

Stricken language would be deleted from and underlined language would be added to present law.
Act 636 of the Regular Session

State of Arkansas
93rd General Assembly
Regular Session, 2021

As Engrossed: S3/30/21
A Bill

SENATE BILL 584

By: Senators Hickey, L. Eads, Irvin, J. English

By: Representative Cozart

For An Act To Be Entitled

AN ACT TO AMEND THE ARKANSAS ACADEMIC CHALLENGE SCHOLARSHIP PROGRAM - PART 2; TO ESTABLISH PROCEDURES AND FUNDING REQUIREMENTS FOR THE CREATION OR AMENDMENT OF SCHOLARSHIPS FUNDED WITH NET REVENUE AVAILABLE; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS ACADEMIC CHALLENGE SCHOLARSHIP PROGRAM; TO ESTABLISH PROCEDURES AND FUNDING REQUIREMENTS TO CREATE OR AMEND SCHOLARSHIPS FUNDED WITH NET REVENUE AVAILABLE; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code Title 6, Chapter 85, Subchapter 2, is amended to read as follows:

Subchapter 2 – Arkansas Academic Challenge Scholarship Program —~~Part 2~~

6-85-201. Findings.

The General Assembly finds that:

(1) In approving Arkansas Constitution, Amendment 87, the citizens of this state provided an opportunity to increase the resources provided for higher education scholarships and grants through a state



lottery;

(2) The net proceeds from the state lottery, in addition to existing nonlottery state educational resources for scholarships and grants, will:

(A) Encourage associate degree, certificate of proficiency program, and technical certificate program recipients and university juniors to complete a baccalaureate degree;

(B) Provide opportunities for students more than one (1) year out of high school to enter or reenter higher education;

(C) Provide an improved system of communication to students and parents about opportunities for higher education scholarships and grants in Arkansas; and

(D) Provide an evaluation and analysis of all state funding for scholarships and grants and how the funding advances the state's goals for higher education; and

(3) Changes to the Arkansas Academic Challenge Scholarship Program —~~Part 2~~ may be necessary from time to time to ensure the solvency of the program by spreading the program liabilities over a period of time while ensuring that there are scholarship dollars available for students who successfully complete their courses.

6-85-202. Creation.

The Arkansas Academic Challenge Scholarship Program —~~Part 2~~ is hereby created and established.

6-85-203. Applicability.

~~(a) This subchapter is applicable to students who apply for a scholarship under the Arkansas Academic Challenge Scholarship Program — Part 2 for the academic year 2010-2011 and each academic year thereafter.~~

~~(b) Except to the extent of an award amount under § 6-85-107(b)(2), a recipient of a scholarship under the Arkansas Academic Challenge Scholarship Program — Part 1, § 6-85-101 et seq., is not eligible for an additional scholarship under this subchapter.~~

~~(c) Recipients of Arkansas Governor's Distinguished Scholarships are prohibited from receiving Arkansas Academic Challenge Scholarships under this subchapter.~~

6-85-204. Definitions.

As used in this subchapter:

- (1) "ACT" means the ACT ~~Assessment~~ administered by ACT, Inc.;
- (2) "ACT equivalent" means the SAT, COMPASS, ~~Accuplacer~~ ACCUPLACER, or other nationally normed test that is correlated with the ACT and approved by the Division of Higher Education for use by institutions of higher education to assess a person's college readiness;
- (3) "Approved institution of higher education" means an institution of higher education approved by the division to participate in the Arkansas Academic Challenge Scholarship Program ~~—Part 2~~ and that is:
 - (A) A state-supported two-year or four-year college or university;
 - (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; or
 - (C) An approved school of nursing, subject to the provisions of § 6-85-213(c);
- (4) "Approved school of nursing" means a school of nursing with its primary headquarters located in Arkansas that:
 - (A) Prepares students as registered nurses;
 - (B) Grants nursing diplomas;
 - (C) Is eligible to participate in the Higher Education Act of 1965, Title IV federal student aid programs;
 - (D) Is approved by the Arkansas State Board of Nursing;
 - (E) Has been approved by the division as eligible to participate in the Arkansas Academic Challenge Scholarship Program; and
 - (F) Is not a two-year or four-year college or university;
- (5) "Arkansas resident" means a natural person who provides evidence deemed sufficient by the division that:
 - (A) For the twelve-month period required under § 6-85-206(1), the person:
 - (i) Maintained a permanent home in Arkansas where the person resides for an average of no less than four (4) days and nights per calendar week; and
 - (ii) Either:

- (a) Is an Arkansas registered voter;
- (b) Holds a valid Arkansas motor vehicle driver's license;
- (c) Receives benefits under an Arkansas public assistance program;
- (d) Uses an Arkansas residence address for federal or state tax purposes; or
- (e) Claims Arkansas as a residence to hold public office or for judicial actions; or

(B) Before the deadline for filing a scholarship application under this subchapter the applicant:

- (i) Is on active military status;
- (ii) Qualifies for in-state tuition and fees under § 6-60-205; and
- (iii) Meets one (1) of the conditions under subdivision (5)(A)(ii) of this section;

(6) "Continuously enrolled" means:

(A) For a traditional student, he or she successfully completes at an approved institution of higher education twenty-seven (27) semester hours in the first academic year as a recipient and, except as provided in ~~§ 6-85-212(e)(1)(A)(iv)(e)~~ § 6-85-212(d)(1)(A)(iv)(c), successfully completes thirty (30) semester hours each academic year thereafter;

(B) For a full-time nontraditional student, he or she successfully completes at an approved institution of higher education at least fifteen (15) semester hours of courses in consecutive semesters;

~~(C) For a full-time current achiever student, he or she:~~
~~(i) Before receiving a scholarship under this subchapter, successfully completed at least twelve (12) semester hours of courses in consecutive semesters; and~~

~~(ii) As a recipient of a scholarship under this subchapter, successfully completes at an approved institution of higher education at least fifteen (15) semester hours of courses in consecutive semesters;~~

~~(D)~~(C) For a part-time nontraditional student, he or she successfully completes at an approved institution of higher education at

least six (6) semester hours of courses in consecutive semesters; and

~~(E)~~(D) For a student who is enrolled in a degree plan that has a maximum number of semester hours in a semester that is less than the requirements of subdivisions ~~(6)(A)-(D)~~ (6)(A)-(C) of this section, he or she successfully completes at an approved institution of higher education the maximum number of hours required by the degree plan for the semester;

~~(7)~~ “Current achiever student” means a student;

~~(A)~~ Who meets the requirements of § 6-85-209; and

~~(B)~~ Is not a traditional student or a nontraditional student;

~~(8)~~ “End-of-course assessment” means an examination taken at the completion of a course of study to determine whether a student demonstrates attainment of the knowledge and skills necessary for mastery of that subject;

~~(9)~~(7) “Enrolled” means that the approved institution of higher education where the student is attending class counts the student as enrolled for the hours claimed on the last day to add or drop a class at the approved institution of higher education;

~~(10)~~ “High school equivalency test” means a test measuring the knowledge and skills usually learned in high school that is administered by a state-approved institution or organization;

~~(11)~~(8) “High school grade point average” means the numbered grade average on a student’s high school transcript calculated:

(A) For a traditional student, using the first seven (7) of the last eight (8) semesters the student completed prior to graduating high school; or

(B) For a nontraditional student, using the last eight (8) semesters the student completed before graduating high school;

~~(12)~~(9) “Lawful permanent resident” means a non-United States citizen who resides in the United States under a legally recognized and lawfully recorded permanent residence and who may receive state public benefits under 8 U.S.C. § 1622;

~~(13)~~(10) “Net proceeds from the state lottery” means lottery proceeds for one (1) fiscal year less the operating expenses defined in § 23-115-103 for the fiscal year;

~~(14)~~(11) “Nonlottery state educational resources” means the funding available for state-supported scholarships and grants for students

enrolled in postsecondary education in this state that:

(A) The General Assembly makes available from general revenue to the Higher Education Grants Fund Account without consideration of the availability of proceeds from the state lottery; and

(B) The Department of Finance and Administration estimates is available for distribution to the Higher Education Grants Fund Account during a fiscal year from the Educational Excellence Trust Fund;

~~(15) “Nontraditional student” means a student who is not a traditional student or a current achiever student;~~

