

# TITLE 500 COMMISSION FOR HIGHER EDUCATION OF THE STATE OF INDIANA

## ARTICLE 1. ADMINISTRATION OF SCHOLARSHIP AND GRANT PROGRAMS

### Rule 1. Grant and Scholarship Programs

#### 500 IAC 1-1-1 Definitions

Authority: IC 21-18.5-4-9

Affected: IC 20-12-21

Sec. 1. The following definitions apply throughout this article:

- (1) "Academic year" means an approved institution's school year, usually two (2) semesters, three (3) quarters, or three (3) trimesters, but not including summer sessions.
- (2) "Act" means IC 20-12-21 [*IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007.*].
- (3) "Allowable tuition and fees" means the tuition and fees upon which awards are based and shall be established annually by a resolution adopted by the commission under section 7 of this rule.
- (4) "Application deadline" means the date on which paper applications for awards must be postmarked, or the date that electronic applications for awards must be received. The opening date for the application shall be January 1 of each year, and the closing date shall be March 1 of each year. The commission may establish other dates due to budgetary constraints. The closing date may be extended by a reasonable period of time as determined by the commission to allow time for mail delivery or, if funds are available, to make awards to those who did not file by the deadline.
- (5) "Application period" means the period of time that applications for awards are accepted.
- (6) "Approved application" means the Free Application for Federal Student Aid (FAFSA).
- (7) "Approved institution" means institutions of higher learning as defined in IC 20-12-21-3 [*IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007.*]. All approved institutions must have active Title IV participation agreements with the United States Department of Education and active program participation agreements with the commission.
- (8) "Award" means any monetary grant made by the commission from appropriations for Higher Education Awards and Freedom of Choice grants, federal funds, or other appropriations, grants, gifts, or bequests.
- (9) "Award notification" means a notice from the commission informing eligible applicants of their state award status.
- (10) "Citizen" means a person:
  - (A) born in the United States;
  - (B) born abroad of parents who are United States citizens; or
  - (C) who has been naturalized.
- (11) "Commission" means the policy making body of the state student assistance commission of Indiana created by IC 20-12-21-4 [*IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007.*] and the agency of state government with the same name.
- (12) "Completed application" means a completed and error-free Free Application for Federal Student Aid as defined by the commission.
- (13) "Consortium agreement" means a written agreement between two (2) approved institutions to provide course work, which is applicable to a degree program at the home institution.
- (14) "Correspondence course" means a home study course provided by an approved institution. Students may or may not be physically attending classes at the institution. The institution provides instructional materials, including examinations, to students.
- (15) "Default" means the failure of a borrower to make an installment payment on a federal student loan when due in accordance with the terms outlined under Title IV, Part B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071, et seq.
- (16) "Dependent student" means any applicant not meeting the criteria under section 5(b) or 5(c) of this rule.
- (17) "Distance education" means an educational process that is characterized by the separation, in time or place, of the

student and instructor and includes courses offered principally through the use of various means, including the Internet, television, audio, or computer transmission, such as open broadcast, closed circuit, cable, or satellite transmission; audio or computer conferencing; video cassettes or disks; or correspondence.

(18) "Domiciled in the state" means that a dependent applicant's parents' or an independent applicant's permanent, continuous, and principal place of residence is within Indiana.

(19) "Edit letter" means a notice by mail that the commission sends to an applicant, stating the reason or reasons why an applicant is ineligible for an award and advising the applicant of the methods and deadlines that are associated with correcting an incomplete approved application.

(20) "Eligible noncitizen" means a person who has been granted eligible noncitizen status by the United States Department of Immigration and Naturalization Service.

(21) "Eligible student" means a person who is enrolled or has been accepted for enrollment at an approved institution of higher education.

(22) "Enrollment period" means a portion of an academic year, usually a semester, a trimester, or a quarter.

(23) "Executive director" means the person appointed by the governor to administer the commission's programs.

(24) "Expected family contribution (EFC)" means the dollar amount that an applicant and his or her spouse and/or the parents are expected to contribute to the costs of education.

(25) "Federal methodology" means the federally legislated, nationally standardized procedure used for calculating a parental contribution (PC) and expected family contribution (EFC) from data on the approved application.

(26) "File with the commission" means the filing of an approved application to the application processing center designated by the United States Department of Education to perform the analysis.

(27) "Full-time student" means an individual enrolled at an approved institution for not less than twelve (12) semester credit hours in each enrollment period of an academic year at a semester-based institution. Semester credit hours shall be converted to the equivalent if a different grading period is used at the college or university. Unless it is established that a different equivalency applies, it shall be presumed that the correct equivalency is two (2) semester hours for every three (3) quarter or trimester hours.

