

**KHEAA Program Review Manual**

**State Program Reviews**

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# KHEAA Program Review Manual for State Program Reviews

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## KHEAA Program Review Manual for State Program Reviews

### **I. Review Purpose and Scope**

The purpose of a review is to ensure that a school is managing the programs administered by KHEAA in accordance with the requirements and criteria established in statute, regulation, program manuals, and other KHEAA procedural documents. The scope of the review is determined somewhat by the time of year the review is conducted. Normally the review spans the two most recently closed years and the current year if there is enough data in the current year to review. For reconciliation purposes only, the review covers the three most recently closed years.

### **II. State Programs Reviewed**

KHEAA administers numerous programs on behalf of the Commonwealth. The programs listed below are the programs that KHEAA currently reviews at participating institutions:

College Access Program (CAP) Grant— a need-based grant for Kentucky residents enrolled at least half-time in an eligible program of study at an eligible institution as determined by KHEAA.

Kentucky Tuition Grant (KTG)—a need-based grant for Kentucky residents enrolled full-time at an eligible private institution as determined by KHEAA.

Go Higher Grant—a need-based grant for adult students (age 24 and older) who are Kentucky residents.

Kentucky Educational Excellence Scholarship (KEES)—a merit-based scholarship earned by students while enrolled in a Kentucky high school or awarded to Kentucky home school or GED graduates based on ACT scores; students must be enrolled at least half-time in an eligible postsecondary institution.

Early Childhood Development Scholarship (ECDS)—a tuition-specific award for students enrolled in no more than 9 hours per term in an approved early childhood program.

Kentucky National Guard Tuition Award Program (KYNGAP)—a tuition-specific award for active members of the Kentucky National Guard; award must be reduced by the amount of any other tuition-specific awards.

KHEAA Work-Study—a need-based work program for Kentucky residents enrolled at least half-time at a participating institution; employment must be career-related.

KHEAA Teacher Scholarship—a need-based conversion scholarship loan for qualifying graduates of Kentucky high schools; must be enrolled full-time; scholarship converts to loan if recipient fails to fulfill the teaching obligation.

Minority Educator Recruitment and Retention (MERR) Scholarship—a conversion scholarship/loan for minorities pursuing teacher certification; must be enrolled full-time and maintain a 2.75 GPA.

Osteopathic Medicine Scholarship—a conversion scholarship/loan for Kentucky residents attending the Kentucky College of Osteopathic Medicine located on the campus of the University of Pikeville; scholarship converts to loan if recipient fails to provide qualified service.

Coal County Scholarship Program for Pharmacy Students—a conversion scholarship/loan for Kentucky residents enrolled in a Pharm D program in Kentucky; scholarship converts to loan if recipient fails to provide qualified service.

Coal County College Completion Program—a program that provides scholarships to permanent residents of coal-producing counties who are completing bachelor degrees at eligible Kentucky institutions, and grants to community colleges located in coal-producing counties.

Mary Jo Young Scholarship—a scholarship program for Kentucky high school students enrolled in dual credit courses at Kentucky colleges.

Drive the Dream Scholarship—a scholarship program for academically talented GEAR UP students. Funding for this program ends with the 2013-14 academic year.

### **III. Review Selection & Scheduling**

KHEAA intends to review every school that participates in the programs administered by KHEAA at least once every five years. KHEAA reserves the right to review any school at any time and to place a school on a more frequent review schedule.

### **IV. Review Notification and Entrance Interview Questionnaire**

KHEAA routinely contacts a school's financial aid director prior to sending out a review notice in order to avoid scheduling the review for a week in which there may be a significant conflict. Once the week has been determined, KHEAA mails a review notice approximately 30 days prior to the first day of the review. The review notice addresses the purpose of the review, the dates of the review, the review scope, the programs that will be reviewed, and special accommodations for the reviewers. Along with the review notice, KHEAA emails an entrance interview questionnaire and a document request sheet that informs the school of the types of material, such as catalogs, policies and procedures manuals, copies of independent audits, etc. that the reviewers will need as reference materials during the course of the review. The school is required to complete and return the entrance interview questionnaire at least one week prior to the start of the review.

