

Scholarship stacking — Definitions.

(a) As used in this section:

- (1) “Cost of attendance” means the amount reported as the cost of attendance by an institution of higher education to the Division of Higher Education through the Integrated Postsecondary Education Data System;
- (2) “Federal aid” means scholarships or grants awarded to a student as a result of the Free Application for Federal Student Aid, excluding the Pell Grant;
- (3) “Other aid” means a scholarship, grant, waiver, or reimbursement for tuition, fees, books, or other cost of attendance, other than federal aid or state aid, provided to a student from a postsecondary institution or a private source;
- (4) “State aid” means scholarships or grants awarded to a student from public funds, including without limitation the Arkansas Academic Challenge Scholarship under § 6-85-201 et seq., the division's scholarship and grant programs, state general revenues, tuition, and local tax revenue; and
- (5) (A) “Student aid package” means federal aid, state aid, and other aid a student receives for postsecondary education expenses.  
  
(B) “Student aid package” does not include federal aid, state aid, or other aid received by a student who is:
  - (i) An active member of the United States Armed Forces;
  - (ii) An active member of the National Guard;
  - (iii) A member of the reserve components of the armed forces; or
  - (iv) The spouse of a person under subdivision (a)(5)(B)(i), subdivision (a)(5)(B)(ii), or subdivision (a)(5)(B)(iii) of this section.

- (b) (1) The federal cost of attendance method shall be used for all students receiving state aid, regardless of whether a student is receiving federal aid.  
  
(2) (A) Costs that would not be included in the federal cost of attendance shall not be included in the package for a student who receives state aid.  
  
(B) Exceptions to the normal federal cost of attendance allowances as set forth in federal regulations may be included in the cost of attendance calculations.  
  
(C) Institutional work study is not included in cost of attendance unless the institutional work study is need-based.
- (3) A postsecondary institution shall not award state aid in a student aid package in excess of the cost of attendance at the institution where the student enrolls.

(4) A two-year private postsecondary institution of higher education shall not award state aid in a student aid package at a cost greater than any two-year state-supported institution of higher education.

(6) A four-year private postsecondary institution of higher education shall not award state aid in a student aid package at a cost greater than any four-year state-supported institution of higher education.

(7) An institution of higher education shall award aid in the following order:

(A) The Arkansas Academic Challenge Scholarship;

(B) Any other state scholarship program, excluding the Arkansas Future Grant Program, Arkansas Teacher Academy Scholarship Program, and Arkansas National Guard Tuition Waiver Program;

(C) The Arkansas Future Grant Program, Arkansas Teacher Academy Scholarship Program, or Arkansas National Guard Tuition Waiver Program; and

(D) Institutional aid.

(c) A postsecondary institution shall report to the division, no later than September 30 of each year, the total amount of federal aid, state aid, and other aid a student receives if the student receives an award from a division scholarship or grant program, including the Arkansas Academic Challenge Scholarship under § 6-85-201 et seq.

(d) (1) When a student receives a student aid package that includes state aid and the student aid package exceeds the cost of attendance, the postsecondary institution shall repay state aid in the amount exceeding the cost of attendance, utilizing the stacking order under subdivision (b)(6) of this section.

(2) The division shall credit the excess state aid funds to the appropriate division fund or trust account.

(e) A student awarded state aid shall disclose all state aid, federal aid, and other aid to:

(1) The division if the division awards state aid to the student; and

(2) A postsecondary institution that awards state aid or other aid to the student.

(f) Except as otherwise provided by federal law, federal aid will be applied before state aid governed by this section.