(28) "Grant overpayment" means any federal or state grant that occurs any time the student receives a payment that is greater than the amount for which the student is eligible.

(29) "Higher education grant (HEG)" means funds awarded under the higher education award and the freedom of choice grant programs.

(30) "Home school" means the school responsible for administering a student's financial aid package and satisfactory academic progress (SAP) under the terms of a consortium agreement as outlined in this rule. Under a consortium agreement, the home school is the institution that will issue the student's degree.

(31) "Home study course" means a course that is delivered in whole or in part through video cassettes or video discs and considered a correspondence course unless the school also delivers comparable instruction to students physically attending classes at the school during the same award year.

(32) "Hoosier scholar" means an individual selected to receive a stipend under IC 20-12-21-20 [IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007.].

(33) "Independent student" means any applicant meeting the criteria of section 5(b) or 5(c) of this rule.

(34) "Need analysis application" means the form prescribed by the commission used to determine eligibility for the state grant program.

(35) "Parent" means:

- (A) a natural father or mother, or both;
- (B) an adoptive father or mother, or both; or
- (C) a stepfather or stepmother.

(36) "Parental contribution (PC)" means the dollar amount that an applicant's parents are expected to contribute to the costs of education that is derived from an analysis of financial data submitted by an applicant or an approved institution by the approved need analysis process.

(37) "Regularly assessed fees" means the nontuition charges regularly assessed against all undergraduate students enrolling at an approved institution.

(38) "Servicer" means any entity approved by the commission to perform the financial needs analysis that computes the parental contribution (PC) and/or expected family contribution (EFC) figures used in the awards calculation process.

(39) "Stipend" means the grant made to a hoosier scholar under IC 20-12-21-20 [IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007.].

(40) "Telecommunications course" means a course that is offered principally through the use of television, audio, or computer transmission, including open broadcast, closed circuit, cable, microwave, satellite, audio conferencing, computer conferencing, or video cassettes or discs. The term does not include a course that is delivered using video cassettes or discs recordings unless the institution also delivers comparable instruction offered on the cassettes or discs to students physically attending classes at the school during the same academic year.

(41) "Verification" means the procedure followed by financial aid administrators or commission staff to audit the data disclosed on an applicant's applications for federal, state, or institutional student financial assistance.

*(Commission for Higher Education of the State of Indiana; 500 IAC 1-1-1; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1574; filed May 11, 1987, 8:45 a.m.: 10 IR 1867; filed Jan 4, 1989, 3:00 p.m.: 12 IR 1199; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1358; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1289; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-1) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-1) by IC 21-18.5-1-2(c), effective July 1, 2012.*

### **500 IAC 1-1-2 Program administration**

Authority: IC 21-18.5-4-9

Affected: IC 20-12-21

Sec. 2. Consistent with IC 20-12-21 [IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007.] and this rule and acting on behalf of the commission, the executive director, or an authorized designee, may do the following:

- (1) Accept federal or other grants, or both, bequests, and gifts from any entity, public or private, for use in the grant and scholarship programs.
- (2) Establish administrative policies necessary to carry out the purposes of IC 20-12-21 [IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007.] and this rule.
- (3) Determine the eligibility of applicants for awards and scholarships.
- (4) Calculate or recalculate awards, if necessary, for all eligible applicants.
- (5) Disburse funds to approved institutions to be administered on behalf of individual recipients.
- (6) Inspect and audit commission-related grant and scholarship funds and records maintained by the approved institutions.
- (7) Enter into agreements with approved institutions for participation in the commission's grant and scholarship programs.
- (8) Revise, suspend, or withdraw awards offered to any applicant.
- (9) Consider an enactment of the general assembly as an automatic revision of this rule.
- (10) Request information for an applicant from any source necessary in order to determine or clarify the eligibility or financial need of the applicant.
- (11) Establish that the opening date for the application shall be January 1 of each year and the closing date shall be March 1 of each year unless the commission establishes other dates. The closing date may be extended by a reasonable period of time as determined by the executive director or the appropriate designee to allow time for mail delivery. Unless the commission establishes other dates, applications filed electronically must be received electronically by March 1.
- (12) May deem eligible any applicant supplying an electronic confirmation by the United States Department of Education's application servicer or a United States postal service certificate of mailing, return receipt, or certified or registered mail receipt that proves the application was filed on or before the closing date established by the commission.
- (13) With approval of the commission, withhold or reduce distributions of state grant funds from an approved institution that:
  - (A) fails to comply with the provisions of the program regulations; and
  - (B) shows an unwillingness to negotiate in good faith on matters of dispute.
- (14) Deny eligibility to those students who owe a repayment or overpayment of any state educational award administered by the commission or federal Title IV funds.

