

1 AN ACT relating to student financial aid.

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

3 ➔Section 1. KRS 164.740 is amended to read as follows:

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

- 6 (1) "Authority" means the Kentucky Higher Education Assistance Authority;
- 7 (2) "Board" means the board of directors of the Kentucky Higher Education Assistance
8 Authority;
- 9 (3) "Comprehensive transition and postsecondary program" means a program approved
10 by the United States Department of Education as defined in 34 C.F.R. secs. 668.230
11 to 668.233;
- 12 (4) "Eligible institution" means, unless otherwise specified in this chapter, any
13 educational institution or class of institutions designated as an institution of higher
14 education pursuant to section 102 of the federal act, 20 U.S.C. sec. 1002, as eligible
15 to participate in, and that actively participates in, the Federal Pell Grant Program or,
16 for purposes of insured student loans, is defined as an eligible institution pursuant to
17 section 435 of the federal act, 20 U.S.C. sec. 1085, provided that no right of
18 participation shall be deemed vested pursuant to this subsection in any institution,
19 including, but not by way of limitation, any college, school of nursing, vocational
20 school, or business school;
- 21 (5) "Eligible lender" means any entity described as eligible pursuant to the federal act to
22 make or originate insured student loans, provided that no right of participation shall
23 be deemed vested hereby in any lender;
- 24 (6) "Eligible student" means any student enrolled or accepted for enrollment at a
25 participating institution, meeting the criteria established by the federal act and this
26 chapter for the various authority administered programs;
- 27 (7) "Endorser" means a person who signs a student loan promissory note as an

- 1 accommodation party, in the manner of KRS 355.3-419, and is secondarily liable
2 for payment on such note;
- 3 (8) "Federal act" means the Higher Education Act of 1965, Pub. L. 89-329, as
4 amended;
- 5 (9) "Grant" means a gift of money, tuition discount, waiver of tuition and fees, or other
6 monetary award that requires neither employment nor repayment, except under
7 conditions prescribed by the board, and is based on demonstrated financial need and
8 such other terms and conditions as the board may prescribe;
- 9 (10) "Honorary scholarship" means a certificate of merit or achievement or other
10 appropriate document which may be issued by the board to students in recognition
11 of superior academic ability or achievement or a special talent;
- 12 (11) "Insured student loan" means a loan to an eligible borrower, who is qualified under
13 the federal act, on which the payment of principal and interest is insured as
14 evidenced by a loan guarantee issued by the authority and reinsured by the secretary
15 under the federal act;
- 16 (12) "Loan" means an advance of money, to be used exclusively for payment of
17 educational expenses, evidenced by a promissory note or similar instrument
18 requiring repayment under specified conditions;
- 19 (13) "Loan guarantee" means the certificate, document, or endorsement issued by the
20 authority as evidence of insurance of a loan as to both principal and interest and of
21 reinsurance by the secretary under the federal act;
- 22 (14) "Participating institution" means any eligible institution, to the extent that it offers
23 an eligible program of study, having a contract in force with the authority, if
24 required by the authority, on such terms as the authority may deem necessary or
25 appropriate to the administration of its programs;
- 26 (15) "Participating lender" means any eligible lender, including the authority and the
27 Kentucky Higher Education Student Loan Corporation, which has in force a

1 contract with the authority providing for loan guarantee to be issued by the authority
2 under the federal act and this chapter;

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

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

8 ~~(17)~~~~(18)~~ "Regional accrediting association" means the Middle States Association of
9 Colleges and Schools, Commission on Higher Education; New England Association
10 of Schools and Colleges, Commission on Institutions of Higher Education; North
11 Central Association of Colleges and Schools, Higher Learning Commission;
12 Northwest Association of Schools and Colleges, Commission on Colleges;
13 Southern Association of Colleges and Schools, Commission on Colleges; or
14 Western Association of Schools and Colleges, Accrediting Commission for Senior
15 Colleges and Universities;

16 ~~(18)~~~~(19)~~ "Scholarship" means a gift of money to provide an incentive for fulfillment of
17 a particular public purpose which may be based on any combination of financial
18 need, superior academic ability, achievement, a special talent, or special condition
19 serving a public purpose and such other terms and conditions as the board may
20 prescribe;

21 ~~(19)~~~~(20)~~ "Secretary" means the United States Secretary of Education; and

22 ~~(20)~~~~(21)~~ "Work study" means an award of money disbursed by the board at specified
23 intervals to students, or as reimbursement to employers of students, who provide
24 needed services for a specified number of hours in a capacity approved by the
25 board.

