

THE RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY

CollegeBoundfund 5 & 10 MATCHING GRANT PROGRAM

Rules and Regulations

The following rules and regulations are adopted by the Rhode Island Higher Education Assistance Authority pursuant to Chapter 57 of Title 16 of the General Laws of Rhode Island, 1956, as amended, for the establishment and implementation of the CollegeBoundfund 5 & 10 Matching Grant Program, (the Program) beginning with the 2002 calendar year.

I. ELIGIBILITY

A. Residence and Citizenship

An applicant shall be eligible for consideration for a CollegeBoundfund 5 & 10 Matching Grant when it is determined that:

1. The applicant, shall be identified as a participant owner of a CollegeBoundfund account, who has been a domiciled resident of the State of Rhode Island during the calendar and tax year prior to the year in which the applicant applies for a matching grant.
2. The applicant is a citizen of the United States or has been granted permanent resident status.

B. Adjusted Gross Income

1. The applicant must have a federal adjusted gross income that meets criteria to be established from time to time by the Authority.

C. Age of the Beneficiary

1. The applicant shall be the person eligible to claim a dependent child for tax purposes who meets the age eligibility that meets the criteria established in these regulations

II. APPLICABILITY OF AWARDS

A. CollegeBoundfund Account Participants

Successful applicants shall be participants in the Program for accounts opened for a beneficiary where the beneficiary is 10 years of age or less in the qualifying tax year. The applicant may also be the participant on an account that had been opened previous to the tax year under consideration provided the beneficiary met the same criteria as above at the time the account was opened.

1. Qualifications by Income: The Authority will from time to time establish criteria, which must be met in order to be considered for a matching grant. Matching grants will be available to individuals who have an adjusted gross income equal to or less than the

Rhode Island median income based on the latest available census sample. A second tier of eligibility will be in place for individuals who have an adjusted gross income equal to or less than 200% of the Federal Poverty Level for a family of four based on the latest available data. Families with more than four dependents may, at the discretion of the Authority, be eligible for the higher of the two matches in the Program on the basis of the Federal Poverty Level for their family size. In both cases the figure used as a maximum income eligibility figure will be rounded up to the nearest \$1000.

B. Qualified Institutions

A Rhode Island CollegeBound*fund* Matching Grant Account may be applied at a postsecondary institution which:

1. Is determined to be eligible to receive funds under Section 529 of the Internal Revenue Code.

III. APPLICATION

A. Applicants to the CollegeBound*fund* 5 & 10 Matching Grant Programs must:

Open and contribute to a CollegeBound*fund* account the beneficiary of which shall be 10 years of age or less on January 1st in the qualifying tax year; or shall contribute to an existing account which was opened consistent with the age criteria above and shall not have been opened for more than five years including the year the account was opened.

- B. Obtain, complete and submit to the appropriate entity, an application for a matching grant and provide a copy of the appropriate IRS form or other documentation which establishes the beneficiary of the account as the dependent of the participant owner of the account by the Program deadline to be established from time to time by the Authority.

C. Disqualification

1. All applicants who do not submit applications in accordance with the above criteria shall be disqualified for consideration in that program year but may re-apply in subsequent years if eligible.
2. Any information willingly and knowingly provided which misrepresents the applicant's financial or educational status, or the dependent status of the beneficiary shall constitute a condition for disqualification.
3. Failure to submit requested information on time shall constitute a condition for disqualification.
4. Participant owners of accounts that have been opened for five years shall not be eligible for additional matching funds. For the purposes of these regulations an account shall be considered opened for one year regardless of when in the calendar year it is opened.

IV. SELECTION OF RECIPIENTS

A. Basic Considerations

1. Eligibility Determination – each applicant to the Program first shall have their eligibility determined on the basis of the criteria enumerated in the Sections above. All applicants who meet such criteria shall be designated eligible for consideration. No person shall be denied eligibility for consideration of a CollegeBoundfund 5 & 10 Matching Grant because of race, color, religion, sex, age, national origin or handicap/disability status, veteran status or sexual orientation.

B. Identification of Matching Grant Recipients

1. Each eligible matching grant applicant shall be assigned an award according to the award setting rules enumerated in these regulations.

V. ESTABLISHING AWARD SIZES

A. Limits of Monetary Awards

1. The award sizes for the 5 & 10 Matching Grant Program shall not be less than \$1 and not greater than \$1,000 and no recipient shall receive an award greater than a match of \$2 per \$1, contributed to a qualifying account. The maximum contribution to be matched in a given year shall be \$500. Participants who meet the criteria to be included in Tier I of the program (AGI equal to or less than 200% of FPL based upon family size) shall be eligible for a match of up to \$2 per \$1 contributed. Participants who meet the criteria to be included in Tier II (AGI greater than 200% of FPL for a family of four but below the Rhode Island median income) shall be eligible for a match of \$1 per \$1 contributed. The Authority from time to time shall review these formulas and adjust limits and amounts, as it deems appropriate.
2. Applicants will be placed in the Tier that is most beneficial to the beneficiary but will not be eligible to be included in both tiers for the purposes of making awards.

