



Division of Higher Education

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Johnny Key
Secretary

Maria Markham, Ph.D.
Director

January 31, 2022

Ms. Gina Seaton
Bureau of Legislative Research
One Capitol Mall, Fifth Floor
Little Rock, AR 72201

**Re: Division of Higher Education Rules Governing the Military
Dependents' Scholarship Program**

Dear Ms. Seaton:

Attached are the proposed rules as well as a post-public comment summary, a Financial Impact Statement, and a summary of public comments and Division responses. The Division respectfully requests that the proposed rules be placed on the ALC Administrative Rules Subcommittee agenda.

On August 26, 2021, the Arkansas Higher Education Coordinating Board approved the release of these rules for public comment pending the approval of the Governor's Office. On November 8, 2021, the Governor's Office approved them for public comment release. On January 28, 2022, the Arkansas Higher Education Coordinating Board gave its final approval of the rules.

Thank you for your assistance. If you have any questions or require further information, please do not hesitate to call me at (501) 683-1876.

Respectfully submitted,

/s/ Whitney James
Staff Attorney
Arkansas Department of Education

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Department of Education

DIVISION Division of Higher Education

PERSON COMPLETING THIS STATEMENT Whitney James

TELEPHONE NO. (501) 683-1876

FAX NO. _____

EMAIL: Whitney.James@ade.arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two (2) copies with the Questionnaire and proposed rules.

SHORT TITLE OF THIS RULE Rules Governing Military Dependents Scholarship Program

1. Does this proposed, amended, or repealed rule have a financial impact? Yes ☐ No ☒
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
Yes ☒ No ☐
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☒ No ☐

If an agency is proposing a more costly rule, please state the following:

- a) How the additional benefits of the more costly rule justify its additional cost;

- b) The reason for adoption of the more costly rule;

- c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and

- d) Whether the reason is within the scope of the agency's statutory authority, and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

Next Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total \$ 0.00

Total \$ 0.00

b) What is the additional cost of the state rule?

Current Fiscal Year

Next Fiscal Year

General Revenue \$ 0.00
Federal Funds \$ 0.00
Cash Funds \$ 0.00
Special Revenue \$ 0.00
Other (Identify) \$ 0.00

General Revenue \$ 0.00
Federal Funds \$ 0.00
Cash Funds \$ 0.00
Special Revenue \$ 0.00
Other (Identify) \$ 0.00

Total \$ 0.00

Total \$ 0.00

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

Next Fiscal Year

\$ N/A

\$ N/A

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6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

Next Fiscal Year

\$ N/A

\$ N/A

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7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?
Yes ☐ No ☒

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

SUMMARY OF AMENDMENTS

DIVISION OF HIGHER EDUCATION RULES GOVERNING THE MILITARY DEPENDENTS' SCHOLARSHIP PROGRAM

Act 988 of 2021 expanded the definition of institution of higher education in § 6-82-601 to include private and non-profit institutions of higher education in Arkansas. This language was added to the rule.

Additionally, Act 988 of 2021 clarified that state assistance awarded to a dependent attending a private, nonprofit institution of higher education shall not exceed the maximum amount of state assistance awarded to dependents attending state-supported institutions of higher education. This language was added to the rule.

The previous version of the rules referred to the "Department of Higher Education" rather than the "Division of Higher Education." The rules have been amended to replace "Department of Higher Education" with "Division of Higher Education."

Arkansas Division of Higher Education
Rules Governing The Military Dependents' Scholarship Program

~~RULES AND REGULATIONS~~

~~RULE 1 — ORGANIZATION AND STRUCTURE~~

Organization and Structure

- I. The Arkansas ~~Department~~ Division of Higher Education shall administer the Military Dependents' Scholarship Program within the policies set by the Arkansas Higher Education Coordinating Board. All formal communications shall be addressed to or signed by the Director of the Arkansas ~~Department~~ Division of Higher Education or his/her designee.
- II. The final responsibility for determining eligibility of scholarship recipients shall rest with the Director of the Arkansas ~~Department~~ Division of Higher Education pursuant to the provisions of Act 188 of 1973, Act 2127 of 2005, Act 717 of 2007, Act 1216 of 2009, and subsequent legislation.
- III. When functioning under Act 188 of 1973, Act 2127 of 2005, Act 717 of 2007, Act 1216 of 2009, and subsequent legislation, the Arkansas ~~Department~~ Division of Higher Education shall follow the provisions of the Administrative Procedures Act.

