

ARKANSAS REGISTER

Proposed Rule Cover Sheet



Secretary of State
John Thurston
500 Woodlane Street, Suite 026
Little Rock, Arkansas 72201-1094
(501) 682-5070
www.sos.arkansas.gov



Name of Department Department of Finance and Administration Office of the Arkansas Lottery

Agency or Division Name Office of the Arkansas Lottery

Other Subdivision or Department, If Applicable _____

Previous Agency Name, If Applicable Arkansas Lottery Commission

Contact Person Brent Standridge

Contact E-mail brent.standridge@arkansas.gov

Contact Phone 501-683-2031

Name of Rule Amendment to OAL Operational Rules, Establishing Lottery Scholarship Trust Account

Newspaper Name Arkansas Democrat Gazette

Date of Publishing 9.14.2022, 9.15.2022, 9.16.2022

Final Date for Public Comment 10.5.2022

Location and Time of Public Meeting Union National Plaza, 124 West Capitol Avenue, Suite 300, Little Rock, AR 72201, 9:00 A.M., October 5, 2022



REQUEST FOR GOVERNOR'S APPROVAL OF PROPOSED RULES

Please submit this form and all required documents in the checklist as a single pdf document. Failure to comply will result in the rule being denied.

Rules identified as mandatory promulgations in Form 2021A must be submitted to the Governor's Office for approval no later than December 31, 2021.

Cabinet Department: DEPARTMENT OF FINANCE AND ADMINISTRATION

Division/Commission/Board/Agency: OFFICE OF THE ARKANSAS LOTTERY
13.13.1-13.9.2.

Rule Number: _____ Short Title of Rule: A RULE CONCERNING NET PROCEEDS AND FUNDING OF SCHOLARSHIPS

New Rule: ☒ Yes ☐ No Rule Amendment: ☐ Yes ☒ No Rule Repeal: ☐ Yes ☒ No

Proposed Effective Date: TENTATIVE PENDING APPROVAL Date Rule Submitted: TENTATIVE 7.15.22

Emergency Rule: ☐ Yes ☒ No Expedited Request: ☒ Yes ☐ No Reason: AS STATED BELOW

Drafted in Code of Rules Format ☐ Yes ☒ No If not, explain: SEEKING TO AMEND OTHER OPERATIONAL RULES, CODE #S WILL DIFFER

Please explain the need for an Emergency/Expedited Rule: OAL IS AMENDING MANY OF ITS RULES AND IS MAKING SOME NEW RULES INCLUDING THOSE FOR FINANCIAL COURIERS AND NEEDS ALL RULES TO GO INTO EFFECT QUICKLY

AUTHORITY TO PROMULGATE

State Mandate: ☒ Yes ☐ No Federal Mandate: ☐ Yes ☒ No Act No.: 636 OF 2021

Statutory Authority to Promulgate the Rule: ACA § 23-115-207, § 23-115-103 (33)

Department/Agency Legislation from Legislative Session: ☒ Yes ☐ No Act No.: 636 OF 2021 (A) AND (B)

House Sponsor: REPRESENTATIVE COZART Senate Sponsor: SENATOR HICKEY

Cabinet Review: ☐ Yes ☒ No Secretary's Signature: _____ Date: _____

RULE SUMMARY

Purpose of Rule: THIS RULE IS PART OF THE OPERATIONAL RULES OF OAL AND CONCERNS THE MANNER IN WHICH NET PROCEEDS

Reason for Creating or Amending the Rule: REQUIRED BY ACT 636 OF 2021
ACA § 23-115-103 (33) (A) + (B)

How does the Rule deviate from the Act: THE RULE TRACKS THE LANGUAGE OF THE LEGISLATIVE ACT

Rule Based on a Rule From Different Jurisdictions: ☐ Yes ☒ No Jurisdictions: _____

Short Summary of New Rule or Rule Changes: (explain in greater detail in your executive summary)

THIS RULE TRACKS THE LANGUAGE OF ACT 636 OF 2021 REGARDING THE MANNER IN WHICH NET PROCEEDS OF OAL ARE DEPOSITED AND DISBURSED BASED ON WHAT IS MOST FINANCIALLY PRUDENT

Applicable Federal Regulations: ☐ Yes ☒ No C.F.R. No: _____

Proposed Rule the Least Restrictive Alternative: ☒ Yes ☐ No. If not, why? _____

Does it Mirror Federal Regulations or Impose Additional Requirements: ☐ Yes ☒ No

Explain: _____

Note: In addition to these explanations, the Department/Agency seeking to promulgate this rule shall submit the attached executive summary. Failure to include the summary will result in the rule being denied.

