

Department of Higher Education (0700)
FISCAL YEAR 2014 & 2015 - Executive Recommendation

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION:

The Commission on Coordination of Higher Education Finance, created in 1961, was renamed the State Board of Higher Education in 1971 and the staff for the Board became the Arkansas Department of Higher Education. Act 1114 of 1997 abolished the State Board of Higher Education and created the Arkansas Higher Education Coordinating Board, consisting of 12 members appointed by the Governor.

The Board determines the role and scope of each public institution, approves new academic programs, reviews existing programs, analyzes and reports institutional and student data, and recommends special language, personnel, funding, and appropriation amounts.

TOTAL BUDGET

The Department's total appropriation request is approximately \$89.1 million each year.

FUNDING SOURCE

The budget is funded from approximately 56.6% General Revenue (52.3% for Grants & Scholarships), 19.4% Federal Funds, and 16.5% Educational Excellence Trust funds, with the remainder funded from fund balances, Cash from donations/grants and Institutional Certification fees, and Scholarship Lottery administration reimbursement.

II) APPROPRIATION/CHANGES

* General Operations - Total requested appropriation of approximately \$4.038 million each year includes increases over base level of \$97,600 each year in appropriation and general revenue funding and includes increases in Salary and Matching of \$22,600 each year to reclassify a Associate Dir. Position to a Senior Associate Dir. (N908 to N913) and increases in Operating Expenses each year of \$75,000 for utility and janitorial services due to relocation of the agency. Appropriation is funded from general revenue, Scholarship lottery reimbursement, and certification fees.

* Student Assistance Grants & Scholarships - Total requested base level appropriation and funding of \$55.675 million each year includes the deletion of the previously authorized (not budgeted) Second Effort, Minority Masters Fellows, Washington Center, Jr/Sr Minority Teacher Scholars scholarships, the State Teacher Assistance Resource Program, the Tuition Adjustment and Govt. Worker Loan Repayment Prog., and the Veterinary Medicine Loan Forgiveness Program appropriations (in the Health Ed. Grants appropriation), totaling approx. \$9.7 million. Appropriation is

funded from general revenue and Educational Excellence Trust funds.

* Scholarship Administration - Total requested appropriation of approximately \$1.064 million each year includes an increase of \$95,258 each year in appropriation and general revenue funding which includes an increase of \$60,258 each year for Salary and Matching for an additional Program Coordinator (C124) position, an increase in Capital Outlay information technology improvements, and an additional increase in general revenue funding of \$320,402 each year. Appropriation is funded from general revenue and Scholarship lottery reimbursement.

* Technical Education - Federally funded request of \$437,827 each year with an increase over base of \$66,000 each year in Operating Expenses and Professional Fees for seminars, training, and leadership projects.

* Treasury Cash Operations - Total requested grant-funded appropriation of \$1.695 million includes total increases of \$750,000 each year for Operating Expenses (\$500,000 to reimburse the Dept. of Career Svcs. for career coaches' services), Professional Fees (\$150,000 for associated costs), and Capital Outlay (\$100,000 for equipment). Treasury Cash Complete College America - Establishment of \$1 million for Operating Expense, Prof. Fees, and Grants & Aid previously authorized through a Legislative Council PEER Subcmt. item.

III) ADDITIONAL POSITIONS

Total Positions for FY2015: 53

Total Positions for FY2014: 53

Total Budgeted Positions for FY2013: 52

(+1) Program Coordinator at grade C124

IV) SPECIAL LANGUAGE

* Emergency Grants & Extra Help Pool: Allows institutions affected by an emergency/disaster event, upon the Governor declaring a disaster and with the approval of the Gov. and the recommendation of the Director of the Dept. of Higher Ed. (ADHE), to request a grant from the Disaster Relief Fund. Also provides a pool of 500 Extra Help positions to the ADHE for use in such emergencies.

* Reallocation of Resources for Institutions: Allows for the transfer of positions, appropriations & related funds between campuses, divisions, branches & other budgetary units for purposes of reorganization, operational efficiencies or consolidation of administrative functions, limit of 2 per FY and 5% of general revenue and special revenue appropriation, includes non-severability language.

* Financial Aid Loans: Allows Budget Stabilization Trust Fund loans for financial aid appropriations and requires remaining

loans at the end of one year to be repaid from the first two months revenues of the next fiscal year.

