

FIRST REGULAR SESSION

SENATE BILL NO. 299

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR PEARCE.

Read 1st time January 22, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1591S.011

AN ACT

To repeal section 173.250, RSMo, and to enact in lieu thereof one new section relating to the higher education academic scholarship program.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 173.250, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 173.250, to read as follows:

173.250. 1. There is hereby established a "Higher Education Academic Scholarship Program" and any moneys appropriated by the general assembly for this program shall be used to provide **academic scholarships and forgivable loans** for Missouri citizens to attend a Missouri college or university of their choice pursuant to the provisions of this section.

2. The definitions of terms set forth in section 173.1102 shall be applicable to such terms as used in this section. In addition, the following definitions shall apply:

(1) "Academic scholarship", an amount of money paid by the state of Missouri to a student pursuant to the provisions of this section;

(2) "ACT", the American College Testing program examination;

(3) "Approved institution", an approved public or approved private institution as defined in section 173.1102;

(4) "**Continuous enrollment**", **successful completion of at least twenty-four semester credit hours by the conclusion of the twelve months following a renewal student's initial enrollment and thirty additional semester credit hours at the conclusion of each subsequent twelve-month period. Credit for work completed prior to completion of secondary coursework, including but not limited to dual credit or dual**

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

20 enrollment, may be counted in the continuous enrollment calculation
21 as determined by the department of higher education;

22 (5) "Cost of attendance", the estimated full and reasonable cost
23 of completing a full academic year as a full-time student;

24 (6) "Eligible borrower", an eligible student beginning in academic
25 year 2015-2016 who completed secondary coursework in the 2014-2015
26 school year or subsequent year and elects to receive a forgivable loan
27 or loans under the provisions of this section;

28 (7) "Eligible student", an individual who meets the criteria set forth in
29 section 173.1104, excluding the requirements of financial need and undergraduate
30 status and, in addition, meets the following requirements:

31 (a) Has achieved a qualifying score on the ACT or SAT;

32 (b) Is a Missouri resident who has completed secondary coursework
33 through graduation from high school or the virtual public school established in
34 section 161.670, receipt of a general education development (GED) diploma,
35 completion of a program of study through homeschooling or any other program
36 of academic instruction that satisfies the compulsory attendance requirement
37 under section 167.031; and

38 (c) Is enrolled full time or accepted for full-time enrollment as a
39 postsecondary student at an approved institution during the academic year
40 immediately following the completion of his or her secondary coursework; and

41 (d) For an applicant who graduates from high school during the
42 2017-2018 academic year or after:

43 a. Has achieved a score of proficient or advanced on the official
44 Algebra I end-of-course assessment, or the equivalent level on a
45 successor assessment or a higher level department of elementary and
46 secondary education approved end-of-course assessment in the field of
47 mathematics, unless the student's high school has met all of the
48 department of elementary and secondary education's requirements for
49 waiver of the Algebra I end-of-course assessment for the recipient; or

50 b. Has achieved a qualifying score, as established annually by
51 the coordinating board for higher education, on an identified math
52 component of the COMPASS exam published by ACT or the
53 mathematics component of the ACT test as a high school or
54 postsecondary student; or

55 c. For a student with an individualized education program or a

56 **plan prepared under section 504 of the Rehabilitation Act of 1973, has**
57 **demonstrated proficiency in the area of mathematics through the**
58 **completion of criteria as established by the coordinating board for**
59 **higher education through rule and regulation; and**

60 **d. Has achieved a score of proficient or advanced on the official**
61 **English I end-of-course assessment, or the equivalent level on a**
62 **successor assessment or a higher level department of elementary and**
63 **secondary education-approved end-of-course assessment in the field of**
64 **English, unless the student's high school has met all of the department**
65 **of elementary and secondary education's requirements for waiver of the**
66 **English I end-of-course assessment for the recipient; or**

67 **e. Has achieved a qualifying score, as established annually by the**
68 **coordinating board for higher education, on an identified English**
69 **component of the COMPASS exam published by ACT or the English**
70 **component of the ACT test as a high school or postsecondary student;**
71 **or**

72 **f. For a student with an individualized education program or a**
73 **plan prepared under section 504 of the Rehabilitation Act of 1973, has**
74 **demonstrated proficiency in the area of English through the completion**
75 **of criteria as established by the coordinating board for higher**
76 **education through rule and regulation;**

77 **(8) "Employed in the state of Missouri", employed full-time at a**
78 **workplace located within the state of Missouri and required to make**
79 **returns of income in accordance with section 143.481, or self-employed,**
80 **with at least fifty percent of an individual's annual income coming from**
81 **self-employment, while a Missouri resident;**

82 **(9) "Fund", the higher education academic scholarship trust fund**
83 **established under subsection 16 of this section;**

84 **[(5)] (10) "Missouri test-takers", all Missouri high school seniors who**
85 **take the ACT or the SAT;**

86 **[(6)] (11) "Qualifying score", a composite score on the ACT or the SAT**
87 **achieved in an eligible student's high school sophomore, junior, or senior year**
88 **that is in the top five percent of Missouri test-takers, as established at the**
89 **beginning of an eligible student's final year of secondary coursework;**

90 **[(7)] (12) "Recipient", an eligible or renewal student who receives an**
91 **academic scholarship or forgivable loan pursuant to this section;**

92 **[(8)] (13) "Renewal student", an eligible student who remains in**

93 compliance with the provisions of section 173.1104, **receives a scholarship**
94 **payment during each academic year**, maintains continuous enrollment, and
95 makes satisfactory academic degree progress; and

96 ~~[(9)]~~ **(14)** "SAT", the Scholastic Aptitude Test.