CONTROVERSY

Rule Controversial: ☐ Yes ☒ No Act Controversial in Legislative Session: ☐ Yes ☒ No

Known Interested Parties: NONE KNOWN

Comments Made at Legislative Session: UNKNOWN, NOT AWARE OF ANYTHING- CONTROVERSIAL ABOUT THIS RULE OF ACCOUNTING- PROCEDURE

Public Hearing: ☒ Yes ☐ No Expect public comment from: DO NOT EXPECT
PUBLIC COMMENT REGARDING THIS RULE AND DO NOT EXPECT
IT TO BE CONTROVERSIAL

FINANCIAL IMPACT

Financial Impact: ☐ Yes ☒ No Total Impact: FY2020: NONE FY2021: NONE

Impact Mitigated by Federal Funding: ☐ Yes ☒ No FY2020: NONE FY2021: NONE

Reasons for Financial Impact: N/A

FINAL CHECKLIST

Please note that the Governor's office will not begin the approval process of the foregoing rule if any of the following applicable documents are not enclosed in the order listed in a single PDF file.

- ☒ Rule Request Form
- ☒ Executive Summary
- ☐ Mark-Up Version of the Proposed Rule N/A (NEW RULE)
- ☒ Clean Version of the Proposed Rule
- ☒ BLR Questionnaire
- ☒ BLR Financial Impact Statement
- ☒ Copy of Act or Regulation



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF THE ARKANSAS LOTTERY

Post Office Box 3238
Little Rock, Arkansas 72203-3238
Phone: (501) 683-2000
Fax: (501) 683-1878
<http://myarkansaslottery.com>

*Proposed Rule Regarding New OAL Operational Rule Regarding Procedures and
Funding Requirements for Scholarships and to Establish the Lottery Scholarship Trust
Account*

July 15, 2022

Purpose

The Department of Finance and Administration Office of the Arkansas Lottery (OAL) is seeking Governor Hutchinson's review of a proposed new rule to OAL's Operational Rules.

Background

Pursuant to Ark. Code Ann. §23-115-207 OAL has the authority to promulgate administrative rules concerning the Lottery. Act 636 of 2021, and specifically Ark. Code Ann. §23-115-103(B) provides that OAL "shall promulgate rules to determine the manner in which the net proceeds are deposited and disbursed based on what is most financially prudent." Consequently, OAL is proposing a new rule to be added to its operational rules addressing how lottery proceeds are to be deposited and disbursed and has created a Lottery Scholarship Trust Account as required by the legislation.

Key Points

The proposed rule:

- establishes the Lottery Scholarship Trust Account as required by the legislation. This account was funded by the transfer of monies from the Education Trust Fund and the Arkansas Workforce/Concurrent Scholarship Trust Fund
- provides for transferring and depositing of lottery proceeds for the funding of scholarships
- provides that OAL 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 which are deposited in the Lottery Scholarship Trust Account.

Discussion

As is noted in the Key Points section above.

Recommendation

OAL recommends that the rule be approved and adopted.



STATE OF ARKANSAS
Department of Finance
and Administration

OFFICE OF THE ARKANSAS LOTTERY

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PROPOSED RULE:

13. Net Proceeds and Funding Scholarships 13.1. By Act 636 of 2021, the Arkansas Legislature amended the Arkansas Scholarship Lottery Act and established procedures and funding requirements for the creation or amendment of scholarships funded with net revenue available. The Office of the Arkansas Lottery (OAL) was charged with promulgating rules to determine the manner in which the net proceeds from the lottery are deposited and disbursed based on what is most financially prudent. The provisions in this Section of the Operational Rules of the Arkansas Scholarship Lottery are adopted pursuant thereto.

13.2. The OAL shall establish the Lottery Scholarship Trust Account to fund the Arkansas Academic Challenge Scholarship Program, the Arkansas Workforce Challenge Scholarship Program, the Arkansas Concurrent Challenge Scholarship Program, and any other scholarship funded with net proceeds from the lottery at a financial institution into which the OAL shall transfer: 13.2.1. Excess funding returned to the OAL under Ark. Code Ann. §6-85- 212(d)(2)(B)(i) from the previous academic year; and

13.2.2. Net proceeds remaining in Lottery Scholarship Trust Account from the previous academic year after the OAL: 13.2.2.1. Transfers funds requested by the Division of Higher Education; and,

13.2.2.2 Deposits the requisite amount necessary into the Scholarship Shortfall Reserve Trust Account to maintain an amount equal to twenty million dollars (\$20,000,000).

