
RELATES TO: KRS 164.518
STATUTORY AUTHORITY: KRS 164.518(3), 164.748(4)
NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.518(3) requires the authority to promulgate administrative regulations for administration of the Early Childhood Development Scholarship Program. This administrative regulation establishes procedures for disbursement of the monies awarded under the Early Childhood Development Scholarship Program.

Section 1. Disbursement Process. (1) Within thirty (30) days following receipt by the authority of the information required by 11 KAR 16:010, Section 3(4), the authority shall remit monies awarded under the Early Childhood Development Scholarship Program by electronic funds transfer delivered to the participating institution on behalf of the scholarship recipient for subsequent delivery to the eligible scholarship recipient.

(2) The authority shall send to the participating educational institution a disbursement roster indicating each recipient's name, Social Security number, and scholarship amount.

(3) The participating educational institution shall hold the funds solely for the benefit of the scholarship recipient and the authority until the student has registered for classes for the academic term for which the scholarship is awarded.

(4)(a) Scholarship proceeds shall be used by the recipient only for payment of tuition to the participating educational institution.

(b) Upon the scholarship recipient's registration, the participating educational institution shall:
   1. Credit the scholarship recipient's account; and
   2. Notify the recipient in writing that it has credited the account.

(c) The participating institution shall return to the authority scholarship funds that exceed the amount of tuition charged by the institution to the scholarship recipient for the academic term based upon the recipient's enrollment status at the time of registration.

(d) The authority may, without precluding other remedies provided in 11 KAR 4:020, recover from the participating institution scholarship funds not returned pursuant to paragraph (c) of this subsection by setoff against any other funds payable to the participating institution by the authority.

Section 2. Disbursement Roster (1) The participating educational institution shall indicate the following on the disbursement roster:

(a) The date funds were either credited to the scholarship recipient's account or disbursed to the recipient;

(b) The name of a recipient for whom funds are being returned;

(c) The amount being returned; and

(d) The reason funds are being returned.

(2) The participating educational institution shall return to the authority, according to instructions attached to the roster, all funds advanced that remain undisbursed to students who were awarded scholarships. The participating institution shall retain a copy of the disbursement roster for its records. The participating educational institution shall return the undisbursed scholarship funds to the authority by electronic funds transfer.

(3) The instructions accompanying the disbursement roster shall specify:

(a) Conditions under which the scholarship shall be disbursed to the benefit of the scholarship recipient;
(b) Conditions under which the scholarship funds shall be returned to the authority; and
(c) The date by which the roster and any undisbursed funds shall be returned to the authority.

(4) A participating educational institution that has not returned a disbursement roster or completed it according to the instructions shall not receive additional scholarship funds until it has complied with the instructions identified in subsection (3) of this section. The authority may withhold any services and funds from the educational institution from the due date until the roster and all funds advanced, that remain undisbursed to eligible students, are received by the authority.

Section 3. Misdelivery of Funds. The participating institution shall be liable to the authority for delivery of scholarship funds to the wrong person or to an ineligible student and shall make restitution to the authority of an amount improperly delivered. Failure of the participating institution to make restitution as required shall, without precluding other remedies, be deemed cause for limitation, suspension, or termination of the participation of the institution in accordance with 11 KAR 4:020. (27 Ky.R. 1367; 1824; eff. 2-5-2001; Crt eff. 9-28-2018.)