

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 391. Rules Governing Arkansas Academic Challenge Scholarship Program

Subpart 1. Generally

6 CAR § 391-101. Policy statement.

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

(b) This part addresses the student eligibility criteria, method for recipient selection, continuing eligibility requirements, procedures for making payments to an approved institution of higher education, and other administrative procedures necessary for operation of the program.

6 CAR § 391-102. Definitions.

As used in this part:

(1) "Academic year" means a measure of the academic work to be accomplished by a student through the fall, spring, ~~first~~ and ~~second~~ summer semesters, or the equivalent of fall, spring, and summer semesters, in that order, ~~or as defined by the Division of Higher Education;~~

(2) "ACT" means the ACT administered by ACT, Inc.;

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(3) "ACT equivalent" means the Scholastic Aptitude Test (SAT), COMPASS, ACCUPLACER, Asset, or other nationally normed test that is correlated with the ACT and approved by the Division of Higher Education for use by institutions of higher education to assess a person's college readiness;

(4) ~~(A)~~ "Approved institution of higher education" means an institution of higher education approved by the Division of Higher Education to participate in the Arkansas Academic Challenge Scholarship Program ~~and~~ that is:

~~(A)(i)~~ A state-supported two-year or four-year ~~college or university~~ institution of higher education;

~~(B)(ii)~~ A private, nonprofit two-year or four-year college or university with its primary headquarters located in Arkansas that is eligible to receive Title IV federal student aid funds; ~~or~~

~~(C)(iii)~~ An approved school of nursing, subject to the provisions of Arkansas Code § 6-85-213(c);

(5) "Approved school of nursing" means a school of nursing with its primary headquarter located in Arkansas that:

(A) Prepares students as registered nurses;

(B) Grants nursing diplomas;

(C) Is eligible to participate in the Higher Education Act of 1965, Title IV federal student aid programs;

(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 Academic Challenge Scholarship Program; and

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

(6) "Arkansas resident" means a natural person who provides evidence deemed sufficient by the Division of Higher Education that:

(A) For the twelve-month period required under basic eligibility requirements the person:

(i) Maintained a permanent home in Arkansas where the person resides for an average of no less than four (4) days and nights per calendar week; and

(ii) Either:

(a) Is an Arkansas registered voter;

(b) Holds a valid Arkansas motor vehicle driver's license;

(c) Receives benefits under an Arkansas public assistance program;

(d) Uses an Arkansas residence address for federal or state tax purposes; or

(e) Claims Arkansas as a residence to hold public office or for judicial actions; or

(B) Before the deadline for filing a scholarship application under this part the applicant:

(i) Is on active military status;

(ii) Qualifies for in-state tuition and fees if the student is a:

(a) Veteran who was honorably discharged or released from a period of not less than ninety (90) days of active duty in the military, naval, or air service within three (3) years before the date of enrollment in a program of study;

(b) Dependent of a veteran under subdivision (6)(B)(ii)(a) of this section;

(c) Member of the armed forces; or

(d) Spouse of a member of the armed forces; and

(iii) Meets one (1) of the conditions under subdivision (6)(A)(ii) of this section;

(7) "Continuously enrolled" means:

(A) For a traditional student, he or she successfully completes at an approved institution of higher education twenty-seven (27) semester hours in the first academic year as a recipient and, except while the recipient is enrolled as a part-time student if the recipient is enrolled in the number of credit hours necessary to complete the recipient's degree program, successfully completes thirty (30) semester hours each academic year thereafter;

(B) For a full-time nontraditional student, he or she successfully completes

at an approved institution of higher education at least fifteen (15) semester hours of courses in consecutive semesters;

(C) For a part-time nontraditional student, he or she successfully completes at an approved institution of higher education at least six (6) semester hours of courses in consecutive semesters; and

(D) For a student who is enrolled in a degree plan that has a maximum number of semester hours in a semester that is less than the requirements of subdivisions (7)(A) – (C) of this section, he or she successfully completes at an approved institution of higher education the maximum number of hours required by the degree plan for the semester;

(8) "Cost of attendance" means the recognized cost of attendance of an institution of higher education calculated under rules established by the Division of Higher Education;

(9)(A) "Diploma with Merit" means a diploma that requires a student to complete a Success Ready Pathway and earn one of the following:

(i) An industry-recognized credential;

(ii) Twelve (12) hours of postsecondary education credit;

(iii) The Seal of Biliteracy;

(iv) An AP Scholar or Scholar with Honor designation;

(v) A score of thirty-one (31) or higher on the ASVAB;

(vi) Arkansas Certified Pre-Apprenticeship leading to a Registered

Apprenticeship;

(vii) Cambridge Scholar;

(viii) IB Career-related Programme Certificate; or

(ix) IB Scholar.

