For An Act To Be Entitled
AN ACT TO AMEND THE ARKANSAS SCHOLARSHIP LOTTERY ACT;
TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle
TO AMEND THE ARKANSAS SCHOLARSHIP LOTTERY
ACT; TO DECLARE AN EMERGENCY.

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

SECTION 1. Ark. Code § 6-60-901(1), concerning definitions for the
Arkansas Higher Education Information System, is amended to read as follows:
(1) “Arkansas Higher Education Information System” means the database
maintained by the Department of Higher Education containing student data
files that the department and institutions of higher education in Arkansas
are required to collect under §§ 6-85-214, 6-85-215 6-85-216, and 6-85-217,
other state law, and federal law; and

SECTION 2. Arkansas Code § 6-60-902(b)(3)(B), concerning the Arkansas
Higher Education Information System, is amended to read as follows:
(B)(i) The bureau staff shall inform the Department of
Higher Education of any warehouse data used in the preparation of reports and
provide the Department of Higher Education at least one (1) working day to
review any student-related warehouse data used in preparation of reports
before publicly releasing that student-related data without personally
identifiable information of a student.
(ii) This subdivision does not waive the
SECTION 3. Arkansas Code § 6-85-204(5), concerning the definition of continuously enrolled, is amended to amend subdivisions (5)(C) and (D) and add an additional subdivision to read as follows:

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

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

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

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

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

SECTION 4. Arkansas Code § 6-85-204, concerning the definitions for the Arkansas Academic Challenge Scholarship Program, is amended to add additional subdivisions to read as follows:

(23) "Arkansas resident" means a natural person who provides evidence deemed sufficient by the Department of Higher Education that:

(A) For the twelve-month period required under § 6-85-206(1) the person:

(i) Maintained a permanent home in Arkansas where the person resides for an average of no less than four (4) days and nights per calendar week; and

(ii) Either:

(a) Is an Arkansas registered voter;
(b) Holds a valid Arkansas motor vehicle

driver's license;

(c) Receives benefits under an Arkansas public

assistance program;

(d) Uses an Arkansas residence address for

federal or state tax purposes; or

(e) Claims Arkansas as a residence to hold

public office or for judicial actions; or

(B) Before the deadline for filing a scholarship

application under this subchapter the applicant is:

(i) On active military status;

(ii) Qualifies for in-state tuition and fees under $6-60-205; and

(iii) Meets one of the conditions under subdivision

(23)(A)(ii);

(24) "Enrolled" means that the approved institution of higher

education where the student is attending class counts the student as enrolled

for the hours claimed on the last day to add or drop a class at the approved

institution of higher education;

(25) "Semester" means one-half (1/2) of a traditional academic

year at an institution of higher education, or an equivalent approved by the

Department of Higher Education, in which a student enrolls for not less than:

(A) Fifteen (15) credit hours as a full-time student,

except that in the first semester as a first-time full-time freshman, a

traditional student shall enroll in not less than twelve (12) credit hours;

or

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

(26) "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 in

coordination with the Department of Higher Education; and

(ii) Substituted for the curriculum named “Smart

Core”.
SECTION 5. Arkansas Code § 6-85-206(1), concerning basic eligibility requirements, is amended to add an additional subdivision to read as follows:

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

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

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

SECTION 6. Arkansas Code § 6-85-206(4), concerning basic eligibility requirements, is amended to read as follows:

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

(i) Earned a baccalaureate degree; or

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

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

(i) Earned an associate degree; or

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

SECTION 7. Arkansas Code § 6-85-210(a), concerning continuing eligibility requirements, is amended to read as follows:

(a)(1) A recipient who meets continuing eligibility criteria under this subchapter shall receive a scholarship for one (1) academic year renewable annually until the recipient first:

(1)(A) Earns a baccalaureate degree;

(2)(A)(B) Attempts a transcript total of one hundred thirty (130) semester hours in Has enrolled in eight (8) semesters at any
approved an institution of higher education as an undergraduate full-time student.

(B) If the recipient's undergraduate degree requires additional hours, the Department of Higher Education, in conjunction with the institution of higher education where the recipient is enrolled, shall determine the maximum period of time for renewal of the scholarship; or

(C) Attempts a transcript total of one hundred thirty (130) semester hours in

approved an institution of higher education as an undergraduate part-time student.

