

Stricken language would be deleted from and underlined language would be added to present law.
Act 613 of the Regular Session

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: S3/7/17
A Bill

SENATE BILL 528

By: Senator Hickey
By: Representative C. Douglas

For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS WORKFORCE CHALLENGE SCHOLARSHIP; TO PROVIDE FOR THE USE OF EXCESS LOTTERY PROCEEDS TO FUND SCHOLARSHIPS FOR STUDENTS ENROLLED IN HIGHER EDUCATION PROGRAMS THAT WILL LEAD TO THE STUDENTS BEING QUALIFIED TO WORK IN HIGH-NEEDS OCCUPATIONS; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE ARKANSAS WORKFORCE CHALLENGE SCHOLARSHIP; AND TO DECLARE AN EMERGENCY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 6-85-212(e)(2)(A) and (B), concerning scholarship awards, are amended to read as follows:

(2)(A)~~(i)~~ The department shall award an aggregate amount of scholarship awards to nontraditional students beginning with the ~~2010-2011~~ 2017-2018 academic year of up to twelve million dollars (\$12,000,000).

~~(ii) Beginning with the 2014-2015 academic year, the department shall award an aggregate amount of scholarship awards to nontraditional students of up to sixteen million dollars (\$16,000,000).~~

(B)(i) The department shall return to the Office of the Arkansas Lottery the excess funding, if any, for scholarship awards under this subchapter the department received under § 23-115-801.



(ii) The office shall deposit any funds received from the department under this subdivision (e)(2)(B) into a trust account established under § 23-115-801(b).

SECTION 2. Arkansas Code § 6-85-212(j), concerning recommendations to the Legislative Council for the award of scholarships when sufficient funds exist to fund all eligible students, is repealed.

~~(j) When the General Assembly determines that sufficient net lottery proceeds exist to fund students enrolling in certificate, associate degree, and baccalaureate degree programs, the department shall submit recommendations to the Legislative Council for the award of scholarships and grants to certain graduate and professional programs at approved institutions of higher education.~~

SECTION 3. Arkansas Code Title 6, Chapter 85, is amended to add an additional subchapter to read as follows:

Subchapter 3 — Arkansas Workforce Challenge Scholarship Program

6-85-301. Creation.

There is created the Arkansas Workforce Challenge Scholarship Program.

6-85-302. Definitions.

As used in this section:

(1) "Approved institution of higher education" means an institution of higher education approved by the Department of Higher Education to participate in the Arkansas Workforce Challenge Scholarship Program and that is:

(A) A state-supported two-year or four-year college or university; or

(B) A private, nonprofit two-year or four-year college or university with its primary headquarters located in Arkansas that is eligible to receive Title IV federal student aid funds; and

(2)(A) "Certificate program" means a program that is offered or made available to a student by an approved institution of higher education that leads to the obtainment of a certification or license, including without limitation a program operated or sponsored by a third party.

(B) The credit hours or contact hours awarded for a certificate program may include credit hours or contact hours that are not creditable toward an associate or a baccalaureate degree.

6-85-303. Funding.

(a) For an academic year, the following shall be used to fund Arkansas Workforce Challenge Scholarships under this subchapter:

(A) Excess funding returned to the Office of the Arkansas Lottery under § 6-85-212(e)(2)(B)(i) from the previous academic year; and

(B) Net proceeds remaining from the previous academic year after the office:

(i) Transfers the funds requested by the Department of Higher Education under § 23-115-801(c)(2); and

(ii) Deposits the amount necessary to maintain the Scholarship Shortfall Reserve Trust Account under § 23-115-802 in an amount equal to twenty million dollars (\$20,000,000).

(b)(1) A scholarship under this subchapter shall not be awarded for an academic year if:

(A) Less than two hundred fifty thousand dollars (\$250,000) is available under subsection (a) of this section; or

(B) The department received a loan from the Scholarship Shortfall Reserve Trust Account under § 23-115-802 for the Arkansas Academic Challenge Scholarship Program – Part 2, § 6-85-201 et seq., for the previous academic year.

(2) Any funds under subsection (a) of this section that are not disbursed for scholarships under this subchapter shall be carried over to the next academic year to be used for scholarships under this subchapter.

6-85-304. Eligibility.

(a) A student is eligible to receive an Arkansas Workforce Challenge Scholarship for an academic year if the student applies to the Department of Higher Education by a date determined by the Department of Higher Education preceding the academic year and:

(1) Is an Arkansas resident or, if the student is less than twenty-one (21) years of age, either the student or one (1) parent of the student is an Arkansas resident;

(2) Meets either of the following requirements:

(A) Graduated from a:

(i) Public high school in Arkansas or another state;

(ii) Private high school in Arkansas or another state; or

(iii) Home school under § 6-15-501 et seq. or recognized by another state; or

(B) Received a high school equivalency diploma approved by the Department of Career Education or another state;

(3) Is not receiving a scholarship under the Arkansas Academic Challenge Scholarship Program – Part 2, § 6-85-201 et seq.;

(4) Is accepted for admission in a program of study at an approved institution of higher education that leads to an associate degree or a certificate program in one (1) of the following high-demand fields:

(A) Industry;

(B) Health care; and

(C) Information technology; and

(5)(A) Whose program of study or certificate program will result in the student's being qualified to work in an occupation identified by the Department of Workforce Services under subdivision (a)(5)(B)(i) of this section.