(B) A Success Ready Pathway includes a sequence of courses defined by the Division of Elementary and Secondary Education for each pathway.

~~(9)~~(10) "Full-time student" means a student enrolled in at least twenty-seven (27) semester hours the first academic year and thirty (30) semester hours per academic year thereafter or the equivalent, as described in this rule, or the equivalent

as defined by the Division of Higher Education;

~~(10)~~(11) "Enrolled" means that the approved institution of higher education where the student is attending class counts the student as enrolled for the hours claimed on the last day to add or drop a class at the approved institution of higher education;

~~(11)~~(12) "High school grade point average" means the numbered grade average on a student's high school transcript calculated:

(A) For a traditional student, using the first seven (7) of the last eight (8) semesters the student completed prior to graduating high school; or

(B) For a nontraditional student, using the last eight (8) semesters the student completed before graduating high school;

~~(12)~~(13)(A) "Incarcerated" means a person who has been convicted of a crime and is imprisoned for that crime or is being held in custody for trial or sentencing.

(B) Incarceration will result in applicant or recipient being ineligible for the Arkansas Academic Challenge Scholarship;

~~(13)~~(14) "Lawful permanent resident" means a non-United States citizen who resides in the United States under a legally recognized and lawfully recorded permanent residence and who may receive state public benefits under 8 U.S.C. § 1622;

~~(14)~~(15) "Qualified certificate program" means a program:

(A) That is offered by an approved institution of higher education;

(B) For which credit hours are awarded that are creditable toward an associate degree or baccalaureate degree; and

(C) Recognized by the United States Department of Education for financial aid purposes;

~~(15)~~(16) "Recipient" means an applicant awarded a scholarship funded through the program;

~~(17)~~(16) "Semester" means one-half (1/2) of a traditional academic year at an institution of higher education, or an equivalent approved by the Division of Higher Education, in which a student enrolls for not less than:

(A) Fifteen (15) credit hours as a full-time student, except that in the first

semester as a first-time full-time freshman, a traditional student shall enroll in not less than twelve (12) credit hours; or

(B) Six (6) credit hours as a part-time student;

~~(17)~~(18) "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 institution of higher education in this state 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) Out-of-state tuition waivers for undergraduate students from contiguous states in close proximity to a college or university;

(iv) Scholarships for transfers from two-year institutions;

(v) 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

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

(a) Tuition;

(b) Fees;

(c) Books; or

(d) Other costs of attendance;

~~(18)~~(19) "Superscore" means the final composite score that is calculated according to a combination of the highest individual section scores across all of the ACT

tests taken by an individual;

~~(19)~~(20)(A) "Traditional student" means a student who:

(i) Will enter postsecondary education as a full-time first-time freshman on or before the fall semester of the academic year that begins immediately following:

(a) The student's graduation from high school; or

(b) The last day of the school year:

(1) That would have been the student's junior or senior year of high school; and

(2) In which the student completes the requirements for high school graduation and obtains a General Educational Development certificate instead of receiving a diploma; and

(ii) Remains continuously enrolled as a full-time student;

(B) "Traditional student" includes a student who otherwise meets this definition but delays entering postsecondary education under a scholarship hold approved by the Division of Higher Education.

Subpart 2. Procedures

6 CAR § 391-201. Basic eligibility requirements.

The basic requirements for an applicant to be eligible for an award from the Arkansas Academic Challenge Scholarship Program are:

(1)(A) The applicant has been an Arkansas resident for at least the twelve (12) months immediately preceding the date the applicant will enroll in an approved institution of higher education.

