STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

SUBCOMMITTEE RECOMMENDATION
FOR
HOUSE BILL NO. 1733

By: Roberts (Sean)

SUBCOMMITTEE RECOMMENDATION

An Act relating to higher education; creating the Oklahoma Community College Scholarship Act; providing definitions; requiring the Oklahoma State Regents for Higher Education to administer the Oklahoma Community College Scholarship Program for certain students under certain terms and conditions; requiring students to be enrolled full time; providing for exceptions; requiring completion of an application; requiring students to maintain certain grade point average; requiring students to participate in mentoring and community service programs; directing the State Regents to develop the programs; establishing amount of scholarship; allowing students who take medical or personal leave to remain eligible for the scholarship; establishing time limits on eligibility; requiring continuous enrollment; providing for allocation of scholarships from the Oklahoma Community College Scholarship Trust Fund; establishing conditions for funding scholarships; authorizing the State Regents to set aside certain funds; establishing funding priority for certain students; creating the Oklahoma Community College Scholarship Trust Fund; making the State Regents the trustees; providing for utilization of the trust fund; stating source of funding; providing for budgeting and expenditures; providing for accrual of income and investment return; allowing use of trust fund principal for certain purposes; prohibiting use of trust funds for administrative expenses; providing for payment of administrative expenses from certain budget; directing the State Regents to adopt rules for the transfer of funds; limiting allocations from the trust fund; prohibiting use of trust fund for
certain administrative and operating expenses; amending 3A O.S. 2011, Section 713, as amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2014, Section 713), which relates to the Oklahoma Education Lottery Act; modifying appropriation of monies in the Oklahoma Education Lottery Trust Fund; providing for appropriation of certain amount to the Oklahoma Community College Scholarship Trust Fund; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2641 of Title 70, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Community College Scholarship Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2642 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. As used in the Oklahoma Community College Scholarship Act:

1. "Continuous enrollment" means a student is enrolled in the fall and spring semesters of a single academic year. Enrollment in summer semester or intersession terms shall not be required;

2. "Eligible high school" means a high school accredited by the State Board of Education, the Oklahoma School of Science and Mathematics, a private school located in the state or an educational
program that is provided through a means other than a public or private school;

3. "Eligible postsecondary institution" means an institution which is a member of The Oklahoma State System of Higher Education, a postsecondary vocational-technical program offered pursuant to a duly approved cooperative agreement between a technology center school and an institution of The Oklahoma State System of Higher Education or a private institution of higher learning located within this state and accredited pursuant to Section 4103 of Title 70 of the Oklahoma Statutes;

4. "Full-time student" means a student who is enrolled in a minimum of twelve (12) semester hours or its equivalent;

5. "Gap support" means scholarships and grants from any source that do not require repayment, including funds provided through the federal Foster Care Independence Act of 1999 and other similar programs. Tuition waiver or scholarship programs offered by an eligible postsecondary institution which are funded with local funding and for which eligibility is based on graduation from certain high schools or residency in certain school districts or counties shall be considered gap support. Student loans and work-study awards shall not be considered gap support;

6. "Resident" means a student who is a resident of the state; and
7. "State Regents" means the Oklahoma State Regents for Higher Education.

B. The Oklahoma State Regents for Higher Education shall administer the Oklahoma Community College Scholarship Program for Oklahoma residents seeking an associate's degree, certificate or diploma from an eligible postsecondary institution under the following terms and conditions:

1. To be eligible for the scholarship, a student shall be admitted to and enrolled full time in an eligible postsecondary program in the fall term following graduation from an eligible high school or having obtained a high school equivalency diploma; provided, that the student obtains the high school equivalency diploma prior to the student reaching nineteen (19) years of age. Exceptions to initial enrollment may be made for extenuating circumstances as provided in rules promulgated by the State Regents;