*(Commission for Higher Education of the State of Indiana; 500 IAC 1-1-2; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1575; filed May 11, 1987, 8:45 a.m.: 10 IR 1868; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1360; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1291; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-2) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-2) by IC 21-18.5-1-2(c), effective July 1, 2012.*

**500 IAC 1-1-3 Hoosier scholar guidelines**

Authority: IC 21-18.5-4-9

Affected: IC 20-12-21-20

Sec. 3. The following guidelines apply to the commission's designation of hoosier scholars under IC 20-12-21-20 *[IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007.]*:

- (1) For eligibility, a nominee must meet the following requirements:
  - (A) Be a senior at an Indiana high school approved by the commission.
  - (B) Rank in the top twenty percent (20%) of their graduating class, with rank to be determined by each high school.
  - (C) Be physically domiciled in the state at the time of nomination. Parents and legal guardians of a dependent student must also be domiciled in the state at the time the student is nominated in high school.
  - (D) Be a United States citizen or hold classification as an eligible noncitizen.
- (2) The stipend must be used as follows:
  - (A) For any expense, not just tuition, related to attendance at an approved institution in Indiana. Unless permitted by law, the amount of any other state financial aid received by a hoosier scholar recipient may not be reduced.
  - (B) During the academic year immediately following high school graduation unless otherwise approved by the commission.
- (3) The stipend must be forfeited if a nominee:
  - (A) enrolls at an ineligible institution;
  - (B) does not attend an approved institution during any portion of the award year as a full-time student; or
  - (C) fails to supply requested information to the commission within the time period specified.
- (4) An approved institution must:
  - (A) credit the stipend award in a one (1) time lump sum disbursement;
  - (B) credit the stipend award to the recipient's account at any point in the thirty (30) day period prior to the first term of a student's full-time enrollment or within thirty (30) days of being notified of the award whichever is earlier; and
  - (C) pay all or part of the stipend award directly to the recipient if the stipend has not already been credited to the recipient's account on or after the first day of classes of an enrollment period.

*(Commission for Higher Education of the State of Indiana; 500 IAC 1-1-3; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1575; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1360; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1291; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-3) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-3) by IC 21-18.5-1-2(c), effective July 1, 2012.*

**500 IAC 1-1-4 Eligibility standards**

Authority: IC 21-18.5-4-9

Affected: IC 20-12-21

Sec. 4. To be eligible for an award, an applicant shall meet the following requirements:

- (1) For purposes of eligibility, an applicant must have:
  - (A) graduated from a program of instruction at a secondary school. A student who leaves an Indiana public high school with a certificate of completion, as opposed to high school diploma, is not considered a high school graduate for state grant purposes; or
  - (B) received a general education development (GED) diploma; or
  - (C) been admitted to an approved institution in an early admissions or accelerated learning program leading to an

associate's or bachelor's degree.

- (2) Be an eligible student as defined in section 1(21) of this rule.
- (3) Absent specific legislative language to the contrary, to be eligible for a higher education grant, the student must be enrolled in an academic program leading to a certificate at Ivy Tech State College, or an associate degree or baccalaureate degree at an eligible institution, or, up to the first thirty (30) credit hours of undergraduate study, pursue a specific educational objective or course of study at an eligible institution and enroll in:
  - (A) courses that apply toward the requirement for completion of that objective or course of study; or
  - (B) courses designed to assist the student in developing the basic skills necessary for the student to successfully achieve the objective or continue in that course of study.
- (4) Have not received a first baccalaureate degree and have not received:
  - (A) more than eight (8) semesters or twelve (12) trimesters or quarters of state grant assistance; or
  - (B) *(Voided by P.L.125-2008, SECTION 6, effective July 1, 2008.)*
- (5) File an approved application no earlier than the beginning of the application period and no later than the application filing deadline established by the commission under section 1(3) of this rule. To establish eligibility for an award, an applicant's need analysis application shall meet the following requirements:
  - (A) Be submitted no later than the application filing deadlines established by the commission.
  - (B) Be satisfactorily completed by the filing date established by the commission with all applicable questions answered correctly, including complete and accurate financial data.

Failure to meet requirements of this subdivision shall render an applicant ineligible for an award in the academic year for which application is being made.