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

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

SECTION 8. Arkansas Code § 6-85-210(b)(5), concerning continuing eligibility requirements, is amended to read as follows:

(5) A recipient shall enroll in courses that lead toward a baccalaureate degree program after attempting the lesser of:

(A) Sixty-six (66) semester hours Five (5) semesters; or

(B) The completion of an associate degree program, unless the number of hours required to complete the associate degree program exceeds sixty-six (66) semester hours, in which case the higher number of hours for completion shall be used for this subdivision (b)(5); and

SECTION 9. Arkansas Code § 6-85-210(c)-(e), concerning continuing eligibility requirements, is amended to read as follows:

(c)(1)(A) If a recipient becomes ineligible for the scholarship because the recipient’s postsecondary grade point average or number of successfully completed credit hours no longer meets the minimum requirement for the scholarship, the recipient may regain eligibility under this subsection (c) one (1) time only in the academic year in which the student became ineligible.
(B) The Department of Higher Education shall by rule define "academic year".

(2)(A) A traditional student recipient who becomes ineligible for a scholarship may use this subsection (c) to become eligible as a first-time nontraditional student applicant but may not use this subsection (c) again to regain lost eligibility for the nontraditional student scholarship.

(B) A recipient who loses eligibility for the scholarship and does not regain eligibility under subdivision (c)(1) of this section is not eligible to apply for a scholarship under any eligibility provision of this subchapter.

(3) The recipient shall complete the requirements for regaining eligibility under this subsection (c):

(i) In the same academic year in which the student failed to maintain eligibility; and

(ii) At the student’s own expense.

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

(A)(i) A traditional or nontraditional full-time student, the student shall:

(§) (a) Successfully complete at least fifteen (15) semester hours of courses for credit for which the approved institution of higher education certifies that the courses meet the satisfactory academic progress standards of the institution; and

(§) (b) Achieve a 2.5 grade point average for the semester hours completed under this subdivision (c)(2)(A)(c)(4)(A).

(ii) A traditional student who does not regain eligibility under subdivision (c)(4)(A)(i) of this section is ineligible to reapply for a scholarship as a traditional student but may apply as a nontraditional student; and

(B) A nontraditional part-time student, the student shall:

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

(ii) Achieve a 2.5 grade point average for the
semester hours successfully completed under this subdivision

(d)(1) If a recipient becomes ineligible for the scholarship because
the recipient has not successfully completed the required number of hours for
continuing eligibility, the recipient may regain eligibility under this
subsection for one (1) time only.

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

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

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

SECTION 10. Arkansas Code § 6-85-214(b), concerning accountability and
transparency of the Arkansas Academic Challenge Scholarship Program, is
amended to read as follows:

(b) The General Assembly finds that the collection of data and the
reports required under §§ 6-85-215 6-85-216 – 6-85-220 and § 6-60-901 et seq.
are necessary to ensure accountability and transparency.

SECTION 11. Arkansas Code § 6-85-215 is repealed:

6-85-215. Student consent form.

(a)(1)(A) A student receiving any state-supported student financial
assistance shall complete and sign a form authorizing or refusing to
authorize:

(i) The institution of higher education to release
the student's individual personal information to the Bureau of Legislative
Research.
(ii) The institution of higher education to provide
the bureau with academic progress information for the scholarship recipient;
and

(iii) The Department of Higher Education to release
the student's individual personal information to the bureau.

(B) If a student is less than eighteen (18) years of age,
the student's parent or guardian shall complete and sign the form.

(2)(A) A decision to refuse to authorize the release of
information under this section does not apply to nonindividually identifiable
information released under any other section of this subchapter or under any
other law.

(B) In order to provide better statistical data, each
institution shall report the number of students who refuse to authorize the
release of information.

(3)(A) Before any state funds for state-supported student
financial assistance are released on behalf of a student, the form signed by
the student or the student's parent or guardian indicating either the
student's authorization to release or the refusal to authorize the release of
information under this section shall be obtained by:

(i) The department if the department awards the
state-supported student financial assistance; or

(ii) The institution of higher education if the
state-supported student financial assistance is awarded solely by the
institution.

(B) The form shall state that:

(i) The purpose for the bureau's collecting data is
to guide the General Assembly's evaluation of the need for adjustments to
scholarship program eligibility and funding levels; and

(ii) A refusal to authorize the release of
information under this section will not affect the student's eligibility for
a scholarship.

(C) A high school student enrolled in a course for
concurrent credit is exempt under this section.

(4) The form shall list the categories of information authorized
for release under this section.

(5) The Director of the Bureau of Legislative Research may:
(A) Seek an opinion from the Family Policy Compliance Office of the United States Department of Education concerning the requirement to authorize or refuse to authorize the release of information under this section; or

(B) Request the Department of Higher Education to seek the opinion on behalf of the bureau.

