships to all qualified renewal applicants. If, after awarding all eligible renewal applicants, funds are not depleted, initial applications shall be ranked according to regulatory selection criteria, which may include ~~expected family contribution and~~ application date, and awards shall be made to highly qualified applicants until funds are depleted.
- (12) The authority shall submit a report on the number of teacher scholarships provided in each fiscal year, the program of study in which recipients are enrolled, recipient retention rates, total number of applications, and scholarship recruitment strategies to the Interim Joint Committee on Education by December 1 of each year.

➔Section 3. KRS 164.7889 is amended to read as follows:

Notwithstanding the provisions of KRS 164.7535 and 164.785 to the contrary, if sufficient funds are available, the authority shall do one (1) of the following:

- (1) Promulgate an administrative regulation to increase the maximum amount available under the grant programs to each student, up to the prevailing tuition rate charged by the regional public universities for full-time enrollment in an undergraduate program, but in no event shall a student receive more than the student's cost of education less ~~expected family contribution and~~ other anticipated student financial assistance;
- (2) Promulgate an administrative regulation to increase the average income level for qualification for the grant programs; or
- (3) Promulgate an administrative regulation that increases both the maximum amount available under the grant programs, and increases the average income level for qualification for the grant programs.

**Signed by Governor March 19, 2025.**