13.3. On or before the fifteenth day of each month, the OAL shall deposit the net proceeds from the OAL into the Lottery Scholarship Trust Account at one or more financial institutions.

13.4. The OAL shall follow the investment policy guidelines of the State Board of Finance in selecting a financial institution and managing the net proceeds from the OAL deposited into the Lottery Scholarship Trust Account.

13.5. The funds transferred by the OAL into the Lottery Scholarship Trust Account for the Arkansas Academic Challenge Scholarship Program, the Arkansas Workforce Challenge Scholarship Program, the Arkansas Concurrent Challenge Scholarship Program and any other scholarship program shall be used for: 13.5.1. The Arkansas Academic Challenge Scholarship Program;

13.5.2. The Arkansas Workforce Challenge Scholarship Program;

13.5.3. The Arkansas Concurrent Challenge Scholarship Program;

13.5.4. Any other scholarship funded with net proceeds from the OAL; and,

13.5.5. Any management fees charged by the financial institution to manage the trust account.

13.6. The Director of the Division of Higher Education shall certify to the OAL the amount of net proceeds from the OAL needed to fund scholarships awarded to recipients for each semester of the academic year based on the contents of the Lottery Scholarship Trust Account at the end of the immediately preceding fiscal year.

13.7. The OAL shall transfer the funds requested by the Director of Division of Higher Education into one or more trust accounts at one or more financial institutions maintained by Division of Higher Education.

13.8. Annually, the Division of Higher Education shall transfer to the OAL the unused funds from the previous academic year, if any, that were transferred by the OAL to fund the Arkansas Academic Challenge Scholarship Program, Ark. Code Ann. §6-85-201 et seq., the Arkansas Workforce Challenge Scholarship Program, Ark. Code Ann. §6-85-301 et seq., the Arkansas Concurrent Challenge Scholarship Program, Ark. Code Ann. §6-85-401 et seq., and any other scholarship program.

13.9. Ark. Code Ann. §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, shall be administered as follows pursuant to the OAL's operational rules: 13.9.1. 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); 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. Any amount in the account exceeding twenty million dollars (\$20,000,000) shall be considered net proceeds and shall be deposited annually into one or more trust accounts at one or more financial institutions by July 1st of each year.

13.9.2. If net proceeds in any year are not sufficient to meet the amount allocated for scholarships under the Arkansas Academic Challenge Scholarship Program, Ark. Code Ann. §6-85-201 et seq., the account may be drawn upon to meet the deficiency.

**QUESTIONNAIRE
FOR FILING PROPOSED RULES WITH THE
ARKANSAS LEGISLATIVE COUNCIL**

DEPARTMENT/AGENCY DEPARTMENT OF FINANCE AND ADMINISTRATION
 DIVISION OFFICE OF THE ARKANSAS LOTTERY
 DIVISION DIRECTOR J. ERIC HAGLER
 CONTACT PERSON BRENT STANDRIDGE
 ADDRESS 124 N. CAPITOL AVE, STE. 1400, LITTLE ROCK, AR. 72201
 PHONE NO. 501-683-2031 FAX NO. 501-683-1878 E-MAIL Brent.Standridge@arkansas.gov
 NAME OF PRESENTER AT COMMITTEE MEETING BRENT STANDRIDGE
 PRESENTER E-MAIL Brent.Standridge@arkansas.gov

INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
- E. Submit two (2) copies of the Questionnaire and Financial Impact Statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:

Jessica C. Sutton
 Administrative Rules Review Section
 Arkansas Legislative Council
 Bureau of Legislative Research
 One Capitol Mall, 5th Floor
 Little Rock, AR 72201

1. What is the short title of this rule? OPERATIONAL RULE OF OAL CONCERNING
HANDLING OF NET PROCEEDS AND FUNDING SCHOLARSHIPS

2. What is the subject of the proposed rule? IF ESTABLISHED PROCEDURES AND FUNDING
REQUIREMENTS FOR THE CREATION OR AMENDMENT
OF SCHOLARSHIP FUNDS WITH NET PROCEEDS AVAILABLE

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes ☐ No ☒

If yes, please provide the federal rule, regulation, and/or statute citation.

N/A

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act?

