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State of Arkansas
88th General Assembly
Regular Session, 2011

As Engrossed: H2/10/11
A Bill

HOUSE BILL 1302

By: Representatives Hyde, *J. Roebuck, Williams, Tyler*, Wagner, Perry, Slinkard, Pierce, Shepherd
By: Senators D. Johnson, J. Key, Salmon, R. Thompson, D. Wyatt, J. Dismang

For An Act To Be Entitled

AN ACT TO AMEND THE ARKANSAS SCHOLARSHIP LOTTERY ACT;
TO AMEND PROVISIONS OF LAWS RELATED TO THE ARKANSAS
SCHOLARSHIP LOTTERY ACT CONCERNING CRIMINAL PENALTIES
FOR LOTTERY FRAUD AND SCHOLARSHIP STACKING; TO
DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS SCHOLARSHIP LOTTERY
ACT AND LAWS RELATED TO THE ARKANSAS
SCHOLARSHIP LOTTERY ACT AND TO DECLARE AN
EMERGENCY.

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

SECTION 1. Arkansas Code Title 5, Chapter 55 is amended to add an
additional subchapter to read as follows:

Subchapter 5 – Lottery Fraud

5-55-501. Lottery fraud.

(a) As used in this subchapter:

(1) "Lottery" means the same as defined in § 23-115-103 of the
Arkansas Scholarship Lottery Act; and

(2) "Ticket or share" means the same as defined in § 23-115-103
of the Arkansas Scholarship Lottery Act.

(b) A person commits the offense of lottery fraud if he or she:

(1) Falsely makes, alters, forges, utters, passes, or



1 counterfeits a ticket or share in a lottery with a purpose to defraud the
2 Arkansas Lottery Commission; or

3 (2) Purposely influences the winning of a lottery prize through
4 the use of coercion, fraud, deception, or tampering with lottery equipment or
5 materials.

6 (c) A violation of this section is a Class D felony.

7 (d) In addition to the fine for a conviction under § 5-4-201, a person
8 convicted of a violation of this section is subject to an additional fine of
9 not more than fifty thousand dollars (\$50,000).

10
11 SECTION 2. Arkansas Code § 6-80-105(a)(3), concerning the definition
12 of other aid in the scholarship stacking law, is amended to read as follows:

13 (3) "Other aid" means ~~scholarships, grants, tuition waivers, or~~
14 ~~housing waivers awarded to a student from postsecondary institutions or~~
15 ~~private sources~~ a scholarship, grant, waiver, or reimbursement for tuition,
16 fees, books, or other cost of attendance, other than federal aid or state
17 aid, provided to a student from a postsecondary institution or a private
18 source;

19
20 SECTION 3. Arkansas Code § 6-80-105, concerning scholarship stacking,
21 is amended to add an additional subsection to read as follows:

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

24 (1) The department if the department awards state aid to the
25 student; and

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

28
29 SECTION 4. Arkansas Code § 6-85-204(5), concerning the definition of
30 continuously enrolled under the Arkansas Academic Challenge Scholarship
31 Program - Part 2, is amended to read as follows:

32 (5) "Continuously enrolled" means:

33 (A) For a traditional student, he or she successfully
34 completes at an approved institution of higher education twenty-seven (27)
35 semester hours in the first academic year as a recipient and successfully
36 completes thirty (30) semester hours each academic year thereafter, not

1 including any summer term;

2 (B) For a full-time nontraditional student, he or she
3 successfully completes at an approved institution of higher education at
4 least fifteen (15) semester hours of courses in consecutive semesters, not
5 including a summer term;

6 (C) For a full-time current achiever student, he or she:

7 (i) Before receiving a scholarship under this
8 subchapter, successfully completed at least twelve (12) semester hours of
9 courses in consecutive semesters, not including a summer term; and

10 (ii) As a recipient of a scholarship under this
11 subchapter, successfully completes at an approved institution of higher
12 education at least fifteen (15) semester hours of courses in consecutive
13 semesters, not including a summer term; and

14 (D) For a part-time nontraditional student, he or she
15 successfully completes at an approved institution of higher education at
16 least six (6) semester hours of courses in consecutive semesters, not
17 including a summer term;

