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Proposed Rulemaking

Title

Promulgated by:
Division of Higher Education

Title 6. Education

Chapter IV. Division of Higher Education, Department of Education

Subchapter B. Scholarships and Grants

Part 400. Rules Governing the Arkansas Future Grant Program

Subpart 1. Generally

6 CAR § 400-101. Policy statement.

(a) This part shall be known as the Division of Higher Education's "Rules Governing the Arkansas Future Grant Program".

(b) This part addresses the:

(1) Student eligibility criteria;

(2) Method for recipient selection;

(3) Continuing eligibility requirements;

(4) Procedures for making payments to an approved institution of higher education; and

(5) Other administrative procedures necessary for operation of the program.

6 CAR § 400-102. Definitions.

As used in this part:

(1) "Approved institution of higher education" means an institution of higher education approved by the Division of Higher Education to participate in the Arkansas Future Grant Program that is:

(A) A state-supported two-year or four-year college or university;

(B) A state-supported technical institute;

(C) An approved state-supported school of nursing; or

(D) A private, nonprofit two-year or four-year college or university;

(2) "Approved state-supported school of nursing" means a state-supported school of nursing with its primary headquarters located in Arkansas that:

(A) Prepares students as registered nurses;

(B) Grants nursing diplomas;

(C) Is eligible to participate in the federal student aid programs of the Higher Education Act of 1965, 20 U.S.C. § 1070 et seq.;

(D) Is approved by the Arkansas State Board of Nursing;

(E) Has been approved by the Division of Higher Education as eligible to participate in the Arkansas Future Grant Program; and

(F) Is not a two-year or four-year college or university;

(3) "Federal student financial assistance" means scholarships or grants awarded to a student as a result of:

(A) An approved Free Application for Federal Student Aid, including without limitation a Pell Grant; or

(B) The student's or other family member's service in the United States Armed Forces, including without limitation the Army National Guard or Air National Guard;

(4) "Private scholarship" means a scholarship or grant awarded by a private entity or donor;

(5) "Regional high-demand field" means any field of study identified as:

(A) In demand by the Division of Workforce Services as published on its annual regional Projected Employment Opportunities List; or

(B) In high demand by an approved institution of higher education and approved by the Division of Higher Education; and

(6) "State-supported student financial assistance" means a state-supported scholarship, grant, tuition waiver, or tuition reimbursement, funded with state funds or

net proceeds from the state lottery, awarded by:

(A) The Division of Higher Education; or

(B) A scholarship or grant awarded by an approved institution of higher education in this state, funded in whole or in part by state funds, including without limitation:

(i) Scholarships awarded on the basis of entrance exam scores or high school academic achievement;

(ii) Tuition waivers based on:

(a) Age;

(b) Military service;

(c) Occupation; or

(d) Other factors;

(iii) Performance scholarships for band, musical performing groups, arts, theater, forensics, and similar activities that are not awarded on the basis of entrance exam scores or high school academic achievement; and

(iv) Any other publicly-funded program under which students are not charged or are reimbursed by the approved institution of higher education for:

(a) Tuition;

(b) Fees;

(c) Books; or

(d) Other costs of attendance.

(7)(A) "Verification roster means" an alphabetical listing by institution of all persons receiving the award for a given academic term.

(B) The certifying official is responsible for completing the verification rosters each semester or trimester.

(C) The Division of Higher Education shall provide an electronic verification roster to the financial aid administrator for each semester or trimester as needed.

Subpart 2. Procedures

6 CAR § 400-201. Eligibility requirements.

A student is eligible for an Arkansas Future Grant if the student is an Arkansas resident who meets one (1) of the following requirements:

(1) Has either:

(A) Graduated from an Arkansas:

(i) Public high school;

(ii) Private high school; or

(iii) Home school under Arkansas Code § 6-15-501 et seq.; or

(B) Received a high school equivalency diploma approved by the Division of Workforce Services; or

(2) Verifies that he or she has resided in Arkansas for the three (3) years immediately preceding application for the grant, and has either:

(A) Graduated from an out-of-state:

(i) Public high school;