- (6) Be a United States citizen or be considered an eligible noncitizen as classified by the United States Department of Education for Title IV purposes.
- (7) Be domiciled in the state on or before December 31 of the year preceding application for an award and be continuously domiciled in the state thereafter. Determination of residency status shall be as follows:
  - (A) For a dependent student, the determination of residency status shall be based upon the permanent place of residence of the parents of an applicant.
  - (B) For an independent student, the determination of residency status shall be based upon the permanent place of residence of the applicant.
  - (C) If an applicant qualifies as a resident under this subdivision, but is classified as a nonresident by an approved institution, the applicant's award shall be computed on the basis of in-state tuition and fees only. An applicant who is classified as a nonresident student by the commission is ineligible for an award even if classified as a resident by an approved institution.

*(Commission for Higher Education of the State of Indiana; 500 IAC 1-1-4; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1575; errata, 9 IR 2208; filed May 11, 1987, 8:45 a.m.: 10 IR 1868; filed Jan 4, 1989, 3:00 p.m.: 12 IR 1201; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1361; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1292; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-4) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-4) by IC 21-18.5-1-2(c), effective July 1, 2012.*

#### **500 IAC 1-1-5 Dependent and independent student status**

Authority: IC 21-18.5-4-9

Affected: IC 21-12

- Sec. 5. (a) The commission shall classify applicants for awards into the categories of dependent or independent.
- (b) With the exception of the conditional provisions identified in section 6 of this rule, an independent student is any applicant who is:
- (1) twenty-four (24) years of age or older as of the following December 31 of the award year; or
  - (2) less than twenty-four (24) years of age as of the following December 31 of the award year, who:
    - (A) is an orphan whose natural or adoptive parents are deceased;
    - (B) is a ward of a court or was a ward of the court until the individual reached the age of 18;

(C) is a veteran who has engaged in the active duty in the U.S. Army, Navy, Air Force, Marines, or Coast Guard and was released under a condition other than dishonorable;

(D) is an individual with legal dependents other than a spouse; or

(E) is married on or before the date of filing a need analysis application.

(c) An applicant not meeting the requirements of subsection (b) may be classified as an independent student by the executive director, designee, or eligible institution upon a finding based on documented facts that the applicant is independent due to unusual or unique circumstances under the following guidelines:

(1) Irreparable breakdown in the family.

(2) A death of sole supporting parents.

(3) Other unique circumstances that are substantially similar to (1) and (2) above [*subdivisions (1) and (2)*].

(d) An applicant not classified as an independent student under subsection (b) or (c) shall be classified as a dependent student. (*Commission for Higher Education of the State of Indiana; 500 IAC 1-1-5; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1576; filed May 11, 1987, 8:45 a.m.: 10 IR 1869; filed Jan 4, 1989, 3:00 p.m.: 12 IR 1201; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1362; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1293; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA*)  
*NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-5) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-5) by IC 21-18.5-1-2(c), effective July 1, 2012.*

#### **500 IAC 1-1-6 Determination of parental contribution and expected family contribution**

Authority: IC 21-18.5-4-9

Affected: IC 21-12-3-6

Sec. 6. (a) Federal methodology, as specified by resolution of the commission, shall be used to determine the parental contribution (PC) and expected family contribution (EFC). Both the PC and EFC shall always be calculated on the basis of actual income for the calendar year prior to the beginning of an application period and assets at the time of application, except as the commission may otherwise direct. Absent specific legislative language to the contrary, the commission may adjust the methodology due to budgetary constraints.

(b) For a dependent student, the PC figure shall be derived from the parental data submitted on an approved application by the applicant. Also, if the applicant's parents are separated or divorced at the time of application, only the prior year's income and current household and asset information of the parent with whom the student lived the most during the last twelve (12) months, or, if the student lived with each parent an equal number of days, of the parent who provided the most financial support during the last twelve (12) months or during the most recent calendar year that support was received shall be considered, including the following:

(1) The executive director or designee may require an applicant to obtain a notarized statement from his or her parents that affirms that the parents were divorced or separated on the date the application was filed.

(2) If the custodial parent is not a resident of Indiana, but the noncustodial parent is an Indiana resident, the commission shall treat the student as an Indiana resident. In this instance, the financial, household, and asset information of the custodial parent will be used to determine the student's eligibility for an award.

(c) For an independent student, the EFC shall be derived from data submitted by the applicant on the approved application.