97 3. The coordinating board for higher education shall be the administrative
98 agency for the implementation of the program established by this section, and
99 shall:

100 (1) Promulgate reasonable rules and regulations for the exercise of its
101 functions and the effectuation of the purposes of this section, including
102 regulations for granting scholarship deferments **and forgivable loans**;

103 (2) Prescribe the form and the time and method of awarding academic
104 scholarships **and forgivable loans**, and shall supervise the processing thereof;
105 [and]

106 (3) Select qualified recipients to receive academic scholarships[.]; **and**

107 **(4)** Make [such] awards of academic scholarships **and forgivable loans**
108 to qualified recipients and determine the manner and method of payment to the
109 recipient.

110 4. Eligible students shall be offered academic scholarships in the following
111 amounts and in the following order of priority, within the limits of the funds
112 appropriated and made available:

113 (1) Each eligible student with a qualifying score in the top three percent
114 of all Missouri test-takers shall be offered an academic scholarship of up to three
115 thousand dollars per year. All students in the top three percent shall receive
116 awards of three thousand dollars before any student in the top fourth and fifth
117 percentiles receives any award;

118 (2) Provided sufficient funds are appropriated, each eligible student with
119 a qualifying score in the top fourth and fifth percentiles shall be offered an
120 academic scholarship of up to one thousand dollars per year.

121 5. Eligible students may renew academic scholarships for their second,
122 third, and fourth years of postsecondary education, or as long as the recipient is
123 in compliance with the criteria to be a renewal student.

124 6. If an eligible student is unable to enroll during the first academic year
125 or a renewal student ceases attendance at an approved institution for the purpose
126 of providing service to a nonprofit organization, a state or federal government
127 agency, or any branch of the Armed Forces of the United States, such student
128 shall be offered an academic scholarship upon enrollment in any approved

129 institution after the completion of their service, if the student meets all other
130 requirements for an initial or renewal award and if the following criteria are met:

131 (1) For an eligible student who cannot attend an approved institution as
132 a result of service to a nonprofit organization or the state or federal government,
133 the student returns to full-time status within twenty-seven months and provides
134 verification to the coordinating board for higher education that the service to the
135 nonprofit organization was satisfactorily completed and was not compensated
136 other than for expenses, or that the service to the state or federal government
137 was satisfactorily completed; or

138 (2) For an eligible student who cannot attend an approved institution as
139 a result of military service in the Armed Forces of the United States, the student
140 returns to full-time status within six months after the eligible student first ceases
141 service to the Armed Forces and provides verification to the coordinating board
142 for higher education that the military service was satisfactorily completed.

143 7. A recipient of an academic scholarship awarded under this section may
144 transfer from one approved institution to another without losing eligibility for the
145 academic scholarship.

146 8. If a recipient of an academic scholarship at any time withdraws from
147 an approved institution so that under the rules and regulations of that institution
148 he or she is entitled to a refund of any tuition, fees or other charges, the
149 institution shall pay the portion of the refund attributable to the academic
150 scholarship for that term to the coordinating board for higher education.

151 9. Other provisions of this section to the contrary notwithstanding, if an
152 eligible student has been awarded an initial academic scholarship pursuant to the
153 provisions of this section but is unable to attend an approved institution during
154 the first academic year because of illness, disability, pregnancy or other medical
155 need or if a renewal student ceases all attendance at an approved institution
156 because of illness, disability, pregnancy or other medical need, the recipient shall
157 be eligible for an initial or renewal academic scholarship upon enrollment in or
158 return to any approved institution, provided the recipient:

159 (1) Enrolls in or returns to full-time status within twenty-seven months;

160 (2) Provides verification in compliance with coordinating board for higher
161 education rules of sufficient medical evidence documenting an illness, disability,
162 pregnancy or other medical need of such person to require that that person will
163 not be able to use the academic scholarship during the time period for which it
164 was originally offered; and

165 (3) Meets all other requirements established for eligibility to receive an
166 academic scholarship.