### **V. Onsite Review**

The onsite review has four components: the entrance interview, the file review, reconciliation of accounts, and the exit interview. Each of these components is discussed below.

Entrance Interview: Upon arrival at the school, the reviewers will convene the financial aid director and other officials, such as the business officer and the registrar, to explain the purpose and scope of the review and to clarify any issues remaining from the responses to the entrance interview questionnaire. The reviewers will provide the financial aid director with the review samples and will schedule a meeting with the person in the business office who is responsible for ensuring that ledger accounts for KHEAA program funds are balanced and any undisbursed funds returned to KHEAA.

File Review: The file review is usually the centerpiece of the review. Prior to the visit, the reviewers select a sample of students for each program being reviewed. For each student in the review samples, the reviewers require access to the following records: academic; admissions; financial aid; registration; transcripts; and student accounts. Your school is required to provide the reviewers access to all information that pertains to the programs administered by KHEAA, including read-only access to the

systems that house these records. The reviewers will test that your school properly disbursed awards to each student, that each student met all the eligibility criteria for the applicable program, and that your school correctly reported enrollment status, the amount disbursed and, for the KEES program, cumulative GPA and on track to graduate status.

During the course of the file review, the reviewers will discuss any potential findings with the financial aid director so that your school has the opportunity to resolve issues before they appear in the exit interview and the review report.

Reconciliation of Accounts: Ensuring that schools are properly accounting for KHEAA program funds is central to the review process and to KHEAA's administration of the programs. The reviewers evaluate whether schools are properly accounting for funds in several ways.

Prior to the visit, the reviewers will evaluate data on KHEAA's systems and meet with KHEAA's staff in order to determine if a school may have reconciliation issues. Late disbursement requests, late refunds or a lack of refunds may indicate problems with a school's reconciliation process.

Once onsite, the reviewers will ensure during the file review that your school actually disbursed awards to the students in the review samples by checking whether awards were posted to students' accounts. Failure to disburse awards that the school reported as disbursed indicates a major failure in the school's reconciliation process.

The reviewers will also meet with the business office staff to examine ledger accounts for the KHEAA programs. The reviewers will examine amounts received, amounts refunded and ending balances, which they will compare to the totals in KHEAA's records. The reviewers will also inquire how the financial aid office reconciles with the business office and what, if any, KHEAA reports are utilized in the process.

Exit Interview: The reviewers will schedule an exit interview with the financial aid director for the last day of the onsite review. The exit interview provides the school with a summary of the findings that have not been resolved during the course of the review. The reviewers may also discuss recommendations for improving policies, procedures and operational processes.

## **VI. Review Report, School Response and Closing the Review**

The review report details the findings and corrective actions that the school is required to perform before the review can be closed. The reviewers will attempt to issue the report within 60 days of the onsite visit. The school must then respond in writing to the report. In order to close a review, the reviewers must determine that each corrective action has been satisfactorily addressed and all liability has been paid. The reviewers will then issue the letter closing the review.

## **VII. Program Requirements**

Many of the state programs share common student eligibility requirements, but each program also has its own unique requirements. This section lists for each program the student eligibility requirements that are checked during the course of a review.

#### CAP Grant Program—Student Eligibility [11 KAR Chapter 5]

- ✓ Must complete the FAFSA, pass all database matches and be eligible for Title IV aid
- ✓ Must not be in default on an obligation to KHEAA or owe a repayment to a KHEAA program
- ✓ Must be a resident of Kentucky as determined by the school based on the requirements and standards in CPE’s residency regulation (13 KAR 2:045); applies to all schools, public and private, participating in KHEAA’s programs
- ✓ Must be an undergraduate student and cannot already have a bachelor’s degree
- ✓ Must be enrolled at least half-time in an eligible program of study at a participating institution
  - “Eligible program of study” means a program of at least two academic years in length that leads to a degree or, at a community college only, a two year program that leads to a certificate or diploma; “eligible program” definition has been expanded to include students who do not have a bachelor’s degree but are enrolled in graduate or professional courses while completing their undergraduate work (e.g. pharmacy)
  - “Academic Year” is defined as “a period of time, usually eight (8) or nine (9) months, during which a full-time student would normally be expected to complete the equivalent of two (2) semesters, two (2) trimesters, three (3) quarters, 900 clock hours, twenty-four (24) semester hours, or thirty-six (36) quarter hours of instruction.” At a community college, a certificate or diploma program is an eligible program as long as it is at least 48 hours in length
- ✓ Must have an eligible EFC (based on Pell Grant eligibility)
- ✓ Must have financial need; aid cannot exceed need or the cost of attendance
- ✓ Must maintain satisfactory academic progress
- ✓ Must be verified if selected
- ✓ Awards are prorated for part-time enrollment (6 to 11 semester hours, 8 to 11 quarter hours)