~~(16) “Personally identifiable student data” means any information that, alone or in combination with other available information, is linked or linkable to a specific student that would allow a reasonable person in the student’s school community to identify the student with reasonable certainty;~~

~~(17) “Postsecondary grade point average” means the cumulative numbered grade average for college credit courses as calculated using a 4.0 scale;~~

~~(18)~~(12) “Qualified certificate program” means a program:

(A) That is offered by an approved institution of higher education;

(B) For which credit hours are awarded that are creditable toward an associate degree or baccalaureate degree; and

(C) Recognized by the United States Department of Education for financial aid purposes;

~~(19)~~(13) “Recipient” means an applicant awarded a scholarship funded through the Arkansas Academic Challenge Scholarship Program — ~~Part 2;~~

~~(20) “Scholarship hold” means the temporary suspension of a scholarship award to a traditional student under this subchapter approved by the division under § 6-85-221;~~

~~(21)~~(14) “Semester” means one-half ($\frac{1}{2}$) of a traditional academic year at an institution of higher education, or an equivalent approved by the division, in which a student enrolls for not less than:

(A) Fifteen (15) credit hours as a full-time student, except that in the first semester as a first-time full-time freshman, a traditional student shall enroll in not less than twelve (12) credit hours; or

(B) Six (6) credit hours as a part-time student;

~~(22) “Smart Core” means:~~

~~(A) The college and career readiness curriculum by that name under rules of the State Board of Education; or~~

~~(B) A college and career readiness curriculum that is:~~

~~(i) Established by rules of the State Board of Education in coordination with the division; and~~

~~(ii) Substituted for the curriculum named “Smart Core”;~~

~~(23)~~(15) “State-supported student financial assistance” means a state-supported scholarship, grant, tuition waiver, or tuition reimbursement funded with state funds or net proceeds from the state lottery awarded by:

(A) The division; or

(B) A scholarship or grant awarded by an institution of higher education in this state in whole or in part by state funds, including without limitation:

(i) Scholarships awarded on the basis of entrance exam scores or high school academic achievement;

(ii) Tuition waivers based on age, military service, occupation, or other factors;

(iii) Out-of-state tuition waivers for undergraduate students from contiguous states in close proximity to a college or university;

(iv) Scholarships for transfers from two-year institutions;

(v) Performance scholarships for band, musical performing groups, arts, theater, forensics, and similar activities that are not awarded on the basis of entrance exam scores or high school academic achievement; and

(vi) Any other publicly funded program under which students are not charged or are reimbursed by the institution of higher education for tuition, fees, books, or other costs of attendance;

~~(24) “Successfully completed” means that a student completed a course at an institution of higher education and received the equivalent of a minimum letter grade of “D”;~~

~~(25)~~(16)(A) “Superscore” means the final composite score that is

calculated according to a combination of the highest individual section scores across all of the ACT tests taken by an individual.

(B)(i) The division shall promulgate rules in consultation with ACT, Inc. to determine the mechanism for calculating and disseminating an applicant's superscore on the ACT.

(ii) However, a rule promulgated under subdivision (16)(B)(i) of this section shall not result in a negative amount of net revenue available; and

~~(26)(A)~~(17)(A) "Supplant" means that the net proceeds from the state lottery are used in place of, not in addition to, state nonlottery educational resources provided for state-supported student financial assistance for a specified fiscal year.

(B) Supplanting does not occur if the General Assembly provided the state nonlottery educational resources as if the lotteries under the Arkansas Scholarship Lottery Act, § 23-115-101 et seq., do not exist; and

~~(27)(A)~~(18)(A) "Traditional student" means a student who:

(i) Will enter postsecondary education as a full-time first-time freshman on or before the fall semester of the academic year that begins immediately following:

(a) The student's graduation from high school;

or

(b) The last day of the school year:

(1) That would have been the student's junior or senior year of high school; and

(2) In which the student completes the requirements for high school graduation and obtains a Certificate of General Educational Development instead of receiving a diploma; and

(ii) Remains continuously enrolled as a full-time student.

(B) "Traditional student" includes a student who otherwise meets this definition but delays entering postsecondary education under a scholarship hold approved by the division.

~~(C) "Traditional student" does not include a current achiever student.~~

6-85-205. Authority and duties of ~~the~~ Division of Higher Education.

(a) The Division of Higher Education shall develop and promulgate rules for the administration of the Arkansas Academic Challenge Scholarship Program consistent with the purposes and requirements of this subchapter.

(b) The rules developed and promulgated by the Division of Higher Education under this section shall pertain to:

- (1) Student eligibility criteria based on this subchapter;
- (2) The method for selecting scholarship recipients and for determining continuing eligibility;
- (3) The procedures for making payment to an approved institution of higher education where the recipient is enrolled; and
- (4) Other administrative procedures that may be necessary for the implementation and operation of the program.

(c) The Division of Higher Education shall implement a complete financial aid management system that uses a single application form that may be accessed as a web-based application for all Arkansas state-supported student financial assistance administered by the Division of Higher Education, including:

- (1) Scholarships awarded under this subchapter or other state law that are funded with net proceeds from the state lottery; and
- (2) Scholarships, grants, or other financial assistance for higher education students funded with nonlottery state educational resources.

(d)(1) The Division of Elementary and Secondary Education and the Division of Higher Education ~~are directed to~~ shall develop appropriate informational materials on the ~~Arkansas Academic Challenge Scholarship Program~~ program and ~~to~~ ensure distribution of the materials to Arkansas students in grade seven through grade twelve (7-12) each year as a part of the packet of materials on precollegiate preparation distributed by the Arkansas Higher Education Coordinating Board under § 6-61-217 and by the Division of Elementary and Secondary Education under the Higher Education Awareness Act of 1993, § 6-5-401 et seq.

(2) The distribution of informational materials under this section shall be accomplished through the collaboration of school counselors and other appropriate public school or Division of Higher Education personnel.

(3) The Division of Higher Education shall provide a copy of the informational materials developed under this section to the Legislative

Council for review.

(e) The Director of the Division of Higher Education shall review and evaluate the operation of the program with regard to eligibility criteria and size of the scholarship award to ensure that the program's operation meets the intent of this subchapter.

~~(f) The Division of Higher Education may determine the necessary procedures for the awarding of scholarships if the number of eligible applicants exceeds the funds available based on the criteria under this subchapter.~~

~~(g)(1)(A)~~(f)(1)(A) By July 15 of each year, the ~~Director of the Division of Higher Education~~ director shall provide a report to the Legislative Council on:

- (i) The implementation of this subchapter;
- (ii) The number of recipients that either:
 - (a) Dropped out during the academic year; or
 - (b) Lost the scholarship during the academic year; and
- (iii) Any additional information requested by the Legislative Council.

(B) The Legislative Council shall include the information reported under this subsection in its annual report to the General Assembly under § 6-85-220.

(2) By August 1 of each year, the Division of Higher Education shall provide to the Legislative Council an unaudited financial report on the administration of the ~~Arkansas Academic Challenge Scholarship Program~~ program for the fiscal year just ended.

6-85-206. Basic eligibility requirements.

The basic requirements for an applicant to be eligible for an award from the Arkansas Academic Challenge Scholarship Program ~~—Part 2~~ are:

(1)(A) The applicant has been an Arkansas resident for at least the twelve (12) months immediately preceding the date the applicant will enroll in an approved institution of higher education.

(B) If the applicant is less than twenty-one (21) years of age, either the applicant or a parent or guardian of the applicant shall have maintained Arkansas residency for at least the twelve (12) months immediately

preceding the date the applicant will enroll in an approved institution of higher education.

(C)(i) To be considered an Arkansas resident, an applicant shall demonstrate residency by evidence deemed sufficient to the Division of Higher Education.

(ii) Evidence of residency may include without limitation information provided by the applicant on the Free Application for Federal Student Aid (FAFSA) or a subsequent application required by the United States Department of Education for federal financial aid.