(B) If the applicant is less than twenty-one (21) years of age, either the applicant or a parent or guardian of the applicant shall have maintained Arkansas residency for at least the twelve (12) months immediately preceding the date the applicant will enroll in an approved institution of higher education.

(C)(i) To be considered an Arkansas resident, an applicant shall

demonstrate residency by evidence deemed sufficient to the Division of Higher Education.

(ii) Evidence of residency may include without limitation information provided by the applicant on the Free Application for Federal Student Aid or a subsequent application required by the United States Department of Education for federal financial aid.

(D) During the twelve (12) months immediately preceding the date an applicant will enroll in an approved institution of higher education if the person for whom the twelve-month period is calculated under subdivision (1)(A) or (1)(B) of this section is deployed outside of Arkansas under military orders, the Division of Higher Education shall calculate the twelve (12) months by:

(i) Excluding months of military deployment outside of Arkansas that are within the twelve (12) months immediately preceding the date the applicant will enroll in an approved institution of higher education; and

(ii) Including months the person maintained Arkansas residency immediately preceding the military deployment outside of Arkansas;

(2) The applicant is a citizen of the United States or is a lawful permanent resident;

(3)(A) The applicant is accepted for admission as a full-time student or part-time student at an approved institution of higher education in a program of study that leads to or is creditable toward:

(i) A baccalaureate degree;

(ii) An associate degree;

(iii) A certificate from a qualified certificate program;

(iv) A graduate-level or professional degree; or

(v) An approved school of nursing in a program of study that leads to a nursing diploma under Arkansas Code § 6-85-213.

(B) A full-time student shall enroll in at least twenty-seven (27) semester hours the first academic year and thirty (30) semester hours per academic year thereafter or the equivalent, as described in this part, or the equivalent as defined by

the Division of Higher Education.

(C) A part-time student shall complete at least six (6) semester hours but less than the minimum number of semester hours for a full-time student, as defined by the Division of Higher Education;

(4) The applicant has not met the maximum continuing education eligibility requirements under Arkansas Code § 6-85-210;

(5) The applicant does not owe a refund on a federal or state student financial aid grant for higher education;

(6) The applicant is not in default on a state or federal student financial aid loan for higher education;

(7) The applicant has not borrowed, as determined by the approved institution of higher education to be attended, in excess of the annual loan limits under the Federal Family Educational Loan Program Systems, William D. Ford Federal Direct Loan Program, Income Contingent Loan Demonstration Program, Stafford Loan Program, Parent Loan for Undergraduate Students Program, or Supplemental Loan for Students Program in the same academic year for which the student has applied for assistance under this part;

(8) The applicant is not incarcerated at the time of the application for or during the time the applicant receives a scholarship under this part;

(9) The applicant has complied with United States Selective Service System requirements for registration;

(10) The applicant 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; and

(11) The applicant certifies that he or she is drug-free and pledges in writing on the application form to refrain from the use or abuse of illegal substances in order to become eligible and maintain eligibility for this program.

6 CAR § 391-202. Additional eligibility requirements for traditional

students.

In addition to the basic eligibility requirements an applicant is eligible as a traditional student if the applicant either:

(1) ~~(A)~~ Graduated from an Arkansas public high school and has a minimum superscore of nineteen (19) on the ACT or the equivalent score on an ACT equivalent;
or

(B) Upon graduation from high school:

(i) Achieved a minimum grade point average of 3.0 during high school;

(ii) Completed at least one (1) college readiness assessment; and

(iii) Achieved a Diploma with Merit.

(a) Proof of attainment shall be submitted with the student's scholarship application.

(2) Has a disability identified under the Individuals with Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on July 1, 2009, and graduated from an Arkansas public high school, and ~~either had:~~ meets the requirements defined in subdivision (1) of this section.