Yes ☐ No ☒

If yes, what is the effective date of the emergency rule? N/A

When does the emergency rule expire? N/A

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes ☐ No ☒

5. Is this a new rule? Yes ☒ No ☐ If yes, please provide a brief summary explaining the rule.

A NEW RULE TO OAL'S OPERATIONAL RULES IT ESTABLISHES PROCEDURES AND FUNDING REQUIREMENTS FOR THE CREATION AND AMENDMENT OF SCHOLARSHIPS FUNDED WITH NET REVENUE AVAILABLE. IT ALSO ESTABLISHES THE LOTTERY SCHOLARSHIP TRUST ACCOUNT FOR OAL TO ADMINISTER

Does this repeal an existing rule? Yes ☐ No ☒ If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

NOT A REPLACEMENT RULE

Is this an amendment to an existing rule? Yes ☐ No ☒ If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."

NOT AN AMENDMENT

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation.

ACT 636 OF 2021, ARK. CODE ANN. § 23-115-103 (33) (A) and (B)

7. What is the purpose of this proposed rule? Why is it necessary?

MANDATED BY ACT 636 OF 2021 FOR THE LOTTERY TO ESTABLISH THE LOTTERY SCHOLARSHIP TRUST ACCOUNT AND TO PROVIDE FOR THE MANNER IN WHICH NET PROCEEDS FOR THE LOTTERY ARE DEPOSITED AND DISBURSED BASED ON WHAT IS MOST FINANCIALLY PRUDENT.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b).

NOT YET PUBLICLY ACCESSIBLE - PENDING GOVERNORS
OFFICE APPROVAL

9. Will a public hearing be held on this proposed rule? Yes ☒ No ☐ If yes, please complete the following:

Date: UNKNOWN - SEEKING GOVERNORS OFFICE APPROVAL

Time: _____

Place: _____

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

SEE ABOVE

11. What is the proposed effective date of this proposed rule? (Must provide a date.)

SEE ABOVE

12. Please provide a copy of the notice required under Ark. Code Ann. § 25-15-204(a), and proof of the publication of said notice. SEE ABOVE

13. Please provide proof of filing the rule with the Secretary of State as required pursuant to Ark. Code Ann. § 25-15-204(e). SEE ABOVE

14. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known.

UNKNOWN BUT WE DO NOT EXPECT ANY COMMENT
FOR OR AGAINST

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OFFICE OF THE ARKANSAS LOTTERY
PERSON COMPLETING THIS STATEMENT BRENT STANDRIDGE
TELEPHONE NO. 501.683.2031 FAX NO. 501.683.1878 EMAIL: brent.standridge@arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two (2) copies with the Questionnaire and proposed rules.

SHORT TITLE OF THIS RULE OPERATIONAL RULE OF OAL CONCERNING AMENDING OF NET PROCEEDS AND FUNDING OF SCHOLARSHIPS

1. Does this proposed, amended, or repealed rule have a financial impact? Yes ☐ No ☒
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
Yes ☒ No ☐
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☒ No ☐

If an agency is proposing a more costly rule, please state the following:

- a) How the additional benefits of the more costly rule justify its additional cost;

N/A

- b) The reason for adoption of the more costly rule;

N/A

- c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and

N/A

- d) Whether the reason is within the scope of the agency's statutory authority, and if so, please explain.

N/A

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

Next Fiscal Year

General Revenue N/A

General Revenue _____

Federal Funds _____

Federal Funds _____

Cash Funds _____

Cash Funds _____

Special Revenue _____

Special Revenue _____

Other (Identify) _____

Other (Identify) _____

Total \$ 0.00

Total \$ 0.00

b) What is the additional cost of the state rule?

Current Fiscal Year

Next Fiscal Year

General Revenue NONE

General Revenue _____

Federal Funds _____

Federal Funds _____

Cash Funds _____

Cash Funds _____

Special Revenue _____

Special Revenue _____

Other (Identify) _____

Other (Identify) _____

Total \$ 0.00

Total \$ 0.00

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

Next Fiscal Year

\$ NONE

\$ NONE

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

Next Fiscal Year

\$ NONE

\$ NONE

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?
Yes ☐ No ☒

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

N/A

1 State of Arkansas

As Engrossed: S3/30/21

2 93rd General Assembly

A Bill

3 Regular Session, 2021

SENATE BILL 584

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

6 By: Representative Cozart

For An Act To Be Entitled

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

Subtitle

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

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

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

30 Subchapter 2 - Arkansas Academic Challenge Scholarship Program — ~~Part 2~~

32 6-85-201. Findings.

33 The General Assembly finds that:

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



1 lottery;

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

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

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

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

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

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

21
22 6-85-202. Creation.

