

11 KAR 10:020. Deferment and reduction of repayment.

RELATES TO: KRS 164.744(2), 164.748(7), (8), 34 C.F.R. 653.21, 653.42

STATUTORY AUTHORITY: KRS 164.748(4), 164.753(3), 34 C.F.R. 653.21, 653.42

NECESSITY, FUNCTION, AND CONFORMITY: Public Law 98-558 established the Carl D. Perkins Scholarship Program, subsequently renamed the Congressional Teacher Scholarship Program and then subsequently renamed the Paul Douglas Teacher Scholarship Program. The Kentucky Higher Education Assistance Authority (authority) administers the program on behalf of the Commonwealth of Kentucky. That law, at 20 USC 1104g, and federal regulation 34 CFR 653.42(g), (i) and (j), authorize certain exceptions to repayment. 34 CFR 653.42(h) authorizes the authority to prescribe documentation necessary to obtain a deferment. 34 CFR 653.42(d)(2)(ii) authorizes the authority to reduce the required payments upon a showing of inability to repay. 34 CFR 653.21(a)(4) requires the authority to establish and implement policies and procedures necessary to administer repayment under 653.42. This administrative regulation defines "deferment" and establishes conditions under which specified types of deferments may be approved by the authority. This amendment is necessary to conform to amendments to the federal Act enacted by PL 102-325.

Section 1. Definitions.

- (1) The definition of "authority" is governed by KRS 164.740(1).
- (2) "Deferment" means a temporary waiver of the obligation of a scholar to make payments to the authority, pursuant to one (1) or more agreements or promissory notes executed between the scholar and the authority, which is granted by the authority, for a specified period of time, upon a showing of cause by the scholar.
- (3) The definition of "federal act" is governed by KRS 164.740(9).
- (4) "Institution of higher education" means a public or private, nonprofit educational institution approved by the secretary under the federal act for participation in the Paul Douglas Scholarship program.
- (5) The definition of "secretary" is governed by KRS 164.740(20).
- (6) "Scholar" means a Paul Douglas Scholarship recipient.
- (7) The definition of "scholarship" is governed by KRS 164.740(18).

Section 2. Request for Deferment. The scholar shall request a deferment in writing by submitting complete and accurate information on a form provided by the authority. The scholar's submission of a request for deferment shall constitute authorization for the authority to request and receive verification of facts represented by the scholar as may be deemed necessary by the authority. The scholar shall provide to the authority, at least annually:

- (1) For purposes of an enrollment deferment, evidence of enrollment certified by an authorized representative of an institution of higher education;
- (2) For purposes of a disability deferment, an affidavit from a licensed physician certifying that the scholar or spouse is temporarily totally disabled;
- (3) For purposes of an unemployment deferment, a signed statement that sets forth:
 - (a) The scholar's current address;
 - (b)
 1. The names of school districts to which the scholar has applied for full-time teaching employment; or
 2. The names and addresses of each public or private employment agency, if one is accessible, where the scholar has registered; and
 - (c) The scholar's agreement to notify the authority within thirty (30) days of the date upon which he obtains either full-time teaching employment or other full-time employment; or

(4) For purposes of a military deferment, a statement, signed by an authorized representative of the armed forces, evidencing the active duty status and period of enlistment of the scholar.

(5) If, during the period of deferment, a change occurs in the scholar's circumstances that served as the basis for the deferment approved pursuant to this section, then that deferment shall immediately terminate.

Section 3. Effect on Repayment. The consequences of a deferment upon the obligation of a scholar to repay is governed by 34 CFR 653.42(i) and (j), 52 Federal Register 45285, November 25, 1987.

Section 4. Types of Deferments. The circumstances that qualify for deferment are governed by 34 CFR 653.42(g), 52 Federal Register 45285, November 25, 1987.

Section 5. Financial Incapacity. The authority may temporarily reduce the installments required for repayment of a scholarship, at its sole discretion, upon a demonstration that the scholar, due to lack of income or other financial circumstances beyond the scholar's control, is temporarily unable to repay the scholarship in accordance with the regular repayment schedule. The scholar shall request this reduced repayment schedule by submitting a statement, signed by the scholar, on a form provided by the authority, delineating all of the income, expenses, and other financial circumstances of the scholar constituting the asserted financial incapacity.

(13 Ky.R. 1677; eff. 4-14-1987; 18 Ky.R. 3489; eff. 8-1-1992; 20 Ky.R. 385; 743; eff. 10-7-1993; Crt eff. 9-28-2018; Crt eff. 2-28-2025.)