AN ACT relating to student financial aid.

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

Section 1. KRS 164.767 is amended to read as follows:

Until five (5) years after completion of a person's sentence, no person shall be eligible for any program authorized under KRS 164.740 to 164.790 who was convicted of or pled guilty to:

(1) A violent offense as described in KRS 439.3401;

(2) Aggravated trafficking in a controlled substance under KRS 218A.142; or

(3) A criminal offense against a victim who is a minor as defined in KRS 17.500.

(1) No loan guarantee shall be approved, nor any loan, grant, scholarship, recognition award, work-study reimbursement, or other form of financial aid shall be disbursed, under programs authorized by KRS 164.740 to 164.785, to any student who is an inmate or who is incarcerated in a penal institution unless funds have first been provided to all other eligible students who have applied in accordance with the administrative regulations of the authority.

(2) The Department of Corrections and any person or organization responsible for the supervision or operation of a penal institution shall cooperate with the authority and participating institutions in providing information to them to identify applicants who are inmates at or incarcerated in a penal institution.

Section 2. KRS 164.740 is amended to read as follows:

As used in KRS 164.740 to 164.7891, the terms listed below shall have the following meanings:

(1) "Authority" means the Kentucky Higher Education Assistance Authority;

(2) "Board" means the board of directors of the Kentucky Higher Education Assistance Authority;

(3) "Comprehensive transition and postsecondary program" means a program approved by the United States Department of Education as defined in 34 C.F.R. secs. 668.230.
(4) "Eligible institution" means, unless otherwise specified in this chapter, any educational institution or class of institutions designated as an institution of higher education pursuant to section 102 of the federal act, 20 U.S.C. sec. 1002, as eligible to participate in, and that actively participates in, the Federal Pell Grant Program or, for purposes of insured student loans, is defined as an eligible institution pursuant to section 435 of the federal act, 20 U.S.C. sec. 1085, provided that no right of participation shall be deemed vested pursuant to this subsection in any institution, including, but not by way of limitation, any college, school of nursing, vocational school, or business school;

(5) "Eligible lender" means any entity described as eligible pursuant to the federal act to make or originate insured student loans, provided that no right of participation shall be deemed vested hereby in any lender;

(6) "Eligible student" means any student enrolled or accepted for enrollment at a participating institution, meeting the criteria established by the federal act and this chapter for the various authority administered programs;

(7) "Endorser" means a person who signs a student loan promissory note as an accommodation party, in the manner of KRS 355.3-419, and is secondarily liable for payment on such note;

(8) "Federal act" means the Higher Education Act of 1965, Pub. L. 89-329, as amended;

(9) "Grant" means a gift of money, tuition discount, waiver of tuition and fees, or other monetary award that requires neither employment nor repayment, except under conditions prescribed by the board, and is based on demonstrated financial need and such other terms and conditions as the board may prescribe;

(10) "Honorary scholarship" means a certificate of merit or achievement or other appropriate document which may be issued by the board to students in recognition
of superior academic ability or achievement or a special talent;

(11) "Insured student loan" means a loan to an eligible borrower, who is qualified under
the federal act, on which the payment of principal and interest is insured as
evidenced by a loan guarantee issued by the authority and reinsured by the secretary
under the federal act;

(12) "Loan" means an advance of money, to be used exclusively for payment of
educational expenses, evidenced by a promissory note or similar instrument
requiring repayment under specified conditions;

(13) "Loan guarantee" means the certificate, document, or endorsement issued by the
authority as evidence of insurance of a loan as to both principal and interest and of
reinsurance by the secretary under the federal act;

(14) "Participating institution" means any eligible institution, to the extent that it offers
an eligible program of study, having a contract in force with the authority, if
required by the authority, on such terms as the authority may deem necessary or
appropriate to the administration of its programs;

(15) "Participating lender" means any eligible lender, including the authority and the
Kentucky Higher Education Student Loan Corporation, which has in force a
contract with the authority providing for loan guarantee to be issued by the authority
under the federal act and this chapter;

(16) ["Penal institution" means any penitentiary, detention facility, adult correctional
facility, jail, or other similar institution operated by the state, local, or federal
government or by private business;]

(17) ["Recognition award" means an advance of money to or on behalf of a student in
recognition of superior academic ability, achievement or special talent;

(17)(18) "Regional accrediting association" means the Middle States Association of
Colleges and Schools, Commission on Higher Education; New England Association
of Schools and Colleges, Commission on Institutions of Higher Education; North
Central Association of Colleges and Schools, Higher Learning Commission; Northwest Association of Schools and Colleges, Commission on Colleges; Southern Association of Colleges and Schools, Commission on Colleges; or Western Association of Schools and Colleges, Accrediting Commission for Senior Colleges and Universities;

"Scholarship" means a gift of money to provide an incentive for fulfillment of a particular public purpose which may be based on any combination of financial need, superior academic ability, achievement, a special talent, or special condition serving a public purpose and such other terms and conditions as the board may prescribe;

"Secretary" means the United States Secretary of Education; and

"Work study" means an award of money disbursed by the board at specified intervals to students, or as reimbursement to employers of students, who provide needed services for a specified number of hours in a capacity approved by the board.