(D) During the twelve (12) months immediately preceding the date an applicant will enroll in an approved institution of higher education if the person for whom the twelve-month period is calculated under subdivision (1)(A) or subdivision (1)(B) of this section is deployed outside of Arkansas under military orders, the division shall calculate the twelve (12) months by:

(i) Excluding months of military deployment outside of Arkansas that are within the twelve (12) months immediately preceding the date the applicant will enroll in an approved institution of higher education; and

(ii) Including months the person maintained Arkansas residency immediately preceding the military deployment outside of Arkansas;

(2) The applicant is a citizen of the United States or is a lawful permanent resident;

(3)(A) The applicant is accepted for admission as a full-time student or part-time student at:

(i) An approved institution of higher education in a program of study that leads to or is creditable toward:

(a) A baccalaureate degree;

(b) An associate degree;

(c) A certificate from a qualified certificate program; or

(d) A graduate-level or professional degree;

or

(ii) An approved school of nursing in a program of study that leads to a nursing diploma under § 6-85-213.

(B) A full-time student shall enroll in at least twenty-

seven (27) semester hours the first academic year and thirty (30) semester hours per academic year thereafter or the equivalent, as described in this subchapter, or the equivalent as defined by the division.

(C) A part-time student shall complete at least six (6) semester hours but less than the minimum number of semester hours for a full-time student, as defined by the division;

(4) The applicant has not met the maximum continuing education eligibility requirements under § 6-85-210;

(5) The applicant does not owe a refund on a federal or state student financial aid grant for higher education;

(6) The applicant is not in default on a state or federal student financial aid loan for higher education;

(7) The applicant has not borrowed, as determined by the approved institution of higher education to be attended, in excess of the annual loan limits of the William D. Ford Federal Direct Loan Program in the same academic year for which the student has applied for assistance under this subchapter;

(8) The applicant is not incarcerated at the time of the application for or during the time the applicant receives a scholarship under this subchapter;

(9) The applicant has complied with United States Selective Service System requirements for registration;

(10) The applicant has completed and submitted to the United States Department of Education a Free Application for Federal Student Aid (FAFSA) or a subsequent application required by the United States Department of Education for federal financial aid; and

(11) The applicant certifies that he or she is drug-free and pledges in writing on the application form to refrain from the use or abuse of illegal substances in order to become eligible and maintain eligibility for ~~this program~~ the Arkansas Academic Challenge Scholarship Program.

6-85-207. Additional eligibility requirements for traditional students.

In addition to the basic eligibility requirements of § 6-85-206, an applicant is eligible as a traditional student if the applicant:

(1)~~(A)~~ Graduated from an Arkansas public high school and has a

minimum superscore of nineteen (19) on the ACT or the equivalent score on an ACT equivalent.

~~(B) The Division of Higher Education shall promulgate rules in consultation with ACT, Inc. to determine the mechanism for calculating and disseminating an applicant's superscore on the ACT;~~

(2) Has a disability identified under the Individuals with Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on July 1, 2009, and graduated from an Arkansas public high school, and either:

(A) Had a minimum composite score of nineteen (19) on the ACT or the equivalent score on an ACT equivalent; or

(B) Scored proficient or higher on all state-mandated end-of-course assessments, including without limitation end-of-course assessments on:

- (i) Algebra I;
- (ii) Geometry;
- (iii) Biology; and
- (iv) Literacy;

(3) Achieved a minimum superscore of nineteen (19) on the ACT or the equivalent score on an ACT equivalent and:

(A) Graduated from a private high school, an out-of-state high school, or a home school high school; or

(B) In the year in which the student would have been a junior or senior in high school, completed the requirements for high school graduation and obtained a high school equivalency diploma approved by the Adult Education Section instead of receiving a diploma; or

(4) Meets the following criteria:

(A) Was enrolled at an institution of higher education in the immediately preceding academic year as a full-time, first-time freshman;

(B) Did not receive a scholarship under this subchapter as a full-time, first-time freshman;

(C) Successfully completed with the equivalent of a minimum letter grade of "D" at least twenty-seven (27) semester hours of courses as a full-time, first-time freshman; and

(D) Achieved a postsecondary grade point average of at least 2.5 on a 4.0 scale as a full-time, first-time freshman.

6-85-208. Additional eligibility requirements for a nontraditional student.

An applicant is eligible as a nontraditional student if, in addition to the basic eligibility requirements of § 6-85-206, the applicant meets one (1) of the following requirements:

(1) If the applicant has not been enrolled in an approved institution of higher education, has either:

(A) Graduated from an Arkansas public high school and achieved a 2.5 high school grade point average; or

(B)~~(i)~~ Graduated from an Arkansas public high school, a private high school, an out-of-state high school, a home school high school, or obtained a high school equivalency diploma approved by the Adult Education Section and had a superscore of nineteen (19) on the ACT or the equivalent score on an ACT equivalent.

~~(ii) The Division of Higher Education shall promulgate rules in consultation with ACT, Inc. to determine the mechanism for calculating and disseminating an applicant's superscore on the ACT; or~~

(2) If the applicant has been enrolled in an approved institution of higher education, has earned a postsecondary grade point average of at least 2.5 on a 4.0 scale.

~~6-85-209. Additional eligibility requirements for a current achiever student.~~

~~(a) In addition to the requirements of § 6-85-206, an applicant is eligible as a current achiever student if the applicant:~~

~~(1) Entered postsecondary education before the 2010-2011 academic year;~~

~~(A) As a full-time first-time freshman student; and~~

~~(B) Within twelve (12) months after graduating high school; and~~

~~(2) At the time of applying for the scholarship;~~

~~(A)(i) Has been continuously enrolled at an institution of higher education as a full-time student.~~

~~(ii) In calculating continuous enrollment under this section, the Division of Higher Education may include one (1) or more courses taken during the summer that meet the criteria for a course under subdivision~~

~~(a)(2)(B)(ii) of this section;~~

~~(B)(i) Has successfully completed at least twelve (12) semester hours of courses granting three (3) or more hours of credit per course at an approved institution of higher education.~~

~~(ii) A course granting less than three (3) hours of credit may be counted toward the twelve (12) semester hours under this subdivision (2)(B) if it is related to a credit course required for a degree; and~~

~~(C) Has achieved a postsecondary grade point average of at least 2.5.~~

~~(b) The division may waive the requirements of subdivision (a)(1)(B) or subdivision (a)(2) of this section for eligibility under this section if an applicant does not meet those eligibility requirements due to the applicant's full-time duty in the active uniformed service of the United States, including members of the National Guard and reserve components of the United States Armed Forces on active duty or state active duty orders.~~

~~(c) This section also applies to an applicant who:~~

~~(1) Applied for a scholarship as a current achiever in the 2010-2011 academic year;~~

~~(2) Did not meet the eligibility requirements for a current achiever based on the continuous enrollment requirement of subdivision (a)(2) of this section as it existed on June 1, 2010; and~~

~~(3) Either:~~

~~(A) Received a scholarship under § 6-85-208 as a nontraditional student; or~~

~~(B) Did not receive a scholarship under this subchapter.~~

6-85-210. Continuing eligibility.

(a)(1)(A) A recipient who meets continuing eligibility criteria under this subchapter shall receive a scholarship for one (1) academic year renewable annually until the recipient has earned one hundred twenty (120) semester credit hours.

(B) A recipient may continue to receive a scholarship after he or she has earned one hundred twenty (120) semester credit hours, but not more than one hundred thirty (130) semester credit hours, if the student is enrolled in a baccalaureate degree program that requires more than

one hundred twenty (120) semester credit hours as provided under § 6-61-232.

(2) A semester in which a student withdraws or fails to complete the number of credit hours for which the student first enrolled is counted toward the maximum number of semesters for which the student may receive a scholarship award under this subchapter.

(3) The maximums under this subsection apply to any degree program, regardless of whether or not the degree program requires additional semesters.

(4) A recipient may attend summer terms at the student's own expense to earn credit hours necessary to maintain eligibility for a scholarship under this subchapter.

(b) To maintain eligibility for an Arkansas Academic Challenge Scholarship under this subchapter, a recipient shall ~~meet the following requirements:~~

(1) ~~A recipient shall continue~~ Continue to meet the relevant eligibility requirements of this subchapter while a recipient of a scholarship under this subchapter;

(2)(A)~~(i)~~ ~~A recipient shall meet~~ Meet the satisfactory academic progress standards required to receive other financial aid at the approved institution of higher education where the recipient is enrolled, as determined by the Division of Higher Education in conjunction with the institution of higher education where the recipient is enrolled.

~~(ii)(a)~~(B)(i) A recipient who does not successfully complete any credit hours toward degree completion in a semester in which he or she received a scholarship under this subchapter immediately forfeits the remainder of the scholarship award for that academic year.