~~RULE 2 — SCHOLARSHIP ELIGIBILITY CRITERIA~~

Scholarship Eligibility Criteria

- I. To be eligible for the Military Dependents' Scholarship, an applicant must meet the following conditions:
 - A. The student's parent or spouse must have been declared to be a disabled veteran, prisoner of war, missing in action, killed in action, or killed on ordnance delivery during the course of active military duty after January 1, 1960.
 - B. The student's parent or spouse must have been a resident of the State of Arkansas at the time he/she entered service in the United States Armed Services, or whose official residence is currently within the State of Arkansas.
 - C. The dependent child or spouse of a person declared to be a prisoner of war or missing or killed in action, or a person killed on ordnance delivery, or a disabled veteran must be a current resident of Arkansas.

D. The student must qualify as the dependent of a disabled veteran, prisoner of war or a person declared to be missing or killed in action, or killed on ordnance delivery by meeting one of the following criteria:

1. The student is the legal spouse of a person declared to be a prisoner of war, missing or killed in action, or killed on ordnance delivery or a person declared to be a disabled veteran or,
2. The dependent child must be the biological child of the parent who was declared to be a prisoner of war or missing or killed in action, or killed on ordnance delivery, or a disabled veteran; or,
3. The dependent child is legally adopted or in legal custody of the guardian that was declared to be a prisoner of war or missing or killed in action or killed on ordnance delivery, or a disabled veteran.
- ~~4. The dependent child must meet the U.S. Department of Education's definition of dependent with regards to children.~~
- ~~5. A stepchild is not eligible for this scholarship unless he/she has been legally adopted by the parent who was declared to be a prisoner of war or missing or killed in action, or killed on ordnance delivery, or a disabled veteran.~~

E. The dependent child must meet the U.S. Department of Education's definition of "dependent" with regards to children.

F. A stepchild is not eligible for this scholarship unless he/she has been legally adopted by the parent who was declared to be a prisoner of war or missing or killed in action, or killed on ordnance delivery, or a disabled veteran.

E. G. The applicant must apply for the Dependents' Educational Assistance Program (DEA) Chapter 35 of Title 38 of the U.S. Code with the Department of Veterans Affairs.

~~F. H.~~ The applicant must be enrolled or accepted for enrollment as a full-time student in ~~a public college or university~~ any private, nonprofit institution of higher education in Arkansas or state-supported institution of higher education in Arkansas.

~~G. I.~~ The applicant must be an undergraduate student seeking an associate's degree, a baccalaureate degree or certificate of completion.

~~H. J.~~ The applicant must apply for the scholarship prior to the published deadline

in order to receive the scholarship. Reimbursement can only be made for the year in which the student is currently enrolled and has made application.

- II. Once a person qualifies as an eligible student under the terms of the program, there shall be no situation, such as the return of a parent or spouse, or the reported death of a parent or spouse that will remove the dependent from the benefits of this program.
- III. Continued Eligibility

An eligible recipient shall receive a scholarship for one (1) academic year, renewable for up to three (3) additional academic years if the recipient meets the following continuing eligibility criteria established by ADHE:

- 1. The student must maintain a cumulative grade point average of at least 2.0 on a 4.0 scale.
- 2. The student is making satisfactory progress toward a degree or certificate of completion;
- 3. The student is enrolled in at least twelve semester hours or the equivalent per semester and completes 24 semester hours, or the equivalent, per academic year.