#### KTG Program—Student Eligibility [11 KAR Chapter 5]

- ✓ Must complete the FAFSA, pass all database matches and be eligible for Title IV aid
- ✓ Must not be in default on an obligation to KHEAA or owe a repayment to a KHEAA program
- ✓ Must be a resident of Kentucky as determined by the school based on the requirements and standards in CPE’s residency regulation (13 KAR 2:045); applies to all schools, public and private, participating in KHEAA’s programs
- ✓ Must be an undergraduate student and cannot already have a bachelor’s degree
- ✓ Must be enrolled **full-time** in an eligible program of study at an approved private institution
  - “Eligible program of study” means a program of at least two academic years in length that leads to a degree; students in certificate and diploma programs are not eligible
- ✓ Must have financial need; aid cannot exceed need or the cost of attendance
- ✓ For KTG, initial eligibility is determined by the student’s Cost of Education (COE) as reported by the school minus the sum of the student’s EFC, expected Pell Grant and CAP Grant.
- ✓ Must maintain satisfactory academic progress
- ✓ Must be verified if selected
- ✓ CAP and KTG combined or alone cannot exceed a student’s tuition and fees for the academic year; a single term award cannot exceed the tuition and fees for the term

KEES Program—Postsecondary Student Eligibility [11 KAR Chapter 15; KRS 164.7874 to 164.7885]

- ✓ KEES is not need-based; students do not need to complete the FAFSA or demonstrate financial need; however, the KEES award in combination with other aid cannot exceed the COA
- ✓ Must be enrolled at least half-time in an eligible program of study at a participating institution
  - “Eligible program of study” for KEES means an undergraduate program that leads to a certificate, diploma, associate or bachelor’s degree
  - “Half-time” means six hours at a semester hour school or the equivalent at a quarter hour school
- ✓ Awards are prorated as follows:

Quarter to semester hour conversion per semester for periods  
July 1 - December 31 and January 1 – June 30

Quarter Hours	Semester Hours	Award Percentage
18	12	100
16	11	92
14	10	83
13	9	75
12	8	67
10	7	58
8	6	50
6	4	0
4	3	0
2	2	0

- ✓ Must be a resident of Kentucky as determined by the school based on the requirements and standards in CPE’s residency regulation (13 KAR 2:045); applies to all schools, public and private, participating in KHEAA’s programs; this provision seems a little counterintuitive since a KEES recipient would have earned the award by attending high school in Kentucky; however, absence of more than a year from the state may in some instances mean that the student has become a resident of another state
- ✓ Must achieve a cumulative GPA of 2.5 or greater during the first award year to retain a KEES award for the second award year; to retain a full award for a subsequent award year, a student must have a 3.0 cumulative GPA or a 2.5 cumulative GPA and be on track to graduate; on track to graduate applies to students who initially enrolled in college in 2009-10 or later; a student not on track to graduate with a cumulative GPA of less than 3.0 but greater than 2.5 will receive 50% of the award in the subsequent award year

Early Childhood Development Scholarship (ECDS)—Student Eligibility [11KAR Chapter 16; KRS 164.518]