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

25
26 6-85-203. Applicability.

27 ~~(a) This subchapter is applicable to students who apply for a~~
28 ~~scholarship under the Arkansas Academic Challenge Scholarship Program — Part~~
29 ~~2 for the academic year 2010-2011 and each academic year thereafter.~~

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

34 ~~(e)~~ Recipients of Arkansas Governor's Distinguished Scholarships are
35 prohibited from receiving Arkansas Academic Challenge Scholarships under this
36 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:

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

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

- 12 (i) Is on active military status;
13 (ii) Qualifies for in-state tuition and fees under §
14 6-60-205; and
15 (iii) Meets one (1) of the conditions under
16 subdivision (5)(A)(ii) of this section;

17 (6) "Continuously enrolled" means:

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

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

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

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

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

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

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

7 ~~(7)~~ "Current achiever student" means a student:

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

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

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

14 ~~(9)(7)~~ "Enrolled" means that the approved institution of higher
15 education where the student is attending class counts the student as enrolled
16 for the hours claimed on the last day to add or drop a class at the approved
17 institution of higher education;

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

21 ~~(11)(8)~~ "High school grade point average" means the numbered
22 grade average on a student's high school transcript calculated;

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

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

28 ~~(12)(9)~~ "Lawful permanent resident" means a non-United States
29 citizen who resides in the United States under a legally recognized and
30 lawfully recorded permanent residence and who may receive state public
31 benefits under 8 U.S.C. § 1622;

32 ~~(13)(10)~~ "Net proceeds from the state lottery" means lottery
33 proceeds for one (1) fiscal year less the operating expenses defined in § 23-
34 115-103 for the fiscal year;

35 ~~(14)(11)~~ "Nonlottery state educational resources" means the
36 funding available for state-supported scholarships and grants for students

1 enrolled in postsecondary education in this state that:

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

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

8 ~~(15) "Nontraditional student" means a student who is not a~~
9 ~~traditional student or a current achiever student;~~

10 ~~(16) "Personally identifiable student data" means any~~
11 ~~information that, alone or in combination with other available information,~~
12 ~~is linked or linkable to a specific student that would allow a reasonable~~
13 ~~person in the student's school community to identify the student with~~
14 ~~reasonable certainty;~~

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

18 ~~(18)~~(12) "Qualified certificate program" means a program:

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

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

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

25 ~~(19)~~(13) "Recipient" means an applicant awarded a scholarship
26 funded through the Arkansas Academic Challenge Scholarship Program — Part 2;

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

30 ~~(21)~~(14) "Semester" means one-half ($\frac{1}{2}$) of a traditional academic
31 year at an institution of higher education, or an equivalent approved by the
32 division, in which a student enrolls for not less than:

33 (A) Fifteen (15) credit hours as a full-time student,
34 except that in the first semester as a first-time full-time freshman, a
35 traditional student shall enroll in not less than twelve (12) credit hours;
36 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

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

3 (B)(1) The division shall promulgate rules in consultation
4 with ACT, Inc. to determine the mechanism for calculating and disseminating
5 an applicant's superscore on the ACT.

6 (ii) However, a rule promulgated under subdivision
7 (16)(B)(1) of this section shall not result in a negative amount of net
8 revenue available; and

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

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

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

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

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

21 or

22 (b) The last day of the school year:

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

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

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

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

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

35
36 6-85-205. Authority and duties of the Division of Higher Education.

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

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

6 (1) Student eligibility criteria based on this subchapter;

7 (2) The method for selecting scholarship recipients and for
8 determining continuing eligibility;

9 (3) The procedures for making payment to an approved institution
10 of higher education where the recipient is enrolled; and

11 (4) Other administrative procedures that may be necessary for
12 the implementation and operation of the program.

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

18 (1) Scholarships awarded under this subchapter or other state
19 law that are funded with net proceeds from the state lottery; and

20 (2) Scholarships, grants, or other financial assistance for
21 higher education students funded with nonlottery state educational resources.

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

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

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

1 Council for review.

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

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

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

13 (i) The implementation of this subchapter;
14 (ii) The number of recipients that either:
15 (a) Dropped out during the academic year; or
16 (b) Lost the scholarship during the academic
17 year; and

18 (iii) Any additional information requested by the
19 Legislative Council.

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

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

27
28 6-85-206. Basic eligibility requirements.