2. Students applying for the scholarship shall complete the scholarship application for their initial year of enrollment in accordance with the schedule determined by the State Regents. Students shall complete the Free Application for Federal Student Aid (FAFSA) each academic year in which they seek to receive the scholarship;

3. To continue to receive a scholarship at an eligible two-year or four-year postsecondary institution, a student shall maintain a minimum cumulative grade point average of 2.0 as set forth in the
rules promulgated by the State Regents or maintain satisfactory academic progress as determined by the institution;

4. Scholarship recipients shall participate in mentoring and community service programs under the rules promulgated by the State Regents. The State Regents shall develop the selection and renewal criteria for students and shall have the authority to work with outside organizations to develop the most effective means for delivering the scholarships. In selecting outside organizations for participation in the scholarship program, the State Regents shall give preference to locally established entities that meet designated standards specified in the rules for the program;

5. A scholarship at a two-year postsecondary institution which is a member of The Oklahoma State System of Higher Education or a technology center school shall be eighty percent (80%) of the cost of tuition and mandatory fees at the eligible postsecondary institution attended less all other gap support. Gap support shall be credited first to the tuition and mandatory fees of the student;

6. Notwithstanding paragraph 5 of this subsection, the amount of the scholarship at an eligible four-year postsecondary institution which is a member of The Oklahoma State System of Higher Education or an eligible private institution shall be eighty percent (80%) of the average cost of tuition and mandatory fees at public two-year postsecondary institutions less all other gap support. Gap
support shall be credited first to the average tuition and mandatory fees as described in paragraph 5 of this subsection;

7. A scholarship student who has an approved medical or personal leave of absence from an eligible postsecondary institution may continue to receive the scholarship upon resuming the student's education at an eligible postsecondary institution so long as the student continues to meet all applicable eligibility requirements. The sum of all approved leaves of absence shall not exceed six (6) months;

8. A student shall be eligible for the scholarship until the occurrence of the first of the following events:
   a. the student has earned a diploma or associate's degree, or
   b. the sum of the number of years the student attended a postsecondary institution, exclusive of approved leaves of absence, equals two and one-half (2 1/2) years from the date of initial enrollment by the student at an eligible postsecondary institution; and

9. Except for a medical or personal leave of absence, as approved by an eligible postsecondary institution, a scholarship student shall maintain continuous enrollment at an eligible postsecondary institution.
C. Subject to the availability of funds, scholarships shall be awarded by allocation from the Oklahoma Community College Scholarship Trust Fund created in Section 3 of this act.

D. Scholarships awarded under the Oklahoma Community College Scholarship Program shall be awarded to all eligible applicants without any limitation on the number of awards in any year other than the amount of funds available for the program and the number of eligible applicants. Subject to the provisions of subsection E of this section, if funds are not sufficient to provide awards for all eligible applicants, the Oklahoma State Regents for Higher Education shall make awards on the basis of need. Provided, the Oklahoma State Regents for Higher Education shall take into consideration the amount of gap support received by an eligible applicant when making awards.

E. The Oklahoma State Regents for Higher Education may, at the time an Oklahoma Community College Scholarship is awarded to a student, set aside funds in the Oklahoma Community College Scholarship Trust Fund for the full commitment made to the student. For all academic years, students who have previously received a scholarship under the provisions of the Oklahoma Community College Scholarship Act and who have continued at all times to fulfill the requirements for eligibility to receive the scholarship shall be given an absolute priority for continued financial support by the
Oklahoma Community College Scholarship Program superior to any students who are applying for a scholarship for the first time.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2643 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a trust fund to be known as the "Oklahoma Community College Scholarship Trust Fund". The Oklahoma State Regents for Higher Education shall be the trustees of the trust fund.