Section 3. KRS 164.7874 is amended to read as follows:

As used in KRS 164.7871 to 164.7885:

(1) "Academic term" means a semester or other time period specified in an administrative regulation promulgated by the authority;

(2) "Academic year" means a period consisting of at least the minimum school term, as defined in KRS 158.070;

(3) "ACT score" means the composite score achieved on the American College Test at a national test site on a national test date or the college admissions examination administered statewide under KRS 158.6453(5)(b). if the exam is the ACT, or an equivalent score, as determined by the authority, on the SAT administered by the College Board, Inc.;

(4) "Authority" means the Kentucky Higher Education Assistance Authority;
"Award period" means the fall and spring consecutive academic terms within one academic year;

"Council" means the Council on Postsecondary Education created under KRS 164.011;

"Eligible high school student" means any person who:

(a) Is a citizen, national, or permanent resident of the United States and Kentucky resident;

(b) Was enrolled after July 1, 1998:

1. In a Kentucky high school for at least one hundred forty (140) days of the minimum school term unless exempted by the authority's executive director upon documentation of extreme hardship, while meeting the KEES curriculum requirements, and was enrolled in a Kentucky high school at the end of the academic year;

2. In a Kentucky high school for the fall academic term of the senior year and who:

   a. Was enrolled during the entire academic term;

   b. Completed the high school’s graduation requirements during the fall academic term; and

   c. Was not enrolled in a secondary school during any other academic term of that academic year; or

3. In the Gatton Academy of Mathematics and Science in Kentucky, the Craft Academy for Excellence in Science and Mathematics, or in high school at a model and practice school under KRS 164.380 while meeting the Kentucky educational excellence scholarship curriculum requirements; and

(c) Has a grade point average of 2.5 or above at the end of any academic year beginning after July 1, 1998, or at the end of the fall academic term for a
student eligible under paragraph (b) 2. of this subsection]; and

(d) Is not a convicted felon];

(8) "Eligible postsecondary student" means a citizen, national, or permanent resident of the United States and Kentucky resident, as determined by the participating institution in accordance with criteria established by the council for the purposes of admission and tuition assessment, who:

(a) Earned a KEES award;

(b) Has the required postsecondary GPA and credit hours required under KRS 164.7881;

(c) Has remaining semesters of eligibility under KRS 164.7881; and

(d) Is enrolled in a participating institution as a part-time or full-time student[;]

and

(e) Is not a convicted felon];

(9) "Full-time student" means a student enrolled in a postsecondary program of study that meets the full-time student requirements of the participating institution in which the student is enrolled;

(10) "Grade point average" or "GPA" means the grade point average earned by an eligible student and reported by the high school or participating institution in which the student was enrolled based on a scale of 4.0 or its equivalent if the high school or participating institution that the student attends does not use the 4.0 grade scale;

(11) "High school" means any Kentucky public high school, the Gatton Academy of Mathematics and Science in Kentucky, the Craft Academy for Excellence in Science and Mathematics, a high school of a model and practice school under KRS 164.380, and any private, parochial, or church school located in Kentucky that has been certified by the Kentucky Board of Education as voluntarily complying with curriculum, certification, and textbook standards established by the Kentucky Board of Education under KRS 156.160;
(12) "KEES" or "Kentucky educational excellence scholarship" means a scholarship provided under KRS 164.7871 to 164.7885;

(13) "KEES award" means:

(a) For an eligible high school student, the sum of the KEES base amount for each academic year of high school plus any KEES supplemental amount, as adjusted pursuant to KRS 164.7881; and

(b) For a student eligible under KRS 164.7879(3)(e), the KEES supplemental amount as adjusted pursuant to KRS 164.7881;

(14) "KEES award maximum" means the sum of the KEES base amount earned in each academic year of high school plus any KEES supplemental amount earned;

(15) "KEES base amount" or "base amount" means the amount earned by an eligible high school student based on the student's GPA pursuant to KRS 164.7879;

