

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007

A Bill

HOUSE BILL 1330

4
5 By: Representatives Breedlove, Dunn, Hoyt, Patterson, Wells

For An Act To Be Entitled

9 AN ACT TO CREATE THE INVESTMENT IN ARKANSANS
10 STUDENT ASSISTANCE PROGRAM TO PROVIDE LOW-INCOME
11 ARKANSANS WITH THE OPPORTUNITY TO OBTAIN A
12 COLLEGE DEGREE BY PROVIDING FINANCIAL AID IN THE
13 FORM OF FORGIVABLE STUDENT LOANS; AND FOR OTHER
14 PURPOSES.

Subtitle

16
17 TO CREATE THE INVESTMENT IN ARKANSANS
18 STUDENT ASSISTANCE PROGRAM TO PROVIDE
19 LOW-INCOME ARKANSANS WITH THE
20 OPPORTUNITY TO OBTAIN A COLLEGE DEGREE.

21
22
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24
25 SECTION 1. Arkansas Code Title 6, Chapter 81, is amended to add an
26 additional subchapter to read as follows:

27 6-81-1601. Title.

28 This subchapter shall be known and may be cited as the "Investment in
29 Arkansans Student Assistance Program".

30
31 6-81-1602. Creation — Purpose.

32 (a) There is created the Investment in Arkansans Student Assistance
33 Program.

34 (b) The purpose of the program is to establish a needs-based student
35 loan program to provide additional financing options for lower-income
36 students who have a desire to obtain a higher education to improve their



1 opportunities to obtain or advance their careers.

2
3 6-81-1603. Eligibility.

4 (a) A student shall be eligible to receive a forgivable loan under the
5 Investment in Arkansas Student Assistance Program if the student:

6 (1) Has been a legal resident of Arkansas for at least five (5)
7 years preceding his or her application;

8 (2) Received a high school diploma or its equivalent from a
9 public school, private school, or home school that is located in Arkansas;

10 (3) Maintained a cumulative grade point average of 2.00 or above
11 on a 4.0 scale from grade nine through twelve (9-12);

12 (4) Scored a twenty (20) or higher on the American College Test;

13 (5) Has been accepted to attend an institution of higher
14 education in the state; and

15 (6) Was an eligible student for the free or reduced-price lunch
16 program under the National School Lunch Act as it existed on January 1, 2007.

17 (b) To continue to be eligible under this section, the student
18 receiving a forgivable loan under the Investment in Arkansas Student
19 Assistance Program shall:

20 (1) Maintain a full-time student status at the institution of
21 higher education in the state which he or she is enrolled; and

22 (2) Maintain a cumulative grade point average of 2.00 or above
23 on a 4.0 scale at the institution of higher education in the state which he
24 or she is enrolled.

25
26 6-81-1604. Disqualification.

27 A student shall be disqualified from continuation in the Investment in
28 Arkansas Student Assistance Program and from further eligibility in the
29 program if the recipient:

30 (1) Fails to meet any of the criteria under § 6-81-1603(b);

31 (2) Has been placed on academic or disciplinary probation during
32 any semester;

33 (3) Withdraws from school;

34 (4) Does not meet the standards under this subchapter or as set
35 by the Department of Higher Education; or

36 (5) For other reasons as designated by the department.

1
2 6-81-1605. Amount — Duration.

3 (a)(1) The Investment in Arkansans Student Assistance Program shall be
4 used to provide a forgivable loan in an amount not to exceed five thousand
5 dollars (\$5,000) per year or two thousand five hundred dollars (\$2,500) per
6 semester while enrolled full-time in an institution of higher education in
7 the state.

8 (2) The loan shall be disbursed to the student at the beginning
9 of the semester upon registration as a full-time student.

10 (b)(1) A student receiving a loan under the program shall receive
11 benefits for a period of not more than five (5) years.

12 (2) The Department of Higher Education shall set the term of the
13 loan with the goal of assisting the student to complete his or her degree of
14 study within five (5) years.

15 (c)(1) A student may receive a forgivable loan under the Investment in
16 Arkansans Student Assistance Program and Arkansas Academic Challenge
17 Scholarship or Arkansas Governor’s Distinguished Scholarship to the extent
18 the receipt of both awards does not violate the provisions of § 6-80-105.

19 (2) For the purpose of compliance with § 6-80-105, the
20 forgivable loans under this program shall be considered public funds.

21 (3) No student may participate in more than one (1) forgivable
22 loan program supported with state money.

23 (d) A student receiving a loan under the program shall execute a note
24 made payable to the Department of Higher Education that shall bear interest
25 at the rate to be determined by the department at the time of the award to
26 begin accruing on September 1 after completion of the program or immediately
27 after termination of the forgivable loan, whichever is earlier.