(b) The information consented to be released by the student shall include:

(1) A unique student identifier;
(2) Status for Federal Pell Grant;
(3) Postsecondary grade point average;
(4) Number of semester hours attempted;
(5) Number of semester hours completed;
(6) Gender, race, ethnicity, and age;
(7) High school graduated from or General Educational Development test score;
(8) High school grade point average; and
(9) ACT score or ACT equivalent score, if available.

(c) This section does not apply to scholarships or other forms of student financial assistance that are completely privately funded.

(d)(1) Approved institutions of higher education shall undertake any procedures necessary to ensure the collection of the information under this section and shall provide it to the bureau in a mutually agreed-upon electronic format by November 1 of each school year for students awarded for that academic year state-supported student financial assistance.

(2) An approved institution of higher education may lose its approved status for receiving scholarship funds on behalf of a recipient under this subchapter if it fails to make a good faith effort to:

(A) Collect the student form required under this section; or

(B) Comply with subdivision (d)(1) of this section.

(3) In addition to the provisions of subdivision (d)(2), an institution of higher education that is not in compliance with this section shall not be eligible to accept state aid from the Higher Education Grants Fund account on behalf of a student.

(e)(1) The student data provided to the bureau under this section are

(2) The bureau shall not release any personally identifiable student data received under this section.

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

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

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

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

SECTION 12. Arkansas Code § 6-85-216(a), concerning reports from institutions of higher education to the Department of Higher Education, is amended to add an additional subdivision to read as follows:

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

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

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

SECTION 13. Arkansas Code § 6-85-217, concerning information provided to the Bureau of Legislative Research by the Department of Higher Education,
is amended to read as follows:

(a)(1) The Department of Higher Education shall provide the following data to the Bureau of Legislative Research through the Arkansas Higher Education Information System under § 6-60-901 et seq., the following data when requested for the purpose of assisting the General Assembly with evaluation and analysis under this subchapter:

(A) Existing individual student data;
(B) Institutional data;
(C) Financial data;
(D) Aggregate student scholarship and grant application and award data; and
(E) Remedial course data; and

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

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

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

(i) By October 31, the summer II end-of-term data files and the fall term data files for the current academic year;
(ii) By February 28, the fall end-of-term data files and the spring term data files for the current academic year;
(iii) By June 30, the spring end-of-term data files and the summer I term data files for the current academic year; and
(iv) By August 15:
(a) The summer I end-of-term data files and the summer II term data files for the current academic year; and
(b) The end-of-year data file for the academic year just ended, containing data from all of the previous end-of-term data files for the academic year just ended; and

(B) When requested by the bureau.
(4) The bureau shall use only the data from end-of-term data
files for official reporting.

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

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

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

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

(b)(1) To maintain confidentiality of individual student records in
accordance with the Family Educational Right to Privacy Act, 20 U.S.C. §
1232g, the Department of Higher Education shall establish a system for
removing or recoding any personally identifiable student data in student
records that are used by the bureau for research and evaluation of
scholarships and grants funded with net proceeds from the state lottery and
those funded with nonlottery state educational resources.

(2) The bureau shall assist the Department of Higher Education
by providing input concerning the development or modification of the system.

(3)(A) The Director of the Bureau of Legislative Research may
seek an opinion from the Family Policy Compliance Office of the United States
Department of Education concerning the Department of Higher Education’s
system, any proposed modification of the system, or any request for
information made by the bureau under this section.

(B) The director may request the Department of Higher
Education to seek the opinion on behalf of the bureau.

SECTION 14. Arkansas Code § 6-85-219, concerning reports to
legislative committees, is amended to read as follows:

(a)(1) Quarterly during fiscal years 2010 and 2011, the Department of
Higher Education shall report to the Arkansas Lottery Commission Legislative Oversight Committee:

(A) The information required by subsection (b) of this section to the extent the information is available;
(B) The costs of administering scholarships funded with net proceeds from the state lottery;
(C) Projected levels of state funding for scholarships and grants;
(D) Recommendations for changes to the program, including without limitation adjustments to eligibility requirements of the Arkansas Academic Challenge Scholarship Program and award levels; and
(E) Other data the committee or the General Assembly may require.

(2) The Arkansas Lottery Commission Legislative Oversight Committee may specify criteria related to any item of information required by this section.

(b)(1)(a)(l) Annually by July 1 August 1, the Department of Higher Education shall report to the Arkansas Lottery Commission Legislative Oversight Committee in the manner and format that the committee requires on all state-supported student financial assistance awarded by the department and awarded by approved institutions of higher education.