(16) "KEES curriculum" means five (5) courses of study, except for students who meet the criteria of subsection (7)(b)2. of this section, in an academic year as determined in accordance with an administrative regulation promulgated by the authority;

(17) "KEES supplemental amount" means the amount earned by an eligible student based on the student's ACT score pursuant to KRS 164.7879;

(18) "KEES trust fund" means the Wallace G. Wilkinson Kentucky educational excellence scholarship trust fund;

(19) "On track to graduate" means the number of cumulative credit hours earned as compared to the number of hours determined by the postsecondary education institution as necessary to complete a bachelor's degree by the end of eight (8) academic terms or ten (10) academic terms if a student is enrolled in an undergraduate program that requires five (5) years of study;

(20) "Participating institution" means an "institution" as defined in KRS 164.001 that is eligible to participate in the federal Pell Grant program, executes a contract with the authority on terms the authority deems necessary or appropriate for the
administration of its programs, and:

(a) 1. Is publicly operated;

2. Is licensed by the Commonwealth of Kentucky and has operated for at least ten (10) years, offers an associate or baccalaureate degree program of study not comprised solely of sectarian instruction, and admits as regular students only high school graduates, recipients of a High School Equivalency Diploma, or students transferring from another accredited degree granting institution; or

3. Is designated by the authority as an approved out-of-state institution that offers a degree program in a field of study that is not offered at any institution in the Commonwealth; and

(b) Continues to commit financial resources to student financial assistance programs; and

(21) "Part-time student" means a student enrolled in a postsecondary program of study who does not meet the full-time student requirements of the participating institution in which the student is enrolled and who is enrolled for at least six (6) credit hours, or the equivalent for an institution that does not use credit hours.

Section 4. KRS 164.7884 is amended to read as follows:

(1) As used in this section:

(a) "Academic year" means July 1 through June 30 of each year;

(b) "Apprentice" has the same meaning as in KRS 343.010;

(c) "Eligible student" means an eligible high school student who has graduated from high school or a student eligible under KRS 164.7879(3)(e);

(d) "Proprietary school" means a school as defined in KRS 165A.310(10)(a) to (d) that:

1. Is licensed by the Kentucky Commission on Proprietary Education, the Kentucky Board of Barbering, the Kentucky Board of
Cosmetology, the Kentucky Board of Nursing, or the Kentucky Board of Embalmers and Funeral Directors;

2. Has operated for at least five (5) years;

3. Has its headquarters or main campus physically located in Kentucky; and

4. Is not eligible to participate in the federal Pell Grant program;

(e) "Qualified proprietary school program" means a program offered by a proprietary school that is in one (1) of Kentucky's top five (5) high-demand work sectors as determined by the Kentucky Workforce Investment Board;

(f) "Qualified workforce training program" means a program that is in one (1) of Kentucky's top five (5) high-demand work sectors as determined by the Kentucky Workforce Investment Board;

(g) "Registered apprenticeship program" means an apprenticeship program that:

1. Is established in accordance with the requirements of KRS Chapter 343;

2. Requires a minimum of two thousand (2,000) hours of on-the-job work experience;

3. Requires a minimum of one hundred forty-four (144) hours of related instruction for each year of the apprenticeship; and

4. Is approved by the Education and Workforce Development Cabinet;

(h) "Related instruction" has the same meaning as in KRS 343.010; and

(i) "Sponsor" has the same meaning as in KRS 343.010.

(2) Notwithstanding KRS 164.7881, an eligible student who earned a KEES award shall be eligible for a Kentucky educational excellence scholarship if the student meets the requirements of this section and is:

(a) An apprentice in a registered apprenticeship program;

(b) Enrolled in a qualified workforce training program that has a current
articulation agreement for postsecondary credit hours with a participating institution; or

(c) Enrolled in a qualified proprietary school program.

(3) (a) Beginning with the 2018-2019 academic year, an eligible student enrolled in a registered apprenticeship program or, for the academic year beginning July 1, 2020, an eligible student enrolled in a qualified workforce training program or, for the academic year beginning July 1, 2022, an eligible student enrolled in a qualified proprietary school program may receive reimbursement of tuition, books, required tools, and other approved expenses required for participation in the program, upon certification by the sponsor or school and approval by the authority.

(b) The reimbursement amount an eligible student may receive in an academic year shall not exceed the student's KEES award maximum.

(c) The total reimbursement amount an eligible student may receive under this section shall not exceed the student's KEES award maximum multiplied by four (4).