~~(b)(ii)~~ The division shall notify the recipient of the loss of eligibility under this subdivision ~~(b)(2)(A)(ii)~~ (b)(2)(B).

~~(iii)(C)~~ By accepting scholarship funds under this subchapter, the receiving institution certifies that students will be enrolled in courses that will meet satisfactory academic progress standards leading toward a certificate, an associate degree, a nursing diploma, a baccalaureate degree, or a graduate-level or professional degree+;

~~(B) The division may approve a leave of absence for a reason that includes without limitation+~~

~~(i) A medical condition of the student or a member of the student's immediate family that, on the basis of a physician's good-faith judgment, necessitates the student or the student's immediate family member to be hospitalized or receive outpatient or home-based medical care or recuperation until released by the attending physician;~~

~~(ii) A personal or family emergency that requires the student to:~~

~~(a) Attend the funeral of an immediate family member; or~~

~~(b) Visit a relative of the student if the relative has a medical condition in which death is possible or imminent;~~

~~(iii) Military service under § 6-61-112;~~

~~(iv)(a) A commitment for twelve (12) to twenty-four (24) months of service in a national or international humanitarian project sponsored by a nonprofit corporation organized with a charitable or educational purpose.~~

~~(b) The student's commitment shall be expressed in a written agreement with the nonprofit organization including the terms of completion for the student's service on the related project.~~

~~(c) The division shall release a scholarship hold if the division determines that the student did not complete the commitment under the written agreement; or~~

~~(v) Any other reason approved by the division;~~

~~(3) A recipient who enrolls in one (1) or more remedial courses shall complete Complete all remedial courses required by the approved institution of higher education by the time the student completes the first thirty (30) semester hours attempted after receiving the scholarship if the recipient is enrolled in one (1) or more remedial courses;~~

~~(4) A recipient shall earn Earn a postsecondary grade point average of 2.5 or higher on a 4.0 scale at an approved institution of higher education;~~

~~(5) A recipient shall enroll Enroll in courses that lead toward a baccalaureate degree or graduate-level or professional degree after attempting the lesser of:~~

~~(A) Five (5) semesters; or~~

~~(B) The completion of an associate degree program; and~~

(6) ~~A recipient shall meet~~ Meet any other continuing eligibility criteria established by the division.

(c)(1) A traditional student recipient who loses eligibility for a scholarship may apply as a first-time nontraditional student.

(2) A recipient under subdivision (c)(1) of this section who loses eligibility for the nontraditional student scholarship is not eligible to apply for a scholarship under any eligibility provision of this subchapter.

(d) If a recipient is subject to losing a scholarship under subsection (c) of this section due to a catastrophic event experienced by the recipient or a family member of the recipient, the division may waive the requirements of this section and determine the appropriate requirements for the recipient to either retain or regain the scholarship.

~~6-85-211. Literacy tutoring.~~

~~(a) As an additional component to the Arkansas Academic Challenge Scholarship Program:~~

~~(1) Each applicant for the scholarship shall agree that for each year the scholarship is awarded he or she may volunteer to serve as a literacy tutor for a minimum of twenty (20) clock hours each semester in a public school or a faith-based educational institution serving students in prekindergarten through grade six (preK-6);~~

~~(2) A recipient who agrees to volunteer as a literacy tutor:~~

~~(A) Shall complete the prerequisite training in literacy and college readiness skills provided under this section before he or she begins tutoring; and~~

~~(B) May receive college credit for the tutoring as determined by the institution of higher education where the recipient is enrolled; and~~

~~(3) An enrolled college student who participates in the tutorial program and fails to meet the academic eligibility requirement under this subchapter for the fall or spring semester shall be given the probationary opportunity during the subsequent spring or summer term to continue his or her education and improve academic performance before losing scholarship funding in the subsequent semester.~~

~~(b) A recipient who agrees to volunteer as a literacy tutor under this~~

~~section shall receive the prerequisite training in literacy and college readiness from an approved institution of higher education based on training modules developed by the Division of Elementary and Secondary Education.~~

6-85-212. Scholarship award amounts.

(a) The General Assembly may use net proceeds from the state lottery to fund the scholarships awarded under this subchapter and to supplement the state-supported student financial assistance that the General Assembly determines is necessary to meet the state's objective for broadening and increasing access of Arkansas citizens to higher education.

(b) Net proceeds from the state lottery used to fund scholarships under this subchapter shall:

(1) Be used exclusively for the purposes set out in Arkansas Constitution, Amendment 87, and this subchapter; and

(2) Supplement and shall not supplant nonlottery state educational resources.

~~(c) It is the General Assembly's intent that before increasing award amounts for scholarships under this subchapter, the number of scholarships awarded to nontraditional students under § 6-85-208 be increased.~~

~~(d)~~(c) The scholarships established under this subchapter are subject to available funding and do not create for any student an entitlement to financial assistance to enable the student's attendance at an approved institution of higher education.

~~(e)(1)(A) Beginning with the 2016-2017 academic year, the (d)(1)(A)~~
Subject to the availability of net revenue, the scholarship award amount under this subchapter for an academic year for a full-time recipient enrolled in a four-year approved institution of higher education is:

(i) One thousand dollars (\$1,000) for a recipient who has earned less than twenty-seven (27) semester credit hours;

(ii) Four thousand dollars (\$4,000) for a recipient who has earned at least twenty-seven (27) semester credit hours but less than fifty-seven (57) semester credit hours;

(iii) Four thousand dollars (\$4,000) for a recipient who has earned at least fifty-seven (57) semester credit hours but less than eighty-seven (87) semester credit hours; and

(iv)(a) Five thousand dollars (\$5,000) for a

recipient who has earned at least eighty-seven (87) semester credit hours but no more than one hundred twenty (120) semester credit hours unless the recipient is enrolled in a baccalaureate degree program that requires more than one hundred twenty (120) semester credit hours, but not more than one hundred thirty (130) semester credit hours, as provided under § 6-61-232, then up to the number of credit hours required to complete the baccalaureate program.

(b) A recipient shall receive no more than one (1) year of the scholarship provided under subdivision ~~(e)(1)(A)(iv)(a)~~ (d)(1)(A)(iv)(a) of this section unless the recipient is enrolled in a baccalaureate degree program that requires more than one hundred twenty (120) semester credit hours as provided under § 6-61-232.

(c)(1) A recipient who is eligible to receive the scholarship under subdivision ~~(e)(1)(A)(iv)(a)~~ (d)(1)(A)(iv)(a) of this section may receive the scholarship while enrolled in a semester as a part-time student.

(2) The scholarship amount for the semester in which a recipient is enrolled as a part-time student under subdivision ~~(e)(1)(A)(iv)(c)(1)~~ (d)(1)(A)(iv)(c)(1) of this section shall be prorated by the number of credit hours in which the recipient is enrolled.

~~(B) The Division of Higher Education shall not accept new applications for scholarships for current achiever students under § 6-85-209 after June 1, 2012.~~

~~(C)(i)(B)(i)~~ To determine the correct scholarship award amount based on credit hours, a first-time recipient shall submit a current college or university transcript if the first-time recipient has earned any semester credit hours to the ~~division~~ Division of Higher Education no later than a date determined by the division prior to the academic year for which the first-time recipient will receive an initial scholarship award.

(ii) A first-time recipient who does not submit a transcript to the division on or before June 1 shall receive the award amount under subdivision ~~(e)(1)(A)(i)~~ (d)(1)(A)(i) of this section.

~~(D)(i)(C)(i)~~ An applicant may elect for the earned semester credit hours under subdivision ~~(e)(1)(A)~~ (d)(1)(A) of this section to be only those semester credit hours earned after graduating from high school or obtaining a high school equivalency diploma approved by the Adult

Education Section.

(ii) If an applicant makes the election under subdivision ~~(e)(1)(D)(i)~~ (d)(1)(C)(i) of this section, any semester credit hours earned through concurrent credit or any other method before graduating high school or obtaining a high school equivalency diploma approved by the Adult Education Section shall not be counted as earned semester credit hours for the purposes of determining a recipient's scholarship award amount under subdivision ~~(e)(1)(A)~~ (d)(1)(A) of this section.

(2)(A) The division shall award an aggregate amount of scholarship awards to nontraditional students ~~beginning with the 2017-2018 academic year~~ of up to fifteen million dollars (\$15,000,000).