(2) The information provided shall include without limitation:
(A) Current year expenditures for scholarships and grants under the program;
(B) Projected obligations for succeeding years from each scholarship or grant funding source;
(C) Fund balances for the:
   (i) Higher Education Grants Fund Account; and
   (ii) Trust accounts maintained by the Director of the Department of Higher Education to hold the net proceeds from the state lottery;
(D) An evaluation of whether the net proceeds from the state lottery available for the program supplements and does not supplant nonlottery state educational resources;
(E) Recommendations for changes to the program, including without limitation:
(i) Adjustments to the eligibility requirements of the program; and

(ii) Increases or decreases in the amounts awarded for an Arkansas Academic Challenge Scholarship based on the amount of net proceeds from the state lottery available; and

(F)(E) Any other Other information that the Arkansas Lottery Commission Legislative Oversight Committee or the General Assembly may request requests.

(b) Annually by December 1, the department shall report to the Arkansas Lottery Commission Legislative Oversight Committee its recommendations for changes to the program, including without limitation:

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

and

(2) Increases or decreases in the amounts awarded for an Arkansas Academic Challenge Scholarship based on the amount of net proceeds from the state lottery available.

SECTION 15. Arkansas Code § 23-115-304(b)(1), concerning participation of Arkansas Lottery Commission employees in the Arkansas Public Employees’ Retirement System, is amended to read as follows:

(b)(1) A commission employee’s compensation for retirement purposes shall be the amount determined by the commission includes only the base salary of the employee under §§ 23-115-305 and 23-115-307 and shall not include a special salary allowance under § 23-115-306 used to increase the employee’s salary.

SECTION 16. Arkansas Code § 23-115-601(f)(5)(C) and (D), concerning the application for lottery retailers, is amended to read as follows:

(C)(4) A person applying to become a retailer shall be charged a uniform application fee determined by rule for each lottery outlet;

(ii) The application fee shall take into account the cost of a state and federal criminal background check under subsection (e) of this section; and

(D) All retailer licenses may be renewable annually in the discretion of the commission unless canceled or terminated by the
(E) The commission may establish by rule a reasonable fee for the issuance, reissuance, fine, or penalty associated with the process, procedures, or enforcement necessary to issue or maintain a retailer license, including without limitation to cover the cost of:

(i) An initial and any subsequent state and federal criminal background check under this subchapter; and

(ii) The reporting, communications technology, and banking processes necessary to implement and enforce this subchapter.

SECTION 17. Arkansas Code § 23-115-801(d), concerning lottery proceeds, is amended to read as follows:

(d)(1) The General Assembly finds that:

(A) The administration of scholarships with proceeds from the lottery are expenses of the commission; and

(B) Because the department has the expertise and experienced staff needed to efficiently and appropriately administer the scholarships, the commission shall use the services of the department to administer scholarships funded with net proceeds from the lottery.

(2)(A) Annually by April 1, the department shall provide to the commission and to the Arkansas Lottery Commission Legislative Oversight Committee the department’s budget for the administrative expenditures allowed under this subsection.

(B) Annually by October 31, the department shall provide an invoice to the commission for reimbursement of the administrative expenditures allowed under this subsection including, without limitation:

(i) For each employee the:

(a) Type of position, whether full-time, part-time, permanent or temporary; and

(b) Salary paid;

(ii) A description of other expenditures requested in the invoice; and

(iii) An explanation of the increase, if any, of actual expenditures over the budgeted expenditures.

(3)(A) Annually by November 1, the commission shall file a copy of the invoice with the Arkansas Lottery Commission Legislative Oversight Committee.
Committee for its review.

(B) The Arkansas Lottery Commission Legislative Oversight Committee shall review the invoice and forward its comments, if any, to the commission.

(C) The commission shall reimburse the department for the costs of administering the scholarship awards funded with net proceeds from the lottery after review of the reimbursement amount by the Arkansas Lottery Commission Legislative Oversight Committee's review under this subsection (d).

SECTION 18. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that increasing the number of Arkansans obtaining postsecondary credentials is critical to the economic health of the state and its citizens; that the Arkansas Scholarship Lottery provides the opportunity for tens of thousands of Arkansans to obtain postsecondary education; that the deadline for scholarship applications is June 1; that the financial integrity of the Arkansas Scholarship Lottery is critical to the continued existence of the scholarships; and that this act is immediately necessary because the Department of Higher Education must promulgate rules to implement this act well before June 1, 2013, in order to provide eligible Arkansans the opportunity to apply for the scholarship. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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

/s/J. Key

APPROVED: 04/12/2013