- ✓ Tuition-specific award
- ✓ Must not receive professional development funds from another program
- ✓ Must be enrolled in 9 hours or less except during the Capstone term; the Capstone term is the final term of the student’s early childhood program; the student may be required to enroll full-time during this term, but cannot receive an award for more than 9 enrolled hours.
- ✓ Must be pursuing a program approved by the Early Childhood Advisory Council that results in a certificate, diploma, associate or bachelor’s degree
- ✓ Must be a US citizen, national or permanent resident
- ✓ Must be a Kentucky resident based on 13 KAR 2:045

- ✓ Must meet the employment requirement in an early childhood facility
- ✓ Must have high school diploma or GED
- ✓ Must maintain satisfactory academic progress
- ✓ Must not be in default or owe an overpayment on any Title IV or KHEAA obligation or program

Kentucky National Guard Tuition Award Program (KYNGTAP) [11 KAR Chapter 13: KRS 164.516-5169]

- ✓ Tuition-specific award (tuition and required fees assessed to all students)
- ✓ Award is based on the tuition at a public university or community college
- ✓ Award must be reduced by the amount of any other tuition-specific award
- ✓ Must be enrolled in an undergraduate program
- ✓ FAFSA not required to receive benefit

Go Higher Grant [11 KAR Chapter 5:200]

- ✓ Must be 24 years of age or older
- ✓ Must be a US citizen, national or permanent resident
- ✓ Must be a Kentucky resident based on 13 KAR 2:045
- ✓ Must be an undergraduate student without a bachelor's degree
- ✓ Must be enrolled less than half-time during the first awarded term
- ✓ Need-based award
- ✓ EFC cannot exceed 150% of the CAP Grant EFC
- ✓ Must not be in default or owe an overpayment on any Title IV or KHEAA obligation or program
- ✓ May only receive an award for one year and the maximum award is \$1,000
- ✓ Award for first term cannot exceed the tuition charged plus \$50 per hour for books

KHEAA Work-Study [11 KAR Chapter 6]

- ✓ Must be a US citizen, national or permanent resident
- ✓ Must be a Kentucky resident based on 13 KAR 2:045
- ✓ Must be an undergraduate student without a bachelor's degree
- ✓ Must not be in default or owe an overpayment on any Title IV or KHEAA obligation or program
- ✓ Must be enrolled at least half-time unless participating in an alternate work plan
- ✓ Must demonstrate financial need
- ✓ Must not participate in another work-study program administered by the school
- ✓ Must maintain satisfactory academic progress and have at least an overall "C" average
- ✓ Must be employed in a career-related work experience

KHEAA Teacher Scholarship [11 KAR Chapter 8; KRS 164.769]

- ✓ Must complete the FAFSA, pass all database matches and be eligible for Title IV aid
- ✓ Must not be in default on an obligation to KHEAA or owe a repayment to a KHEAA program
- ✓ Must be enrolled full-time (except last term) in an eligible program of study
  - "eligible program of study" means an undergraduate or graduate program which is preparatory to initial teacher certification
- ✓ Must have financial need; aid cannot exceed need or the cost of attendance; student loans and work-study awards are excluded from the amount of financial aid awarded or received

- ✓ Must maintain satisfactory academic progress; renewal applicants must have at least a 2.5 GPA

Minority Educator Recruitment and Retention (MERR) Scholarship

- ✓ Must be a US citizen
- ✓ Must be a Kentucky resident based on 13 KAR 2:045
- ✓ Not need-based; however, award in combination with other aid cannot exceed COA
- ✓ Must not be in default on an obligation to KHEAA or owe a repayment to a KHEAA program
- ✓ Must declare a major in a program that leads to initial teacher certification
- ✓ Must be an undergraduate or graduate student pursuing initial certification
- ✓ Must be enrolled full-time; part-time is allowed if the student is within 18 hours of receiving a teacher education degree
- ✓ Must maintain a 2.75 GPA

Osteopathic Medicine Scholarship [KRS 164.7891; 11 KAR Chapter 14]

- ✓ Must be a US citizen
- ✓ Must be a Kentucky resident based on 13 KAR 2:045
- ✓ Must not be in default on an obligation to KHEAA or owe a repayment to a KHEAA program
- ✓ Not need-based award; however, award in combination with other aid cannot exceed COA