18

19 SECTION 5. Arkansas Code § 6-85-204(18) - (20), concerning definitions
20 under the Arkansas Academic Challenge Scholarship Program - Part 2, are
21 amended to amend the definition of traditional student and add two (2)
22 additional subsections to read as follows:

23 (18) "Scholarship hold" means the temporary suspension of a
24 scholarship award to a traditional student under this subchapter approved by
25 the Department of Higher Education under § 6-85-212(e)(5);

26 (19) "State-supported student financial assistance" means a
27 state-supported scholarship, grant, tuition waiver, or tuition reimbursement
28 funded with state funds or net proceeds from the state lottery awarded by:

29 (A) The Department of Higher Education; or

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

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

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

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

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

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

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

13 (20) "Successfully completed" means that a student completed a
14 course at an institution of higher education and received the equivalent of a
15 minimum letter grade of "D";

16 ~~(19)(A)~~(21)(A) "Supplant" means that the net proceeds from the
17 state lottery are used in place of, not in addition to, state nonlottery
18 educational resources provided for state-supported student financial
19 assistance for a specified fiscal year.

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

23 ~~(20)(A)~~(22)(A) "Traditional student" means a student who, beginning
24 with the 2010-2011 academic year,

25 (i) ~~will~~ Will enter postsecondary education as a
26 full-time first-time freshman ~~within twelve (12) months after graduating on~~
27 or before the fall semester of the academic year that begins immediately
28 following the student's graduation from high school; and

29 (ii) ~~remains~~ Remains continuously enrolled as a
30 full-time student.

31 (B) "Traditional student" includes a student who otherwise
32 meets this definition, but delays entering postsecondary education under a
33 scholarship hold approved by the Department of Higher Education.

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

36

1 SECTION 6. Arkansas Code § 6-85-206(4), concerning the basic
2 eligibility requirements under the Arkansas Academic Challenge Scholarship
3 Program – Part 2, is amended to read as follows:

4 (4)(A) The applicant has not:

5 (i) ~~earned~~ Earned a baccalaureate degree; or

6 (ii) Completed one hundred thirty (130) semester
7 hours of credit at an institution of higher education.

8 (B) An applicant is not eligible for a scholarship to a
9 two-year approved institution of higher education if the applicant has:

10 (i) Earned an associate degree; or

11 (ii) Completed sixty-six (66) semester hours of
12 credit at an institution of higher education;

13
14 SECTION 7. Arkansas Code § 6-85-207(2) – (4), concerning the
15 eligibility requirements for traditional students under the Arkansas Academic
16 Challenge Scholarship Program - Part 2, are amended to read as follows:

17 ~~(2) Effective January 1, 2011, graduated from an Arkansas public high~~
18 ~~school that in the year of the applicant's graduation is identified in the~~
19 ~~report by the Department of Education under § 6-15-421 as a school in which~~
20 ~~twenty percent (20%) or more of the students received a letter grade of "B"~~
21 ~~or higher but did not score proficiency or higher on state mandated end-of-~~
22 ~~course assessment for the related course on the first attempt, achieved a~~
23 ~~high school grade point average of at least 2.5, and:~~

24 ~~(A) Completed the Smart Core curriculum if graduating from~~
25 ~~an Arkansas high school in the 2013-2014 school year or later; and~~

26 ~~(B) Either:~~

27 ~~(i) Has a minimum composite score of nineteen (19)~~
28 ~~on the ACT or the equivalent score on an ACT equivalent; or~~

29 ~~(ii) Scores proficient or higher on all state-~~
30 ~~mandated end-of-course assessments, including without limitation end-of-~~
31 ~~course assessments on:~~

32 ~~(a) Algebra I;~~

33 ~~(b) Geometry;~~

34 ~~(c) Biology; and~~

35 ~~(d) Beginning with the 2013-2014 school year,~~
36 ~~literacy;~~

1 ~~(3)~~(2) Has a disability identified under the Individuals with
2 Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on July
3 1, 2009, and graduated from an Arkansas public high school but did not
4 complete the Smart Core curriculum because the applicant's individualized
5 education program under § 6-41-217 did not require it, achieved a high school
6 grade point average of at least 2.5, and either:

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

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

12 (i) Algebra I;

13 (ii) Geometry;

14 (iii) Biology; and

15 (iv) Beginning with the 2013-2014 school year,
16 literacy; or

17 ~~(4)~~(3) Graduated from a private high school, an out-of-state
18 high school, or a home school high school and achieved a minimum composite
19 score of nineteen (19) on the ACT or the equivalent score on an ACT
20 equivalent.