28
29 6-81-1606. Repayment.

30 (a) A student receiving a loan under the Investment in Arkansans
31 Student Assistance Program shall begin to repay the loan in accordance with
32 the terms of a note executed under subsection § 6-81-1605(d) if the
33 recipient:

34 (1) Fails to complete a degree of study within five (5) years;

35 (2) Is disqualified from continuing with the program for any
36 reason under § 6-81-1604;

1 (3) Resides in a state other than Arkansas upon completing his
2 or her degree of study; or

3 (4) Fails to reside in Arkansas for the period of time required
4 for forgiveness of the loan under § 6-81-1608.

5 (b) A student receiving a loan under the program who is required to
6 repay loans as provided under this section and who fails to meet his or her
7 repayment obligations may have any costs for collection of the debt added to
8 the total obligation.

9
10 6-81-1607. Repayment deferrals.

11 The Department of Higher Education may grant loan repayment deferrals
12 if:

13 (1) The student receiving a loan under the Investment in
14 Arkansans Student Assistance Program subsequently enrolls in a masters
15 program, a doctoral program, or other professional program offered by an
16 institution of higher education in the state that awards an advanced degree
17 after completing his or her bachelor's degree;

18 (2) The student receiving a loan under the Investment in
19 Arkansans Student Assistance Program subsequently enrolls in an out-of-state
20 masters program, a doctoral program, or other professional program offered by
21 an institution of higher education that awards an advanced degree but only if
22 the degree program is not offered in Arkansas; or

23 (3) The department finds other just cause for a loan repayment
24 deferral.

25
26 6-81-1608. Forgiveness.

27 (a)(1) The Department of Higher Education shall forgive a loan under
28 this subchapter if the recipient:

29 (A) Obtains an associate's degree or bachelor's degree
30 from an institution of higher education in the state;

31 (B) Resides in Arkansas for at least five (5) years
32 following completion of the degree; and

33 (C) Files an Arkansas state income tax return for each of
34 the five (5) years following completion of the degree as evidence of
35 employment.

36 (2) If the student receiving a loan under the Investment in

1 Arkansans Student Assistance Program subsequently enrolls in an out-of-state
 2 masters program, a doctoral program, or other professional program offered by
 3 an institution of higher education that awards an advanced degree and only if
 4 the post-graduate degree program is not offered in Arkansas, the department
 5 shall delay a determination of eligibility for loan forgiveness until five
 6 (5) years after the student has completed his or her post-graduate studies.

7 (b) The department may also forgive the loan because of the death or
 8 permanent disability of the student.

9
 10 6-81-1609. Administration and authority of the Department of Higher
 11 Education.

12 (a) The Department of Higher Education shall:

13 (1) Administer the Investment in Arkansans Student Assistance
 14 Program;

15 (2) Adopt standards for awarding the forgivable loans to ensure
 16 that eligible students receive a forgivable loan; and

17 (3) Promulgate the rules necessary for the implementation of the
 18 program.

19 (b) The requirements of this subchapter are contingent on the funding
 20 available for the program.

21 (c) The department may determine the necessary procedures for the
 22 awarding of forgivable loans should the number of eligible applicants and
 23 students exceed the funds available, but priority consideration shall be
 24 given based on a combination of factors, including without limitation:

25 (1) Cumulative grade point average;

26 (2) Grade point average in courses required for the major; and

27 (3)(A) Prior loan awards.

28 (B) Prior recipients who remain qualified shall receive
 29 priority for future awards.

30
 31 6-81-1610. Student Assistance Revolving Loan Fund.

32 (a)(1) There is created on the books of the Treasurer of State, the
 33 Auditor of State, and the Chief Fiscal Officer of the State a revolving loan
 34 fund to be known as the "Student Assistance Revolving Loan Fund".

35 (2) This fund shall be used by the Department of Higher
 36 Education to make forgivable loans under the Investment in Arkansans Student

1 Assistance Program.

2 (b)(1) This fund shall consist of funds appropriated for the
3 Investment in Arkansans Student Assistance Program, all funds received as
4 repayment of forgivable loans, interest earned on these funds, federal funds,
5 gifts, grants, bequests, devises, donations, and any other funds received by
6 the Department of Higher Education for the Investment in Arkansans Student
7 Assistance Program.

8 (2) This fund shall include any other funds as authorized by law.

9 (3) This fund shall retain fund balances remaining each fiscal
10 year and all amounts earned as interest.

11 (c)(1) The department, as administrator for the Investment in
12 Arkansans Student Assistance Program, may use up to fifty thousand dollars
13 (\$50,000) annually from the fund balance for costs associated with
14 administration of the program.

15 (2) These funds are in addition to funds required for collection
16 costs related to loan repayments.

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