The following shall also apply to the determination of an EFC for independent students:

(1) If the applicant is divorced or separated at the time of application, only the student's prior year's income and current household and asset information shall be used. The executive director or designee may require an applicant to obtain a notarized statement that affirms that the applicant was divorced or separated on the date the application was filed.

(2) The income and assets of the applicant's spouse.

(d) The commission may apply a factor that increases or decreases the PC and EFC of all applicants (both dependent and independent) if, in the commission's judgment, such adjustments are necessary and appropriate.

(e) The commission shall not adjust the PC or EFC or recalculate an award for any of the following reasons:

(1) Were temporarily or permanently unemployed during the year for which an application was filed.

(2) Experienced a change in farm or business assets occurring after the date an application was filed.

(3) Filed bankruptcy or experienced a loss of assets after the date an application was filed.

- (4) Were married after the date an application was filed.
- (5) Divorced or separated after the date an application was filed.
- (6) Experienced an increase in the number of dependents or additional family members after the date an application was filed.
- (7) Experienced an increase or decrease of income or assets after the filing of the need analysis application, unless prior year data was reported in error on the form.

(f) In the event of the death of one (1) of the parents of an applicant, the commission may recalculate the PC on the basis of the surviving parent's prior calendar year's income and current year's assets and issue a revised award at any time. Should an applicant be orphaned, the commission may reclassify the applicant as an independent and issue a revised award based on the applicant's revised EFC. Adjustments under either provision mentioned in this section must be made during the academic term in which the student is enrolled.

(g) In the event of the death of the spouse of an independent student, the commission may recalculate the EFC on the basis of the student's prior year's income and current year's assets and issue a revised award at any time from the beginning of an application period up to the reconciliation dates established by the commission for the eligible institution attended.

(h) For an applicant under section 5(b)(2)(A) or 5(b)(2)(B) of this rule, income from and assets of trusts administered in the applicant's behalf by a court-appointed guardian, trustee, or conservator shall be considered in calculating the EFC. The commission shall not consider the income of relatives or others with whom an applicant may live in calculating the EFC of an applicant classified as an independent student under section 5(b)(2)(A) or 5(b)(2)(B) of this rule if such relatives or other persons are not the applicant's adoptive parents.

(i) In determining the financial resources available to an applicant, the commission may not consider excludable bond interest as prescribed under IC 20-12-21-6.2 [IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007. See IC 21-12-3-6.] or assets under an Internal Revenue Service Section 529 Plan. (*Commission for Higher Education of the State of Indiana; 500 IAC 1-1-6; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1577; filed May 11, 1987, 8:45 a.m.: 10 IR 1871; filed Jan 4, 1989, 3:00 p.m.: 12 IR 1202; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1362; errata filed Apr 9, 1996, 2:50 p.m.: 19 IR 2047; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1293; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA*) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-6) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-6) by IC 21-18.5-1-2(c), effective July 1, 2012.

#### **500 IAC 1-1-7 Schedule of allowable tuition and regularly assessed fees**

Authority: IC 21-18.5-4-9

Affected: IC 21-12-3; IC 21-12-4-4

Sec. 7. Unless otherwise approved by the commission, the commission's awards shall be directly related to actual tuition and regularly assessed fees charged to students by the approved institutions. Applicants are only eligible for one (1) academic year's worth of state assistance within a twelve (12) month period. For purposes of establishing the tuition and fee basis for its awards, the commission annually shall do the following:

- (1) Collect tuition and fee information for the academic year in which an application period falls from each approved institution.
- (2) Compute tuition charges for an academic year on the basis of actual credit hours if greater than eleven (11) or a maximum of fifteen (15) credit hours times the number of enrollment periods in an academic year.
- (3) Add to the computed tuition figure all regularly assessed fees.
- (4) Develop a schedule showing allowable tuition and fees for each approved institution.

The commission annually shall adopt a schedule of allowable tuition and fees. (*Commission for Higher Education of the State of Indiana; 500 IAC 1-1-7; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1578; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1364; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1294; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA*) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-7) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-7) by IC 21-18.5-1-2(c), effective July 1, 2012.

**500 IAC 1-1-8 Minimum and maximum awards**

Authority: IC 21-18.5-4-9

Affected: IC 21-12-3; IC 21-12-4-4

Sec. 8. The maximum award offered to applicants shall not exceed the amount authorized by the general assembly in the biennial appropriations bill. In the absence of specific instructions from the general assembly, unless otherwise approved by the commission, the maximum shall not exceed the lesser of:

- (1) the actual tuition and mandatory fees from the schedule adopted by the commission;
- (2) the actual fees charged students if less than the schedule adopted by the commission; or
- (3) the sum of:
  - (A) the highest actual tuition and mandatory fees charged to students at a public institution of higher learning for the academic year in which the application period falls; and
  - (B) the lowest appropriation per full-time student equivalent (FTE) made by the general assembly to a public institution of higher learning for the academic year in which the application period falls.

