

**Department of Higher Education (0700) - 2011-13 BIENNIUM -  
Executive Recommendation**

**I) AGENCY SUMMARY & REVENUE SOURCES**

The first higher education coordinating board for Arkansas was created in 1961 as the Commission on Coordination of Higher Education Finance, which 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, and analyzes and reports institutional and student data.

**TOTAL BIENNIAL BUDGET**

The Department's total budget for the biennium is \$81.2 million the first year and \$77.9 million the second year.

**FUNDING SOURCE**

The budget is funded from 53.3% General Revenue (41.5% for Grants & Scholarships), 23.3% Federal Funds, 14.5% Educational Excellence Trust funds, with the remainder funded from fund balances, Cash from donations and Institutional Certification fees, and Scholarship Lottery administration reimbursement.

**II) SIGNIFICANT CHANGES**

\*Operations - Total net increase in appropriation of \$452,458 Yr1 and \$251,458 Yr2, a decrease in general revenue funding of \$191,000 each year, offset by Scholarship Lottery reimbursement of administrative expense funding of \$559,452 each year; and a net deletion of two positions and salary and match appropriation. The appropriation changes include decreases of salary and match appropriation of approximately \$64,300 each year to exchange four positions for two higher compensated positions; and an increase of approximately \$517,000 Yr1 and \$316,000 Yr2 which includes relocation expense of the agency and increased rent of \$292,000 each year.

\*Research Dev. Program - \$4 million increase for program Grants appropriation, used to grant funds to universities, which is funded from current special lang. requiring funds to be transferred from the Bldg. Maint. Prog. Fund (after deposits reached \$13.2 million), which receives funds from natural resources sales and leases from Federal lands. The 1985 Research Development Act requires the funds to be used to attract scientists and industries to the State.

\*State Scholarship - Federal - Increase of \$250,000 ea. Yr. over Base for additional federal funds, to encourage non-traditional students to return to school, and used to match the State Workforce Improvement Grants.

\*Student Assistance Grants and Scholarships - Overall net

decrease of \$14.5 million Yr1 and \$17.7 million Yr2 to discontinue four programs (Teacher Opportunity Grant, Second Effort Scholarships, Washington Center Scholarships, Geographical Critical Needs) and reduce eight programs' appropriation (State Teacher Ed. Program, Workforce Improvement Grants, Higher Ed. Opportunity Grants, Minority Masters Fellowship, Dependents of Law Enforcement Officers, Minority Teacher Scholarships, State Teacher Assistance Resource Prog. & Student Undergraduate Research Fellowship) ; a deletion of \$550,000 each year for Web Based Applications (requesting \$250,000 for this purpose in the Scholarship Administration appropriation), and an included offsetting increase of \$105,000 each year in the Dependents of POWs, MIAs, KIAs Tuition Waivers due to ongoing military actions, and an increase in the Governor's Scholars appropriation of \$1.4 million Yr1 with a \$170,000 decrease in year 2. Funded from General Revenue and Educational Excellence Trust funds.

\*Temporary Assist. To Needy Families (TANF)- Increase of approximately \$2.5 million each year to move \$97,000 of appropriation from Operating Expense to Conference & Travel Expense (\$55,000) and Professional Fees (\$42,000), with an additional increase in of \$23,000 for training seminars and upgrades to the Information Network of Arkansas to maintain scholastic records; an increase in Capital Outlay each year of \$15,000 for student record keeping hardware; and an increase of \$2,455,207 each year for increased awarded Grants. Provides educational training to eligible persons to increase self-sufficiency of clients, federally funded.

\* College Access Challenge Grant - Increase of approximately \$204,000 in Operating Expense and \$605,000 in Professional Fees appropriation each year for increased advertising informing the public of aid and assistance available and training seminars and materials for school counselors, funded from increased federal funds. Program attempts to increase the number of low-income students entering and succeeding in postsecondary education.

\* Scholarship Administration - Increase of \$280,000 in total each year to add eight Extra Help positions and appropriation of \$30,000, move \$150,000 from Operating Expense to Professional Fees and increase Professional Fees an additional \$250,000 each year for Web-based applications and changes to the Universal Financial Aid Management System to accommodate non-traditional and current achiever awards, uniform transcript submission, and maintenance of programs. Funded from reimbursement from the Arkansas Scholarship Lottery.

\*Technical Education -Federal - Increase over base totaling \$65,000 each year, with increases of \$50,000 each year in Conference and Travel for training seminars and \$15,000 each year in Capital Outlay for the agency's relocation to another building. Program provides technical education services to applicable institutions of higher education.

Cash Appropriation - Increase over base of \$425,000 each year, including \$200,000 in Operating Expense and \$225,000 in

Professional Fees for grant awards for the Achieve the Dream, the Non-Traditional No More, and the College Goal Sunday Programs; \$100,000 each year in Scholarships for Mahlon Martin minority scholarships, and \$40,000 ea. Yr. for hosting educational conferences. Funding from donations.

\*Higher Education Grants & Loans - Requests reductions in all but one line item totaling \$1,184,900 each year to continue funding students in the pipeline and a declining balance in the Higher Education Grants Fund account. Reductions itemized: Osteopathy Aid, \$82,000; Podiatry Aid, \$110,400; Veterinary Aid, \$171,000; Chiropractic Aid, \$158,000; Dental Aid Grants, \$433,900; Optometry Aid Grants, \$89,600; and Optometry Aid Loans, \$140,000.

Provides the difference between residential and non-residential tuition to students attending an out-of-state institution teaching a health and medical professional program not available in our State.

### **III) ADDITIONAL POSITIONS**

Total Positions for 2011-13 Biennium: 52

Total Budgeted Positions for FY 2011: 54

Increase/(Decrease): (2) - Trade two Software Analysts, an Administrative Specialist, and a Human Resources Analyst for a higher paid Program Specialist and Program Coordinator to be used across divisions and provide finance and management experience.

### **IV) SPECIAL LANGUAGE**

~~\*Requests Deletion> Scholarship Shortfall Reserve Transfer: Requires transfer by warrant of the set aside reserve of \$20 million in the Grants Fund Account to the Scholarship Shortfall Reserve Trust Account of the Lottery Commission to be used as authorized by law.~~

\* 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: 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.

\* Higher Education Building Maintenance Fund: Provides that after \$13,200,000 has been deposited, the next \$10,000,000 is 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

\* <Requests Deletion> ~~Health Education Grants & Loans~~

~~Carryforward: Allows for the carryforward of funds from the 1<sup>st</sup> year to the 2<sup>nd</sup> year; requires agency justification, reporting by DFA Budget, and agency status report prior to budget hearings with DFA inclusion in budget manuals.~~

\* 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> ~~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 UA Pine Bluff to administer the scholarship program.~~

\* 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: Transfers sufficient funding for the

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

\* 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.

\* <New Requested> 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.