~~(A) A minimum superscore of nineteen (19) on the ACT; or~~

~~(B) The equivalent score on an ACT equivalent;~~

~~(3) Achieved a minimum superscore of nineteen (19) on the ACT or the equivalent score on an ACT equivalent and~~ A student shall also meet one (1) of the following eligibility requirements:

(A) ~~Graduated~~ Graduate from a private high school, an out-of-state high school, or a home school high school; ~~or~~

(B) In the year in which the student would have been a junior or senior in high school, completed the requirements for high school graduation and obtained a high school equivalency diploma approved by the Division of Workforce Services instead of receiving a diploma; or

(4) Meets one (1) of the following criteria:

(A) Was enrolled at an institution of higher education in the immediately

preceding academic year as a full-time, first-time freshman;

(B) Did not receive a scholarship under this part as a first-time, full-time freshman;

(C) Successfully completed with the equivalent of a minimum letter grade of "D" at least twenty-seven (27) semester hours of courses as a full-time, first-time freshman; ~~and~~ or

(D) Achieved a postsecondary grade point average of at least 2.5 on a 4.0 scale as a full-time, first-time freshman.

6 CAR § 391-203. Additional eligibility requirements for a nontraditional student.

In addition to the basic eligibility requirements an applicant is eligible as a nontraditional student if the applicant meets one (1) of the following requirements:

(1) If the applicant:

(A) Has not been enrolled in an approved institution of higher education;

(B) Has graduated from an Arkansas public high school, a private high school, an out-of-state high school, a home school high school, or obtained a high school equivalency diploma approved by the Division of Workforce Services; and

(C) Had a minimum superscore of nineteen (19) on the ACT or the equivalent score on an ACT equivalent; or

(2) If the applicant has been enrolled in an approved institution of higher education, has earned a postsecondary grade point average of at least 2.5 on a 4.0 scale.

6 CAR § 391-204. Continuing eligibility.

(a)(1)(A) A recipient who meets continuing eligibility criteria under this part shall receive a scholarship for one (1) academic year renewable annually until the recipient has earned one hundred twenty (120) semester credit hours.

(B) A recipient may continue to receive a scholarship after he or she has earned one hundred twenty (120) semester credit hours, but not more than one

hundred thirty (130) semester credit hours, if the student is enrolled in a baccalaureate degree program that requires more than one hundred twenty (120) semester credit hours as provided under Arkansas Code § 6-61-232.

(2) A semester in which a student withdraws or fails to complete the number of credit hours for which the student first enrolled is counted toward the maximum number of semesters for which the student may receive a scholarship award under this part.

(3) The maximums under this subsection apply to any degree program, regardless of whether or not the degree program requires additional semesters.

(4) A recipient may attend summer terms at the student's own expense to earn credit hours necessary to maintain eligibility for a scholarship under this part.

(5) For each eligible term, all required hours for continuing eligibility must be taken at one (1) approved institution.

(b) To maintain eligibility for an Arkansas Academic Challenge Scholarship under this part, a recipient shall:

(1) Continue to meet the relevant eligibility requirements of this part while a recipient of a scholarship under this part;

(2)(A) Meet the satisfactory academic progress standards required to receive other financial aid at the approved institution of higher education where the recipient is enrolled, as determined by the Division of Higher Education in conjunction with the institution of higher education where the recipient is enrolled.

(B)(i) A recipient who does not successfully complete any credit hours toward degree completion in a semester in which he or she received a scholarship under this part immediately forfeits the remainder of the scholarship award for that academic year.

(ii) The division shall notify the recipient of the loss of eligibility under this subdivision.

(C) By accepting scholarship funds under this part, the receiving institution certifies that students will be enrolled in courses that will meet satisfactory academic progress standards leading toward a certificate, an associate degree, a

nursing diploma, a baccalaureate degree, or a graduate-level or professional degree;

(3) If enrolling in one (1) or more remedial courses, complete all remedial courses required by the approved institution of higher education by the time the student completes the first thirty (30) semester hours attempted after receiving the scholarship;

(4) Earn a postsecondary grade point average of 2.5 or higher on a 4.0 scale at an approved institution of higher education;

(5) Enroll in courses that lead toward a baccalaureate degree or graduate-level or professional degree after attempting the lesser of:

(A) Five (5) semesters; or

(B) The completion of an associate degree program; and

(6) Meet any other continuing eligibility criteria established by the division.

(c)(1) A traditional student recipient who loses eligibility for a scholarship may apply as a first-time nontraditional student.

(2) A recipient under subdivision (c)(1) of this section who loses eligibility for the nontraditional student scholarship is not eligible to apply for a scholarship under any eligibility provision of this part.