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

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

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

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

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

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

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

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

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

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

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

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

28 (a) A baccalaureate degree;
29 (b) An associate degree;
30 (c) A certificate from a qualified certificate
31 program; or

32 (d) A graduate-level or professional degree;
33 or

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

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

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

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

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

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

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

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

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

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

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

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

31
32 6-85-207. Additional eligibility requirements for traditional
33 students.

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

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

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

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

6 (2) Has a disability identified under the Individuals with
7 Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on July
8 1, 2009, and graduated from an Arkansas public high school, and either:

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

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

14 (i) Algebra I;

15 (ii) Geometry;

16 (iii) Biology; and

17 (iv) Literacy;

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

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

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

26 (4) Meets the following criteria:

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

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

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

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

36

1 6-85-208. Additional eligibility requirements for a nontraditional
2 student.

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

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

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

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

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

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

21
22 ~~6-85-209. Additional eligibility requirements for a current achiever~~
23 ~~student.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

18 ~~(1) Applied for a scholarship as a current achiever in the 2010-~~
19 ~~2011 academic year;~~

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

23 ~~(3) Either:~~

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

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

27
28 6-85-210. Continuing eligibility.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 (A) Five (5) semesters; or

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

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

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

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

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

14
15 ~~6-85-211. Literacy tutoring.~~

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

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

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

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

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

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

36 ~~(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

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

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

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

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

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

24 ~~(C)(1)(B)(1)~~ To determine the correct scholarship award
25 amount based on credit hours, a first-time recipient shall submit a current
26 college or university transcript if the first-time recipient has earned any
27 semester credit hours to the ~~division~~ Division of Higher Education no later
28 than a date determined by the division prior to the academic year for which
29 the first-time recipient will receive an initial scholarship award.

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

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

1 Education Section.

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

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

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

15 (ii) The office shall deposit any funds received
16 from the division under this subdivision ~~(e)(2)(B)(d)(2)(B)~~ into ~~a trust~~
17 ~~account~~ the Lottery Scholarship Trust Account established under § 23-115-
18 801(b).

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

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

24 (ii) Other criteria established by the division.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (a) In a status identified under 32 U.S.C. §
21 101 et seq. or 10 U.S.C. § 101 et seq. as they existed on January 1, 2011; or

22 (b) In state active duty status.

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

25 (1) Award amounts;

26 (2) Number or type of scholarships; and

27 (3) Eligibility requirements.

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

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

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

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

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

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

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

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

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

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

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

36 ~~(j)—[Repealed.]~~

1
2 6-85-213. Nursing school eligibility.

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

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

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

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

15
16 6-85-214. Accountability – Transparency – Legislative oversight.

17 (a) The General Assembly finds that:

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

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

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

29
30 6-85-215. [Repealed].

31
32 6-85-216. Institution report to ~~the division~~ Division of Higher
33 Education.

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

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

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

6 (A) State-supported student financial assistance;

7 (B) Demographic student data; and

8 (C) Disaggregated data on remedial courses.

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

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

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

20 (b) The division shall establish by rule the:

21 (1) Specific data required;

22 (2) Manner of reporting the information required; and

23 (3) Technology or software required for reporting.

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

28
29 6-85-217. Information provided to the Bureau of Legislative Research
30 by the Division of Higher Education.

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

35 (1) Existing individual student data;

36 (2) Institutional data;

- 1 (3) Financial data;
2 (4) Aggregate student scholarship and grant application and
3 award data;
4 (5) Remedial course data; and
5 (6) Other data needed to track scholarship and grant students
6 receiving state-supported student financial assistance from year to year.
7

8 6-85-218. [Repealed].
9

10 6-85-219. Reports to legislative committees.

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

16 (2) The information provided shall include without limitation:

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

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

21 (C) Fund balances for the:

22 (i) Higher Education Grants Fund Account; and

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

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

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

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

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

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

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

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

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

13
14 6-85-220. Legislative Council — Annual report.

15 (a) The Legislative Council shall:

- 16 (1) Oversee the development and implementation of Arkansas Code
17 requirements with regard to the Arkansas Academic Challenge Scholarship
18 Program;
 - 19 (2) Review whether and how the use of net state lottery proceeds
20 helps to accomplish state objectives for higher education;
 - 21 (3) Review the ongoing data collection, research, and evaluation
22 of the program;
 - 23 (4) Review the annual report of the ~~Director of the~~ Division of
24 Higher Education under § 6-85-219;
 - 25 (5) Review and recommend changes to the:
 - 26 (A) Number of awards for each scholarship and grant;
 - 27 (B) Award levels;
 - 28 (C) Eligibility requirements; and
 - 29 (D) Overall administration of the program; and
 - 30 (6) Review and recommend policies for scholarships and grants
31 funded with nonlottery state educational resources, including without
32 limitation ways to ensure that net proceeds from the state lottery are used
33 to supplement and not supplant nonlottery state educational resources.
- 34 (b) Annually by December 15, the Legislative Council shall report its
35 findings and recommendations to the:
- 36 (1) Office of the Arkansas Lottery, ~~the;~~

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

6
7 6-85-221. Scholarship hold — Leave of absence.