26 ➔Section 2. KRS 164.7874 is amended to read as follows:

27 As used in KRS 164.7871 to 164.7885:

- 1 (1) "Academic term" means a semester or other time period specified in an
2 administrative regulation promulgated by the authority;
- 3 (2) "Academic year" means a period consisting of at least the minimum school term, as
4 defined in KRS 158.070;
- 5 (3) "ACT score" means the composite score achieved on the American College Test at
6 a national test site on a national test date or the college admissions examination
7 administered statewide under KRS 158.6453(5)(b)5. if the exam is the ACT, or an
8 equivalent score, as determined by the authority, on the SAT administered by the
9 College Board, Inc.;
- 10 (4) "Authority" means the Kentucky Higher Education Assistance Authority;
- 11 (5) "Award period" means the fall and spring consecutive academic terms within one
12 (1) academic year;
- 13 (6) "Council" means the Council on Postsecondary Education created under KRS
14 164.011;
- 15 (7) "Eligible high school student" means any person who:
- 16 (a) Is a citizen, national, or permanent resident of the United States and Kentucky
17 resident;
- 18 (b) Was enrolled after July 1, 1998:
- 19 1. In a Kentucky high school for at least one hundred forty (140) days of
20 the minimum school term unless exempted by the authority's executive
21 director upon documentation of extreme hardship, while meeting the
22 KEES curriculum requirements, and was enrolled in a Kentucky high
23 school at the end of the academic year;
- 24 2. In a Kentucky high school for the fall academic term of the senior year
25 and who:
- 26 a. Was enrolled during the entire academic term;
- 27 b. Completed the high school's graduation requirements during the

1 fall academic term; and

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

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

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

12 ~~(d) Is not a convicted felon;~~

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

17 (a) Earned a KEES award;

18 (b) Has the required postsecondary GPA and credit hours required under KRS
19 164.7881;

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

21 (d) Is enrolled in a participating institution as a part-time or full-time student~~;~~
22 **and**

23 ~~(e) Is not a convicted felon;~~

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

27 (10) "Grade point average" or "GPA" means the grade point average earned by an

- 1 eligible student and reported by the high school or participating institution in which
2 the student was enrolled based on a scale of 4.0 or its equivalent if the high school
3 or participating institution that the student attends does not use the 4.0 grade scale;
- 4 (11) "High school" means any Kentucky public high school, the Gatton Academy of
5 Mathematics and Science in Kentucky, the Craft Academy for Excellence in
6 Science and Mathematics, a high school of a model and practice school under KRS
7 164.380, and any private, parochial, or church school located in Kentucky that has
8 been certified by the Kentucky Board of Education as voluntarily complying with
9 curriculum, certification, and textbook standards established by the Kentucky Board
10 of Education under KRS 156.160;
- 11 (12) "KEES" or "Kentucky educational excellence scholarship" means a scholarship
12 provided under KRS 164.7871 to 164.7885;
- 13 (13) "KEES award" means:
- 14 (a) For an eligible high school student, the sum of the KEES base amount for
15 each academic year of high school plus any KEES supplemental amount, as
16 adjusted pursuant to KRS 164.7881; and
- 17 (b) For a student eligible under KRS 164.7879(3)(e), the KEES supplemental
18 amount as adjusted pursuant to KRS 164.7881;
- 19 (14) "KEES award maximum" means the sum of the KEES base amount earned in each
20 academic year of high school plus any KEES supplemental amount earned;
- 21 (15) "KEES base amount" or "base amount" means the amount earned by an eligible
22 high school student based on the student's GPA pursuant to KRS 164.7879;
- 23 (16) "KEES curriculum" means five (5) courses of study, except for students who meet
24 the criteria of subsection (7)(b)2. of this section, in an academic year as determined
25 in accordance with an administrative regulation promulgated by the authority;
- 26 (17) "KEES supplemental amount" means the amount earned by an eligible student
27 based on the student's ACT score pursuant to KRS 164.7879;

