

1 HOUSE BILL NO. 21

2 INTRODUCED BY PAVLOVICH B

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE USE OF LOTTERY NET PROCEEDS TO FUND
5 CERTAIN EDUCATIONAL PROGRAMS; ESTABLISHING THE MONTANA HELPING OUTSTANDING PUPILS
6 EDUCATIONAL SCHOLARSHIP PROGRAM; ESTABLISHING ELIGIBILITY CRITERIA FOR THE
7 SCHOLARSHIP PROGRAM; ESTABLISHING THE EDUCATIONAL SCHOLARSHIP ACCOUNT; AUTHORIZING
8 THE BOARD OF REGENTS TO ADOPT PROCEDURES TO IMPLEMENT THE MONTANA HELPING
9 OUTSTANDING PUPILS EDUCATIONAL SCHOLARSHIP PROGRAM; STATUTORILY APPROPRIATING THE
10 LOTTERY NET PROCEEDS TO THE DEPARTMENT OF LABOR AND INDUSTRY TO SUPPORT THE
11 APPRENTICESHIP INSTRUCTION PROGRAM AND TO THE BOARD OF REGENTS TO PAY FOR
12 EDUCATIONAL SCHOLARSHIPS; REQUIRING PRORATION OF SCHOLARSHIP MONEY IF FUNDING IS
13 INADEQUATE; AMENDING SECTIONS 17-7-502, 23-7-402, AND 39-6-103, MCA; AND PROVIDING AN
14 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY PROVISION."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17
18 **NEW SECTION. Section 1. Montana helping outstanding pupils educational scholarship program.**

19 There is created the Montana helping outstanding pupils educational scholarship program to reward any eligible
20 Montana high school graduate who merits recognition of high academic achievement and who enrolls in a
21 postsecondary institution.

22
23 **NEW SECTION. Section 2. Definitions.** As used in [sections 1 through 5], the following definitions
24 apply:

25 (1) "Book allowance" means a payment of \$150 a semester for an eligible student who is enrolled at least
26 half-time or \$75 a semester for a student who is enrolled less than half-time that must be used to purchase books
27 or supplies for the student's course of study.

28 (2) "Postsecondary institution" means a unit of the Montana university system, a Montana public
29 community college, or an accredited tribal college located in the state of Montana.

30 (3) "Scholarship" means tuition and mandatory fees, excluding room and board, rounded up to the

1 nearest dollar, and a book allowance that are not covered by the federal Pell grant program, federal supplemental
2 educational opportunity grant program, or Job Training Partnership Act.

3 (4) "Title IV" refers to Title IV of the Higher Education Act of 1965, as amended.
4

5 **NEW SECTION. Section 3. Administration of scholarship program.** (1) The board of regents shall
6 administer the Montana helping outstanding pupils educational scholarship program and shall adopt procedures
7 to implement the requirements of [sections 1 through 5], including but not limited to:

8 (a) procedures for obtaining lists from Montana high schools of those high school seniors who are
9 academically eligible to receive a scholarship;

10 (b) procedures regarding the application process for eligible students to obtain a scholarship and
11 notification to students, parents, teachers, and school administrators of all criteria, procedures, and timelines;

12 (c) procedures for entering into cooperative agreements with eligible Montana tribal colleges; and

13 (d) procedures for annual disbursement of scholarships, for developing a formula for proration of
14 scholarships, and for the possible refund of funds from the educational scholarship account established in [section
15 5] to postsecondary institutions to pay for scholarships awarded to academically eligible students.

16 (2) The board of regents shall issue annual payments from the educational scholarship account
17 established in [section 5] to provide scholarships for those students who meet the eligibility requirements
18 prescribed in [section 4].

19 (3) Before the registration period each semester, the board of regents shall transmit the payment for
20 each scholarship to the financial officer of the postsecondary institution.

21 (4) Within 30 days after the end of registration each semester, the postsecondary institution shall certify
22 to the board of regents the eligibility status of each student who receives a scholarship. After the end of the drop
23 and add period, a postsecondary institution is not required to reevaluate or revise a student's eligibility status but
24 shall make a refund to the board of regents if a student who receives a scholarship terminates enrollment for any
25 reason during an academic term.

26 (5) Each postsecondary institution that receives a scholarship payment shall prepare and submit to the
27 board of regents by March 1 of each year a report that includes an audit of the institution's administration of the
28 scholarships and a complete accounting of scholarship funds.

29 (6) If a scholarship recipient transfers from one eligible postsecondary institution to another and
30 continues to meet eligibility requirements, the scholarship must be transferred with the student.

1 (7) Funds from a scholarship may not be used to pay for remedial or college-preparatory coursework.

2
3 **NEW SECTION. Section 4. Eligibility requirements -- basic residency and citizenship**
4 **requirements -- eligibility for student participation.** (1) (a) To be eligible to receive a scholarship, an entering
5 freshman student seeking an associate or baccalaureate degree at a postsecondary institution must:

6 (i) be classified as a Montana resident for in-state tuition under board of regents' policy at the time of high
7 school graduation;

8 (ii) be a United States citizen or permanent resident alien who meets the definition of an eligible
9 noncitizen under federal Title IV requirements; and

10 (iii) have earned a high school diploma with a minimum of a 3.0 cumulative grade point average
11 computed on a 4.0 scale and must be admitted, enrolled, or classified as an undergraduate student in a degree
12 program at a postsecondary institution.