Coal County Scholarship Program for Pharmacy Students [KRS 164.7890; 11 KAR Chapter 19]

- ✓ Must be a US citizen
- ✓ Must be a Kentucky resident based on 13 KAR 2:045
- ✓ Enrolled full-time in a Pharm D program
- ✓ Must not be in default on an obligation to KHEAA or owe a repayment to a KHEAA program
- ✓ Must maintain satisfactory academic progress toward completion of the degree program
- ✓ Must complete entrance counseling (collected by KHEAA before disbursement)
- ✓ Not need-based award; however, award in combination with other aid cannot exceed COA

Coal County College Completion Scholarship [KRS 164.7894; 11 KAR Chapter 20]

- ✓ Must be a US citizen
- ✓ Must be a Kentucky resident based on 13 KAR 2:045
- ✓ Must be a permanent resident of a Kentucky coal-producing county based on KHEAA's Determination of Kentucky County of Residence policy
- ✓ Must not be in default on an obligation to KHEAA or owe a repayment to a KHEAA program
- ✓ Must complete the FAFSA
- ✓ Have earned at least 60 credit hours toward a bachelor's degree
- ✓ Must be enrolled at least half-time in a participating or eligible nonparticipating institution in upper division courses that lead to a bachelor's degree
- ✓ Maintain good academic standing with the institution's policy
- ✓ Have remaining KCCCC Scholarship eligibility
- ✓ Not have earned a first bachelor's degree

### Mary Jo Young Scholarship

- ✓ Must be a high school student enrolled in dual credit courses
- ✓ Tuition award may only be applied to tuition charges that are not waived or paid by other sources; funds not applied to tuition charges must be refunded to KHEAA.

### **VIII. Common Findings**

- Failure to Disburse Awards to Eligible Students (most commonly occurs with CAP, KTG & KEES)
- Failure to Return Undisbursed Funds (CAP, KTG, KEES, ECDS and National Guard)
- Awards Disbursed to Ineligible Students
- Incorrect Awards: Full-time Awards Disbursed to Part-time Students (CAP & KEES)
- Incorrect Awards: Part-time Awards Disbursed to Full-time Students (CAP & KEES)
- Incorrect Part-time Awards (such as a student enrolled in 6 hours receiving a 9-hour CAP Grant)
- CAP Grant Awards Disbursed to Students Enrolled in Certificate or Diploma Programs (proprietary schools) or Programs Less Than Two Years in Length
- KTG Awards Disbursed to Students Enrolled Less Than Full-time
- Ineligible KEES Disbursements: Fall Term KEES Awards Disbursed to Students Enrolled in the Summer Quarter Only
- Incorrect Full-time KEES Awards: Full-time Awards Disbursed to Students Enrolled in less than 18 Hours (quarter hour schools)
- Incorrect GPA Reporting (KEES)
- Incorrect GPA Reporting Resulted in Incorrect Renewal Awards (KEES)
- Failure to Report the GPA of KEES Recipients
- Incorrect On Track to Graduate Reporting
- Incorrect Enrollment Reporting
- Overawards: Financial Aid Disbursed in Excess of Need or the Cost of Attendance
- Failure to Establish a Residency Policy for the KHEAA Student Aid Programs
- Awards Disbursed to Students Who Did Not Meet the Residency Requirements
- ECDS Awards Disbursed in Excess of the Tuition Charged to Students
- ECDS Awards Disbursed to Full-time Students
- Failure to Reduce National Guard Awards for Students with other Tuition-specific Awards
- Failure to Request Funds for Awards Disbursed by the Institution (community colleges)
- Failure to Report Award Cancellations or Reductions and Failure to Return Funds
- Failure to Reconcile or Reconciliation Discrepancies
- Awards Disbursed to Students Not Making Satisfactory Academic Progress
- Failure to Verify or Incorrect Verification

### **IX. Corrective Actions**

- Payment of liability, including the return of undisbursed or inappropriately disbursed funds
- 100% file review
- Reconciliation
- New or revised policies and procedures
- New operational processes, including participation in KHEAA's batch file processing