The minimum award that shall be offered to applicants shall be established annually by a resolution adopted by the commission.

*(Commission for Higher Education of the State of Indiana; 500 IAC 1-1-8; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1578; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1364; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1295; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-8) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-8) by IC 21-18.5-1-2(c), effective July 1, 2012.*

**500 IAC 1-1-9 Computation and adjustment of potential awards**

Authority: IC 21-18.5-4-9

Affected: IC 21-12-3; IC 21-12-4-4

Sec. 9. The commission shall compute awards in the manner in which the general assembly directs in the biennial appropriations bill. In the absence of specific instructions from the general assembly, unless otherwise approved by the commission, the following calculation shall be used:

- (1) Potential award is a percentage of the tuition and regularly assessed fees minus PC for dependent applicants and EFC for independent applicants. Applicants who graduated from an Indiana high school in 1998 or beyond with a Core 40 diploma and a 2.0 grade point average, and applicants who graduated from an Indiana high school in 1997 or beyond with an academic honors diploma and a 3.0 grade point average may qualify for higher awards levels than those who graduate from high school without Core 40 or academic honors diploma credentials.
- (2) When potential awards for all eligible students exceed available funds, the commission shall reduce the award amounts on a pro rata basis.
- (3) Based on prior year acceptances of awards offered to applicants, the commission may offer awards in a total amount greater than available funds to ensure the maximum possible utilization of grant funds.

*(Commission for Higher Education of the State of Indiana; 500 IAC 1-1-9; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1578; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1364; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1295; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-9) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-9) by IC 21-18.5-1-2(c), effective July 1, 2012.*

**500 IAC 1-1-10 Applicant's right of appeal**

Authority: IC 21-18.5-4-9

Affected: IC 4-21.5; IC 21-12-3

Sec. 10. (a) When the commission determines that an applicant is ineligible for award consideration for reasons specified in IC 20-12-21-6, IC 20-12-21-6.1, and IC 20-12-21-7 [IC 20-12 was repealed by P.L.2-2007, SECTION 390, effective July 1, 2007.] or this rule, to the extent practicable, the commission shall attempt to notify the applicant at the address on record of the

denial and of the period of time an applicant has to provide requested data or appeal the denial.

(b) An applicant who has been denied may appeal the action in the following manner:

(1) An appeal must be made in writing to the director of the grant division. Relevant documentation must accompany the written appeal and be submitted within thirty (30) days of the date the commission sent an edit letter to the student notifying them of their ineligibility for state grant assistance.

(2) Decisions made by the director of the grant division regarding the applicant's appeal shall be in writing and shall be mailed to the applicant making the appeal.

(3) An appeal decision rendered by the director of the grant division may be appealed in writing to the executive director.

(4) Decisions made by the executive director regarding the applicant's appeal shall be in writing and shall be mailed to the applicant making the appeal.

(5) An appeal decision rendered by the executive director may be appealed to the appointed members of the commission.

(6) Appeals to the appointed members of the commission shall be heard at a regular meeting or a specially called meeting. An applicant appealing to the commission is entitled to advance notice of the date, time, and place of the hearing. The applicant shall receive a copy of the official minutes that contain the decision made by the commission on the appeal.

(7) An appeal that has been denied by the commission shall be final within the meaning of IC 4-21.5.

(c) An applicant who fails to respond in writing to a request for information in the period of time specified shall be ineligible to receive award consideration for that academic year. (*Commission for Higher Education of the State of Indiana; 500 IAC 1-1-10; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1579; errata, 9 IR 2208; filed May 11, 1987, 8:45 a.m.: 10 IR 1872; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1365; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1295; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA*) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-10) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-10) by IC 21-18.5-1-2(c), effective July 1, 2012.

#### **500 IAC 1-1-11 Adjusted or withdrawn awards**

Authority: IC 21-18.5-4-9

Affected: IC 21-12-3-7

Sec. 11. (a) The commission shall recalculate, adjust, or withdraw awards in any of the following circumstances:

(1) A recipient makes a change of school choice.

(2) A recipient fails to make in writing a change of school choice within thirty (30) days from the end of the last day of classes in any enrollment period at the chosen school.