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

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

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

18 (2) A personal or family emergency that requires the student to:
19 (A) Attend the funeral of an immediate family member; or
20 (B) Visit a relative of the student if the relative has a
21 medical condition in which death is possible or imminent;

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

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

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

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

32
33 SECTION 2. Arkansas Code § 6-85-303(a), concerning the funding of the
34 Arkansas Workforce Challenge Scholarship Program, is amended to read as
35 follows:

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

1 Workforce Challenge Scholarships under this subchapter:

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

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

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

9 (B) Deposits the amount necessary to maintain the
10 Scholarship Shortfall Reserve Trust Account under § 23-115-802 in an amount
11 equal to twenty million dollars (\$20,000,000).
12

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

15 Subchapter 5 – Procedural Requirements for Creating or Amending Lottery-
16 Funded Scholarships
17

18 6-85-501. Introduction of bills.

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

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

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

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

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

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

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

11
12 6-85-502. Lottery fiscal impact statements – Required form.

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

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

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

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

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

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

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

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

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

12 (5) The amount of net proceeds that was necessary to fund
13 scholarships under the Arkansas Concurrent Challenge Scholarship Program, §
14 6-85-401 et seq., during each of the last four (4) years immediately
15 preceding the year in which the proposed bill is being considered, listed
16 separately;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (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:OTHER SCHOLARSHIPS, IF ANY:Year: Net Proceeds Used:Year: Net Proceeds Used:AMOUNT USED TO FUND NURSING SCHOOL SCHOLARSHIPS*:Year: Net Proceeds Used:*Scholarship awards paid to recipientsattending approved schools of nursing arefunded only from nonlottery state educationalresources 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>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>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:

Amount determined under Step 1 - Amount determined under Step 2 =

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

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

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

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

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

17 (1) House Committee on Education; and

18 (2) Senate Committee on Education.

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

29
30 SECTION 4. Arkansas Code § 23-115-103, concerning definitions used in
31 the Arkansas Scholarship Lottery Act, is amended to add an additional
32 subsection to read as follows:

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

36 (B) The office shall promulgate rules to determine the

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

3
4 SECTION 5. Arkansas Code § 23-115-104 is repealed.

5 ~~23-115-104. Fiscal impact statement.~~

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

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

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

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

11 ~~(B) A lottery.~~

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

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

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

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

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

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

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

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

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

9
10 SECTION 6. Arkansas Code §§ 23-115-801(b) and (c), concerning the
11 transfer of net proceeds from the lottery to fund scholarships, are amended
12 to read as follows:

13 (b)(1)(A) On or before the fifteenth day of each month, the office
14 shall deposit the net proceeds from the lottery into one (1) ~~or more trust~~
15 ~~accounts~~ Lottery Scholarship Trust Account at one (1) or more financial
16 institutions.

17 (B)(i) The office shall establish ~~trust accounts for both~~
18 the Lottery Scholarship Trust Account as required under subdivision (b)(1)(A)
19 of this section to fund the Arkansas Academic Challenge Scholarship Program,
20 § 6-85-201 et seq., the Arkansas Workforce Challenge Scholarship Program, §
21 6-85-301 et seq., and the Arkansas Concurrent Challenge Scholarship Program,
22 § 6-85-401 et seq., and any other scholarship funded with net proceeds from
23 the state lottery in a financial institution into which the office shall
24 transfer:

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

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

30 (1) Transfers under subdivision (c)(2)
31 of this section the funds requested by the Division of Higher Education; and
32 (2) Deposits the amount necessary into
33 the Scholarship Shortfall Reserve Trust Account under § 23-115-802 to
34 maintain an amount equal to twenty million dollars (\$20,000,000).

