

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 SUBCOMMITTEE RECOMMENDATION

4 FOR

5 HOUSE BILL NO. 1733

6 By: Roberts (Sean)

7 SUBCOMMITTEE RECOMMENDATION

8 An Act relating to higher education; creating the  
9 Oklahoma Community College Scholarship Act; providing  
10 definitions; requiring the Oklahoma State Regents for  
11 Higher Education to administer the Oklahoma Community  
12 College Scholarship Program for certain students  
13 under certain terms and conditions; requiring  
14 students to be enrolled full time; providing for  
15 exceptions; requiring completion of an application;  
16 requiring students to maintain certain grade point  
17 average; requiring students to participate in  
18 mentoring and community service programs; directing  
19 the State Regents to develop the programs;  
20 establishing amount of scholarship; allowing students  
21 who take medical or personal leave to remain eligible  
22 for the scholarship; establishing time limits on  
23 eligibility; requiring continuous enrollment;  
24 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

1 certain administrative and operating expenses;  
2 amending 3A O.S. 2011, Section 713, as amended by  
3 Section 27, Chapter 304, O.S.L. 2012 (3A O.S. Supp.  
4 2014, Section 713), which relates to the Oklahoma  
5 Education Lottery Act; modifying appropriation of  
6 monies in the Oklahoma Education Lottery Trust Fund;  
7 providing for appropriation of certain amount to the  
8 Oklahoma Community College Scholarship Trust Fund;  
9 providing for codification; providing an effective  
10 date; and declaring an emergency.

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

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

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

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

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

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

24 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

1 program that is provided through a means other than a public or  
2 private school;

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

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

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

22 6. "Resident" means a student who is a resident of the state;  
23 and  
24

1           7. "State Regents" means the Oklahoma State Regents for Higher  
2 Education.

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

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

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

22           3. To continue to receive a scholarship at an eligible two-year  
23 or four-year postsecondary institution, a student shall maintain a  
24 minimum cumulative grade point average of 2.0 as set forth in the

1 rules promulgated by the State Regents or maintain satisfactory  
2 academic progress as determined by the institution;

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

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

18 6. Notwithstanding paragraph 5 of this subsection, the amount  
19 of the scholarship at an eligible four-year postsecondary  
20 institution which is a member of The Oklahoma State System of Higher  
21 Education or an eligible private institution shall be eighty percent  
22 (80%) of the average cost of tuition and mandatory fees at public  
23 two-year postsecondary institutions less all other gap support. Gap  
24

1 support shall be credited first to the average tuition and mandatory  
2 fees as described in paragraph 5 of this subsection;

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

10 8. A student shall be eligible for the scholarship until the  
11 occurrence of the first of the following events:

12 a. the student has earned a diploma or associate's  
13 degree, or

14 b. the sum of the number of years the student attended a  
15 postsecondary institution, exclusive of approved  
16 leaves of absence, equals two and one-half (2 1/2)  
17 years from the date of initial enrollment by the  
18 student at an eligible postsecondary institution; and

19 9. Except for a medical or personal leave of absence, as  
20 approved by an eligible postsecondary institution, a scholarship  
21 student shall maintain continuous enrollment at an eligible  
22 postsecondary institution.  
23  
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1 C. Subject to the availability of funds, scholarships shall be  
2 awarded by allocation from the Oklahoma Community College  
3 Scholarship Trust Fund created in Section 3 of this act.

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

15 E. The Oklahoma State Regents for Higher Education may, at the  
16 time an Oklahoma Community College Scholarship is awarded to a  
17 student, set aside funds in the Oklahoma Community College  
18 Scholarship Trust Fund for the full commitment made to the student.  
19 For all academic years, students who have previously received a  
20 scholarship under the provisions of the Oklahoma Community College  
21 Scholarship Act and who have continued at all times to fulfill the  
22 requirements for eligibility to receive the scholarship shall be  
23 given an absolute priority for continued financial support by the  
24

1 Oklahoma Community College Scholarship Program superior to any  
2 students who are applying for a scholarship for the first time.

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

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

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

12 C. The trust fund principal shall consist of monies the  
13 Legislature appropriates pursuant to paragraph 5 of subsection C of  
14 Section 713 of Title 3A of the Oklahoma Statutes and other monies  
15 the Legislature appropriates or transfers to the Oklahoma State  
16 Regents for Higher Education for the trust fund and any monies or  
17 assets contributed to the trust fund from any other source, public  
18 or private. All monies accruing to the credit of the trust fund are  
19 hereby appropriated and may be budgeted and expended by the State  
20 Regents. Expenditures from the trust fund shall be made upon  
21 warrants issued by the State Treasurer against claims filed as  
22 prescribed by law with the Director of the Office of Management and  
23 Enterprise Services for approval and payment.