- 1 (18) "KEES trust fund" means the Wallace G. Wilkinson Kentucky educational
2 excellence scholarship trust fund;
- 3 (19) "On track to graduate" means the number of cumulative credit hours earned as
4 compared to the number of hours determined by the postsecondary education
5 institution as necessary to complete a bachelor's degree by the end of eight (8)
6 academic terms or ten (10) academic terms if a student is enrolled in an
7 undergraduate program that requires five (5) years of study;
- 8 (20) "Participating institution" means an "institution" as defined in KRS 164.001 that is
9 eligible to participate in the federal Pell Grant program, executes a contract with the
10 authority on terms the authority deems necessary or appropriate for the
11 administration of its programs, and:
- 12 (a) 1. Is publicly operated;
- 13 2. Is licensed by the Commonwealth of Kentucky and has operated for at
14 least ten (10) years, offers an associate or baccalaureate degree program
15 of study not comprised solely of sectarian instruction, and admits as
16 regular students only high school graduates, recipients of a High School
17 Equivalency Diploma, or students transferring from another accredited
18 degree granting institution; or
- 19 3. Is designated by the authority as an approved out-of-state institution that
20 offers a degree program in a field of study that is not offered at any
21 institution in the Commonwealth; and
- 22 (b) Continues to commit financial resources to student financial assistance
23 programs; and
- 24 (21) "Part-time student" means a student enrolled in a postsecondary program of study
25 who does not meet the full-time student requirements of the participating institution
26 in which the student is enrolled and who is enrolled for at least six (6) credit hours,
27 or the equivalent for an institution that does not use credit hours.

1 ➔ Section 3. KRS 164.7884 is amended to read as follows:

2 (1) As used in this section:

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

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

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

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

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

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

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

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

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

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

23 ~~(g)~~~~(e)~~ "Registered apprenticeship program" means an apprenticeship program
24 that:

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

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

- 1 3. Requires a minimum of one hundred forty-four (144) hours of related
2 instruction for each year of the apprenticeship; and
- 3 4. Is approved by the Education and Workforce Development Cabinet;
- 4 ~~(h)(f)~~ "Related instruction" has the same meaning as in KRS 343.010; and
- 5 ~~(i)(g)~~ "Sponsor" has the same meaning as in KRS 343.010.
- 6 (2) Notwithstanding KRS 164.7881, an eligible student who earned a KEES award
7 shall be eligible for a Kentucky educational excellence scholarship if the student
8 meets the requirements of this section and is:
- 9 (a) An apprentice in a registered apprenticeship program;~~or~~
- 10 (b) Enrolled in a qualified workforce training program that has a current
11 articulation agreement for postsecondary credit hours with a participating
12 institution; or
- 13 ~~(c)~~ **Enrolled in a qualified proprietary school program.**
- 14 (3) (a) Beginning with the 2018-2019 academic year, an eligible student enrolled in a
15 registered apprenticeship program or, for the academic year beginning July 1,
16 2020, an eligible student enrolled in a qualified workforce training program
17 **or, for the academic year beginning July 1, 2022, an eligible student**
18 **enrolled in a qualified proprietary school program** may receive
19 reimbursement of tuition, books, required tools, and other approved expenses
20 required for participation in the program, upon certification by the sponsor or
21 **school** and approval by the authority.
- 22 (b) The reimbursement amount an eligible student may receive in an academic
23 year shall not exceed the student's KEES award maximum.
- 24 (c) The total reimbursement amount an eligible student may receive under this
25 section shall not exceed the student's KEES award maximum multiplied by
26 four (4).
- 27 (4) Eligibility for a KEES scholarship under this section shall terminate upon the earlier

1 of:

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

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

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

12 ➔Section 4. KRS 164.7879 is amended to read as follows:

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

	GPA	Amount	GPA	Amount
17				
18	2.50	\$125.00	3.30	\$325.00
19	2.60	\$150.00	3.40	\$350.00
20	2.70	\$175.00	3.50	\$375.00
21	2.75	\$187.00	3.60	\$400.00
22	2.80	\$200.00	3.70	\$425.00
23	2.90	\$225.00	3.75	\$437.00
24	3.00	\$250.00	3.80	\$450.00
25	3.10	\$275.00	3.90	\$475.00
26	3.20	\$300.00	4.00	\$500.00
27	3.25	\$312.00		