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

(ii) The office shall deposit any funds received from the division under this subdivision ~~(e)(2)(B)(d)(2)(B)~~ into ~~a trust account~~ the Lottery Scholarship Trust Account established under § 23-115-801(b).

(C) Priority for scholarships awarded to nontraditional students ~~and current achiever students~~ is based on:

(i) The applicant's level of progress toward completion of a certificate, an associate degree, a nursing diploma, a baccalaureate degree, or a graduate-level or professional degree; or

(ii) Other criteria established by the division.

(3) ~~The~~ Subject to the availability of net revenue, the scholarship award for an academic year for a full-time student enrolled in one (1) of the following institutions of higher education is one thousand dollars (\$1,000) for the first year and three thousand dollars (\$3,000) for the second year:

(A) A two-year approved institution of higher education;

(B) A branch campus of a four-year approved institution of higher education; or

(C) An approved ~~nursing school~~ school of nursing.

(4) ~~The~~ Subject to the availability of net revenue, the scholarship award amount for a part-time student recipient shall be:

(A) One-half ($\frac{1}{2}$) of the award amount for a full-time

student recipient, if the recipient is enrolled in at least six (6) semester hours but less than nine (9) semester hours; or

(B) Three-quarters ($\frac{3}{4}$) of the award amount for a full-time student recipient, if the recipient is enrolled in at least nine (9) semester hours but less than the number of hours required for a full-time student recipient.

(5) A current recipient who maintains eligibility for the scholarship under this subchapter shall continue to receive the scholarship award amount first awarded to the recipient.

(6) The division shall give priority for a scholarship award to a full-time or part-time student:

(A) Who meets the eligibility requirements under this subchapter; and

(B) Whose parent, by birth or legal adoption:

(i) Was a resident of the State of Arkansas at the time that person entered the service of the United States Armed Forces or whose official residence is in Arkansas; and

(ii) Was a member of the United States Armed Forces who was killed while performing military duty:

(a) In a status identified under 32 U.S.C. § 101 et seq. or 10 U.S.C. § 101 et seq. as they existed on January 1, 2011; or

(b) In state active duty status.

~~(f)~~(e) Annually by December 15, the Legislative Council shall provide to the General Assembly its recommendations for any changes to the:

- (1) Award amounts;
- (2) Number or type of scholarships; and
- (3) Eligibility requirements.

~~(g)~~(f) It is the intent of the General Assembly that in determining award amounts under this subchapter the General Assembly will consider whether sufficient funds will be available to pay for scholarship awards through the anticipated completion of the degree or certificate a recipient is seeking.

~~(h)~~(g) All awards under this subchapter are subject to the prohibition under § 6-80-105 against using public funds in a student financial package in excess of the recognized cost of attendance at the institution where the student is enrolled.

~~(i)-(1)~~(h)(1) If the division has less than a sufficient amount from net proceeds from the state lottery to provide for the scholarship commitments under this subchapter, the division shall give priority for continued financial support under this subchapter to a student with continuing eligibility superior to first-time applicants.

(2) If the funding is insufficient to fully fund the scholarships for students with continuing eligibility created under this subchapter, the division shall award scholarships based upon the following criteria to students with continuing eligibility as follows:

(A) First, to students who have the highest level of progress toward completion of a certificate, an associate degree, a baccalaureate degree, or a graduate-level or professional degree, and who are enrolled in a program of study that is:

(i) In an area of critical workforce need as determined by the division; or

(ii) In a science, technology, engineering, or mathematics field;

(B) Second, to students who have the highest level of progress toward completion of a certificate, an associate degree, a baccalaureate degree, or a graduate-level or professional degree, and who are enrolled in a program of study other than those listed in subdivision ~~(i)-(2)-(A)~~ (h)(2)(A) of this section; and

(C) Last, in the event funding is insufficient to fully fund students under subdivision ~~(i)-(2)-(A)~~ (h)(2)(A) or subdivision ~~(i)-(2)-(B)~~ (h)(2)(B) of this section, to students who have the highest postsecondary grade point average.

(3)(A) If, after funding all students with continuing eligibility under this section, funding is insufficient to fund all qualified first-time applicants, the division shall award scholarships to first-time applicants in order of priority based upon the applicants' ACT superscore or ACT-equivalent superscore.

(B) If, after prioritizing first-time applicants based upon the applicants' ACT or ACT equivalent scores, funding is insufficient to fund all applicants with like ACT or ACT equivalent scores, the division shall determine who receives an award by random drawing.

~~(j)—[Repealed.]~~

6-85-213. Nursing school eligibility.

(a)(1) The General Assembly recognizes that the State of Arkansas is experiencing a critical shortage of nurses.

(2) It is the intent of this section to allow the Division of Higher Education the opportunity, under specific circumstances, to include an approved school of nursing that would not otherwise be an approved institution of higher education in the Arkansas Academic Challenge Scholarship Program.

(b) The division shall make awards to applicants attending an approved school of nursing under this section if the recipient meets continuing eligibility requirements in § 6-85-210.

(c) The division shall pay scholarship awards under this section only from nonlottery state educational resources.

6-85-214. Accountability – Transparency – Legislative oversight.

(a) The General Assembly finds that:

(1) The continual evaluation of the Arkansas Academic Challenge Scholarship Program and of all state-supported scholarship and grant programs by the General Assembly is critical for maximizing the benefits to the state and its citizens of state financial aid for higher education and meeting state objectives for higher education; and

(2) Accountability and transparency in the implementation of state-supported scholarship programs are fundamental to a proper evaluation of the programs.

(b) The General Assembly finds that the collection of data and the reports required under §§ 6-85-216 – 6-85-220 and § 6-60-901 et seq. are necessary to ensure accountability and transparency.

6-85-215. [Repealed].

6-85-216. Institution report to ~~the division~~ Division of Higher Education.

(a)(1) An approved institution of higher education that enrolls students receiving scholarships under this subchapter annually shall provide information and semiannually provide updated information to the Division of

Higher Education regarding all state-supported student financial assistance whether or not the state-supported student financial assistance is awarded under this subchapter.

(2) The information shall be provided in the form of individual student records and shall include without limitation information regarding:

- (A) State-supported student financial assistance;
- (B) Demographic student data; and
- (C) Disaggregated data on remedial courses.

(3)(A) An approved institution of higher education shall undertake the procedures necessary to ensure the collection and reporting of student information under this section.

(B) An approved institution of higher education may lose its approved status for receiving scholarship funds on behalf of a recipient under this subchapter if it fails to make a good-faith effort to comply with this section.

(C) In addition to the provisions of subdivision (a)(3)(B) of this section, an institution of higher education that does not comply with this section shall not be eligible to accept state aid from the Higher Education Grants Fund Account on behalf of a student.

(b) The division shall establish by rule the:

- (1) Specific data required;
- (2) Manner of reporting the information required; and
- (3) Technology or software required for reporting.

(c) The division shall use the information provided under this section to conduct the research and analysis needed to support the annual report of the Director of the Division of Higher Education to the Legislative Council under § 6-85-205.

6-85-217. Information provided to ~~the~~ Bureau of Legislative Research by ~~the~~ Division of Higher Education.

The Division of Higher Education shall provide the following data to the Bureau of Legislative Research through the Arkansas Higher Education Information System under § 6-60-901 et seq., for the purpose of assisting the General Assembly with evaluation and analysis under this subchapter:

- (1) Existing individual student data;
- (2) Institutional data;

- (3) Financial data;
- (4) Aggregate student scholarship and grant application and award data;
- (5) Remedial course data; and
- (6) Other data needed to track scholarship and grant students receiving state-supported student financial assistance from year to year.

6-85-218. [Repealed].

6-85-219. Reports to legislative committees.

(a)(1) Annually by November 1, the Division of Higher Education shall report to the Legislative Council in the manner and format that the Legislative Council requires on all state-supported student financial assistance awarded by the division and awarded by approved institutions of higher education.

(2) The information provided shall include without limitation:

(A) Current year expenditures for scholarships and grants under the Arkansas Academic Challenge Scholarship Program — ~~Part 2~~;

(B) Projected obligations for succeeding years from each scholarship or grant funding source;

(C) Fund balances for the:

(i) Higher Education Grants Fund Account; and

(ii) Trust accounts maintained by the Director of the Division of Higher Education to hold the net proceeds from the state lottery;

(D) An evaluation of whether the net proceeds from the state lottery available for the program supplement and do not supplant nonlottery state educational resources; and

(E) Other information that the Legislative Council or the General Assembly requests.