1 D. Notwithstanding other provisions of law, income and  
2 investment return on trust fund principal shall accrue to the trust  
3 fund for use as provided by authorization of the trustees for the  
4 purposes provided in Section 2 of this act. The State Regents may  
5 also utilize the trust fund principal for the purposes provided in  
6 Section 2 of this act. Except as otherwise provided by law, no such  
7 income or investment return or principal shall be used for  
8 administrative expenses. Expenses incurred by the State Regents in  
9 the administration of the trust fund and of the Oklahoma Community  
10 College Scholarship Program established by the Oklahoma Community  
11 College Scholarship Act shall be paid from monies appropriated to  
12 the State Regents coordinating board for their general operating  
13 budget.

14 E. The State Regents shall adopt rules for accomplishing  
15 transfer of funds from the Oklahoma Community College Scholarship  
16 Trust Fund to the appropriate institutional Educational and General  
17 Operations Revolving Fund, as provided for in Section 3901 of Title  
18 70 of the Oklahoma Statutes, to private institutions and to the  
19 appropriate technology center school district to cover general  
20 enrollment fees or tuition for eligible students pursuant to the  
21 Oklahoma Community College Scholarship Act. Allocations from the  
22 trust fund may be made only for the purpose of covering the general  
23 enrollment fees or tuition of eligible students. No portion of the  
24 trust fund may be used or allocated for administrative or operating

1 expenses of any higher education institution or technology center  
2 school.

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

6 Section 713. A. All gross proceeds shall be the property of  
7 the Oklahoma Lottery Commission. From its gross proceeds, the  
8 Commission shall pay the operating expenses of the Commission. At  
9 least forty-five percent (45%) of gross proceeds shall be made  
10 available as prize money. However, the provisions of this  
11 subsection shall be deemed not to create any lien, entitlement,  
12 cause of action, or other private right, and any rights of holders  
13 of tickets or shares shall be determined by the Commission in  
14 setting the terms of its lottery or lotteries. For each fiscal  
15 year, net proceeds shall equal at least thirty-five percent (35%) of  
16 the gross proceeds. However, for the purpose of repaying  
17 indebtedness issued pursuant to Section 732 of this title, for the  
18 first two (2) full fiscal years and any partial first fiscal year of  
19 the Commission, net proceeds need only equal at least thirty percent  
20 (30%) of the gross proceeds. All of the net proceeds shall be  
21 transferred to the Oklahoma Education Lottery Trust Fund as provided  
22 in subsection B of this section.

23 B. There is hereby created in the State Treasury a fund to be  
24 designated the "Oklahoma Education Lottery Trust Fund". Except as

1 otherwise provided in subsections H and I of this section, on or  
2 before the fifteenth day of each calendar quarter, the Commission  
3 shall transfer to the State Treasurer, for credit to the Oklahoma  
4 Education Lottery Trust Fund, the amount of all net proceeds  
5 accruing during the preceding calendar quarter. Expenditures from  
6 the fund shall be made upon warrants issued by the State Treasurer  
7 against claims filed as prescribed by law with the Director of the  
8 Office of Management and Enterprise Services for approval and  
9 payment.

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

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

20 1. Forty-five percent (45%) for the following:

- 21 a. kindergarten through twelfth grade public education,  
22 including but not limited to compensation and benefits  
23 for public school teachers and support employees, and  
24

1           b.    early childhood development programs, which shall  
2                   include but not be limited to costs associated with  
3                   prekindergarten and full-day kindergarten programs;

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

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

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

22           c.    capital outlay projects for elementary school  
23                   districts, independent school districts, the Oklahoma  
24

1 State System of Higher Education, and career and  
2 technology education,

3 d. technology for public elementary school district,  
4 independent school district, state higher education,  
5 and career and technology education facilities, which  
6 shall include but not be limited to costs of providing  
7 to teachers at accredited public institutions who  
8 teach levels kindergarten through twelfth grade,  
9 personnel at technology centers under the authority of  
10 the Oklahoma State Department of Career and Technology  
11 Education, and professors and instructors within the  
12 Oklahoma State System of Higher Education, the  
13 necessary training in the use and application of  
14 computers and advanced electronic instructional  
15 technology to implement interactive learning  
16 environments in the classroom and to access the state-  
17 wide distance learning network and costs associated  
18 with repairing and maintaining advanced electronic  
19 instructional technology,

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

23 f. programs and personnel of the Oklahoma School for the  
24 Deaf and the Oklahoma School for the Blind;