(d) If a recipient is subject to losing a scholarship under subsection (c) of this section due to a catastrophic event experienced by the recipient or a family member of the recipient, the division may waive the requirements of this section and determine the appropriate requirements for the recipient to either retain or regain the scholarship.

6 CAR § 391-205. Scholarship award amounts.

(a) The General Assembly may use net proceeds from the state lottery to fund the scholarships awarded under this part and to supplement the state-supported student financial assistance that the General Assembly determines is necessary to meet the state's objective for broadening and increasing access of Arkansas citizens to higher education.

(b) Net proceeds from the state lottery used to fund scholarships under this rule

shall:

(1) Be used exclusively for the purposes set out in Arkansas Constitution, Amendment 87, and this part; and

(2) Supplement and shall not supplant nonlottery state educational resources.

(c) The scholarships established under this part are subject to available funding and do not create for any student an entitlement to financial assistance to enable the student's attendance at an approved institution of higher education.

(d)(1)(A) Subject to the availability of net revenue, the scholarship award amount under this part for an academic year for a full-time recipient enrolled in a four-year approved institution of higher education is:

(i) ~~One~~Two thousand dollars ~~(\$1,000)~~ (\$2,000) for a recipient who has earned less than twenty-seven (27) semester credit hours;

(ii) Four thousand dollars (\$4,000) for a recipient who has earned at least twenty-seven (27) semester credit hours but less than fifty-seven (57) semester credit hours;

(iii) Four thousand dollars (\$4,000) for a recipient who has earned at least fifty-seven (57) semester credit hours but less than eighty-seven (87) semester credit hours; and

(iv) *(a)* Five thousand dollars (\$5,000) for a recipient who has earned at least eighty-seven (87) semester credit hours but no more than one hundred twenty (120) semester credit hours, unless the recipient is enrolled in a baccalaureate degree program that requires more than one hundred twenty (120) semester credit hours, but not more than one hundred thirty (130) semester credit hours, as provided under Arkansas Code § 6-61-232, then up to the number of credit hours required to complete the baccalaureate program.

(b) A recipient shall receive no more than one (1) year of the scholarship provided under subdivision (d)(1)(A)(iv) *(a)* of this section unless the recipient is enrolled in a baccalaureate degree program that requires more than one hundred twenty (120) semester credit hours as provided under Arkansas Code § 6-61-232.

(c)(1) A recipient who is eligible to receive the scholarship under subdivision (d)(1)(A)(iv)(a) of this section may receive the scholarship while enrolled in a semester as a part-time student.

(2) The scholarship amount for the semester in which a recipient is enrolled as a part-time student under subdivision (d)(1)(A)(iv)(c)(1) of this section ~~shall~~may be prorated by the number of credit hours in which the recipient is enrolled.

(B)(i) To determine the correct scholarship award amount based on credit hours, a first-time recipient shall submit a current college or university transcript if the first-time recipient has earned any semester credit hours to the Division of Higher Education no later than a date determined by the Division of Higher Education prior to the academic year for which the first-time recipient will receive an initial scholarship award.

(ii) A first-time recipient who does not submit a transcript to the Division of Higher Education on or before the date determined by the Division of Higher Education shall receive the award amount under subdivision (d)(1)(A)(i) of this section.

~~(C)(i) An applicant may elect for the earned semester credit hours under subdivision (d)(1)(A) of this section to be only those semester credit hours earned after graduating from high school or obtaining a high school equivalency diploma approved by the Division of Workforce Services.~~

~~(ii) If the applicant makes the election under subdivision (d)(1)(C)(i) of this section, any semester credit hours earned through concurrent credit or any other method before graduating high school or obtaining a high school equivalency diploma approved by the Division of Workforce Services shall not be counted as earned semester credit hours for the purposes of determining a recipient's scholarship award amount under subdivision (d)(1)(A) of this section.~~

(2)(A) The Division of Higher Education shall award an aggregate amount of scholarship awards to nontraditional students of up to fifteen million dollars (\$15,000,000).

(B)(i) The Division of Higher Education shall return to the Office of the

Arkansas Lottery the excess funding, if any, for scholarship awards the Division of Higher Education received under Arkansas Code § 23-115-801.