(ii) Private high school; or

(iii) Home school recognized by another state; or

(B) Received a high school equivalency diploma approved by another state;

(3) Is enrolled part-time or full-time at an approved institution of higher education in a program of study that leads to an associate degree or a certification in a:

(A) Science, technology, engineering, accounting, finance, nursing, education, or mathematics field, including without limitation:

(i) Computer science;

(ii) Information technology;

(iii) Data analysis; or

(iv) Graphic design;

(B) Regional high-demand field; or

(C) State high-demand field; and

(4) Has completed and submitted to the United States Department of

Education a Free Application for Federal Student Aid or a subsequent application required by the United States Department of Education for federal financial aid.

6 CAR § 400-202. Continuing eligibility requirements.

A student may continue to be eligible until the student has:

(1) Received the grant for ~~five (5) academic semesters~~ a maximum of seventy-five (75) course credit hours in which the student is enrolled;

(2) Obtained an associate degree; or

(3) Failed to maintain satisfactory academic progress, as determined by the approved institution of higher education in which the student is enrolled~~; or~~

~~(4) Failed to complete the mentoring or community service requirements under 6 CAR § 400-205~~.

6 CAR § 400-203. Grant award amounts.

(a)(1) An Arkansas Future Grant shall be ~~in~~ distributed in:

(A) Accordance with the Division of Higher Education's stacking policy under Arkansas Code § 6-80-105; and

(B) ~~an~~An amount equal to the tuition, fees, and other charges incurred by a student who meets the requirements under 6 CAR § 400-201 and 6 CAR § 400-202 ~~to attend an approved institution of higher education, less the amount the student receives in:~~

~~(A) State-supported student financial assistance;~~

~~(B) Federal student financial assistance; and~~

~~(C) Private scholarships~~.

(2) If the approved institution of higher education in which the student is enrolled is a state-supported four-year institution of higher education or a private, nonprofit four-year institution of higher education, the total amount of tuition, fees, and other charges under subdivision (a)(1) of this section shall be calculated as the average cost of tuition, fees, and other charges at approved institutions of higher education that are state-supported two-year institutions of higher education or private, nonprofit two-

year institutions of higher education.

(b) The Division of Higher Education shall disburse the grant directly to the approved institution of higher education.

(c) The division shall award grants under this part in the order in which the division receives applications from eligible students and based on availability of funds, to include summer terms, semesters, quarters, or their equivalents, at the postsecondary institution in which the student is enrolled.

6 CAR § 400-204. Grant hold.

(a) The Division of Higher Education may approve a grant hold for a period of twenty-four (24) months or less.

(b) The reasons for a grant hold may include without limitation:

(1) A medical condition of the student or a member of the student's immediate family that, on the basis of a physician's good-faith judgment, necessitates the student or the student's immediate family member to be hospitalized or receive outpatient or home-based medical care or to recuperate until released by the attending physician;

(2) A personal or family emergency that requires the student to:

(A) Attend the funeral of an immediate family member; or

(B) Visit a relative of the student if the relative has a medical condition in which death is possible or imminent;

(3) Military service under Arkansas Code § 6-61-112; or

(4)(A) A commitment of twelve (12) to twenty-four (24) months for service in a national or international humanitarian project, sponsored by a nonprofit corporation organized with a charitable or educational purpose.

(B) The student's commitment shall be expressed in a written agreement with the nonprofit organization, including the terms of completion for the student's service on the related project.

(C) The division shall release a grant hold if the division determines that the student did not complete the commitment under the written agreement.

6 CAR § 400-205. Grant recipient responsibilities.

(a)(1) A student who receives an Arkansas Future Grant shall enter into a written agreement with the Division of Higher Education to~~:~~

~~(1)(A) Receive monthly mentoring from a mentor from an organization determined by the Division of Higher Education.~~

~~(B) A mentor under subdivision (a)(1)(A) of this section shall:~~

~~(i) Receive annual mentoring training:~~

~~*(a)* Developed by the Division of Higher Education; and~~

~~*(b)* Provided by a local volunteer group approved by the Division of Higher Education; and~~