B. The State Regents shall utilize the trust fund to implement the provisions of Section 2 of this act.

C. The trust fund principal shall consist of monies the Legislature appropriates pursuant to paragraph 5 of subsection C of Section 713 of Title 3A of the Oklahoma Statutes and other monies the Legislature appropriates or transfers to the Oklahoma State Regents for Higher Education for the trust fund and any monies or assets contributed to the trust fund from any other source, public or private. All monies accruing to the credit of the trust fund are hereby appropriated and may be budgeted and expended by the State Regents. Expenditures from the trust fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.
D. Notwithstanding other provisions of law, income and investment return on trust fund principal shall accrue to the trust fund for use as provided by authorization of the trustees for the purposes provided in Section 2 of this act. The State Regents may also utilize the trust fund principal for the purposes provided in Section 2 of this act. Except as otherwise provided by law, no such income or investment return or principal shall be used for administrative expenses. Expenses incurred by the State Regents in the administration of the trust fund and of the Oklahoma Community College Scholarship Program established by the Oklahoma Community College Scholarship Act shall be paid from monies appropriated to the State Regents coordinating board for their general operating budget.

E. The State Regents shall adopt rules for accomplishing transfer of funds from the Oklahoma Community College Scholarship Trust Fund to the appropriate institutional Educational and General Operations Revolving Fund, as provided for in Section 3901 of Title 70 of the Oklahoma Statutes, to private institutions and to the appropriate technology center school district to cover general enrollment fees or tuition for eligible students pursuant to the Oklahoma Community College Scholarship Act. Allocations from the trust fund may be made only for the purpose of covering the general enrollment fees or tuition of eligible students. No portion of the trust fund may be used or allocated for administrative or operating
expenses of any higher education institution or technology center school.

SECTION 4. AMENDATORY 3A O.S. 2011, Section 713, as amended by Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp. 2014, Section 713), is amended to read as follows:

Section 713. A. All gross proceeds shall be the property of the Oklahoma Lottery Commission. From its gross proceeds, the Commission shall pay the operating expenses of the Commission. At least forty-five percent (45%) of gross proceeds shall be made available as prize money. However, the provisions of this subsection shall be deemed not to create any lien, entitlement, cause of action, or other private right, and any rights of holders of tickets or shares shall be determined by the Commission in setting the terms of its lottery or lotteries. For each fiscal year, net proceeds shall equal at least thirty-five percent (35%) of the gross proceeds. However, for the purpose of repaying indebtedness issued pursuant to Section 732 of this title, for the first two (2) full fiscal years and any partial first fiscal year of the Commission, net proceeds need only equal at least thirty percent (30%) of the gross proceeds. All of the net proceeds shall be transferred to the Oklahoma Education Lottery Trust Fund as provided in subsection B of this section.

B. There is hereby created in the State Treasury a fund to be designated the "Oklahoma Education Lottery Trust Fund". Except as
otherwise provided in subsections H and I of this section, on or before the fifteenth day of each calendar quarter, the Commission shall transfer to the State Treasurer, for credit to the Oklahoma Education Lottery Trust Fund, the amount of all net proceeds accruing during the preceding calendar quarter. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

Upon their deposit into the State Treasury, any monies representing a deposit of net proceeds shall then become the unencumbered property of this state, and neither the Commission nor the board of trustees shall have the power to agree or undertake otherwise. The monies shall be invested by the State Treasurer in accordance with state investment practices. All earnings attributable to such investments shall likewise be the unencumbered property of the state and shall accrue to the credit of the fund.

C. Monies in the Oklahoma Education Lottery Trust Fund shall only be appropriated as follows:

1. Forty-five percent (45%) for the following:
   a. kindergarten through twelfth grade public education, including but not limited to compensation and benefits for public school teachers and support employees, and
b. early childhood development programs, which shall include but not be limited to costs associated with prekindergarten and full-day kindergarten programs;