RULE 3 — APPLICATION PROCESS

Application Process

- I. Applications
 - A. Brochures are mailed to counselors and principals at public and private Arkansas high schools.
 - B. Brochures are mailed to financial aid officers at ~~public colleges and universities~~ private, nonprofit institutions of higher education in Arkansas and state-supported institutions of higher education in the state of Arkansas. The institutional financial aid officer is responsible for ensuring that eligible students are made aware of the Military Dependents' Scholarship Program and its benefits.
 - C. Applications will be made available online from the Arkansas ~~Department~~ Division of Higher Education.
- II. Submission of Applications
 - A. The Arkansas ~~Department~~ Division of Higher Education shall establish the

deadline for receipt of applications. The deadline date shall be clearly printed on the application.

B. Scholarship applicants shall submit to the Arkansas ~~Department~~ Division of Higher Education the following documentation as it applies to the applicant:

1. Military Dependents' Scholarship Application;
2. A death certificate or other documentation certifying the death of the parent or spouse. A death as a result of injuries received while serving in the armed forces is only covered if the death occurred while on active duty.
3. A Report of Casualty from the appropriate branch of the United States Armed Services or a copy of the veteran's DD214 form;
4. Documentation from the federal Department of Veterans Affairs citing service-connected, one hundred percent (100%) total and permanent disability;
5. A copy of the application and statement of acceptance or denial of the federal program for dependents of veterans, Dependents' Educational Assistance Program (DEA).
6. A copy of DEA benefits statement showing the amount of educational assistance allowed for each term.
7. A copy of legal adoption or court appointed legal guardianship for a dependent child;
8. A copy of birth certificate, if a dependent child;
9. A copy of marriage license, if a spouse.

~~RULE 4—AWARD PROCESS~~

Award Process

- I. Applications and supporting documentation will be reviewed for completeness and to determine whether the applicant meets all the eligibility requirements. Applicants will be notified within 30 days of the status of their application.
- II. Eligible students will receive an award notice, which contains the conditions of the award, the requirements for continued eligibility, an explanation of the benefits, and the student's responsibilities.

- III. The institution will also receive an award notice, which contains the student's name, social security number, award limits, the conditions of the award, verification process, and payment process. The institution will be required to complete a Reimbursement Form listing all charges covered by this program.
- IV. The institution will be responsible for verifying the student's continued eligibility each semester.
- V. The award will be renewed annually provided the student satisfies the continued eligibility requirements as defined by the Arkansas ~~Department~~ Division of Higher Education in ~~Rule 2~~ “Scholarship and Eligibility Criteria,” Section III.
- VI. Reimbursement can only be made for the year in which the student is currently enrolled and has made application.

~~RULE 5 — SCHOLARSHIP PAYMENT POLICIES~~

Scholarship Payment Policies

- I. The scholarship will pay that portion of charges that exceeds the amount of the DEA educational assistance allowance OR the full amount if the recipient is ineligible for DEA, but is eligible for the **MDS Military Dependents' Scholarship**. Reimbursement is limited to the cost of tuition at the in-state rate, mandatory fees, and a room and meal plan when provided in campus facilities from such institution or school. The amount reimbursed for the room shall not exceed the usual and custom amounts charged by the institution as for similar scholarship programs.
- II. Payment on behalf of the scholarship recipient will be made directly to the recipient's institution. The Arkansas ~~Department~~ Division of Higher Education will reimburse the institution at the beginning of each semester for approved charges covered by this program upon receipt of the Reimbursement Form, and verification of the charges. Reimbursement can only be made for the year in which the student is currently enrolled and has made application.
- III. The Arkansas ~~Department~~ Division of Higher Education will pay the institution for the award covered by this program upon receipt of the Reimbursement Form, and verification of the charges.

A. Transfer Policy

A recipient who has received a Military Dependents' Scholarship may transfer to another eligible institution provided the Arkansas ~~Department~~ Division of Higher Education receives written notification of the change of status by October 1 for the Fall Term, February 1 for the Winter/Spring Terms, and June 1 for the

Summer Terms. Failure to notify the Arkansas ~~Department~~ Division of Higher Education of the transfer by the deadline will disqualify the student for waiver of tuition and fees at the institution to which he/she has transferred.