~~(ii) Certify to the Division of Higher Education that at least one (1) time each semester the mentor has provided mentoring services by telephone, email, or in person to each student he or she is mentoring;~~

~~(2)(A) Complete at least ten (10) hours of community service each semester the student receives a grant.~~

~~(B)(i) A student may select a community service project that meets requirements developed by the Division of Higher Education.~~

~~(ii) An approved institution of higher education may provide community services opportunities designed to benefit the approved institution of higher education community or the broader local community.~~

~~(C) A student shall certify his or her community service to the approved institution of higher education by the last regular day of the semester the student received the grant; and~~

~~(3)(A) Reside~~ reside in this state for ~~three (3) consecutive years~~ six (6) months and be employed beginning within six (6) months after receiving an associate degree or a certification.

~~(B)~~(2) The Division of Higher Education may defer the requirement under subdivision ~~(a)(3)(A)~~(a)(1) of this section if:

~~(i)~~(A) The Division of Higher Education, in consultation with the Division of Workforce Services, determines that there was no employment position

available that would reasonably enable the student to meet this requirement; or

~~(ii)~~(B) Special circumstances as determined by the Division of Higher Education exist.

~~(C)~~(3) After the period of deferral, the student shall begin or resume working in this state or become subject to repayment under subsection (b) of this section.

(b) The written agreement under subsection (a) of this section shall provide that the grant converts into a loan and the student shall repay the grant amount:

(1) On a pro rata basis at an interest rate and on a schedule as determined by the Division of Higher Education, for each year the student does not reside in this state for three (3) consecutive years, and become employed beginning within six (6) months after receiving an associate degree or a certification; or

(2) In its entirety at an interest rate and on a schedule as determined by the Division of Higher Education if the recipient does not comply with the written agreement under subsection (a) of this section.

(c)(1) It is the recipient's responsibility to notify the Division of Higher Education of any change in status within twenty-one (21) days.

(2) Failure to notify the Division of Higher Education of a change of status may affect future eligibility.

(3) Change of status will include:

(A) Change in name;

(B) Change in address; and

(C) Change in institution.

6 CAR § 400-206. Collection of loan.

(a)(1)(A) Accounts will be retained by the Financial Aid Division of the Division of Higher Education until the individual is no longer eligible for deferment, at which point the account will be turned over to a vendor for repayment.

(B) The student will:

(i) Be notified by mail that their account is being placed with a vendor

for collections; and

(ii) Receive a loan amortization schedule.

(2)(A) The account will remain with the vendor until repaid or one hundred twenty (120) days past due.

(B) Loan recipients who are determined by the Division of Higher Education to be one hundred twenty (120) days delinquent will be mailed their first letter of notification ten (10) days after the installment payment is due.

(C) If payment is not forthcoming within sixty (60) days from the original payment due date, a second letter of notification will be sent to the loan recipient declaring their account is delinquent and requesting that the account be immediately brought up to date.

(3) If the loan recipient has not responded within ninety (90) days from the original payment due date, the third and final letter of notification will be sent to the recipient informing them that the account will officially be in default if outstanding payments are not made within thirty (30) days.

(b) **Skip tracing mechanisms.** The Division of Higher Education will use the following steps to locate recipients if communications are returned as undelivered:

(1) Contact the Office of Motor Vehicle of the Arkansas Department of Finance and Administration;

(2) Contact references listed on the recipient's application;

(3) Utilize telephone directory or check with directory assistance in the area of the recipient’s last known address;

(4) Contact institutional offices (alumni office, admissions office, registrar's office, fraternity or sorority, and the department that the recipient majored in) at the campus where the recipient last attended;

(5) Contact creditors, such as credit card companies, credit bureaus, or GSL lender;

(6) Contact recipient's:

(A) Field of study;

(B) Professional organization;

(C) Union; or

(D) Licensing board;

(7) Contact post office;

(8) Contact utility companies; and

(9) Contact Chamber of Commerce.

(c) **Credit reporting agencies.**

(1) Defaulted recipients will be reported to the following credit reporting agencies:

(A) CSC Credit Reporting Services, Inc.;

(B) TRW Credit Data; and

(C) Trans Union Credit Reporting.