* Work Force 2000 Development Fund: Limits distribution of funds from the Work Force 2000 Development Fund to the technical colleges to 93.691% of the total funds available each year; provides for dollars to follow schools when converting from technical institutes to technical colleges.

* <Requests Change> Higher Education Building Maintenance Fund: Provides that after \$13,200,000 has been deposited, ~~the next \$10,000,000 is~~ any additional funds are to be transferred to the Research Development Fund.

* Refund to Expenditures: Requires repayment of loans for JR/SR Minority Teacher Scholars, Minority Masters Fellows and the State Teacher Assistance Resource Prog. to be deposited in the State Treasury fund from which it originated.

* National Guard Tuition Incentive: Loans or assistance must be repaid if the discharge is less than a Honorable Discharge. Priority for funding of assistance will be for current recipients.

* College Savings Bonds: States that the Dept. of Higher Ed. will adopt rules/regulations for allocation of College Savings Bond funds in a manner consistent with Internal Revenue Code and such will be exempt from any law in conflict.

* College Savings Bonds Limitations: Limits amount of bonds outstanding to \$300 million in any biennium and debt service amount to \$24 million in any fiscal year

* Health Education Grants & Loans Priorities: Requires the Higher Education Coordinating Board to determine the number of slots for each program after consulting recognized associations of each medical profession & other interested persons.

* Financial Aid Programs Reporting: Requires report on funding of financial aid programs to the House & Senate Interim Committees on Education.

* Audit/Review of State Scholarship Funds: States that any post-secondary institution that receives state scholarship funds is subject to audit/review of those funds, upon approval of the Leg. Joint Auditing Cmt.

* Audit Data: Requires all post-secondary institutions to furnish a copy of the Integrated Post-Secondary Education Data System data within 3 weeks following the IPEDS due date to the Department of Higher Education.

* <Requests Deletion> ~~Funding for Salary Increases: Requires general revenue funding for cost of living increases at institutions of higher education to only be used for that purpose, with unused amounts to be recovered & transferred to the General Revenue Allotment Reserve Fund~~

* DHE Program Coordinator Funding: Transfers sufficient funding

for the DHE Program Coordinator position from the Higher Education Grants Fund Account to the Department of Higher Education Fund Account.

* <Requests Change> Transfer Provision - Funds and appropriation may be transferred between financial aid programs with ~~limitations on transfers from the Governor's Scholars Program or the Academic Challenge Program~~ and with CFO of the State approval and review by the Legislative Council.

* Transfer of Health Ed. Grants and Loans - Funds and appropriation may be transferred between Health Education Grants/Loans for out-of-state medical programs with CFO of the State approval.

* Contingency Appropriations - Institutions: Upon ADHE and CFO of the State approval institutions' contingency appropriation can be transferred but must be reported to the Leg. Council or Joint Budget Committee by the July meeting.

* Student Undergraduate Research Fellowship Prog.: DHE is to adopt rules and regs for the SURF program and may use some of the funds for administrative costs.

* Cooperation Agreements: Two-year institutions within 25 miles of a four-year institution must enter into a written agreement addressing duplication of services.

* Cost Allocation: The Department of Higher Education may determine refund amounts to the Higher Education Fund Account or the Higher Education Grants Fund Account from reimbursements for Academic Challenge Scholarships administrative costs received from the Ark. Lottery Commission.

* AR Geographical Critical Needs Minority Teacher Scholarship Program: Provides for the transfer of up to \$200,000 of appropriation & funds, determined to be available, to the UA-Pine Bluff to administer the scholarship program.

* <Requests codification and change approval to review> Higher Ed. Institutions' Pool Positions: Provides a pool of 300 university and 250 college positions to meet unanticipated enrollment growth, industry training demand, and mandated responsibilities. Position pay will not exceed the institution's highest authorized; requests must be justified to, and recommended by, the Department, be ~~approved~~ reviewed by the Personnel Subcommittee of the Legislative Council ~~or Joint Budget Committee~~; and continuing positions must be requested as new in the subsequent budget request.

* SREB Minority Doctoral Scholars Program Regulations - Agency is authorized to promulgate rules and regulations for the administration of the program.

* <Requests amending Arkansas code> Support of Intercollegiate Athletic Programs With General Funds - Strikes current ACA 6-62-803 and inserts language limiting the budgeted amount to an

amount set by the agency or 2.5% of unrestricted educational and general revenues of the previous fiscal year.