(4) Eligibility for a KEES scholarship under this section shall terminate upon the earlier of:

(a) The expiration of five (5) years following the eligible student's graduation from high school or receiving a High School Equivalency Diploma, except as provided in KRS 164.7881(5); or

(b) The eligible student's successful completion of the registered apprenticeship program, or qualified workforce training program, or qualified proprietary school program.

(5) The authority shall promulgate administrative regulations establishing the procedures for making awards under this section in consultation with the Kentucky Education and Workforce Development Cabinet and the Kentucky Economic
Development Cabinet.

Section 5. KRS 164.7879 is amended to read as follows:

(1) Kentucky educational excellence scholarship awards shall be based upon an established base scholarship amount and an eligible high school student's grade point average. The base scholarship amount for students attaining a grade point average of at least 2.5 for the 1998-1999 academic year shall be as follows:

<table>
<thead>
<tr>
<th>GPA</th>
<th>Amount</th>
<th>GPA</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.50</td>
<td>$125.00</td>
<td>3.30</td>
<td>$325.00</td>
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<td>2.60</td>
<td>$150.00</td>
<td>3.40</td>
<td>$350.00</td>
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<td>2.70</td>
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<td>$187.00</td>
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<td>2.80</td>
<td>$200.00</td>
<td>3.70</td>
<td>$425.00</td>
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<td>2.90</td>
<td>$225.00</td>
<td>3.75</td>
<td>$437.00</td>
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<td>3.00</td>
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<td>$475.00</td>
</tr>
<tr>
<td>3.20</td>
<td>$300.00</td>
<td>4.00</td>
<td>$500.00</td>
</tr>
<tr>
<td>3.25</td>
<td>$312.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The authority shall review the base amount of the Kentucky educational excellence scholarship each academic year and may promulgate an administrative regulation to make adjustments after considering the availability of funds.

(2) (a) The authority shall commit to provide to each eligible high school student the base amount of the Kentucky educational excellence scholarship for each academic year of high school study in the Kentucky educational excellence scholarship curriculum that the high school student has attained at least a 2.5 grade point average. The award shall be based upon the eligible high school student's grade point average at the close of each academic year. An award attributable to a past academic year shall not be increased after the award has been awarded.
been earned by an eligible high school student, regardless of any subsequent increases made to the base amount of the Kentucky educational excellence scholarship through the promulgation of an administrative regulation by the authority.

(b) Notwithstanding the definitions of "eligible high school student" and "high school" in KRS 164.7874, any high school student who maintains Kentucky residency and completes the academic courses that are required for a Kentucky educational excellence scholarship while participating in an approved educational high school foreign exchange program or participating in the United States Congressional Page School may apply his or her grade point average for that academic year toward the base as described in paragraph (a) of this subsection. The grade point average shall be reported by the student's Kentucky home high school, based on an official transcript from the school that the student attended during the out-of-state educational experience.

The authority shall promulgate administrative regulations that describe the approval process for the educational exchange programs that qualify under this paragraph. The provisions in this paragraph shall likewise apply to any Kentucky high school student who participated in an approved educational exchange program or in a Congressional Page School since the 1998-99 school year and maintained his or her Kentucky residency throughout.

(c) 1. Notwithstanding the definitions of "eligible high school student" and "high school" in KRS 164.7874 and the requirement that a student graduate from a Kentucky high school, a high school student who completes the KEES curriculum while attending an accredited out-of-state high school or Department of Defense school may apply the grade point average for any applicable academic year toward the base as described in paragraph (a) of this subsection and shall also qualify for a
supplemental award under subsection (3) of this section when:

a. His or her custodial parent or guardian is in active service of the Armed Forces of the United States;[
   and]

b. The custodial parent or guardian maintained Kentucky as the home of record at the time the student attended an accredited out-of-state high school or a Department of Defense school as a result of the custodial parent's or guardian's military transfer outside of Kentucky; and

c. The student earned a KEES base amount at a Kentucky high school prior to the custodial parent's or guardian's military transfer outside of Kentucky.

2. The student or parent shall arrange for the out-of-state school to report the student's grade point average each academic year and the student's highest ACT score to the authority as required under KRS 164.7885. The authority shall promulgate administrative regulations implementing the requirements in this paragraph, including:

a. The documentation that the parent shall submit to the authority establishing the student's eligibility for the scholarship; and

b. The assurances that an out-of-state institution shall submit to the authority for submission of the student grade point average.