167 **10. If an eligible student is unable to maintain continuous**
168 **enrollment as required by subdivision (4) of subsection 2 of this section**
169 **due to serious and unusual personal circumstances, such student may**
170 **seek a waiver of the attendance requirements of this section by**
171 **appealing to the person or committee the institution the student**
172 **attends has designated to consider appeals from students who are not**
173 **in compliance with federal requirements regarding satisfactory**
174 **academic progress.**

175 **11. An eligible borrower, including such individual as a renewal**
176 **student, may elect to receive forgivable loans for up to ten semesters,**
177 **or their equivalent. The amount of the loan shall not exceed tuition**
178 **and required fees, as defined in this subsection, minus the amount of**
179 **the academic scholarship. In the case of a community college, the**
180 **tuition and required fees shall be the out-of-district charge for the**
181 **highest tuition and required fees as reported each year to the**
182 **department by an institution of that sector; at other approved public**
183 **institutions, as defined in section 173.1102, the tuition and required**
184 **fees shall be the tuition and required fees as defined and reported**
185 **under section 173.1003; in the case of an approved private institution**
186 **as defined in section 173.1102 or a public vocational technical school,**
187 **the tuition and required fees shall be the same as the tuition and**
188 **required fees charged by the University of Missouri-Columbia. In**
189 **addition, the amount of the loan, when combined with all other aid,**
190 **shall not exceed the standard institutional cost of attendance. All**
191 **tuition and required fee amounts shall be calculated based on**
192 **enrollment in fifteen credit hours or the equivalent per semester. The**
193 **loan shall be payable from the board in no fewer than two equal**
194 **payments.**

195 **12. Eligible borrowers who are in compliance with program**
196 **requirements, as established by the coordinating board, may qualify for**
197 **forgiveness of a loan or loans received through the program by**
198 **agreeing to be employed in the state of Missouri with such employment**
199 **beginning within one calendar year of the cessation of full-time**
200 **postsecondary attendance, including graduate and professional**
201 **education programs, and fulfilling the terms outlined in the contract as**

202 provided in subsection 14 of this section.

203 13. The coordinating board shall approve loan forgiveness on a
204 year-by-year basis. Each twelve months of qualifying employment
205 authorizes the forgiveness of the loan or loans received within one
206 academic year. Eligible borrowers that cease to be employed in the
207 state of Missouri and students that elect not to comply with these
208 employment requirements, or that fail to meet these requirements, shall
209 be required to repay with interest any or all outstanding loan balances
210 under the contractual provisions described in subsection 14 of this
211 section.

212 14. The coordinating board shall annually enter into a contract
213 with each individual electing to participate in the forgivable loan
214 program at the time at which the individual makes that election. The
215 written contract shall contain, but not be limited to, the following:

216 (1) The terms and conditions under which the loan is made and
217 the requirements for repayment of the loan by the student;

218 (2) A stipulation that no interest shall be assessed on any
219 forgivable loan provided through the program while the student is
220 enrolled full time, or enrolled part time with the approval of the board,
221 including enrollment in graduate or professional school, and meets the
222 eligibility requirements established in this section;

223 (3) The terms and conditions for qualifying for forgiveness of
224 loan proceeds received through the program;

225 (4) A provision that any financial obligations arising out of a
226 contract entered into, and any obligations of the individual which are
227 conditioned thereon, are contingent upon funds being appropriated to
228 the higher education academic scholarship trust fund established under
229 subsection 16 of this section; and

230 (5) The amount of any penalties assessed, in the event repayment
231 of the loan by the student is not made in accordance with the contract,
232 or the student fails to maintain eligibility or other requirements of the
233 program. All such penalties shall be deposited in the higher education
234 academic scholarship trust fund.

235 15. The coordinating board shall have the power to defer interest
236 and principal payments under certain circumstances, which shall
237 include, but not be limited to, service in any branch of the Armed
238 Forces of the United States.

239 16. The "Higher Education Academic Scholarship Trust Fund" is
240 hereby created in the state treasury, to be used by the coordinating
241 board for higher education to provide loans to students under this
242 section. All appropriations, private donations, and other funds
243 provided to the board for this program shall be credited to the
244 fund. All funds generated by loan repayments and any penalties
245 received under this section, shall also be credited to the fund less the
246 department's cost to contract for the administration of the loan
247 forgiveness program, not to exceed two percent of the total loan volume
248 of the program. Notwithstanding the provisions of section 33.080 to the
249 contrary, any unexpended balance in the fund shall not revert to the
250 general revenue fund.

251 17. The coordinating board for higher education may promulgate
252 all necessary rules and regulations for the administration of this
253 section. Any rule or portion of a rule, as that term is defined in section
254 536.010, that is created under the authority delegated in this section
255 shall become effective only if it complies with and is subject to all of
256 the provisions of chapter 536 and, if applicable, section 536.028. This
257 section and chapter 536 are nonseverable and if any of the powers
258 vested with the general assembly pursuant to chapter 536 to review, to
259 delay the effective date, or to disapprove and annul a rule are
260 subsequently held unconstitutional, then the grant of rulemaking
261 authority and any rule proposed or adopted after August 28, 2015, shall
262 be invalid and void.

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