13 (b) A freshman student who meets the requirements of subsections (1)(a)(i) and (1)(a)(ii), has received
14 a general educational development equivalency diploma after July 1, 1999, or has completed a nonpublic study
15 program, and has been admitted, enrolled, or classified as an undergraduate student in a matriculated status is
16 eligible to receive a retroactive scholarship to be paid at the end of the freshman year if the student earns a
17 cumulative grade point average of at least 3.0 at the end of the school term in which the student attempted 30
18 semester hours.

19 (2) To be eligible to receive a scholarship, a sophomore student seeking an associate or baccalaureate
20 degree at a postsecondary institution shall meet the residency requirements provided in subsections (1)(a)(i) and
21 (1)(a)(ii) and:

22 (a) must have attempted a minimum of 30 semester hours at a postsecondary school;

23 (b) must have earned a cumulative grade point average of at least 3.0 at the end of the school term in
24 which the student attempted 30 semester hours;

25 (c) must have maintained satisfactory academic progress in a course of study pursuant to the standards
26 and practices used for federal Title IV programs by the postsecondary institution in which the student is enrolled;
27 and

28 (d) shall meet enrollment standards by being admitted, enrolled, and classified as an undergraduate
29 student in a matriculated status.

30 (3) To be eligible to receive a scholarship, a junior student seeking a baccalaureate degree at a

1 postsecondary institution shall meet the residency requirements provided in subsections (1)(a)(i) and (1)(a)(ii)
2 and:

3 (a) must have earned a cumulative grade point average of at least 3.0 at the end of the school term in
4 which the student attempted 60 semester hours;

5 (b) must have maintained satisfactory academic progress in a course of study pursuant to standards and
6 practices used for federal Title IV programs by the postsecondary institution in which the student is enrolled; and

7 (c) shall meet enrollment standards by being admitted, enrolled, and classified as an undergraduate
8 student in a matriculated status.

9 (4) To be eligible to receive a scholarship, a senior student seeking a baccalaureate degree at a
10 postsecondary institution shall meet the residency requirements provided in subsections (1)(a)(i) and (1)(a)(ii)
11 and:

12 (a) must have earned a cumulative grade point average of at least 3.0 at the end of the school term in
13 which the student attempted 90 semester hours;

14 (b) must have maintained satisfactory academic progress in a course of study pursuant to the standards
15 and practices used for federal Title IV programs by the postsecondary institution in which the student is enrolled;
16 and

17 (c) shall meet enrollment standards by being admitted, enrolled, and classified as an undergraduate
18 student in a matriculated status.

19 (5) If a student fails to maintain a cumulative grade point average of at least 3.0 at the end of the school
20 term in which the student attempted 30 semester hours, the scholarship is terminated.

21 (6) An otherwise eligible student who regains a cumulative grade point average of at least 3.0 at the end
22 of a school term in which the student attempted 60 semester hours may requalify for a scholarship.

23 (7) A student is ineligible to receive a scholarship if the student:

24 (a) if a male, failed to meet the federal Title IV selective service registration requirements;

25 (b) is in default on a federal Title IV or state of Montana educational loan or owes a refund on a federal
26 title IV or state of Montana student financial aid program;

27 (c) has been convicted for committing certain felony offenses involving marijuana, controlled substances,
28 or dangerous drugs; or

29 (d) is incarcerated. Upon release, the student may begin receiving scholarship payments if the student
30 meets all other eligibility requirements. If approved by the board of regents, credits earned during incarceration

1 may be counted toward eligibility.

2

3 **NEW SECTION. Section 5. Educational scholarship account -- proration of scholarships.**(1) There

4 is an educational scholarship account in the state special revenue fund provided for in 17-2-102.

5 (2) The net proceeds from the state lottery fund, established in 23-7-401, must be deposited into the
6 account, and the account is statutorily appropriated, as provided in 17-7-502, as follows:

7 (a) \$140,000 each fiscal year to the department of labor and industry to fund the apprenticeship
8 instruction program pursuant to 39-6-103; and

9 (b) the remainder of funds to the board of regents to pay for scholarships awarded pursuant to [sections
10 1 through 4].

11 (3) Money on deposit in the account may not revert to the general fund at the close of any fiscal year.

12 (4) If funds appropriated are not adequate to provide the maximum allowable scholarship to each eligible
13 student, scholarships must be prorated for all eligible students, using a percentage reduction adopted by the
14 board of regents.

15

16 **Section 6.** Section 17-7-502, MCA, is amended to read:

17 **"17-7-502. (Temporary) Statutory appropriations -- definition -- requisites for validity.** (1) A
18 statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency
19 without the need for a biennial legislative appropriation or budget amendment.