B. Withdrawal Policy

Recipients may withdraw from the Military Dependents' Scholarship Program upon written notification to, and approval by, the Arkansas ~~Department~~ Division of Higher Education. The petition shall give the reason for withdrawal and will be supported with documentation. Recipients who withdraw from school and fail to notify the Arkansas ~~Department~~ Division of Higher Education by October 1 for the Fall term, February 1 for the Winter and/or Spring terms, and June 1 for the Summer terms will not be eligible for a tuition waiver for that semester. The recipient may receive the tuition waiver if he/she can demonstrate that extraordinary circumstances prevented him/her from notifying the Arkansas ~~Department~~ Division of Higher Education.

C. Revocation Policy

The award will be permanently revoked if the recipient fails to enroll full-time and the Arkansas ~~Department~~ Division of Higher Education receives neither written notification of transfer to another eligible institution, nor a petition for withdrawal by the recipient by October 1 for the Fall Term, February 1 for the Winter/Spring Terms and June 1 for the Summer Terms. At the discretion of the Arkansas ~~Department~~ Division of Higher Education, the award will not be revoked if the ~~Department~~ Division determines that extraordinary circumstances prevented the student from notifying the ~~Department~~ Division by the required dates.

D. Military Service

Recipients who are members of the Arkansas National Guard or Armed Forces Reserve units who are called to active duty for reasons other than regular unit training and are unable to complete the current term will not be penalized. They will be placed in deferred status until six (6) months after release from active duty.

- IV. Act 1180 of 1999 states that students who receive scholarships from public funds may not use those funds in a financial aid package to exceed the federally recognized cost of attendance at the institution where the student enrolls. The institution must follow ADHE policy in repaying public funds in the amount exceeding the total cost of attendance for any student who receives public funds in a financial aid package above the cost of attendance.

- V. The state assistance awarded to a dependent attending a private, nonprofit institution of higher education in this state shall not exceed the maximum amount of state assistance

awarded to dependents attending state-supported institutions of higher education.

RULE 6 — INSTITUTIONAL RESPONSIBILITIES

Institutional Responsibilities

I. Administrative Agreement

The chief executive officer of the state-supported institution of higher education is responsible for appointing one representative from the Financial Aid Office to act as administrator of the Military Dependents' Scholarship Program and to receive all communications and forms issued by the Arkansas ~~Department~~ Division of Higher Education. This representative is responsible for completing all forms, verification of data, and complying with all program rules and regulations. The institution must comply with these responsibilities in order to maintain continued eligibility status.

II. Verification

The institution shall provide verification to the Arkansas ~~Department~~ Division of Higher Education (ADHE) at the close of each term concerning the student's name and continuing eligibility. This is accomplished using the Verification Form issued by the ~~Department~~ Division. Reimbursement to the institution will be made after the institution has completed the Verification Form and the Reimbursement Form and returned them to the Arkansas ~~Department~~ Division of Higher Education.

III. Identification of Eligible Students

Institutions will be responsible for exercising all reasonable efforts to identify students eligible for the program. Reimbursement can only be made for the year in which the student is currently enrolled and has made application.

IV. Deadline for Disbursement of Funds

The deadline for disbursement of funds is no later than 10 days after written receipt of funds. Any outstanding funds not disbursed must be returned to the Arkansas ~~Department~~ Division of Higher Education.

V. Refund Policy

It is the institution's responsibility to notify ADHE of the names of persons owing a refund, the date of the withdrawal and the refund amount. This information should be placed on the institution's verification roster before returning it to ADHE.

VI. Due Diligence

The institution will exercise due diligence in providing complete, accurate, and timely information as requested by the Arkansas ~~Department~~ Division of Higher Education on any scholarship recipient. In addition, the institution will exercise due diligence in complying with all the rules and regulations of the Military Dependents' Scholarship Program.

~~RULE 7 — RECIPIENT RESPONSIBILITIES~~

Recipient Responsibilities

- I. It is the recipient's responsibility to notify the Arkansas ~~Department~~ Division of Higher Education, in writing, of any change in status within 21 days. This includes:
 - A. Changes in name, or
 - B. Change in address, or
 - C. Change in Institution, or
 - D. Change in full-time status, or
 - E. Withdrawal from an institution.

Failure to notify the Arkansas ~~Department~~ Division of Higher Education of any change in status may affect future eligibility.