(3) A recipient enrolled in an institution ceases for any reason to be a student in good standing. If, under its current standards, a fee or charge that has been paid as part of an award would otherwise be remissible by the institution to the student, the fee or charge shall be remissible to the commission.

(4) A recipient is simultaneously enrolled full time in more than one (1) institution.

(5) An approved institution submits changes in a recipient's PC and/or EFC.

(6) Inaccurate or falsified data is intentionally submitted in an effort to affect the applicant's eligibility for award consideration.

(7) A recipient fails to maintain satisfactory academic progress as defined by each approved institution.

(8) A recipient owes a Pell grant overpayment and/or is in default of any educational loan.

(9) A recipient has obtained a prior bachelor's degree.

(10) A recipient owes repayment of any federal or commission-administered student aid.

(11) It is found that a recipient is not a United States citizen or is not considered an eligible noncitizen under section 4(6) of this rule.

(12) The parents of a dependent student remove their permanent, continuous, and principal place of residence from Indiana after the beginning of the academic year; the recipient will not be eligible for award usage in subsequent academic years.

(13) A recipient is a graduating senior and enrolled less than full time during the final term prior to graduation.

(b) An action by the commission to adjust or withdraw a recipient's award may be appealed in the same manner as determinations of eligibility under section 9 of this rule. (*Commission for Higher Education of the State of Indiana; 500 IAC 1-1-11; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1579; filed May 11, 1987, 8:45 a.m.: 10 IR 1872; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1365;*

*readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1296; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA)*  
*NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-11) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-11) by IC 21-18.5-1-2(c), effective July 1, 2012.*

**500 IAC 1-1-12 Fraud and misrepresentation**

Authority: IC 21-18.5-4-9

Affected: IC 21-11

Sec. 12. (a) When the commission receives evidence of fraud or willful misrepresentation on the part of a recipient, the commission shall withdraw the recipient's award and notify the recipient's approved institution of its action.

(b) The executive director or designee is authorized to present evidence of fraud or willful misrepresentation to the attorney general of Indiana or to the prosecuting attorney of the county in which a recipient resides and request consideration of civil action or criminal charges, or both. *(Commission for Higher Education of the State of Indiana; 500 IAC 1-1-12; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1580; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1366; readopted filed Sep 28, 2001, 4:04 p.m.: 25 IR 529; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA)* *NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-13) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-12) by IC 21-18.5-1-2(c), effective July 1, 2012.*

**500 IAC 1-1-13 Responsibilities of approved institutions**

Authority: IC 21-18.5-4-9

Affected: IC 21-12-3

Sec. 13. (a) The commission shall execute agreements with each approved institution, which shall evidence the willingness of the approved institution to abide by the commission's law, rules, and policies. Execution of an agreement with the commission binds an approved institution to meet the following requirements:

(1) Notify the commission, at the times and in the form specified by the commission, of any of the following circumstances:

(A) A recipient's failure to enroll in or maintain status as a full-time student if the student was awarded a HEG through the institution's refund period.

(B) A recipient's failure to maintain satisfactory academic progress as that may be defined by each approved institution.

(C) A recipient's grant overpayment or default of any educational loan.

(D) A recipient owes an overpayment of any federal or commission-administered student aid.

(2) Supply the commission with information it receives that may raise questions about a recipient's eligibility, including, but not limited to, the following:

(A) State of residency.

(B) Omitted, inaccurate, falsified, or conflicting information on the approved need analysis application or any other documentation received.

(C) Misclassification of a recipient as an independent or dependent student.

(3) Maintain accurate and complete records sufficient to document the use of state grant funds for each recipient for at least three (3) years following the academic year in which a grant was made to a recipient and, during normal business hours, permit inspection and audit of records related to state student financial assistance programs.

(4) Return unused, or inappropriately used, state grant funds to the commission by the established deadline dates. State grants cannot be treated as federal or institutional money for the purpose of returning funds. Returning funds to the commission must be done independent of the return of funds to the federal government, the institution, or any other granting source. Funds must be returned based on a prorated basis in such a way that if an institution charges a student a percentage of the tuition and regularly assessed fees used to calculate the award, the award can be claimed up to that percentage and the rest returned to the commission.

(5) Submit commission-required reports by the established deadline dates. Failure to do so will result in unpaid claim reimbursements.

(6) Assist the commission in determinations of eligibility and financial need by sharing information supplied by applicants.  
(7) Certify to the commission changes in a student's status resulting from the application of section 5(b) or 5(c) of this rule and changes in a student's PC and EFC resulting from verification under the federal methodology for federal, state, or institutional purposes that exceed the level established by the commission as significant. Approved institutions must certify changes to the commission according to the schedule published by the commission.