2. Forty-five percent (45%) Twenty-five percent (25%) for the following:

a. tuition grants, loans and scholarships to citizens of this state to enable such citizens to attend colleges and universities located within this state, regardless of whether such colleges and universities are owned or operated by the Oklahoma State Regents for Higher Education, or to attend institutions operated under the authority of the Oklahoma Department of Career and Technology Education; provided such tuition grants, loans and scholarships shall not be made to a citizen of this state to attend a college or university which is not accredited by the Oklahoma State Regents for Higher Education,

b. construction of educational facilities for elementary school districts, independent school districts, the Oklahoma State System of Higher Education, and career and technology education,

c. capital outlay projects for elementary school districts, independent school districts, the Oklahoma
State System of Higher Education, and career and technology education,

d. technology for public elementary school district, independent school district, state higher education, and career and technology education facilities, which shall include but not be limited to costs of providing to teachers at accredited public institutions who teach levels kindergarten through twelfth grade, personnel at technology centers under the authority of the Oklahoma State Department of Career and Technology Education, and professors and instructors within the Oklahoma State System of Higher Education, the necessary training in the use and application of computers and advanced electronic instructional technology to implement interactive learning environments in the classroom and to access the statewide distance learning network and costs associated with repairing and maintaining advanced electronic instructional technology,

e. endowed chairs for professors at institutions of higher education operated by the Oklahoma State System of Higher Education, and

f. programs and personnel of the Oklahoma School for the Deaf and the Oklahoma School for the Blind;
3. Five percent (5%) to the School Consolidation and Assistance Fund. When the total amount in the School Consolidation and Assistance Fund from all sources equals Five Million Dollars ($5,000,000.00), all monies appropriated pursuant to this paragraph which would otherwise be deposited in the School Consolidation and Assistance Fund in excess of Five Million Dollars ($5,000,000.00) shall be allocated by the State Department of Education to public schools based on the audited end-of-year average daily membership in grades 8 through 12 during the preceding school year for the purpose of purchasing technology equipment in order to conduct on-line testing as required by the Achieving Classroom Excellence Act of 2005. If at any time the total amount in the School Consolidation and Assistance Fund drops below Five Million Dollars ($5,000,000.00), the monies appropriated pursuant to this paragraph shall be deposited in the School Consolidation and Assistance Fund until the Fund again reaches Five Million Dollars ($5,000,000); and

4. Five percent (5%) to the Teachers' Retirement System Dedicated Revenue Revolving Fund; and

5. Twenty percent (20%) to the Oklahoma Community College Scholarship Trust Fund created in Section 3 of this act.

D. The Legislature shall appropriate funds from the Oklahoma Education Lottery Trust Fund only for the purposes specified in subsection C of this section. Even when funds from the trust fund are used for these purposes, the Legislature shall not use funds
from the trust fund to supplant or replace other state funds
supporting common education, higher education, or career and
technology education.

E. In order to ensure that the funds from the trust fund are
used to enhance and not supplant funding for education, the State
Board of Equalization shall examine and investigate appropriations
from the trust fund each year. At the meeting of the State Board of
Equalization held within five (5) days after the monthly
apportionment in February of each year, the State Board of
Equalization shall issue a finding and report which shall state
whether appropriations from the trust fund were used to enhance or
supplant education funding. If the State Board of Equalization
finds that education funding was supplanted by funds from the trust
fund, the Board shall specify the amount by which education funding
was supplanted. In this event, the Legislature shall not make any
appropriations for the ensuing fiscal year until an appropriation in
that amount is made to replenish the trust fund.

F. Except as otherwise provided by this subsection, no
deficiency in the Oklahoma Education Lottery Trust Fund shall be
replenished by reducing any nonlottery funds, including specifically
but without limitation, the General Revenue Fund, the Constitutional
Reserve Fund or the Education Reform Revolving Fund of the State
Department of Education. No program or project started specifically
from lottery proceeds shall be continued from the General Revenue
Fund, the Constitutional Reserve Fund or the Education Reform
Revolution Fund of the State Department of Education. Such programs
must be adjusted or discontinued according to available lottery
proceeds unless the Legislature by general law establishes
eligibility requirements and appropriates specific funds therefor.
No surplus in the Oklahoma Education Lottery Trust Fund shall be
reduced or transferred to correct any nonlottery deficiencies in
sums available for general appropriations. The provisions of this
subsection shall not apply to bonds or other obligations issued
pursuant to or to the repayment of bonds or other obligations issued
pursuant to the Oklahoma Higher Education Promise of Excellence Act
of 2005.