(b) Annually by December 1, the division shall report to the Legislative Council its recommendations for changes to the program, including without limitation:

(1) Adjustments to the eligibility requirements of the program; and

(2) Increases or decreases in the amounts awarded for a

scholarship under the program based on the amount of net proceeds from the state lottery available.

(c) Annually by December 31, the division shall report to the Legislative Council the following information on recipients of the ~~Arkansas Academic Challenge Scholarship Program—Part 2~~ program who applied as of June 1:

- (1) Race;
- (2) Grade point average;
- (3) Composite score on the ACT or the equivalent score on an ACT equivalent; and
- (4) Family or individual income as reported on the student's Free Application for Federal Student Aid (FAFSA).

6-85-220. Legislative Council – Annual report.

(a) The Legislative Council shall:

- (1) Oversee the development and implementation of Arkansas Code requirements with regard to the Arkansas Academic Challenge Scholarship Program;
- (2) Review whether and how the use of net state lottery proceeds helps to accomplish state objectives for higher education;
- (3) Review the ongoing data collection, research, and evaluation of the program;
- (4) Review the annual report of the ~~Director of the~~ Division of Higher Education under § 6-85-219;
- (5) Review and recommend changes to the:
 - (A) Number of awards for each scholarship and grant;
 - (B) Award levels;
 - (C) Eligibility requirements; and
 - (D) Overall administration of the program; and
- (6) Review and recommend policies for scholarships and grants funded with nonlottery state educational resources, including without limitation ways to ensure that net proceeds from the state lottery are used to supplement and not supplant nonlottery state educational resources.

(b) Annually by December 15, the Legislative Council shall report its findings and recommendations to the:

- (1) Office of the Arkansas Lottery,~~the;~~

- (2) President Pro Tempore of the Senate,~~the;~~
- (3) Speaker of the House of Representatives,~~the;~~
- (4) Governor,~~the;~~
- (5) House Committee on Education,~~the;~~ and
- (6) Senate Committee on Education.

6-85-221. Scholarship hold – Leave of absence.

(a) The Division of Higher Education may approve a scholarship hold or a leave of absence for a traditional student for a period of twenty-four (24) months or less.

(b) The reasons for a scholarship hold or a leave of absence may include without limitation:

(1) A medical condition of the student or a member of the student's immediate family that, on the basis of a physician's good-faith judgment, necessitates the student or the student's immediate family member to be hospitalized or receive outpatient or home-based medical care or to recuperate until released by the attending physician;

(2) A personal or family emergency that requires the student to:

- (A) Attend the funeral of an immediate family member; or
- (B) Visit a relative of the student if the relative has a medical condition in which death is possible or imminent;

(3) Military service under § 6-61-112; or

(4)(A) A commitment of twelve (12) to twenty-four (24) months for service in a national or international humanitarian project sponsored by a nonprofit corporation organized with a charitable or educational purpose.

(B) The student's commitment shall be expressed in a written agreement with the nonprofit organization including the terms of completion for the student's service on the related project.

(C) The division shall release a scholarship hold or a leave of absence, whichever is applicable, if the division determines that the student did not complete the commitment under the written agreement.

SECTION 2. Arkansas Code § 6-85-303(a), concerning the funding of the Arkansas Workforce Challenge Scholarship Program, is amended to read as follows:

(a) For an academic year, the following shall be used to fund Arkansas

Workforce Challenge Scholarships under this subchapter:

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

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

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

(B) 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).

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

Subchapter 5 – Procedural Requirements for Creating or Amending Lottery-Funded Scholarships

6-85-501. Introduction of bills.

(a) The following proposed legislation to be considered by the General Assembly at a regular session shall be introduced in the General Assembly during the first thirty-one (31) calendar days of a regular session:

(1) A bill that creates a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable; and

(2) A bill that affects an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable.

(b)(1) A bill creating a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, or affecting an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, shall not be introduced after the thirty-first day of a regular session unless its introduction is first approved by a three-fourths ($\frac{3}{4}$) vote of the full membership of each chamber of the General Assembly.

(2) If the General Assembly recesses for longer than three (3) consecutive days during the first thirty-one (31) days of a regular session,

the deadline imposed under this section shall be extended for a time period equal to the recess.

(c) A bill creating a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, or affecting an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, shall not be introduced or considered at a special session or fiscal session of the General Assembly unless the introduction or consideration of the bill is first approved by a two-thirds (2/3) vote of the full membership of each chamber of the General Assembly.

6-85-502. Lottery fiscal impact statements – Required form.

(a) Any bill filed with the Senate or the House of Representatives that creates a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, or affects an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, shall:

(1)(A) Have a lottery fiscal impact statement attached to it.

(B) A bill that creates a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, or affects an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, shall not be taken up by the House Committee on Education and the Senate Committee on Education, meeting jointly, until a lottery fiscal impact statement is attached; and

(2) Not take effect until at least one (1) year immediately following the year in which the scholarship was enacted.

(b) The lottery fiscal impact of a bill that creates a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, or affects an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, shall be determined as follows:

(1) The amount of net proceeds from the state lottery during each of the last four (4) years immediately preceding the year in which the proposed bill is being considered, listed separately;

(2) The total amount of additional revenue that is not net proceeds from the state lottery that is available, if any, to use as additional funding for scholarships;

(3) The amount of net proceeds necessary to fund scholarships under the Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq., during each of the last four (4) years immediately preceding the year in which the proposed bill is being considered, listed separately;

(4) The amount of net proceeds necessary to fund scholarships under the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., during each of the last four (4) years immediately preceding the year in which the proposed bill is being considered, listed separately;

(5) The amount of net proceeds that was necessary to fund scholarships under the Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq., during each of the last four (4) years immediately preceding the year in which the proposed bill is being considered, listed separately;

(6) The amount of net proceeds necessary to fund any other scholarships funded with net proceeds from the state lottery, if any, during each of the last four (4) years, or number of years available, immediately preceding the year in which the proposed bill is being considered, listed separately;

(7) The year with the lowest amount of net proceeds from the state lottery, as determined under subdivision (b)(1) of this section, shall be compared with each of the following, listed separately:

(A) The year with the highest amount of net proceeds necessary to fund scholarships under the Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq., as determined under subdivision (b)(3) of this section;

(B) The year with the highest amount of net proceeds necessary to fund scholarships under the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., as determined under subdivision (b)(4) of this section;

(C) The year with the highest amount of net proceeds necessary to fund scholarships under the Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq., as determined under subdivision (b)(5) of this section; and

(D) The year with the highest amount of net proceeds necessary to fund any other scholarships funded with net proceeds from the state lottery, if any, as determined under subdivision (b)(6) of this section; and

(8) The highest estimated cost necessary to fund a new scholarship to be funded with net proceeds from the state lottery or an existing scholarship that is funded with net proceeds from the state lottery.

(c) In addition to the information required under subsection (b) of this section, the final lottery fiscal impact of the new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, or an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, shall include and be calculated as follows:

(1) Add the amount of net proceeds from the year with the lowest amount of net proceeds from the state lottery as determined under subdivision (b)(1) of this section to the total amount of additional revenue available, if any, under subdivision (b)(2) of this section;

(2) Add the amount determined under subdivision (b)(8) of this section to each of the amounts determined under:

(A) Subdivision (b)(7)(A) of this section;

(B) Subdivision (b)(7)(B) of this section;

(C) Subdivision (b)(7)(C) of this section; and

(D) Subdivision (b)(7)(D) of this section, if any; and

(3) Subtract the total amount determined under subdivision (c)(2) of this section from the total amount determined under subdivision (c)(1) of this section.

(d)(1)(A) If the final lottery fiscal impact as determined under subdivision (c)(3) of this section results in a positive number, the House Committee on Education and the Senate Committee on Education, meeting jointly during a regular session, special session, or fiscal session, as applicable, may refer a bill creating a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, or amending an existing scholarship funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, to either chamber of the General Assembly for consideration.

(B) The referral of a bill under subdivision (d)(1)(A) of

this section shall require approval by a separate vote of House Committee on Education members and Senate Committee on Education members, meeting jointly during a regular session, special session, or fiscal session, as applicable.