21
22 SECTION 8. Arkansas Code § 6-85-208 is amended to read as follows:

23 6-85-208. Additional eligibility requirements for a nontraditional
24 student.

25 An applicant is eligible as a nontraditional student if, in addition to
26 the requirements of § 6-85-206, the applicant:

27 (1) Graduated from an Arkansas public high school and achieved a
28 2.5 high school grade point average but has not successfully completed at
29 least twelve (12) semester hours of credit of courses under subdivision
30 (2)(B) of this section; or

31 (2) Graduated from an Arkansas public high school, a private
32 high school, an out-of-state high school, a home school high school, or
33 obtained a General Educational Development certificate and either:

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

36 (B)(i) Has successfully completed at least twelve (12)

1 semester hours of courses granting three (3) or more hours of credit per
2 course at an ~~approved~~ institution of higher education and earned a
3 postsecondary grade point average of at least 2.5.

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

7
8 SECTION 9. Arkansas Code § 6-85-209 is amended to read as follows:

9 6-85-209. Additional eligibility requirements for a current achiever
10 student.

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

13 (1) Entered postsecondary education before the 2010-2011
14 academic year:

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

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

18 (2) At the time of applying for the scholarship:

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

21 (ii) In calculating continuous enrollment under this
22 section, the Department of Higher Education may include one (1) or more
23 courses taken during the summer that meet the criteria for a course under
24 subdivision (a)(2)(B)(ii) of this section;

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

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

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

34 (b) The department may waive the requirements of subdivision (a)(1)(B)
35 or (a)(2) for eligibility under this section if an applicant does not meet
36 those eligibility requirements due to the applicant's full-time duty in the

1 active uniformed service of the United States, including members of the
 2 National Guard and reserve components of the armed forces on active duty
 3 orders.

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

5 (1) Applied for a scholarship as a current achiever in the 2010-
 6 2011 academic year;

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

10 (3) Either:

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

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

14
 15 SECTION 10. Arkansas Code § 6-85-210(b)(2)(B), concerning approval of
 16 a leave of absence under the Arkansas Academic Challenge Scholarship Program
 17 - Part 2, is amended to read as follows:

18 (B) A recipient shall be continuously enrolled unless the
 19 The Department of Higher Education has approved may approve a leave of
 20 absence for a reason that includes without limitation:

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

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

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

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

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

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

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

4 **(c) The department shall release a scholarship**
5 **hold if the department determines that the student did not complete the**
6 **commitment under the written agreement; or**

7 (v) Any other reason approved by the Department of
8 Higher Education.

9
10 SECTION 11. Arkansas Code § 6-85-210(c) and (d), concerning continuing
11 eligibility requirements under the Arkansas Academic Challenge Scholarship
12 Program - Part 2, are amended to read as follows:

13 (c)(1) If a recipient becomes ineligible for the scholarship because
14 the recipient's postsecondary grade point average or number of successfully
15 completed credit hours no longer meets the minimum requirement for the
16 scholarship, the recipient may regain eligibility under this subsection (c)
17 one (1) time in an academic year.

18 (2) Except as provided under § 6-85-211(a)(3) and unless the
19 requirements of this subsection (c) are waived by the Department of Higher
20 Education, to regain eligibility for the scholarship:

21 (A) A full-time student shall:

22 (i) ~~Complete~~ Successfully complete at least fifteen
23 (15) semester hours of courses for credit for which the approved institution
24 of higher education certifies that the courses meet the satisfactory academic
25 progress standards of the institution; and

26 (ii) Achieve a 2.5 grade point average for the
27 semester hours completed under this subdivision (c)(2)(A); and

28 (B) A part-time student shall:

29 (i) ~~Complete~~ Successfully complete at least six (6)
30 semester hours of courses for credit for which the approved institution of
31 higher education certifies that the courses meet the satisfactory academic
32 progress standards of the institution; and

33 (ii) Achieve a 2.5 grade point average for the
34 semester hours successfully completed under this subdivision (c)(2)(B).