B. Award Schedules

1. The actual award sizes for the 5 & 10 Matching Grant Program shall be established from time to time by the Authority, within the limits established in these regulations. All awards shall be rounded to the nearest \$1 increment. Awards shall be set after having assessed the demand for the Matching Grant Program, after having identified the alternative that best meets the objectives of the program.

VI. NOTIFICATION OF RESULTS

A. Notification

1. All applicants shall be notified of the disposition of their application.

B. Recipient Acceptance

1. All finalists will be asked to verify their beneficiary information prior to the matching account being opened on behalf of the beneficiary. The Rhode Island Higher Education Assistance Authority shall open and maintain the matching account as participant for the beneficiary.
2. In the event there is a change in beneficiary from the original beneficiary identified in the application, the funds in the matching account will be withdrawn from the matching account and returned to the program.
3. Should a family no longer meet the criteria of residency, funds attributable to the beneficiary will remain on deposit although no additional funds shall be added except in a year when the participant would have a potential Rhode Island tax liability for all or a portion of the year.
4. In the event of a qualified withdrawal as described in section 529 of the IRS Code, other than a payment to the school, that being the death of, disability of, or receipt of a scholarship by, the beneficiary, funds in the Program account can be withdrawn at no penalty to the participant of the original qualifying account.

C. Income Verification

The Authority reserves the right to request or obtain the applicant's Internal Revenue Service Income Tax Return or Rhode Island Tax Return Information, or other necessary documentation in substantiation of information supplied on the program application.

VII. PAYMENT

A. Verification of Enrollment and Attendance Status

1. The individual entitled to claim the beneficiary on their tax form shall confirm the beneficiary's enrollment periodically and request funds be drawn from the matching account for qualified educational expenses. The Authority will from time to time establish procedures to draw funds from the matching fund account that are consistent with current technology and practice.
2. The appropriate official documentation of enrollment shall be established from time to time by the Authority.

B. Payment to Institution

1. Payments of matching grants will be made directly to institutions upon receipt of a properly authorized request from the individual entitled to claim the beneficiary for income tax purposes. In certain circumstances, and consistent with provisions of

Section 529 of the Internal Revenue Code as amended from time to time and any applicable regulations or rulings issued by the Internal Revenue Service, payments may be made directly to the beneficiary or to any agents designated by them other than the postsecondary institution.

2. Payments to the institution shall be applied solely toward any expenses consistent with the provisions of Section 529 of the Internal Revenue Code as amended from time to time and any applicable regulations or rulings issued by the Internal Revenue Service.
3. Payments to the institution shall be conditional to the extent that the institution as a condition of acceptance of the funds agrees that the CollegeBound*fund* Matching Grant funds will not be used to displace institutional gift aid.
4. Should a recipient's enrollment in postsecondary education be discontinued for any reason, academic or otherwise, any unused funds awarded are to be refunded directly to the Authority in accordance with the Authority's policy for making such refunds. Such policy shall be in keeping with refund requirements for Federal Title IV funds. At the Authority's discretion the funds may be returned to the student's account for future educational use.

VIII. RENEWALS

- A. Each Matching Grant recipient shall be eligible for a renewal upon receipt of the appropriate application materials referenced in these regulations provided and upon the Authority's finding that:
 - 1) There has been a contribution to the existing CollegeBound*fund* account in the qualifying tax year,
 - 2) The individual entitled to claim the beneficiary for income tax purposes maintains eligibility as specified in these regulations,
 - 3) The applicant has not yet exceeded the maximum five- year eligibility period the first year of which shall be the year in which the account was opened.

IX. FUNDING

- A. Funding shall be as approved by the Authority solely from the revenues generated by the CollegeBound*fund*, and not from any other assets or funds of the Authority.

X. EXECUTIVE DECISIONS

Unusual circumstances that may impact on individual awards in the ordinary operation of the CollegeBound*fund* 5 & 10 Matching Grant Program that are not specifically guided by the regulations herein shall be ruled upon by an Appeals Committee. All appeals from decisions of

the Appeals Committee shall be to the Executive Director of the Authority. All decisions of the Executive Director shall be final.

The Executive Director shall be authorized to make exceptions in the application of these regulations in unusual circumstances.

CollegeBoundfund 5 & 10 MATCHING GRANT PROGRAM RULES

RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY

By _____

William H. Hurry, Jr.
Executive Director