

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. The following KRS section is repealed:
- 2 164.767 Restrictions on financial aid to persons incarcerated in penal institutions.