1           3. Five percent (5%) to the School Consolidation and Assistance  
2 Fund. When the total amount in the School Consolidation and  
3 Assistance Fund from all sources equals Five Million Dollars  
4 (\$5,000,000.00), all monies appropriated pursuant to this paragraph  
5 which would otherwise be deposited in the School Consolidation and  
6 Assistance Fund in excess of Five Million Dollars (\$5,000,000.00)  
7 shall be allocated by the State Department of Education to public  
8 schools based on the audited end-of-year average daily membership in  
9 grades 8 through 12 during the preceding school year for the purpose  
10 of purchasing technology equipment in order to conduct on-line  
11 testing as required by the Achieving Classroom Excellence Act of  
12 2005. If at any time the total amount in the School Consolidation  
13 and Assistance Fund drops below Five Million Dollars  
14 (\$5,000,000.00), the monies appropriated pursuant to this paragraph  
15 shall be deposited in the School Consolidation and Assistance Fund  
16 until the Fund again reaches Five Million Dollars (\$5,000,000; ~~and~~

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

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

21           D. The Legislature shall appropriate funds from the Oklahoma  
22 Education Lottery Trust Fund only for the purposes specified in  
23 subsection C of this section. Even when funds from the trust fund  
24 are used for these purposes, the Legislature shall not use funds

1 from the trust fund to supplant or replace other state funds  
2 supporting common education, higher education, or career and  
3 technology education.

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

18 F. Except as otherwise provided by this subsection, no  
19 deficiency in the Oklahoma Education Lottery Trust Fund shall be  
20 replenished by reducing any nonlottery funds, including specifically  
21 but without limitation, the General Revenue Fund, the Constitutional  
22 Reserve Fund or the Education Reform Revolving Fund of the State  
23 Department of Education. No program or project started specifically  
24 from lottery proceeds shall be continued from the General Revenue

1 Fund, the Constitutional Reserve Fund or the Education Reform  
2 Revolving Fund of the State Department of Education. Such programs  
3 must be adjusted or discontinued according to available lottery  
4 proceeds unless the Legislature by general law establishes  
5 eligibility requirements and appropriates specific funds therefor.  
6 No surplus in the Oklahoma Education Lottery Trust Fund shall be  
7 reduced or transferred to correct any nonlottery deficiencies in  
8 sums available for general appropriations. The provisions of this  
9 subsection shall not apply to bonds or other obligations issued  
10 pursuant to or to the repayment of bonds or other obligations issued  
11 pursuant to the Oklahoma Higher Education Promise of Excellence Act  
12 of 2005.

13 G. There is hereby created in the State Treasury a revolving  
14 fund to be designated the "Oklahoma Education Lottery Revolving  
15 Fund". The fund shall be a continuing fund, not subject to fiscal  
16 year limitations, and shall consist of all monies received by the  
17 Commission. The Commission shall make payments of net proceeds from  
18 the fund to the Oklahoma Education Lottery Trust Fund on or before  
19 the fifteenth day of each calendar quarter as provided in subsection  
20 B of this section. All monies accruing to the credit of the  
21 Oklahoma Education Lottery Revolving Fund are hereby appropriated  
22 and may be budgeted and expended for the payment of net proceeds,  
23 prizes, commissions to retailers, administrative expenses and all  
24 other expenses arising out of the operation of the education



1 lottery, subject to the limitations provided in the Oklahoma  
2 Education Lottery Act. Expenditures from the fund shall be made  
3 upon warrants issued by the State Treasurer against claims filed as  
4 prescribed by law with the Director of the Office of Management and  
5 Enterprise Services for approval and payment.

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

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

17 1. Beginning in July of the fiscal year in which appropriations  
18 are made to common education from the Oklahoma Education Lottery  
19 Trust Fund, the Commission, on or before the ninth day of each  
20 month, shall transfer to the State Treasurer, for credit to the  
21 Oklahoma Education Lottery Trust Fund, the amount of net proceeds  
22 accruing during the preceding month equal to the amount of total  
23 monthly collections due to common education as required by paragraph  
24 1 of subsection C of this section;

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

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

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

18           1. Beginning in July of the fiscal year in which appropriations  
19 are made to The Oklahoma State System of Higher Education from the  
20 Oklahoma Education Lottery Trust Fund, the Commission, on or before  
21 the ninth day of each month, shall transfer to the State Treasurer,  
22 for credit to the Oklahoma Education Lottery Trust Fund, the amount  
23 of net proceeds accruing during the preceding month equal to the  
24 amount of total monthly collections due to the Oklahoma State

1 Regents for Higher Education as required by paragraph 2 of  
2 subsection C of this section;

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

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

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

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

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