(B)(i) The Department of Workforce Services shall provide annually to the Department of Higher Education by March 1 a list that identifies the five (5) most in-demand occupations in this state in each high-demand field under subdivision (a)(4) of this section that require the completion of a program of study that leads to an associate degree or a certificate program.

(ii) The Department of Workforce Services shall publish on its website the list under subdivision (a)(5)(B)(i) of this section and data supporting the list.

(b)(1) A student who received a scholarship under this subchapter and successfully completed a program of study or certificate program that meets the requirements under subdivision (a)(4) of this section is eligible to reapply for a scholarship under this subchapter if the student is accepted for admission in a different program of study or certificate program that meets the requirements under subdivision (a)(4) of this section.

(2) A student who received a scholarship under this subchapter and does not successfully complete the program of study or certificate program is eligible to reapply for and receive a scholarship one (1) time only.

6-85-305. Distribution – Award amounts.

(a) If funds are available, the Department of Higher Education shall distribute Arkansas Workforce Challenge Scholarships to all students who meet the requirements under § 6-85-304.

(b)(1) The department shall distribute scholarships from the funds available in an equal amount to every student eligible to receive a scholarship under this subchapter.

(2) Except as provided in subsection (c) of this section, the maximum scholarship award a student may receive in an academic year shall be the lesser of:

(A) Eight hundred dollars (\$800); or

(B)(i) The cost of the certificate program or program of study.

(ii) The cost of a certificate program or program of study shall include:

(a) Tuition, fees, or other charges;

(b) Textbooks or other course materials; and

(c) Equipment needed for a course.

(3) The scholarship awards may be used for expenses included in the cost of the certificate program or program of study.

(4) A scholarship under this section shall be only for the academic year for which it is awarded.

(c)(1) If the department has funds remaining after making the distributions under subsection (b) of this section, the department shall distribute scholarships to students for the summer term of the academic year.

(2) If funds are available under subdivision (c)(1) of this section, a student shall apply for a scholarship for a summer term by a date determined by the Department of Higher Education preceding the summer term.

(3)(A) The department shall distribute scholarships for a summer term in the same manner as under subsection (b) of this section.

(B) Scholarships for a summer term may be used in the same

manner as under subsection (b) of this section.

(4) A student who received a scholarship under subsection (b) of this section may also receive a scholarship for a summer term.

(d) The department shall disburse scholarship awards on behalf of an eligible student directly to the approved institution of higher education.

6-85-306. Agreements between institutions.

An approved institution of higher education may enter into agreements with other institutions of higher education, including without limitation technical institutes, to allow students enrolled in the approved institution of higher education under this section to take courses at the other institutions of higher education.

6-85-307. Rules.

The Department of Higher Education shall promulgate rules to implement this subchapter.

SECTION 4. Arkansas Code § 23-115-103(22), concerning the definition of "operating expenses", is amended to add an additional subdivision to read as follows:

(M) Management fees charged by a financial institution to manage a trust account or fund maintained by the Department of Higher Education or the office.

SECTION 5. Arkansas Code § 23-115-801(b), concerning the transfer of funds, is amended to read as follows:

(b)(1)(A) On or before the fifteenth day of each month, the office shall deposit the net proceeds from the lottery into one (1) or more trust accounts at one (1) or more financial institutions.

(B)(i) The office shall establish a trust account for the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., in a financial institution into which the office shall transfer:

(a) Excess funding returned to the office under § 6-85-212(e)(2)(B)(i) from the previous academic year; and

(b) Net proceeds remaining from the previous academic year after the office:

(1) Transfers under subdivision (c)(2) of this section the funds requested by the Department of Higher Education; and

(2) Deposits the amount necessary into the Scholarship Shortfall Reserve Trust Account under § 23-115-802 to maintain an amount equal to twenty million dollars (\$20,000,000).

(ii) The funds transferred by the office into the trust account for the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., established under subdivision (b)(1)(B)(i) of this section shall be used for:

(a) Arkansas Workforce Challenge Scholarships; and

(b) Any management fees charged by the financial institution to manage the trust account for scholarship award supplements.

(iii) Annually, the office shall transfer to the Department of Higher Education the funds from the previous academic year, if any, that were transferred by the office into the trust account for the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., under subdivision (b)(1)(B)(i) of this section for distribution of Arkansas Workforce Challenge Scholarships.

(2) The office shall follow the investment policy guidelines of the State Board of Finance in selecting a financial institution and managing the net proceeds from the lottery deposited into a ~~the~~ trust ~~account~~ accounts.

SECTION 6. Arkansas Code § 23-115-802(c), concerning the Scholarship Shortfall Reserve Trust Account, is amended to read as follows:

(c)(1) Except as provided in subdivision (c)(2) of this section, If if net proceeds in any year are not sufficient to meet the amount allocated for higher education scholarships, the account may be drawn upon to meet the deficiency.

(2) The account shall not be drawn upon to fund Arkansas Workforce Challenge Scholarships under § 6-85-301 et seq.

SECTION 7. EMERGENCY CLAUSE. It is found and determined by the

General Assembly of the State of Arkansas that this state is in need of a more educated and skilled workforce; that the Arkansas Workforce Challenge Scholarships available under this act will allow more Arkansans to pursue higher education in order to obtain a skill or better education that will lead to employment in a high-needs occupation in Arkansas; and that this act is immediately necessary to allow the funding to be in place so that Arkansas Workforce Challenge Scholarships can be awarded to Arkansans as soon as possible. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.

/s/Hickey

APPROVED: 3/23/2017