(ii) The office shall deposit any funds received from the Division of Higher Education under subdivision (d)(2)(B) into the Lottery Scholarship Trust Account established under Arkansas Code § 23-115-801(b).

(C) Priority for scholarships awarded to nontraditional students is based on:

(i) The applicant's level of progress toward completion of:

(a) A certificate;

(b) An associate degree;

(c) A nursing diploma;

(d) A baccalaureate degree; or

(e) A graduate-level or professional degree; or

(ii) Other criteria established by the Division of Higher Education.

(3) Subject to the availability of net revenue, the scholarship award for an academic year for a full-time student enrolled in one (1) of the following institutions of higher education is ~~one~~two thousand dollars ~~(\$1,000)~~ (\$2,000) for the first year and three thousand dollars (\$3,000) for the second year:

(A) A two-year approved institution of higher education;

(B) A branch campus of a four-year approved institution of higher education; or

(C) An approved school of nursing.

(4) Subject to the availability of net revenue, the scholarship award amount for a part-time student recipient shall be:

(A) One-half (1/2) of the award amount for a full-time student recipient, if the recipient is enrolled in at least six (6) semester hours but less than nine (9) semester hours; or

(B) Three-quarters (3/4) of the award amount for a full-time student recipient, if the recipient is enrolled in at least nine (9) semester hours but less than the number of hours required for a full-time student recipient.

(5) A current recipient who maintains eligibility for the scholarship under this part shall continue to receive the scholarship award amount first awarded to the recipient.

(6) The Division of Higher Education shall give priority for a scholarship award to a full-time or part-time student:

(A) Who meets the eligibility requirements under this part; and

(B) Whose parent, by birth or legal adoption:

(i) Was a resident of the State of Arkansas at the time that person entered the service of the United States Armed Forces or whose official residence is in Arkansas; and

(ii) Was a member of the United States Armed Forces who was killed while performing military duty:

(a) In a status identified under 32 U.S.C. § 101 et seq. or 10 U.S.C. § 101 et seq. as they existed on January 1, 2011; or

(b) In state active duty status.

(e) Annually by December 15, the Legislative Council shall provide to the General Assembly its recommendations for any changes to the:

(1) Award amounts;

(2) Number or type of scholarships; and

(3) Eligibility requirements.

(f) It is the intent of the General Assembly that in determining award amounts under this part, the General Assembly will consider whether sufficient funds will be available to pay for scholarship awards through the anticipated completion of the degree or certificate a recipient is seeking.

(g) All awards under this section are subject to the prohibition under Arkansas Code § 6-80-105 against using public funds in a student financial package in excess of the recognized cost of attendance at the institution where the student is enrolled.

(h)(1) If the Division of Higher Education has less than a sufficient amount from net proceeds from the state lottery to provide for the scholarship commitments under this part, the Division of Higher Education shall give priority for continued financial

support under this part to a student with continuing eligibility superior to first-time applicants.

(2) If the funding is insufficient to fully fund the scholarships for students with continuing eligibility created under this part, the Division of Higher Education shall award scholarships based upon the following criteria to students with continuing eligibility as follows:

(A) First, to students who have the highest level of progress toward completion of a certificate, an associate degree, a baccalaureate degree, or a graduate-level or professional degree, and who are enrolled in a program of study that is:

(i) In an area of critical workforce need as determined by the Division of Higher Education; or

(ii) In a science, technology, engineering, or mathematics field;

(B) Second, to students who have the highest level of progress toward completion of a certificate, an associate degree, a baccalaureate degree, or a graduate-level or professional degree, and who are enrolled in a program of study other than those listed in subdivision (h)(2)(A) of this section; and

(C) Last, in the event funding is insufficient to fully fund students under subdivision (h)(2)(A) or (h)(2)(B) of this section, to students who have the highest postsecondary grade point average.

(3)(A) If after funding all students with continuing eligibility under this section funding is insufficient to fund all qualified first-time applicants, the Division of Higher Education shall award scholarships to first-time applicants in order of priority based upon the applicants' ACT superscore or ACT equivalent superscore.

