

Fiscal Impact Statement

89th General Assembly of the State of Arkansas
Regular Session, 2013

DATE: 03/07/2013
BILL: HB1489, As originally introduced
SPONSOR: Hammer
SUBTITLE:

TO AMEND THE ARKANSAS ACADEMIC CHALLENGE SCHOLARSHIP PROGRAM, PART 2, TO REQUIRE REPAYMENT OF A SCHOLARSHIP AWARD BY A RECIPIENT WHO DOES NOT COMPLETE A COURSE OF STUDY.

TOPIC

√ Lottery Scholarship Recovery

AFFECTED FUNDS

REVENUE IMPACT

√ *\$675,000 - Arkansas Lottery Commission (ALC)*Arkansas - Department of Higher Education (ADHE)*Unknown - Department of Finance and Administration (DFA)

ASSUMPTIONS - BASED ON:

√ This bill has the potential to affect 3 State Agencies and the Arkansas Scholarship Lottery Proceeds

√ Arkansas Lottery Commission (ALC) Impact:

*\$670K incurred by ADHE is require to be paid statutorily by ALC; cost outlined below.

ADDITIONAL COMMENTS

√ *Arkansas Department of Higher Education Impact:

ADHE has determined they will need up to 6 additional staff members and an attorney.
6 staff members at the C130 pay grade rate of \$65K (total salary and benefits) for a total cost of \$390K

An attorney, salary and benefits \$80K

ADHE would also need to hire a collection agency

Prepared by Heather Tackett; Office of Research Services, AR Bureau of Legislative Research

Approved by: _____

First year cost \$40K; each year after \$80K

ALC has already paid \$165K to the Department of Information Systems (DIS) from September 2009 to date, for their Debt Offset System. ALC pays DIS \$1045 monthly to host the site.

ADHE can expect to incur identical cost at a minimum of \$165K.

ADHE has also determined they would need additional funding to implement hardware changes - *Unknown Rate.

At the Minimum ADHE would need \$675K in the first year.

√ *The Department of Finance and Administration (DFA) Impact:

DFA has an impact included, they will require additional programming to implement the procedure to collect funds by the Income Tax Refunds Process, and then cost associated to refund back to ADHE or ALC. *Unknown cost to reprogram systems.

The Arkansas Scholarship Lottery Proceeds Impact:

The Scholarship will be affected by this bill due to the ADHE's administrative costs directly paid through the proceeds generated by the Lottery Scholarship.