35 (d)(1) If a recipient becomes ineligible for the scholarship because
36 the recipient has not successfully completed the required number of hours for

1 continuing eligibility, the recipient may regain eligibility under this
2 subsection for one (1) time only.

3 (2)(A) Except as provided under § 6-85-211(a)(3) and unless the
4 requirements of this subsection (d) are waived by the Department of Higher
5 Education, to regain eligibility for the scholarship, the recipient shall
6 complete the number of hours needed to regain eligibility.

7 (B) The recipient shall successfully complete the required
8 number of hours during the summer term at the student's own expense.

9

10 SECTION 12. Arkansas Code § 6-85-212(e)(3), concerning the scholarship
11 award amount under the Arkansas Academic Challenge Scholarship Program - Part
12 2, is amended to read as follows:

13 (3) The scholarship award for a full-time student enrolled in a
14 ~~two-year approved institution~~ one (1) of the following institutions of higher
15 education is one-half ($\frac{1}{2}$) of the scholarship award amount for a full-time
16 undergraduate student enrolled in a four-year approved institution of higher
17 education;

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

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

21 (C) An approved nursing school.

22

23 SECTION 13. Arkansas Code § 6-85-212(f), concerning the report of the
24 Arkansas Lottery Commission Legislative Oversight Committee, is amended to
25 read as follows:

26 (f) ~~By November 1 of each year~~ Annually by December 15, the Arkansas
27 Lottery Commission Legislative Oversight Committee shall provide to the
28 General Assembly its recommendations for any changes to the:

29 (1) Award amounts;

30 (2) Number or type of scholarships; and

31 (3) Eligibility requirements.

32

33 SECTION 14. Arkansas Code § 6-85-212(i), concerning the priority of
34 scholarships awarded under the Arkansas Academic Challenge Scholarship
35 Program - Part 2, is amended to read as follows:

36 (i)(1) If the department has less than a sufficient amount from net

1 proceeds from the state lottery to provide for the scholarship commitments
2 under this subchapter, the department ~~first shall use funds from any~~
3 ~~Scholarships and Grants Contingency Appropriation made to the department to~~
4 ~~fund the shortfall before requesting funds from the Scholarship Shortfall~~
5 ~~Reserve Trust Account under § 23-115-802.~~

6 ~~(2)~~ The department then shall give priority for continued
7 financial support under this subchapter to a recipient who has continuing
8 eligibility superior to first-time applicants.

9 ~~(3)~~(2) If the funding is still insufficient to fully fund the
10 scholarships created under this subchapter, the department shall award
11 scholarships after considering applicants:

12 (A) With the highest level of progress toward completion
13 of a certificate, an associate degree, or a baccalaureate degree;

14 (B) With the highest high school or postsecondary grade
15 point average, as applicable to the applicant; and

16 (C) Who are enrolled in or intend to enroll in a program
17 of study that is:

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

20 (ii) In a science, technology, engineering, or
21 mathematics field.

22
23 SECTION 15. Arkansas Code § 6-85-215(f), concerning the annual report
24 of the Bureau of Legislative Research to the Arkansas Lottery Commission
25 Legislative Oversight Committee, is amended to read as follows:

26 (f)(1) The bureau shall inform the Department of Higher Education of
27 any data used in the preparation of reports and provide the department at
28 least two (2) working days to review any student-related data used in
29 preparation of reports before publicly releasing that student-related data
30 without personally identifiable data.

31 (2) This subsection (f) does not waive the confidentiality of a
32 request of a member of the General Assembly under § 10-2-129.

33
34 SECTION 16. Arkansas Code § 6-85-215, concerning the student release
35 of information form required under the Arkansas Academic Challenge
36 Scholarship Program - Part 2, is amended to add additional subsections to

1 read as follows:

2 (g) The department shall collect the release of information form
3 required under this section during the application process for state-
4 supported student financial assistance for all formats of the application.