(2) If the final lottery fiscal impact as determined under subdivision (c)(3) of this section results in a negative number, the House Committee on Education and the Senate Committee on Education, meeting jointly during a regular session, special session, or fiscal session, as applicable, shall not refer the bill to either chamber of the General Assembly for consideration unless:

(A) The bill is amended to ensure the final lottery fiscal impact results in a positive number; or

(B) Additional funding is provided through the General Revenue Fund Account.

(e) The lottery fiscal impact statement shall be substantially in the following form:

Lottery Fiscal Impact Statement

I. Net proceeds from the state lottery for the 4 immediately preceding years:

<u>Year:</u>	<u>Net Proceeds Amount:</u>
_____	_____
_____	_____
_____	_____

II. Total amount of additional revenue available, if any:

<u>Source:</u>	<u>Amount:</u>
_____	_____
_____	_____
_____	_____

III. Net proceeds used to fund the following during the 4 immediately preceding years:

ACADEMIC CHALLENGE SCHOLARSHIP:

<u>Year:</u>	<u>Net Proceeds Used:</u>
_____	_____
_____	_____

CONCURRENT CHALLENGE SCHOLARSHIP:

<u>Year:</u>	<u>Net Proceeds Used:</u>
_____	_____
_____	_____

WORKFORCE CHALLENGE SCHOLARSHIP:

Year: Net Proceeds Used:

OTHER SCHOLARSHIPS, IF ANY:

Year: Net Proceeds Used:

AMOUNT USED TO FUND NURSING SCHOOL SCHOLARSHIPS*:

Year: Net Proceeds Used:

*Scholarship awards paid to recipients attending approved schools of nursing are funded only from nonlottery state educational resources as set forth under § 6-85-213.

IV. Comparison of information from Parts I and III:

Amount from year with the highest amount of net proceeds used to fund Academic Challenge Scholarships

Amount from year with the highest amount of net proceeds used to fund Workforce Challenge Scholarships

Amount from year with the lowest amount of net proceeds as determined under Section I

Amount from year with the highest amount of net proceeds used to fund Concurrent Challenge Scholarships

Amount from year with the highest amount of net proceeds used to fund other scholarships, if any, other than nursing scholarships under § 6-85-213

V. Highest estimated cost necessary to fund a new or amended scholarship:

VI. Final lottery fiscal impact amount:

Step 1:

<u>Amount from year with the</u>		<u>Total amount of additional</u>		
<u>lowest amount of net proceeds</u>	<u>+</u>	<u>revenue available, if any,</u>	<u>=</u>	<u>_____</u>
<u>determined under Section 1</u>		<u>determined under Section II</u>		

Step 2:

<u>Highest estimated cost</u>		<u>Total amount from years with</u>		
<u>necessary to fund the new or</u>	<u>+</u>	<u>the highest amount of net</u>	<u>=</u>	<u>_____</u>
<u>amended scholarship as</u>		<u>proceeds used to fund Academic</u>		
<u>determined under Section V</u>		<u>Challenge, Workforce Challenge,</u>		
		<u>Concurrent Challenge, nursing school</u>		
		<u>scholarships, and other</u>		
		<u>scholarships, if any, as</u>		
		<u>determined under Section III</u>		

Step 3:

<u>Amount determined under Step 1</u>		<u>Amount determined under Step 2</u>		
	<u>-</u>		<u>=</u>	<u>_____</u>

Step 4:

(a) If the amount determined under Step 3 results in a positive number, the proposed new scholarship or amendment to an existing scholarship may be considered as set forth under § 6-85-502(d).

(b) If the amount determined under Step 3 results in a negative number, the proposed new scholarship or amendment to an existing scholarship should not be considered unless requirements are met as set forth under § 6-85-502(d)(2).

6-85-503. Consideration of bills.

(a) The House Committee on Education and the Senate Committee on

Education shall meet jointly during a regular session, special session, or fiscal session, as applicable, to consider any bill:

(1) Creating a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable; or

(2) Affecting an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable.

(b) A bill creating a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, or affecting an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, shall not be recommended to either chamber of the General Assembly except upon the affirmative vote of a majority of the members of the following, meeting jointly during a regular session, special session, or fiscal session, as applicable:

(1) House Committee on Education; and

(2) Senate Committee on Education.

(c) A lottery fiscal impact statement prepared for a bill as required under § 6-85-502 shall be amended each time the House Committee on Education and the Senate Committee on Education recommends to either chamber of the General Assembly a bill creating a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, or affecting an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, in order to account for the updated lottery fiscal impact, if any, the bill that proposes a new scholarship or amends an existing scholarship will have.

SECTION 4. Arkansas Code § 23-115-103, concerning definitions used in the Arkansas Scholarship Lottery Act, is amended to add an additional subsection to read as follows:

(33)(A) "Lottery Scholarship Trust Account" means the account at one (1) or more financial institutions into which the office deposits net proceeds from the state lottery.

(B) The office shall promulgate rules to determine the

manner in which the net proceeds are deposited and disbursed based on what is most financially prudent.

SECTION 5. Arkansas Code § 23-115-104 is repealed.

~~23-115-104. Fiscal impact statement.~~

~~(a) The author of a bill filed in the House of Representatives or the Senate shall have a fiscal impact statement prepared if the bill:~~

~~(1) Amends this chapter; or~~

~~(2) Will impose a new or increased cost to:~~

~~(A) The Office of the Arkansas Lottery; or~~

~~(B) A lottery.~~

~~(b) The author of the bill shall file the fiscal impact statement with the chair of the committee to which the bill is referred:~~

~~(1) At least three (3) days before the bill may be called up for final action in the committee during a regular session of the General Assembly;~~

~~(2) At least three (3) days before the bill may be called up for final action in the committee during a fiscal session of the General Assembly; and~~

~~(3) At least one (1) day before the bill may be called up for final action in the committee during an extraordinary session of the General Assembly.~~

~~(c)(1) A fiscal impact statement under this section shall be developed by the Bureau of Legislative Research within the guidelines adopted by the Legislative Council.~~

~~(2) The Division of Higher Education or the office, as applicable, shall assist in the preparation of the fiscal impact statement.~~

~~(d)(1)(A) If a bill requiring a fiscal impact statement under this section is called up for final passage in the House of Representatives or the Senate and a fiscal impact statement has not been provided by the author of the bill or by the committee to which the bill was referred, any member of the House of Representatives or the Senate may object to the bill's being called up for final passage until a fiscal impact statement is prepared and made available on the desk of each member of the House of Representatives or the Senate at least one (1) day before the bill's being called up for final passage.~~

~~(B) An affirmative vote of two thirds (2/3) of a quorum present and voting shall override the objection.~~

~~(2) If an objection is made without override, the presiding officer of the House of Representatives or the Senate shall cause the bill to be referred to the bureau for the preparation of a fiscal impact statement that shall be filed with the presiding officer of the House of Representatives or the Senate not later than five (5) days from the date of the request.~~

SECTION 6. Arkansas Code §§ 23-115-801(b) and (c), concerning the transfer of net proceeds from the lottery to fund scholarships, are 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~~ Lottery Scholarship Trust Account at one (1) or more financial institutions.

(B)(i) The office shall establish ~~trust accounts for both the Lottery Scholarship Trust Account as required under subdivision (b)(1)(A) of this section to fund the Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq., the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., and the Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq., and any other scholarship funded with net proceeds from the state lottery~~ 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)~~ § 6-85-212(d)(2)(B)(i) from the previous academic year; and

(b) Net proceeds remaining in the Lottery Scholarship Trust Account from the previous academic year after the office:

(1) Transfers under subdivision (c)(2) of this section the funds requested by the Division 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 accounts~~ Lottery Scholarship Trust Account for the Arkansas Academic

Challenge Scholarship Program, § 6-85-201 et seq., the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., and the Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq., and any other scholarship funded with net proceeds from the state lottery as established under subdivision (b)(1)(B)(i) of this section shall be used for:

(a) Arkansas Workforce Challenge Scholarships;

(b) Any management fees charged by the financial institution to manage the trust ~~accounts~~ account for scholarship award supplements; ~~and~~

(c) Arkansas Concurrent Challenge Scholarships;

(d) Arkansas Academic Challenge Scholarships;
and

(e) Any other scholarship funded with net proceeds from the state lottery.