3. The provisions in this paragraph shall apply to the 2001-2002 school year and thereafter.

(d) Beginning with the 2013-2014 academic year, a student who meets the Kentucky core academic standards for high school graduation established in administrative regulation and graduates after completing three (3) years of high school shall receive a Kentucky educational excellence scholarship award equivalent to completing high school in four (4) years. The award shall
be determined by dividing the total actual KEES scholarship earned under subsection (1) of this section by three (3) and multiplying that number by four (4). The resulting number shall be the annual award the student is eligible for under subsection (1) of this section.

(3) (a) The authority shall commit to provide to each eligible high school student graduating from high school before June 30, 1999, and achieving a score of at least 15 on the American College Test, a supplemental award for the award period beginning in the fall of 1999, based on the eligible high school student's highest ACT score attained by the date of graduation from high school. The amount of the supplemental award shall be determined as follows:

<table>
<thead>
<tr>
<th>ACT Score</th>
<th>Annual Bonus</th>
<th>ACT Score</th>
<th>Annual Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>$21</td>
<td>22</td>
<td>$171</td>
</tr>
<tr>
<td>16</td>
<td>$43</td>
<td>23</td>
<td>$193</td>
</tr>
<tr>
<td>17</td>
<td>$64</td>
<td>24</td>
<td>$214</td>
</tr>
<tr>
<td>18</td>
<td>$86</td>
<td>25</td>
<td>$236</td>
</tr>
<tr>
<td>19</td>
<td>$107</td>
<td>26</td>
<td>$257</td>
</tr>
<tr>
<td>20</td>
<td>$129</td>
<td>27</td>
<td>$279</td>
</tr>
<tr>
<td>21</td>
<td>$150</td>
<td>28 or above</td>
<td>$300</td>
</tr>
</tbody>
</table>

Subsequent supplemental awards for eligible high school students graduating before June 30, 1999, shall be determined in accordance with the provisions of paragraph (b) of this subsection.

(b) The authority shall commit to provide to each eligible high school student upon achievement after June 30, 1999, of an ACT score of at least 15 on the American College Test a supplemental award based on the eligible high school student's highest ACT score attained by the date of graduation from high school. The amount of the supplemental award shall be determined as
follows:

<table>
<thead>
<tr>
<th>ACT Score</th>
<th>Amount</th>
<th>ACT Score</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>$36</td>
<td>22</td>
<td>$286</td>
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<tr>
<td>5</td>
<td>$71</td>
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<td>$393</td>
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<tr>
<td>8</td>
<td>$179</td>
<td>26</td>
<td>$428</td>
</tr>
<tr>
<td>9</td>
<td>$214</td>
<td>27</td>
<td>$464</td>
</tr>
<tr>
<td>10</td>
<td>$250</td>
<td>28 and above</td>
<td>$500</td>
</tr>
</tbody>
</table>

The authority shall review the base amount of the supplemental award beginning with the 2001-2002 academic year and each academic year thereafter and may promulgate an administrative regulation to make adjustments after considering the availability of funds.

(c) Beginning with the 2008-2009 academic year, the authority shall commit to provide a supplemental award for achievement on examinations for Advanced Placement or International Baccalaureate as defined in KRS 164.002 to an eligible high school student whose family was eligible for free or reduced-price lunch for any year during high school enrollment.

1. The supplemental award for AP examination scores are as follows:
   a. Two hundred dollars ($200) for each score of three (3);
   b. Two hundred fifty dollars ($250) for each score of four (4); and
   c. Three hundred dollars ($300) for each score of five (5).

2. The supplemental award for IB examination scores are as follows:
   a. Two hundred dollars ($200) for each score of five (5);
   b. Two hundred fifty dollars ($250) for each score of six (6); and
   c. Three hundred dollars ($300) for each score of seven (7).
(d) Beginning with the 2013-2014 academic year, the authority shall commit to provide a supplemental award for achievement on examinations for Cambridge Advanced International as defined in KRS 164.002 to an eligible high school student whose family was eligible for free or reduced-priced lunch for any year during high school enrollment. The supplemental award for Cambridge Advanced International examination scores are as follows:

1. Two hundred dollars ($200) for each score of "e";
2. Two hundred fifty dollars ($250) for each score of "c" or "d"; and
3. Three hundred dollars ($300) for each score of "a*", "a", or "b".

(e) The authority shall promulgate administrative regulations establishing the eligibility criteria and procedures for making a supplemental award to Kentucky residents who are citizens, nationals, or permanent residents of the United States and who graduate from a nonpublic secondary school not certified by the Kentucky Board of Education and Kentucky residents who are citizens, nationals, or permanent residents of the United States and who obtain a High School Equivalency Diploma within five (5) years of their high school graduating class, and students under subsection (2)(c) of this section who do not attend an accredited high school.