

SECOND REGULAR SESSION

SENATE BILL NO. 649

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR PEARCE.

Pre-filed December 1, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4461S.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, with an effective date.

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Section A. Section 173.250, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 173.250, to read as follows: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

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

20 **dual enrollment, may be counted in the continuous enrollment**
21 **calculation 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 2016-2017 who completed secondary coursework in the 2015-2016**
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 rules and regulations; 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. In addition to the academic scholarship, an eligible student
176 or renewal student may elect to receive forgivable loans from the
177 coordinating board for up to ten semesters, or the equivalent. An
178 eligible student or renewal student enrolled at a public four-year
179 college or university, the State Technical College of Missouri, or an
180 approved private institution may elect to receive a loan of up to five
181 thousand dollars per academic year. An eligible student or renewal
182 student enrolled at a public community college may elect to receive a
183 loan of up to two thousand dollars per academic year. Each loan shall
184 be payable in no less than two payments, with each payment not to
185 exceed one-half of the academic year maximum. Under no
186 circumstances shall an eligible student or renewal student receive more
187 than twenty thousand dollars in forgivable loans in total. The loan
188 amount when combined with all other aid received by the student shall
189 not exceed the cost of attendance for the institution in which the
190 eligible borrower is enrolled.

191 12. Eligible borrowers who are in compliance with program
192 requirements, as established by the coordinating board, may qualify for
193 forgiveness of a loan or loans received through the program by
194 agreeing to be employed in the state of Missouri with such employment
195 beginning within one calendar year of the cessation of full-time
196 postsecondary attendance, including graduate and professional
197 education programs, and fulfilling the terms outlined in the contract as
198 provided in subsection 14 of this section.

199 13. The coordinating board shall approve loan forgiveness on a
200 year-by-year basis. Each twelve months of qualifying employment
201 authorizes the forgiveness of the loan or loans received within one

202 academic year. Eligible borrowers that cease to be employed in the
203 state of Missouri and students that elect not to comply with these
204 employment requirements, or that fail to meet these requirements, shall
205 be required to repay with interest any or all outstanding loan balances
206 under the contract described in subsection 14 of this section.

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

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

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

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

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

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

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

234 16. The "Higher Education Academic Scholarship Trust Fund" is
235 hereby created in the state treasury, to be used by the coordinating
236 board for higher education to provide loans to students under this
237 section. All appropriations, private donations, and other funds
238 provided to the board for this program shall be credited to the

239 fund. All funds generated by loan repayments and any penalties
240 received under this section shall also be credited to the fund less the
241 department's cost to contract for the administration of the loan
242 forgiveness program, not to exceed two percent of the total loan volume
243 of the program. Notwithstanding the provisions of section 33.080 to the
244 contrary, any unexpended balance in the fund shall not revert to the
245 general revenue fund.

246 17. The coordinating board for higher education may promulgate
247 all necessary rules and regulations for the administration of this
248 section. Any rule or portion of a rule, as that term is defined in section
249 536.010, that is created under the authority delegated in this section
250 shall become effective only if it complies with and is subject to all of
251 the provisions of chapter 536 and, if applicable, section 536.028. This
252 section and chapter 536 are nonseverable and if any of the powers
253 vested with the general assembly pursuant to chapter 536 to review, to
254 delay the effective date, or to disapprove and annul a rule are
255 subsequently held unconstitutional, then the grant of rulemaking
256 authority and any rule proposed or adopted after August 28, 2016, shall
257 be invalid and void.

Section B. The provisions of this act shall become effective on
2 January 1, 2018.

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