G. There is hereby created in the State Treasury a revolving
fund to be designated the "Oklahoma Education Lottery Revolving
Fund". The fund shall be a continuing fund, not subject to fiscal
year limitations, and shall consist of all monies received by the
Commission. The Commission shall make payments of net proceeds from
the fund to the Oklahoma Education Lottery Trust Fund on or before
the fifteenth day of each calendar quarter as provided in subsection
B of this section. All monies accruing to the credit of the
Oklahoma Education Lottery Revolving Fund are hereby appropriated
and may be budgeted and expended for the payment of net proceeds,
prizes, commissions to retailers, administrative expenses and all
other expenses arising out of the operation of the education
lottery, subject to the limitations provided in the Oklahoma Education Lottery Act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

The monies in the fund shall be invested by the State Treasurer in accordance with state investment practices. All earnings attributable to such investments shall likewise accrue to the credit of the fund.

H. When appropriations from the Oklahoma Education Lottery Trust Fund are made to common education pursuant to the provisions of paragraph 1 of subsection C of this section, the appropriations shall be made available on a monthly basis. In addition to the provisions of subsection B of this section, the following process shall be used to insure that the appropriations are made available to common education in a timely manner:

1. Beginning in July of the fiscal year in which appropriations are made to common education from the Oklahoma Education Lottery Trust Fund, the Commission, on or before the ninth day of each month, shall transfer to the State Treasurer, for credit to the Oklahoma Education Lottery Trust Fund, the amount of net proceeds accruing during the preceding month equal to the amount of total monthly collections due to common education as required by paragraph 1 of subsection C of this section;
2. The Director of the Office of Management and Enterprise Services shall allocate the transfers provided for in paragraph 1 of this subsection to the State Department of Education on a monthly basis, not to exceed one-twelfth (1/12) of the annual apportionment for the fiscal year; and

3. The total amount of transfers to the Oklahoma Education Lottery Trust Fund of net lottery proceeds made pursuant to this subsection shall not exceed the total appropriations made to common education from the Oklahoma Education Lottery Trust Fund for the specific fiscal year.

I. When appropriations from the Oklahoma Education Lottery Trust Fund are made to The Oklahoma State System of Higher Education, the appropriations shall be made available to the System on a monthly basis. In addition to the provisions of subsection B of this section, the following process shall be used to ensure that the appropriations are made available to The Oklahoma State System of Higher Education in a timely manner:

1. Beginning in July of the fiscal year in which appropriations are made to The Oklahoma State System of Higher Education from the Oklahoma Education Lottery Trust Fund, the Commission, on or before the ninth day of each month, shall transfer to the State Treasurer, for credit to the Oklahoma Education Lottery Trust Fund, the amount of net proceeds accruing during the preceding month equal to the amount of total monthly collections due to the Oklahoma State
Regents for Higher Education as required by paragraph 2 of subsection C of this section;

2. The Director of the Office of Management and Enterprise Services shall allocate the transfers provided for in paragraph 1 of this subsection to the Oklahoma State Regents for Higher Education on a monthly basis, not to exceed one-twelfth (1/12) of the annual apportionment for the fiscal year; and

3. The total amount of transfers to the Oklahoma Education Lottery Trust Fund of net lottery proceeds made pursuant to this subsection shall not exceed the total appropriations made to The Oklahoma State System for Higher Education from the Oklahoma Education Lottery Trust Fund for the specific fiscal year.

SECTION 5. This act shall become effective July 1, 2015.

SECTION 6. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.