(B) If after prioritizing first-time applicants based upon the applicants' ACT or ACT equivalent scores funding is insufficient to fund all applicants with like ACT or ACT equivalent scores, the Division of Higher Education shall determine who receives an award by random drawing.

6 CAR § 391-206. Payments of scholarships.

(a)(1) The Division of Higher Education shall disburse scholarships to the approved

institution of the student's choice.

(2) The division shall send funds to the institution via electronic funds transfer or state warrant.

(3) After verification of full-time enrollment, the institution will disburse the scholarship to the student according to the institution's disbursement procedures.

(4) The scholarship payment will correspond to academic terms, semesters, quarters, or equivalent time periods at the eligible institution.

(5) In no instance may the entire amount of the scholarship disbursement for an educational year be paid to or on behalf of such student in advance.

(b) **Transfer of scholarships to another approved institution.** A recipient who has received an Academic Challenge Scholarship may transfer the scholarship to another approved Arkansas institution of higher education, provided that the student notifies the division of the change of status by October 1 for the fall term and by February 1 for the winter and/or spring terms by changing the college on the student's department YOUNiversal financial aid account.

(c) **Repayment of scholarships.**

(1) If the recipient of a scholarship withdraws, drops out, or is expelled on or after the first day of class of a payment period, the institution will determine whether the student received an overpayment of financial aid funds for noninstitutional expenses.

(2) Overpayment is the difference between the amount received as cash disbursements and the amount incurred for noninstitutional costs during the portion of the payment period that the student was actually enrolled.

(3) It is the institution's responsibility to contact students and recover overpayments.

(d) **Refunds.**

(1) The Arkansas Academic Challenge Scholarship Program is entitled to a refund of the scholarship or loan amount, for that semester, if the recipient of a scholarship or loan withdraws, drops out, or is expelled on or after his or her first day of class of the payment period and the situation falls under the refund policy of the

institution.

(2) The institution shall pay the refund to the division.

(e) **Overpayment.** If the award of an Arkansas Academic Challenge Scholarship results in an overpayment to the student according to the state law, Arkansas Code § 6-80-105, governing the stacking of scholarships, the institution shall follow the Department of Higher Education stacking policy in reducing the student's financial package to prevent the student from receiving funds above the federally recognized cost of attendance.

6 CAR § 391-207. Institutional responsibilities.

(a) College/university responsibilities.

(1) Administrative agreement.

(A) 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 Academic Challenge Scholarship Program and to receive all communications, forms, etc.

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

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

(2) **Disbursement records.** The institution shall maintain information on the student indicating disbursement of scholarship funds.

(3) Institutional verification.

(A) The institution shall provide certification of full-time enrollment 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.

(E) 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.

(F) Students who are enrolled less than full-time in the current term shall not receive scholarship benefits in that term.

(G) The division shall also provide electronic continuing eligibility rosters to the Financial Aid Administrator before the end of the spring term.

(H) The continuing eligibility rosters shall be returned to the division no later than June 1 to ensure that adequate time is provided to notify students of their status in the program.

(4) Deadlines for disbursement of funds.

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

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

(C) 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.

(5) Due diligence.

(A) The institution will exercise due diligence in providing complete, accurate, and timely information as requested by the division on any Arkansas Academic Challenge Scholarship recipient or former recipient.

(B) In addition, the institution will exercise due diligence in complying with all the rules of the Arkansas Academic Challenge Scholarship Program.

(C) 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.

(b) Recipient's responsibilities.

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

(2) This will include change in:

(A) Name;

(B) Address;

(C) Institution; and

(D) Full-time status (twelve (12) college credit hours for those students who are in their first fall semester following high school graduation, fifteen (15) college credit hours for those students who are beyond the first fall semester following high school graduation).

(3) Failure to notify the division of a change of status may affect future eligibility.

6 CAR § 391-208. Scholarship hold — Leave of absence.

(a) The Division of Higher Education may approve a scholarship hold or a leave of absence for a traditional student for a period of twenty-four (24) months or less.

(b) The reasons for a scholarship hold or a leave of absence 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 scholarship hold or a leave of absence, whichever is applicable, if the division determines that the student did not complete the commitment under the written agreement.