5 (h) The department shall establish a standardized method to be used by
6 all institutions of higher education in the state to collect electronically
7 from all students the release of information form required under this
8 section.

9

10 SECTION 17. Arkansas Code § 6-85-217(a)(1), concerning student data
11 provided to the Bureau of Legislative Research from the Department of Higher
12 Education, is amended to read as follows:

13 (a)(1) The Department of Higher Education shall provide to the Bureau
14 of Legislative Research the following data when requested for the purpose of
15 assisting the General Assembly with evaluation and analysis under this
16 subchapter:

17 (A) Existing individual student data;

18 (B) Institutional data;

19 (C) Financial data;

20 (D) Aggregate student scholarship and grant application
21 and award data; and

22 (E) Other data needed to track scholarship and grant
23 students receiving state-supported student financial assistance from year to
24 year.

25 (2) Annually on the first business day of November, the
26 department shall submit to the bureau a report created from the information
27 under subdivision (a)(1) of this section from all students based on the
28 previous academic year.

29 (3) The department shall provide to the bureau the data files of
30 students who have consented to the release of their information under § 6-85-
31 215 on the following schedule:

32 (A) Annually, for data collected from students who have
33 consented, the department shall provide:

34 (i) By October 31, the summer II end-of-term data
35 files and the fall-term data files for the current academic year;

36 (ii) By February 28, the fall end-of-term data files

1 and the spring-term data files for the current academic year;

2 (iii) By June 30, the spring end-of-term data files
3 and the summer-I-term data files for the current academic year; and

4 (iv) By August 15:

5 (a) The summer I end-of-term data files and
6 the summer-II-term data files for the current academic year; and

7 (b) The end-of-year data file for the academic
8 year just ended, containing data from all of the previous end-of-term data
9 files for the academic year just ended; and

10 (B) When requested by the bureau.

11 (4) The bureau shall use only the data from end-of-term data
12 files for official reporting.

13 (5) Annually, the department shall provide to the bureau data
14 files from all students who applied for state-supported student financial
15 assistance for the upcoming academic year on the following schedule:

16 (A) Within thirty (30) days of the submission deadline for
17 the state-supported student financial assistance application, a file
18 containing information on all students who applied for state-supported
19 student financial assistance;

20 (B) Within sixty (60) days of the submission deadline for
21 the state-supported student financial assistance application, a file
22 containing information on all applicants and their award status for state-
23 supported student financial assistance; and

24 (C) Within thirty (30) days of the dispersal of state
25 funded financial aid to the institutions, a file containing information on
26 all students who received state-supported student financial assistance.

27
28 SECTION 18. Arkansas Code § 6-85-220(b), concerning the annual report
29 of the Arkansas Lottery Commission Legislative Oversight Committee, is
30 amended to read as follows:

31 (b) ~~By November 1 of each year~~ Annually by December 15, the Arkansas
32 Lottery Commission Legislative Oversight Committee shall report its findings
33 and recommendations to the Arkansas Lottery Commission, the President Pro
34 Tempore of the Senate, the Speaker of the House of Representatives, the
35 Governor, the House Committee on Education, and the Senate Committee on
36 Education.

1
2 SECTION 19. Arkansas Code Title 6, Chapter 85, Subchapter 2 is amended
3 to add an additional section to read as follows:

4 6-85-221. Scholarship hold.

5 (a)(1) The Department of Higher Education may approve a scholarship
6 hold for a traditional student for a period of twenty-four (24) months or
7 less.

8 (2) The reasons for a scholarship hold may include without
9 limitation:

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

15 (B) A personal or family emergency that requires the
16 student to:

17 (i) Attend the funeral of an immediate family
18 member; or

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

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

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

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

29 (iii) The department shall release a scholarship
30 hold if the department determines that the student did not complete the
31 commitment under the written agreement.

32
33 SECTION 20. Arkansas Code § 23-115-103(17), concerning the definition
34 of "net proceeds" under the Arkansas Scholarship Lottery Act, is amended to
35 read as follows:

36 (17) "Net proceeds" means lottery proceeds less:

- 1 (A) ~~operating~~ Operating expenses;
- 2 (B) The amount of fidelity fund revenue under § 23-
- 3 115-603 that exceeds five hundred thousand dollars (\$500,000);
- 4 (C) The undepreciated amount of capital assets; and
- 5 (D) Accruals that will not result in a cash outflow;
- 6

7 SECTION 21. Arkansas Code § 23-115-205(a)(11)(B), concerning the

8 duties of the Arkansas Lottery Commission regarding its internal auditor, is

9 amended to read as follows:

10 (B)~~(i)~~ An internal auditor to perform the duties and

11 responsibilities required under § 23-115-212;-

12 ~~(ii) The commission shall determine the duties and~~

13 ~~responsibilities of the internal auditor.~~

14 ~~(iii) The internal auditor shall report directly to~~

15 ~~the commission;~~

16

17 SECTION 22. Arkansas Code § 23-115-206(a)(2), concerning the duty of

18 the Arkansas Lottery Commission to ensure the financial integrity of

19 lotteries, is amended to read as follows:

20 (2)(A) Establish and maintain effective internal controls to

21 prevent and detect fraud, including without limitation a system of internal

22 audits.

23 (B) The commission shall:

24 (i) By July 1, 2011, approve a formal, written

25 three-year audit plan; and

26 (ii) Annually review the audit plan.

27 (C) The commission or a subcommittee of the commission

28 shall review and take action to approve or reject a recommendation from the

29 internal auditor to amend the audit plan;

30

31 SECTION 23. Arkansas Code § 23-115-206(a)(10), concerning the

32 operating budget of the Arkansas Lottery Commission, is amended to read as

33 follows:

34 (10)(A) Submit to the Cochairs of the Arkansas Lottery

35 Commission Legislative Oversight Committee by April 30 of each year a copy of

36 the estimated annual operating budget for the commission for the next fiscal

1 year.

2 (B) ~~The proposed~~ At a minimum, the estimated annual
 3 operating budget submitted for the Arkansas Lottery Commission Legislative
 4 Oversight Committee's review shall be accompanied by:

5 (i) ~~Am~~ Contain an estimate of the net proceeds to be
 6 available for scholarships and grants during the succeeding fiscal year; ~~and~~

7 (ii) Compare the:

8 (a) Actual revenues and expenditures for the
 9 last completed fiscal year;

10 (b) Budgeted revenues and expenditures for the
 11 current fiscal year; and

12 (c) Estimated revenues and expenditures for
 13 the next fiscal year;

14 (iii) Contain an explanation of increases or
 15 decreases in revenues and expenditures shown in the estimated annual
 16 operating budget for the next fiscal year compared to the budgeted revenues
 17 and expenditures for the current fiscal year;

18 (iv) Classify all revenues and expenditures by
 19 specific purpose, instead of "miscellaneous" or "other";

20 (v) Contain a schedule of the total amounts of
 21 regular salaries, extra-help compensation, overtime compensation, and
 22 personal services matching as defined in § 19-4-521; and

23 ~~The following information for each employment~~
 24 ~~classification~~ For each position title authorized under §§ 23-115-305 – 23-
 25 115-307, contain a schedule that includes the:

26 (a) Annual salary, special allowance, or
 27 grade;

28 ~~(a)(b) The total~~ Total number of persons
 29 currently employed;

30 ~~(b)(c) The number~~ Number of ~~white~~ Caucasian
 31 male employees;

32 ~~(c)(d) The number~~ Number of ~~white~~ Caucasian
 33 female employees;

34 ~~(d)(e) The total~~ Total number of Caucasian
 35 employees;

36 ~~(e)(f) The number~~ Number of black male

1 employees;
 2 ~~(f)(g)~~ Number of black female
 3 employees;
 4 ~~(g)(h)~~ Number of other employees
 5 who are members of racial minorities; and
 6 ~~(h)(i)~~ Total number of minorities
 7 currently employed; and
 8

9 SECTION 24. Arkansas Code § 23-115-211(10), concerning the Arkansas
 10 Lottery Commission's exemption from participating in the Arkansas
 11 Administrative Statewide Information System, is amended to read as follows:
 12 (10) Section 25-27-104, except as provided in § 23-115-308.
 13

14 SECTION 25. Arkansas Code Title 23, Chapter 115, Subchapter 2, is
 15 amended to add an additional section to read as follows:

16 23-115-212. Duties and responsibilities of internal auditor.

17 (a) The internal auditor employed by the Arkansas Lottery Commission
 18 shall report directly to the commission.

19 (b) The commission shall determine the duties and responsibilities of
 20 the internal auditor that:

21 (1) Assist the commission in the commission's obligations under
 22 § 23-115-206; and

23 (2) Are consistent with the suggested standards for the
 24 professional practice of internal auditing as adopted by the Institute of
 25 Internal Auditors, including without limitation:

26 (A) Preparing a formal written three-year audit plan and
 27 presenting it to the commission for commission approval;

28 (B) Conducting ongoing reviews of the internal procedures,
 29 records, and operating procedures of the commission and the lotteries to:

30 (i) Verify compliance with established policies,
 31 procedures, and control systems;

32 (ii) Assure compliance with regulatory and statutory
 33 conditions; and

34 (iii) Assure adherence to generally accepted
 35 accounting principles; and

36 (C) Advising the commission of inconsistencies within or

1 improvements needed to the internal controls, operating procedures, or
2 accounting procedures of the commission or the lotteries.

3 (c)(1) The internal auditor shall report to the Arkansas Lottery
4 Commission Legislative Oversight Committee one (1) time per month to:

5 (A) Advise the committee concerning current issues
6 and problems reported to the commission under subsection (b) of this section;
7 and

8 (B) Update the committee concerning the resolution
9 of findings of the Division of Legislative Audit in the annual financial
10 report for the commission.

11 (2) The internal auditor is not required to file a report, but
12 shall include a statement in the monthly report of the commission if:

13 (A) There are no current issues or problems reported to
14 the commission; and

15 (B) The commission and the division agree that all
16 audit findings are resolved.

17
18 SECTION 26. Arkansas Code § 23-115-302(b)(9), concerning the
19 director's responsibility for the annual report of the Arkansas Lottery
20 Commission to the Arkansas Lottery Commission Legislative Oversight
21 Committee, is amended to read as follows:

22 (9) ~~By August 15, 2011, and annually thereafter~~ Annually by
23 November 15, report to the Arkansas Lottery Commission Legislative Oversight
24 Committee the following:

25 (A) For the immediately preceding fiscal year:

26 (i) The total amount of net proceeds from the state
27 lottery; and

28 (ii) The amounts deposited into and disbursed from
29 the Scholarship Shortfall Reserve Trust Account under § 23-115-802; and

30 (B) The commission's projection for net proceeds from the
31 state lottery for the current fiscal year; and

32
33 SECTION 27. Arkansas Code § 23-115-304(b), concerning Arkansas Lottery
34 Commission employees' retirement under the Arkansas Public Employees'
35 Retirement System, is amended to read as follows:

36 (b) A commission employee's salary for retirement purposes shall be

1 the amount determined by the commission ~~as authorized by the General Assembly~~
2 under §§ 23-115-305 and 23-115-307 and shall not include ~~any multipliers a~~
3 special salary allowance under § 23-115-306 used to increase ~~a person's~~
4 salary as authorized by the General Assembly the employee's salary.

5
6 SECTION 28. Arkansas Code § 23-115-308 is amended to read as follows:

7 23-115-308. Participation in Arkansas Administrative Statewide
8 Information System.

9 (a)(1) The Arkansas Lottery Commission may shall participate in the
10 Arkansas Administrative Statewide Information system to provide the:

11 (A) Annual operating budget information required under §
12 23-115-206; and

13 (B) Accounting system for commission employee positions,
14 salary, leave, and benefits.

15 (2) In complying with this subsection (a), the commission shall
16 use the rules promulgated by the Department of Finance and Administration as
17 a guideline.

18 (b) The commission may otherwise participate in the Arkansas
19 Administrative Statewide Information System to the extent the commission
20 deems necessary.

21 (c) This section does not require the commission to disclose the
22 confidential information identified under § 23-115-404.

23
24 SECTION 29. Arkansas Code § 23-115-403(f)(1), concerning the
25 eligibility of Arkansas Lottery Commission employee and commission member
26 family members to purchase or receive prizes from lottery tickets, is amended
27 to read as follows:

28 ~~(f)(1) A ticket or share shall not be purchased by and a lottery prize~~
29 ~~shall not be paid~~ The commission shall not pay a lottery prize that exceeds
30 the amount of five hundred dollars (\$500) to any:

31 (A) Member of the commission;

32 (B) Employee of the commission; or

33 (C) Member of the immediate family of a member of the commission
34 or an employee of the commission living in the same household as the member
35 of the commission or the employee.

36

1 SECTION 30. Arkansas Code § 23-115-410, concerning the compulsive
2 gambling disorder treatment and educational programs, is amended to add an
3 additional subsection to read as follows:

4 (c) The commission and the department shall provide a joint report to
5 the Arkansas Lottery Commission Legislative Oversight Committee that includes
6 without limitation:

7 (1) An annual summary of the amount of funding disbursed under
8 this section and expenditures from the funding;

9 (2) A summary of what the compulsive gambling disorder treatment
10 programs and compulsive gambling disorder educational programs provide; and

11 (3) The recommendations of the commission and the department for
12 changes in the programs or funding.

13
14 SECTION 31. Arkansas Code § 23-115-902 is amended to read as follows:

15 23-115-902. Fraud – Penalty.

16 ~~(a)(1) A person who, with a purpose to defraud, falsely makes, alters,~~
17 ~~forges, utters, passes, or counterfeits a ticket is guilty of a Class D~~
18 ~~felony.~~

19 ~~(2) A person convicted of violating subdivision (a)(1) of this~~
20 ~~section is subject to an additional fine of not more than fifty thousand~~
21 ~~dollars (\$50,000).~~

22 ~~(b)(1) A person who purposely influences or attempts to influence the~~
23 ~~winning of a lottery prize through the use of coercion, fraud, deception, or~~
24 ~~tampering with lottery equipment or materials is guilty of a Class D felony.~~

25 ~~(2) A person convicted of violating subdivision (b)(1) of this~~
26 ~~section is subject to an additional fine of not more than fifty thousand~~
27 ~~dollars (\$50,000).~~

28 The offense of lottery fraud and penalties for a conviction of lottery
29 fraud are provided under § 5-55-501.

30
31 SECTION 32. Arkansas Code § 23-115-1101(e)(1), concerning the annual
32 report of the Arkansas Lottery Commission Legislative Oversight Committee, is
33 amended to read as follows:

34 ~~(e)(1) By November 1 of each year~~ Annually by December 15, the
35 Arkansas Lottery Commission Legislative Oversight Committee shall provide to
36 the General Assembly:

1 (A) Any analysis or findings resulting from its activities
2 under this section that the Arkansas Lottery Commission Legislative Oversight
3 Committee deems relevant; and

4 (B) Its recommendations for any changes to the:

5 (i) Scholarship award amounts;

6 (ii) Number or type of scholarships; and

7 (iii) Scholarship eligibility requirements.
8

9 SECTION 33. EMERGENCY CLAUSE. It is found and determined by the
10 General Assembly of the State of Arkansas that increasing the number of
11 Arkansans obtaining postsecondary credentials is critical to the economic
12 health of the state and its citizens; that the Arkansas Scholarship Lottery
13 provides the opportunity for tens of thousands of Arkansans to obtain
14 postsecondary education; that the deadline for scholarship applications is
15 June 1; that the financial integrity of the Arkansas Scholarship Lottery is
16 critical to the continued existence of the scholarships; that the reporting
17 and research provisions of this act are critical for timely decisions by the
18 General Assembly on scholarship awards; and that this act is immediately
19 necessary because the Department of Higher Education must promulgate rules to
20 implement this act well before June 1, 2011, in order to provide eligible
21 Arkansans the opportunity to apply for the scholarship. Therefore, an
22 emergency is declared to exist and this act being immediately necessary for
23 the preservation of the public peace, health, and safety shall become
24 effective on:

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

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

29 (3) If the bill is vetoed by the Governor and the veto is
30 overridden, the date the last house overrides the veto.
31

32 /s/Hyde
33
34
35
36