(iii) Annually, the office shall transfer to the ~~Division of Higher Education~~ division the funds from the previous academic year, if any, that were transferred by the office into the ~~trust accounts for the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., and the Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq.,~~ Lottery Scholarship Trust Account established under subdivision (b)(1)(B)(i) of this section for distribution of Arkansas Academic Challenge Scholarships, Arkansas Workforce Challenge Scholarships and, Arkansas Concurrent Challenge Scholarships, and any other scholarship funded with net proceeds from the state lottery.

(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 the ~~trust accounts~~ Lottery Scholarship Trust Account.

(c)(1) The Director of the Division of Higher Education shall certify to the office the amount of net proceeds from the state lottery needed to fund the scholarships awarded to recipients under ~~§ 6-85-201 et seq.,~~ the following scholarship programs for each semester of an academic year based on the contents of the Lottery Scholarship Trust Account at the end of the immediately preceding fiscal year:

(A) The Arkansas Academic Challenge Scholarship Program, §

6-85-201 et seq.;

(B) The Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq.;

(C) The Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq.; and

(D) Any other scholarship funded with net proceeds from the state lottery.

(2)(A) The office shall transfer the funds requested by the director under subdivision (c)(1) of this section into one (1) or more trust accounts at one (1) or more financial institutions meeting the requirements of subdivision (b)(2) of this section maintained by the ~~Division of Higher Education~~ division.

(B) The director shall disburse trust account funds only in the name of the recipient:

(i) To an approved institution of higher education;
or

(ii) If a recipient transfers to another approved institution of higher education, to the approved institution of higher education where the recipient transferred.

(C) The following shall be based on the available funds from the previous fiscal year:

(i) The amount transferred by the office for existing scholarships under subdivision (c)(2)(A) of this section; and

(ii) Any new scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable.

(D)(i)(a) However, if available funds are insufficient to meet the amount requested under subdivision (c)(1) of this section to fund all scholarships funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable, the first priority for the award of scholarships funded with available funds is the award of scholarships under the Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq.

(b) If available funds are insufficient to meet the amount requested under subdivision (c)(1) of this section to fund all scholarships under the Arkansas Academic Challenge Scholarship Program, §

6-85-201 et seq., then the available funds shall be distributed to recipients of scholarships under the Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq., on a pro rata basis as determined by the division and reviewed by the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee.

(c) The director shall immediately notify the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee, upon becoming aware that available funds are insufficient to meet the amount requested under subdivision (c)(1) of this section.

(ii)(a) If available funds remain after the award of all scholarships under the Arkansas Academic Challenge Program, § 6-85-201 et seq., then the available funds shall be distributed to recipients of scholarships under the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., and the Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq., on a pro rata basis as determined by the division.

(b) Distribution of scholarships with remaining available funds on a pro rata basis under subdivision (c)(2)(D)(ii)(a) of this section shall ensure the equal distribution of scholarships to student scholarship recipients enrolled in two-year institutions of higher education and four-year institutions of higher education.

(3) By August 1 of each year, the director shall provide to the Secretary of the Department of Finance and Administration and to the Legislative Council for the academic year just ended an accounting of all trust accounts maintained by the division, including without limitation:

- (A) Total deposits to all trust accounts;
- (B) Total disbursements from the trust accounts; and
- (C) The balance remaining in the trust accounts.

SECTION 7. Arkansas Code §§ 23-115-802(b) and (c), concerning the amount deposited into the Scholarship Shortfall Reserve Trust Account and loans made to the Division of Higher Education for the Arkansas Academic Challenge Scholarship Program – Part 2, are amended to read as follows:

(b)(1) An amount equal to four percent (4%) of the total amount of net proceeds disbursed during the preceding fiscal year in the form of scholarships and grants for higher education shall be deposited from lottery

proceeds each year until the amount in the account equals twenty million dollars (\$20,000,000).

~~(2)(A) Thereafter, only the amount necessary to maintain the account in an amount equal to twenty million dollars (\$20,000,000) shall be deposited into the account after the repayment of any loan made from the Executive Discretionary Division Section 3(d) of the General Improvement Distribution Act of 2015, identical Acts 2015, Nos. 1146 and 1147, before June 30, 2016, to the Division of Higher Education for the Arkansas Academic Challenge Scholarship Program—Part 2 has been satisfied.~~

~~(B) A loan made from the Executive Discretionary Division Section 3(d) of the General Improvement Distribution Act of 2015, identical Acts 2015, Nos. 1146 and 1147, to the division for the Arkansas Academic Challenge Scholarship Program—Part 2 shall not exceed one million five hundred thousand dollars (\$1,500,000).~~

(3) Any amount in the account exceeding twenty million dollars (\$20,000,000) shall be considered net proceeds and shall be deposited annually into one (1) or more trust accounts at one (1) or more financial institutions by July 1 of each year.

(c)(1)(A) Except as provided in subdivision (c)(2) of this section, if net proceeds in any year are not sufficient to meet the amount allocated for ~~higher education~~ scholarships under the Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq., the account may be drawn upon to meet the deficiency according to the procedural requirements established under subdivision (c)(3)(B) of this section.

(B) In the event that the funding available in the account is not sufficient to meet the remaining amount allocated for scholarships funded with net proceeds from the state lottery, up to the first twenty million dollars (\$20,000,000) of funds allocated in the Higher Education Grants Fund Account may be drawn upon to meet the deficiency.

(2) The Except as provided in subdivision (c)(3)(B) of this section, the account shall not be drawn upon to fund Arkansas Workforce Challenge Scholarships under the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., or Arkansas Concurrent Challenge Scholarships under the Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq, or any other scholarship funded with net proceeds from the state lottery.

(3)(A) Determining the maximum amount of loans from the account to the Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq., the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., or the Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq., is the prerogative of the General Assembly. This is usually accomplished by the General Assembly's delineating such funding allocations for the various scholarship programs, with the approval of the Administrative Rules Subcommittee of the Legislative Council and through oversight as required by law by the Lottery Oversight Subcommittee of the Legislative Council. Further, the General Assembly determines that the division may operate more efficiently with some flexibility, therefore it is both necessary and appropriate that the General Assembly maintain oversight by requiring prior approval of the Legislative Council or the Joint Budget Committee as provided by this section.

(B) If the division determines it is necessary to borrow from the account to fund scholarships under the Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq., the Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq., or the Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq., the division shall first obtain review and approval from the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee.

SECTION 8. TEMPORARY LANGUAGE. DO NOT CODIFY.

(a) The contents of the Lottery Scholarship Trust Account as established under § 23-115-801 at the end of the 2021 fiscal year shall be used to fund scholarships awarded to recipients of only the following scholarships for the 2021-2022 academic year:

(1) Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq.;

(2) Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq; and

(3) Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq.

(b)(1) Thereafter, funds that accrue in the Lottery Scholarship Trust Account as established under § 23-115-801 shall be used to fund recipients of the following scholarships:

- (A) Arkansas Academic Challenge Scholarship Program, § 6-85-201 et seq.;
- (B) Arkansas Workforce Challenge Scholarship Program, § 6-85-301 et seq.;
- (C) Arkansas Concurrent Challenge Scholarship Program, § 6-85-401 et seq.; and
- (D) Any other scholarship funded with net proceeds from the state lottery.

(2) Scholarships funded with net proceeds from the state lottery deposited into the Lottery Scholarship Trust Account established under § 23-115-801 shall be funded based on the total amount of net proceeds from the state lottery in the Lottery Scholarship Trust Account at the end of the immediately preceding fiscal year.

SECTION 9. EFFECTIVE DATE. Section 6 of this act is effective on and after July 1, 2021.

SECTION 10. TEMPORARY LANGUAGE. DO NOT CODIFY.

The requirement under § 6-85-501 of this act that the following bills be introduced in the General Assembly during the first thirty-one (31) calendar days of a regular session shall take effect on and after July 1, 2021:

(1) A bill that creates a new scholarship to be funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable; and

(2) A bill that affects an existing scholarship that is funded with net proceeds from the state lottery or the Higher Education Grants Fund Account, as applicable.

SECTION 11. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that it is imperative to ensure existing scholarships can be funded with current available funds; that it is necessary to determine whether enacting a new scholarship is fiscally prudent; and that this act is immediately necessary in order to review each bill that creates or amends a lottery-funded scholarship in light of existing scholarships and available funds to ensure financial solvency of the lottery.

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: 4/12/21