(2)(A) Forms for reporting defaulted loan recipients are located in the collections file.

(B) The Division of Higher Education will respond promptly to any inquiries it receives from credit reporting agencies concerning delinquent or defaulted loan recipients.

(d) **State income tax set-off.** By the authority of Acts 1993, No. 345, the Division of Higher Education has been included as a claimant agency for the setoff of debts against state tax refunds.

(e) **Litigation.**

(1) No sooner than thirty (30) days after sending the third letter of notification, the Division of Higher Education shall institute a civil suit against the recipient for repayment of the loan.

(2) Small claims courts will be used to satisfy debts of accounts up to three thousand dollars ($3,000).

(3) If the account is over three thousand dollars and one cent ($3,000.01), the Division of Higher Education must use circuit court.

(4) If the account is three thousand dollars and one cent ($3,000.01) or above, the Division of Higher Education may choose to use small claims courts and waive the difference because of the expense involved in going to circuit court.

(5) If the Division of Higher Education chooses to waive the difference, it cannot later try to collect the difference.

(6) Forms to take the recipient to small claims court are requested from the recipient's county of residence.

(f) **Write-offs.**

(1) Arkansas Future Grants that convert to loans may be written off as uncollectible if the Division of Higher Education shows due diligence to satisfy the collection of the debt, and documents in the recipient's file that:

(A) The cost of litigation would exceed the likely recovery if litigation were commenced; or

(B) The recipient does not have the means to satisfy a judgment on the debt, or a substantial portion thereof.

(2) Proof of due diligence collection activities must be submitted to the Administrator of the Department of Finance and Administration and approval from the administrator must be received before Arkansas Future Grant loan accounts may be written off.

(g) **Nonpayment penalties.** Loan recipients who fail to meet their repayment obligations may have added to their total obligation any costs for collection of the debt.

6 CAR § 400-207. Institutional responsibilities — College and university responsibilities.

(a) **Administrative agreement.**

(1) The chief executive officer of the eligible institution is responsible for appointing one (1) representative from the financial aid office to act as administrator of the Arkansas Future Grant Program and to receive all communications, forms, etc.

(2) This representative is responsible for verification, data, and compliance with all program rules.

(3) The institution must comply with all rules in order to maintain continued eligibility status.

(b) **Disbursement records.** The institution shall maintain information on the

student indicating disbursement of scholarship funds.

(c) **Institutional verification.**

(1)~~(A)~~ The institution shall provide certification of enrollment in an eligible program of study, and enrollment in courses that will meet satisfactory academic progress standards, as of the eleventh day of classes by completing a verification roster each semester after registration.

~~(B) The verification roster is an alphabetical listing by institution of all persons receiving the award for a given academic term.~~

~~(C) The certifying official is responsible for completing the verification rosters each semester or trimester.~~

~~(D) The Division of Higher Education shall provide electronic verification roster to the financial aid administrator for each semester or trimester as needed.~~

(2) The electronic verification roster shall be returned to the division by November 1 for the fall term and by March 15 for the spring term.

(3)(A) The division shall also provide electronic continuing eligibility rosters to the financial aid administrator before the end of the fall and spring term.

(B) The rosters shall be returned to the division no later than January 15 based on the fall semester and June 1 based on the spring semester to ensure that adequate time is provided to notify students of their status in the program.

(d) **Deadlines for disbursement of funds.**

(1) The deadline for disbursement of funds is no later than ten (10) days after receipt of funds.

(2) Any outstanding funds not disbursed by these dates must be returned to the division.

(3) For those students whose applications are received by the division too late to allow disbursement by these dates, disbursement will be made within ten (10) working days of receipt of the verification roster and electronic transfer of funds.

(e) **Due diligence.**

(1) The institution will exercise due diligence in providing complete, accurate, and timely information as requested by the division on any Arkansas Future Grant

recipient or former recipient.

(2) In addition, the institution will exercise due diligence in complying with all the rules of the Arkansas Future Grant Program.

(3) The division shall periodically review the institution's records concerning this program in an effort to exercise its due diligence requirements as a steward of state funds.