20 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
21 of the following provisions:

22 (a) The law containing the statutory authority must be listed in subsection (3).

23 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
24 appropriation is made as provided in this section.

25 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901; 5-13-403;
26 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-30-195; 15-31-702; 15-36-324;
27 15-36-325; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-406; 16-1-411; 16-11-308; 17-3-106;
28 17-3-212; 17-3-222; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-709; 19-9-702; 19-13-604; 19-17-301;
29 19-18-512; 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-26-1503; [section 5]; 22-3-1004; 23-5-136; 23-5-306;
30 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 39-71-907;

1 39-71-2321; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108;
2 75-6-214; 75-11-313; 77-1-131; 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-161; 85-20-402; 87-1-513;
3 90-3-301; 90-4-215; 90-6-331; and 90-9-306.

4 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
5 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
6 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
7 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
8 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
9 appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion
10 of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; pursuant to sec. 7(2), Ch.
11 29, L. 1995, the inclusion of 15-30-195 terminates July 1, 2001; pursuant to sec. 5, Ch. 461, L. 1997, the inclusion
12 of 77-1-131 terminates October 1, 2003; and pursuant to secs. 13, 16(1), Ch. 549, L. 1997, the inclusion of
13 90-3-301 terminates July 1, 1999.)

14 **17-7-502. (Effective July 1, 2008) Statutory appropriations -- definition -- requisites for validity.**

15 (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state
16 agency without the need for a biennial legislative appropriation or budget amendment.

17 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
18 of the following provisions:

19 (a) The law containing the statutory authority must be listed in subsection (3).

20 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
21 appropriation is made as provided in this section.

22 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901; 5-13-403;
23 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-23-706; 15-30-195; 15-31-702; 15-36-324; 15-36-325;
24 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; [16-1-406;] 16-1-411; 16-11-308; 17-3-106; 17-3-212;
25 17-3-222; 17-5-404; 17-5-804; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-709; 19-9-702; 19-13-604;
26 19-17-301; 19-18-512; 19-19-205; 19-19-305; 19-19-506; 20-8-107; 20-9-361; 20-26-1503; [section 5]; 22-3-1004;
27 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204;
28 37-51-501; 39-71-503; 39-71-907; 39-71-2321; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206;
29 53-6-150; 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-5-1108; 75-6-214;
30 75-11-313; 77-1-505; 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402;

1 87-1-513; 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

2 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
3 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
4 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
5 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
6 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
7 appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion
8 of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; and pursuant to sec. 68(2),
9 Ch. 422, L. 1997, this version becomes effective July 1, 2008.)"

10

11 **Section 7.** Section 23-7-402, MCA, is amended to read:

12 **"23-7-402. (Temporary) Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets
13 or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in
14 17-7-502, to the lottery.

15 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

16 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating
17 expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise
18 fund, is net revenue. Except as provided in subsection (5), net revenue must be transferred quarterly from the
19 enterprise fund established by 23-7-401 to the ~~state general fund~~ educational scholarship account established
20 in [section 5].

21 (4) The spending authority of the lottery may be increased in accordance with this section upon review
22 and approval of a revised operation plan by the office of budget and program planning.

23 (5) For the purposes of funding a study of the socioeconomic impacts of gambling, \$100,000 of net
24 revenue may be appropriated from the enterprise fund established by 23-7-401. (Terminates June 30, 1999--sec.
25 8, Ch. 494, L. 1997.)

26 **23-7-402. (Effective July 1, 1999) Disposition of revenue.** (1) A minimum of 45% of the money paid
27 for tickets or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided
28 in 17-7-502, to the lottery.

29 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

30 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating

1 expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise
2 fund, is net revenue. Net revenue must be transferred quarterly from the enterprise fund established by 23-7-401
3 to the ~~state general fund~~ the educational scholarship account established in [section 5].

4 (4) The spending authority of the lottery may be increased in accordance with this section upon review
5 and approval of a revised operation plan by the office of budget and program planning."
6

7 **Section 8.** Section 39-6-103, MCA, is amended to read:

8 **"39-6-103. Responsibilities of state and local boards responsible for vocational education --**
9 **funding for apprenticeship program.** (1) Related and supplemental instruction for apprentices, coordination
10 of instruction with job experiences, and the selection and training of teachers and coordinators for ~~such~~ the
11 instruction ~~shall be~~ is the responsibility of state and local boards responsible for vocational education.

12 (2) Money to administer the apprenticeship instruction program is provided from the account created in
13 [section 5]."
14

15 NEW SECTION. **Section 9. Notification to tribal governments.** The secretary of state shall send a
16 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell band
17 of Chippewa.
18

19 NEW SECTION. **Section 10. Codification instruction.** [Sections 1 through 5] are intended to be
20 codified as an integral part of Title 20, chapter 26, and the provisions of Title 20, chapter 26, apply to [sections
21 1 through 5].
22

23 NEW SECTION. **Section 11. Effective date -- applicability.** [This act] is effective on passage and
24 approval and applies to the 2000 academic year.
25

- END -