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

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

15 (b) Notwithstanding the definitions of "eligible high school student" and "high
16 school" in KRS 164.7874, any high school student who maintains Kentucky
17 residency and completes the academic courses that are required for a
18 Kentucky educational excellence scholarship while participating in an
19 approved educational high school foreign exchange program or participating
20 in the United States Congressional Page School may apply his or her grade
21 point average for that academic year toward the base as described in paragraph
22 (a) of this subsection. The grade point average shall be reported by the
23 student's Kentucky home high school, based on an official transcript from the
24 school that the student attended during the out-of-state educational experience.
25 The authority shall promulgate administrative regulations that describe the
26 approval process for the educational exchange programs that qualify under
27 this paragraph. The provisions in this paragraph shall likewise apply to any

1 Kentucky high school student who participated in an approved educational
2 exchange program or in a Congressional Page School since the 1998-99
3 school year and maintained his or her Kentucky residency throughout.

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

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

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

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

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

27 a. The documentation that the parent shall submit to the authority

1 establishing the student's eligibility for the scholarship; and
 2 b. The assurances that an out- of state institution shall submit to the
 3 authority for submission of the student grade point average.
 4 3. The provisions in this paragraph shall apply to the 2001-2002 school
 5 year and thereafter.

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

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

21	ACT	Annual	ACT	Annual
22	Score	Bonus	Score	Bonus
23	15	\$21	22	\$171
24	16	\$43	23	\$193
25	17	\$64	24	\$214
26	18	\$86	25	\$236
27	19	\$107	26	\$257

1	20	\$129	27	\$279
2	21	\$150	28 or above	\$300

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

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

12	ACT		ACT	
13	Score	Amount	Score	Amount
14	15	\$36	22	\$286
15	16	\$71	23	\$321
16	17	\$107	24	\$357
17	18	\$143	25	\$393
18	19	\$179	26	\$428
19	20	\$214	27	\$464
20	21	\$250	28 and above	\$500

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

25 (c) Beginning with the 2008-2009 academic year, the authority shall commit to
 26 provide a supplemental award for achievement on examinations for Advanced
 27 Placement or International Baccalaureate as defined in KRS 164.002 to an

- 1 eligible high school student whose family was eligible for free or reduced-
2 price lunch for any year during high school enrollment.
- 3 1. The supplemental award for AP examination scores are as follows:
 - 4 a. Two hundred dollars (\$200) for each score of three (3);
 - 5 b. Two hundred fifty dollars (\$250) for each score of four (4); and
 - 6 c. Three hundred dollars (\$300) for each score of five (5).
 - 7 2. The supplemental award for IB examination scores are as follows:
 - 8 a. Two hundred dollars (\$200) for each score of five (5);
 - 9 b. Two hundred fifty dollars (\$250) for each score of six (6); and
 - 10 c. Three hundred dollars (\$300) for each score of seven (7).
- 11 (d) Beginning with the 2013-2014 academic year, the authority shall commit to
12 provide a supplemental award for achievement on examinations for
13 Cambridge Advanced International as defined in KRS 164.002 to an eligible
14 high school student whose family was eligible for free or reduced-priced lunch
15 for any year during high school enrollment. The supplemental award for
16 Cambridge Advanced International examination scores are as follows:
 - 17 1. Two hundred dollars (\$200) for each score of "e";
 - 18 2. Two hundred fifty dollars (\$250) for each score of "c" or "d"; and
 - 19 3. Three hundred dollars (\$300) for each score of "a*", "a", or "b".
- 20 (e) The authority shall promulgate administrative regulations establishing the
21 eligibility criteria and procedures for making a supplemental award to
22 Kentucky residents who are citizens, nationals, or permanent residents of the
23 United States and who graduate from a nonpublic secondary school not
24 certified by the Kentucky Board of Education and Kentucky residents who are
25 citizens, nationals, or permanent residents of the United States and who obtain
26 a High School Equivalency Diploma within five (5) years of their high school
27 graduating class, and students under subsection (2)(c) of this section who do

1 not attend an accredited high school.

2 ➔Section 5. The following KRS section is repealed:

3 164.767 Restrictions on financial aid to persons incarcerated in penal institutions.