(8) Disburse state award funds only after the applicant's verification process is complete regardless of whether verification is federally or institutionally mandated. Approved institutions that participate in the United States Department of Education's Quality Assurance (QA) program can disburse first-term awards to QA-selected students before completing the verification process. A QA-selected student's verification must be completed before their second term award can be disbursed. If a QA school's verification process lowers a student's HEA/FOC award, the school must refund the overawarded amount to the commission. A verification that increases a student's award amount will not be paid by the commission for a semester, trimester, or quarter that has already been reconciled.

(9) Certify to the commission the names of all applicants for a state grant who have been classified as independent by the financial aid administrator's professional judgment and who meets one (1) of the commission-approved professional judgment (pj) dependency override categories under section 5(c) of this rule. Copies of all documents relevant to the decision shall be made available to the commission upon request. Schools must document all pj actions, adhere to their written pj policies and procedures guidelines, and follow the commissions written pj policies. For state grant purposes, final determination of status under section 5(d) of this rule rests solely with the executive director or designee.

(10) For purposes of this section, an improperly awarded grant is defined as a grant that was issued to an applicant based on incorrect information provided to the school and/or commission by the applicant. If a school makes an error that results in a grant being improperly awarded to a student, the school is responsible for refunding the award amount to the commission.

(11) Make a reasonable effort to collect repayment from a recipient of an improperly awarded state grant by the end of the enrollment period that is, by the end of the semester, quarter, or trimester in which the award was disbursed. Schools must notify the commission within thirty (30) calendar days after an account goes into repayment of an improperly awarded state grant.

(A) A reasonable effort shall consist of an effort equal to the approved institution's normal process of collecting improperly awarded financial aid from students. An approved institution shall document its effort to obtain repayment of an improper grant.

(B) In the event an institution cannot gain repayment of an improperly disbursed award, the institution must, within thirty (30) calendar days of determining the account uncollectible, appeal to the commission to be released of its collection obligations.

(C) Failure to make a reasonable effort to collect and notify the commission in a timely manner of improperly awarded state grants, including the appeal procedure for uncollectible accounts, will result in an institution being held financially liable.

(12) Reconcile all awards by the deadlines established by the commission. Awards for periods that are not reconciled by the end of a school's semester, trimester, or quarter will not be available for disbursement in a subsequent period. The institution shall prorate any tuition and mandatory fee charges if those charges are less than the reported traditional student charges.

(b) The commission is not obligated to provide grant funds for the same student to more than one (1) approved institution.

When more than one (1) approved institution claims commission funds for the same student, the institution in which the student first enrolled shall have claim on the commission's grant, unless the student officially withdrew from the first-enrolled institution in time to receive a full refund of tuition and regularly assessed fees.

(c) A consortium agreement between no more than two (2) approved institutions is allowed providing the two (2) schools have a written agreement that requires one (1) of the two (2) schools to consider the student enrolled full time at their institution. A home school is responsible for a student's financial aid administration and for ensuring that the student maintains satisfactory academic progress (SAP). Students' state grant awards must be based on a home school's approved tuition and fees as approved by the commission unless the tuition and fees charged students are less than what all students enrolled at the home school would otherwise pay. Home schools are responsible for reconciling state grant awards.

(d) If, during an academic period, a student enrolled in an institution ceases for any reason to be a student in good standing,

the institution shall promptly give notice to the commission as to the change of status and the reason for it. If, under its current standards, a fee or charge that has been paid as part of an award would otherwise be remissible by the institution to the student, the fee or charge shall be remitted to the commission. (*Commission for Higher Education of the State of Indiana; 500 IAC 1-1-13; filed Feb 26, 1986, 4:10 p.m.: 9 IR 1580; errata, 9 IR 1667; filed May 11, 1987, 8:45 a.m.: 10 IR 1873; filed Jan 4, 1989, 3:00 p.m.: 12 IR 1203; filed Jan 9, 1996, 5:00 p.m.: 19 IR 1366; readopted filed Nov 30, 2001, 10:52 a.m.: 25 IR 1296; readopted filed Nov 30, 2007, 8:58 a.m.: 20071226-IR-585070702RFA*) NOTE: Transferred from the State Student Assistance Commission (585 IAC 1-9-14) to the Commission for Higher Education of the State of Indiana (500 IAC 1-1-13) by IC 21-18.5-1-2(c), effective July 1, 2012.

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