35 (ii) The funds transferred by the office into the
36 ~~trust accounts~~ Lottery Scholarship Trust Account for the Arkansas Academic

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

6 (a) Arkansas Workforce Challenge Scholarships;
7 (b) Any management fees charged by the
8 financial institution to manage the trust ~~accounts~~ account for scholarship
9 award supplements; and

10 (c) Arkansas Concurrent Challenge
11 Scholarships;

12 (d) Arkansas Academic Challenge Scholarships;
13 and

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

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

26 (2) The office shall follow the investment policy guidelines of
27 the State Board of Finance in selecting a financial institution and managing
28 the net proceeds from the lottery deposited into the ~~trust accounts~~ Lottery
29 Scholarship Trust Account.

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

36 (A) The Arkansas Academic Challenge Scholarship Program, §

1 6-85-201 et seq.;

2 (B) The Arkansas Workforce Challenge Scholarship Program,
3 \$ 6-85-301 et seq.;

4 (C) The Arkansas Concurrent Challenge Scholarship Program,
5 \$ 6-85-401 et seq.; and

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

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

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

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

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

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

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

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

27 (D)(i)(a) However, if available funds are insufficient to
28 meet the amount requested under subdivision (c)(1) of this section to fund
29 all scholarships funded with net proceeds from the state lottery or the
30 Higher Education Grants Fund Account, as applicable, the first priority for
31 the award of scholarships funded with available funds is the award of
32 scholarships under the Arkansas Academic Challenge Scholarship Program, \$ 6-
33 85-201 et seq.

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

1 6-85-201 et seq., then the available funds shall be distributed to recipients
2 of scholarships under the Arkansas Academic Challenge Scholarship Program, §
3 6-85-201 et seq., on a pro rata basis as determined by the division and
4 reviewed by the Legislative Council or, if the General Assembly is in
5 session, the Joint Budget Committee.

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

10 (ii)(a) If available funds remain after the award of
11 all scholarships under the Arkansas Academic Challenge Program, § 6-85-201 et
12 seq., then the available funds shall be distributed to recipients of
13 scholarships under the Arkansas Workforce Challenge Scholarship Program, § 6-
14 85-301 et seq., and the Arkansas Concurrent Challenge Scholarship Program, §
15 6-85-401 et seq., on a pro rata basis as determined by the division.

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

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

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

29
30 SECTION 7. Arkansas Code §§ 23-115-802(b) and (c), concerning the
31 amount deposited into the Scholarship Shortfall Reserve Trust Account and
32 loans made to the Division of Higher Education for the Arkansas Academic
33 Challenge Scholarship Program – Part 2, are amended to read as follows:

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

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

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

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

15 (3) Any amount in the account exceeding twenty million dollars
16 (\$20,000,000) shall be considered net proceeds and shall be deposited
17 annually into one (1) or more trust accounts at one (1) or more financial
18 institutions by July 1 of each year.

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

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

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

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

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

22
23 SECTION 8. TEMPORARY LANGUAGE. DO NOT CODIFY.

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

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

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

32 (3) Arkansas Concurrent Challenge Scholarship Program, § 6-85-
33 401 et seq.

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

1 (A) Arkansas Academic Challenge Scholarship Program, § 6-
2 85-201 et seq.;

3 (B) Arkansas Workforce Challenge Scholarship Program, § 6-
4 85-301 et seq.;

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

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

9 (2) Scholarships funded with net proceeds from the state lottery
10 deposited into the Lottery Scholarship Trust Account established under § 23-
11 115-801 shall be funded based on the total amount of net proceeds from the
12 state lottery in the Lottery Scholarship Trust Account at the end of the
13 immediately preceding fiscal year.

14
15 SECTION 9. EFFECTIVE DATE. Section 6 of this act is effective on and
16 after July 1, 2021.

17
18 SECTION 10. TEMPORARY LANGUAGE. DO NOT CODIFY.

19 The requirement under § 6-85-501 of this act that the following bills
20 be introduced in the General Assembly during the first thirty-one (31)
21 calendar days of a regular session shall take effect on and after July 1,
22 2021;

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

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

29
30 SECTION 11. EMERGENCY CLAUSE. It is found and determined by the
31 General Assembly of the State of Arkansas that it is imperative to ensure
32 existing scholarships can be funded with current available funds; that it is
33 necessary to determine whether enacting a new scholarship is fiscally
34 prudent; and that this act is immediately necessary in order to review each
35 bill that creates or amends a lottery-funded scholarship in light of existing
36 scholarships and available funds to ensure financial solvency of the lottery.

1 Therefore, an emergency is declared to exist, and this act being immediately
2 necessary for the preservation of the public peace, health, and safety shall
3 become effective on:

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

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

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

10
11 */s/Hickey*
12

13
14 **APPROVED: 4/12/21**
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