

KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY
Division of Student and Administrative Services
(Amendment)

11 KAR 16:020. Early Childhood Development Scholarship Program disbursement process.

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. Eligibility Verification. ~~[Disbursement Process.]~~ Once the census date for each academic term has passed, the institution shall verify the eligibility of each student and submit to the authority a complete and accurate eligibility verification record that shall include the following:

- (1) The student's enrollment status; and
- (2) The number of credit hours in which the student is enrolled for the academic term.

Section 2. Disbursement and Delivery of Funds.

(1) Within thirty (30) days following receipt by the authority of the eligibility verification data~~[information required by 11 KAR 16:010, Section 3(4)]~~, the authority shall disburse~~[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 and mandatory fees 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.]~~

(3) ~~[(e)]~~ The participating institution shall:

(a) Return to the authority scholarship funds that exceed the amount of tuition and mandatory fees charged by the institution to the scholarship recipient for the academic term based upon the recipient's enrollment status at the time of eligibility verification~~;~~ ~~[registration.]~~

(b) Be responsible for proper disbursement of scholarship funds to each eligible student during the academic term for which each award is intended;

(c) Be liable for disbursement to the wrong individual or to an ineligible student, or for untimely disbursement pursuant to this section; and

(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 any[an] amount improperly delivered.~~

~~(4) 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.~~

CATHE DYKSTRA, Chair

APPROVED BY AGENCY: March 17, 2022

FILED WITH LRC: March 25, 2022 at 11:25 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on Tuesday, June 22, 2022, at 10:00 a.m. Eastern Time at 100 Airport Road, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by 5 workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who attends will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through June 30, 2022. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Hon. Diana L. Barber, General Counsel, Kentucky Higher Education Assistance Authority, P.O. Box 798, Frankfort, Kentucky 40602-0798, phone (502) 696-7298, fax (502) 696-7293, email dbarber@kheaa.com.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Rebecca Gilpatrick

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation establishes the disbursement process for the Early Childhood Development Scholarship program as authorized by KRS 164.518(3).

(b) The necessity of this administrative regulation:

This administrative regulation is necessary to set forth the disbursement process for the Early Childhood Development Scholarship program.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

KRS 164.518(3) requires the authority to promulgate administrative regulations pertaining to the Early Childhood Development Scholarship program.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This administrative regulation assists in the effective administration of the statutes by establishing the disbursement process for the Early Childhood Development Scholarship program.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

The amendment will change this existing administrative regulation by incorporating the electronic disbursement process the Authority has developed and utilized for the past few academic years.

(b) The necessity of the amendment to this administrative regulation:

The amendment to this administrative regulation is necessary in order to bring the regulation into conformity with the current processes in place for disbursement of program funds.

(c) How the amendment conforms to the content of the authorizing statutes:

The amendment to this administrative regulation conforms to the content of the authorizing statutes by codifying the administrative processes for the Early Childhood Development Scholarship program as concerns the disbursement of funds.

(d) How the amendment will assist in the effective administration of the statutes:

The amendment to this administrative regulation will assist in the effective administration of the authorizing statutes by codifying the administrative processes for the Early Childhood Development Scholarship program disbursement of funds.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

The proposed amendment could potentially affect all participating educational institutions. However, since the changes have already been in place for the past few academic years, the net impact will be negligible.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the

change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

No actions are required to be taken by the participating educational institutions in order to comply with the amendment to this administrative regulation as the electronic disbursement process has already been implemented.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

There will be no cost to the impacted entities in order to comply with the this amendment.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

The participating educational institutions will be able to continue utilizing the electronic funds disbursement process previously implemented for this program. (5) Provide an estimate of how much it will cost to implement this administrative regulation:

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

None.

(b) On a continuing basis:

See 5(a) above.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

Funding for the Early Childhood Development Scholarship Program is provided by appropriations from the Tobacco Settlement Fund. The Authority does retain some of the funds for the costs associated in administering the Early Childhood Development Scholarship Program.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

No increase in fees or funding will be necessary to implement this administrative regulation.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees:

It does not establish or increase any fees.

(9) TIERING: Is tiering applied?

Tiering was not applied. It is not applicable to this amendment. This administrative regulation is intended to provide equal opportunity to participate, and consequently does not inherently result in disproportionate impacts on certain classes of regulated entities. The "equal protection" and "due process" clauses of the Fourteenth Amendment of the U.S. Constitution may be implicated as well as Sections 2 and 3 of the Kentucky Constitution. The regulation provides equal treatment and opportunity for all applicants and recipients.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

(1) What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?

Finance and Administration Cabinet, Kentucky Higher Education Assistance Authority.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 164.7874, 164.7877(3), 164.7879(1), (2), (3), 164.7881(4)(a), (c), (6).

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

The administrative regulation will result in no additional expenditures by or revenues to the Authority during the first full year of its effectiveness.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year?

This regulation will not generate any revenue for the first year.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years?

This regulation will not generate any revenue for subsequent years.

(c) How much will it cost to administer this program for the first year?

No costs are associated with this regulation for the first year.

(d) How much will it cost to administer this program for subsequent years?

No costs are associated with this regulation for subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: