1	State of Arkansas	*As Engrossed: S3/23/11 S3/29/11*
2	88th General Assembly	**A Bill**
3	Regular Session, 2011	SENATE BILL 888
4		
5	By: Senator D. Johnson	
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For An Act To Be Entitled

AN ACT TO AUTHORIZE THE DEPARTMENT OF HIGHER
EDUCATION TO ESTABLISH A FORMULA FOR DETERMINING
SCHOLARSHIP AWARD AMOUNTS UNDER THE ARKANSAS ACADEMIC
CHALLENGE SCHOLARSHIP PROGRAM -- *PART 2; TO ENHANCE
THE STABILITY OF FUNDING FOR SCHOLARSHIPS WITH NET
PROCEEDS FROM THE STATE LOTTERY; TO DECLARE AN
EMERGENCY;* AND FOR OTHER PURPOSES.

Subtitle

*ARKANSAS ACADEMIC CHALLENGE SCHOLARSHIP
AWARD STABILIZATION ACT.*

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

*SECTION 1. Arkansas Code § 6-85-212(e)(1), concerning scholarship
awards for the Arkansas Academic Challenge Scholarship Program - Part 2, is
amended to read as follows:*

(e)(1)(A) *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 five thousand dollars ($5,000)~~ <u>shall be
calculated by the Department of Higher Education using the formula under § 6-
85-221.</u>

(B)~~(i) The Department of Higher Education shall award an
aggregate amount of scholarship awards to current achiever students beginning
with the 2010-2011 academic year of up to forty-one million five hundred
thousand dollars ($41,500,000).~~

~~(ii)~~ *The department shall not accept new*

1   applications *from current achiever students* for scholarships ~~under this~~
2   ~~subdivision (e)(l)(B)~~ after June 1, 2012.
3   ~~(C) After deducting the amount committed for current~~
4   ~~achiever student scholarships from the amount available under subdivision~~
5   ~~(e)(l)(B) of this section, the department shall use the balance to fund~~
6   ~~scholarships to nontraditional students under this subchapter.~~
7
8   SECTION 2. Arkansas Title 6, Chapter 85, Subchapter 2, is amended to
9   add an additional section to read as follows:
10   *6-85-221. Formula for determining scholarship award amounts.*
11   *(a) Annually by May 31, the Department of Higher Education shall*
12   *determine the scholarship award amount for full-time scholarship recipients*
13   *attending a four-year approved institution of higher education under this*
14   *subchapter calculated using the assumptions and formula under this section.*
15   *(b)(1) The Department of Higher Education shall use the following*
16   *method to project the number of eligible traditional student applicants:*
17   *(A) The Department of Higher Education shall obtain from*
18   *the Department of Education the number of high school students who are*
19   *anticipated to graduate high school with the requirements of § 6-85-207;*
20   *(B) The projected number of traditional students under*
21   *subdivision (b)(1)(A) shall be multiplied by the percentage of traditional*
22   *students who received the scholarship in the previous academic year and*
23   *attended a four-year approved institution of higher education;*
24   *(C) The projected number of traditional students under*
25   *subdivision (b)(1)(A) shall be multiplied by the percentage of traditional*
26   *students who received the scholarship in the previous academic year and*
27   *attended a two-year approved institution of higher education.*
28   *(D) The number of nursing students shall be projected as*
29   *the same number receiving a scholarship under this subchapter for the*
30   *previous year.*
31   *(E) The sum of the number of students under subdivisions*
32   *(b)(1)(B) - (D) of this section shall be increased by an annual growth factor*
33   *of one percent (1%).*
34   *(F) A dropout rate shall be applied to the number of*
35   *students under subdivision (b)(1)(E) of this section as follows:*
36   *(i) Thirty-five percent (35%) of students who*

1   *received the scholarship for the previous academic year;*
2   *(ii) Ten percent (10%) of students who have received*
3   *the scholarship for two (2) previous years; and*
4   *(iii) Ten percent (10%) of students have received*
5   *the scholarship for the previous three (3) academic years.*
6   *(2) The number of current achiever students shall be projected*
7   *at the number of current achiever students receiving the scholarship for the*
8   *previous academic year, less those who are no longer eligible for the*
9   *scholarship.*
10   *(3) The number of nontraditional students is not calculated as*
11   *long as the aggregate award amount is an amount set by statute.*
12   *(5) The number of students receiving a scholarship award under*
13   *the Arkansas Academic Challenge Scholarship Program - Part 1, § 6-85-101 et*
14   *seq., shall be projected at the number of current recipients for the previous*
15   *academic year, less those who are no longer eligible for the scholarship.*
16   *(c) The Department of Higher Education shall calculate the amount of*
17   *funding available for scholarship awards for one (1) academic year as:*
18   *(1) The sum of net proceeds from the lottery for the twelve (12)*
19   *months beginning May 1 of the immediately preceding calendar year through*
20   *April 30 of the current calendar year;*
21   *(2) The amount of any balance of net proceeds from the lottery*
22   *carried forward from the previous year; plus*
23   *(3) The amount of nonlottery educational resources allocated to*
24   *the Arkansas Academic Challenge Scholarship Program - Parts 1 and 2.*
25   *(d) The scholarship award amount for a traditional student attending a*
26   *four-year approved institution of higher education shall be an amount equal*
27   *to:*
28   *(A) The sum of:*
29   *(i) The total amount of available funding calculated*
30   *under subsection (c) of this section; less*
31   *(ii) The amount of funding under § 6-85-212 for*
32   *nontraditional students; less*
33   *(iii) The amount of scholarship awards under the*
34   *Arkansas Academic Challenge Scholarship Program - Part 1 multiplied by the*
35   *number of projected recipients calculated under subdivision (b)(4) of this*
36   *section; less*

1   (iv) The amount of twenty million dollars
2   ($20,000,000) to be maintained as a balance; divided by
3   (B) The total number of students calculated under
4   subdivisions (b)(1)-(3) of this section.
5   (e)(1) The Department of Higher Education may annually adjust the
6   assumptions for annual growth rate under subdivision (b)(1)(D) of this
7   section and dropout rate under subdivision (b)(1)(E) of this section based on
8   actual updated data.
9   (2) The Department of Higher Education shall provide a thirty-
10   day notice to the Arkansas Lottery Commission Legislative Oversight Committee
11   before making any adjustments to the dropout rate or other assumptions under
12   this formula.
13   (3) Annually by May 1, the Department of Higher Education shall
14   provide to the committee all of the underlying assumptions the Department of
15   Higher Education will use to make the calculations under this section.
16   (f)(1) Annually by June 1, the Department of Higher Education shall:
17   (A) Publish a notice of the scholarship award amount on
18   its website in a manner easily accessible to the public; and
19   (B) Provide notice to the committee of the scholarship
20   award amount and a detailed calculation of the anticipated scholarship award
21   amounts for:
22   (i) Traditional students, current achiever students,
23   nontraditional students, and nursing students receiving scholarships under
24   the Arkansas Academic Challenge Scholarship Program - Part 2; and
25   (ii) Students receiving scholarships under the
26   Arkansas Academic Challenge Scholarship Program - Part 1.
27   (2) Annually by October 31 and March 31, the Department of
28   Higher Education shall provide a written report to the committee on the
29   aggregate scholarship awards to each institution of higher education for the
30   applicable term.
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32   SECTION 3. Arkansas Code § 23-115-403(g), concerning unclaimed lottery
33   prize money, is amended to read as follows:
34   (g)(1) ~~Unclaimed lottery prize money shall be added to net lottery~~
35   ~~proceeds~~ During a fiscal year, the commission may expend up to two million
36   five hundred thousand dollars ($2,500,000) of unclaimed lottery prize money

1   *for one (1) or more of the following:*

2   *(A) Increasing the pool from which future lottery prizes*

3   *are to be awarded;*

4   *(B) Maintaining online game reserves at a fiscally sound*

5   *level; or*

6   *(C) Prize promotion.*

7   *(2) On the last day of each fiscal year, the commission shall*

8   *deposit into the trust account for net lottery proceeds the amount of*

9   *unclaimed lottery prize money existing at the end of the fiscal year less one*

10   *million dollars ($1,000,000).*

11   *(3) The commission shall include in its monthly reports to the*

12   *Arkansas Lottery Commission Legislative Oversight Committee the following*

13   *monthly and year-to-date amounts:*

14   *(A) Unclaimed lottery prize money;*

15   *(B) Expenditures from unclaimed lottery prize money; and*

16   *(C) Deposits to net lottery proceeds from unclaimed*

17   *lottery prize money.*

18

19   *SECTION 4.   EMERGENCY CLAUSE. It is found and determined by the*

20   *General Assembly of the State of Arkansas that increasing the number of*

21   *Arkansans who obtain postsecondary credentials is critical to the economic*

22   *health of the state and its citizens; that the Arkansas Scholarship Lottery*

23   *provides the opportunity for tens of thousands of Arkansans to obtain*

24   *postsecondary education; that the deadline for scholarship applications is*

25   *June 1; that the financial integrity of the Arkansas Scholarship Lottery is*

26   *critical to the continued existence of the scholarships; and that this act is*

27   *immediately necessary for the Department of Higher Education to promulgate*

28   *rules to implement this act well before June 1, 2011, in order to provide*

29   *eligible Arkansans the opportunity to apply for the scholarship. Therefore,*

30   *an emergency is declared to exist and this act being immediately necessary*

31   *for the preservation of the public peace, health, and safety shall become*

32   *effective on:*

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

34   *(2) If the bill is neither approved nor vetoed by the Governor,*

35   *the expiration of the period of time during which the Governor may veto the*

36   *bill; or*

1   *(3) If the bill is vetoed by the Governor and the veto is*
2   *overridden, the date the last house overrides the veto.*
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4   */s/D. Johnson*
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