~~RULE 8 — PROGRAM DEFINITIONS~~

Program Definitions

The following definitions are used in the Military Dependents' Scholarship Program:

Approved Institution

~~A public college or university~~ A private, nonprofit institution of higher education in Arkansas or state-supported institution of higher education or technical school located in Arkansas that is accredited by the North Central Association Commission on Higher Education, or has achieved candidacy status, and does not discriminate against applicants, or employees on the basis of race, color, religion, sex, age, handicap, or national origin, consistent with the provisions of applicable state and federal laws.

Dependent Child

Any child born or conceived, been legally adopted, or under court

appointed legal guardianship of a person who has been declared to be a prisoner of war or missing or killed in action, or killed on ordnance delivery, or a disabled veteran, AND who meets the definition of dependent with regards to children established by the U.S. Department of Education. Stepchildren are not eligible unless legally adopted as stated above.

Dependent Spouse

The legal spouse of a person who has been declared to be a prisoner of war or missing or killed in action, or killed on ordnance delivery, or a disabled veteran.

Disabled Veteran

A person who has been declared by the Federal Department of Veterans Affairs to be one hundred percent (100%) totally and permanently disabled as a result of service-connected injuries or medical conditions AND who is currently receiving special monthly compensation for such, AND who was a resident of the State of Arkansas at the time that person entered the service of the U.S. armed forces OR who is a current resident of Arkansas.

Full-time Student

An undergraduate student enrolled in at least twelve (12) semester credit hours, or its equivalent, per semester.

Satisfactory Progress

Undergraduate students must maintain a cumulative college grade point average of at least 2.0 on a 4.0 scale, and make satisfactory progress toward a degree or certificate of completion, as defined by the institution.

Fees Waived

Includes tuition at the in-state rate, room and board when provided in campus facilities, fees or other charges incurred from the approved institution. Non-reimbursable charges would include any penalty charges, including but not limited to, parking tickets, or other penalty payments.

**ADHE RULES GOVERNING THE MILITARY DEPENDENTS’
SCHOLARSHIP PROGRAM**

Public Comments and Responses of the Division of Higher Education

Commenter Name: Lucas Harder, Arkansas School Boards Association (11/17/21)

Comment (1): Organization and Structure, Subsection II – There is as comma missing from between “2009” and “and.”

Division Response: Comment considered. **Non-substantive change made.**

Comment (2): Organization and Structure, Subsection III – There is as comma missing from between “2009” and “and.” “Administrative Procedures Act” at 25-15-501 et seq. is the “Administrative Procedure Act.”

Division Response: Comment considered. **Non-substantive changes made.**

Comment (3): Scholarship Eligibility Criteria, Subsection III – “ADHE” is abbreviated here though there is no previous parenthetical abbreviation for “Arkansas Division of Higher Education.”

Division Response: Comment considered. **No changes made.**

Comment (4): Scholarship Payment Policies, Subsection I – “MDS” is not previously parenthetically abbreviated in the rules and is not abbreviated later in the rules.

Division Response: Comment considered. **Non-substantive change made.**

Comment (5): Scholarship Payment Policies, Subsection IV - “ADHE” is abbreviated here though there is no previous parenthetical abbreviation for “Arkansas Division of Higher Education.”

Division Response: Comment considered. **No changes made.**

Comment (6): Institutional Responsibilities, Subsection II – The parenthetical abbreviation of “ADHE” here seems unnecessary as it is only abbreviated afterwards in V but spelled out the rest of the time it appears after the parenthetical abbreviation.

Division Response: Comment considered. **Non-substantive change made.**

Comment (7): Institutional Responsibilities, Subsection V – “ADHE is abbreviated here though there is no previous parenthetical abbreviation for “Arkansas Division of Higher Education.”

Division Response: Comment considered. **No changes made.**

Commenter Name: Rebecca Miller-Rice, Bureau of Legislative Research (11/30/21)

Comment (1): Should the term “maximum” precede “amount of state assistance awarded” as it is used in Ark. Code Ann. § 6-82-601(d)(2)(C), as amended by Act 988 of 2021, § 1?

Division Response: Comment considered. **Non-substantive change made.**