

Department of Higher Education (0700)  
FISCAL YEAR 2016  
As Enacted by Act 978 of 2015

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION:**

To advocate for higher education , promote a coordinated system, provide for orderly and effective development of each public institution, so to improve services to the citizens.

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 serving staggered six year terms.

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 and administers statewide financial aid programs.

**TOTAL APPROPRIATION**

The Department's total appropriation is approximately \$142.2 million.

**FUNDING SOURCE**

The operations/scholarships budget is funded from approximately 31.5% General Revenue (29% for Grants & Scholarships), 8% Federal Funds, and 9.8% Educational Excellence Trust funds, with the remainder funded from Outcome Centered funding transfers, fund balances, Cash from donations/grants and Institutional Certification fees, and Scholarship Lottery administration reimbursement.

**II) CHANGE LEVEL REQUESTS**

**GENERAL OPERATIONS** - This appropriation is funded from general revenue, Scholarship Lottery reimbursement, and certification fees and is used for the agencies main operations. The total appropriation is \$4,310,426 for FY2016 with the following appropriation-only changes compared to base level:

**Regular Salaries** - Decrease of \$68,073 in FY2016 for the reduction of 4 lower graded positions and an offsetting increase for the up-reclassification of 5 positions to attract/retain qualified applicants.

**Personal Services Match.** - Decrease of \$35,459 in FY2016 for the above noted personnel changes.

**Operating Expense** - Increase of \$72,000 for increased lease cost, utilities, security, and building maintenance.

**Conference Fees & Travel** - Increase of \$4,730 for increased travel expenses.

**Professional Fees & Services** - Increase of \$150,000 for data maintenance on the Arkansas Higher Education Information System.

**Capital Outlay** - Increase of \$50,000 to replace a server, network storage, and a network printer.

**STUDENT ASSISTANCE GRANTS & SCHOLARSHIPS** - This appropriation is funded from general revenue and Educational Excellence Trust funds and is the agency's primary scholarships/grants appropriation, containing line items for Higher Ed. Opportunities Grants, Academic Challenge (general revenue portion), Governor's Scholars, Natl. Guard Tuition Incentive, Teacher Ed. Prog., Workforce Improvement Grants, Dependants of Law Enforcement Officers and Military MIA/KIA/POW, and other programs. The total appropriation is \$56,050,000 and includes an increase over base level of \$2 million each year of appropriation only in the **Governor's Scholars** line item, due to the increased number of scholars, and the deletion of the Second Effort Scholarships line item due to High School Equivalency Diploma students being eligible for Academic Challenge scholarships.

**HEALTH EDUCATION GRANTS AND LOANS** - This appropriation is funded from general revenue and is used to fund financial assistance for Arkansas citizens to attend out of state institutions in fields of health related study not offered in-State and typically is used to offset the difference between resident and non-resident tuition. The total appropriation of approximately \$5.6 million includes an increase over base level of \$250,000 in the Veterinary Med. Loan Forgiveness Prog. to maintain the authorized level.

**TANF(Temporary Assist. to Needy Families)** - This federally funded , from U.S. Dept. of Health & Human Svcs., appropriation provides eligible recipients educational activities to increase self-sufficiency and job training skills (Ark. Career Pathways Prog.). The appropriation totals \$7,150,000 and contains a decrease from Base Level of \$3,869 in the **Operating Expense** line item due to reduced federal funds.

**COLLEGE ACCESS CHALLENGE GRANT** - This appropriation is federally funded from the U.S. Dept. of Education and is used to increase the number of low-income students entering and succeeding in postsecondary education. The appropriation totals \$2 million and

has a net reduction from base level of \$279,000, due to decreasing federal funds, which includes a decrease of \$309,000 in **Professional Fees** due to contract expiration and an offsetting increase of \$30,000 in **Capital Outlay** for information technology hardware for the agency's data warehouse.

**SCHOLARSHIP ADMINISTRATION** - This appropriation is funded from Lottery Commission reimbursements and is used for administration of the Academic Challenge Scholarship and the Higher Education Information System. The appropriation totals \$882,096 and includes the following increases from base level for the implementation of a warehousing and business intelligence project:

**Regular Salaries** - Increase of \$41,741 for the restoration of an unbudgeted position and the higher-grade reclassification of two positions.

**Personal Services Match.** - Increase of \$14,419 for the above changes.

**Capital Outlay** - Increase of \$35,000 for additional database tools and hardware.

**CASH-** - This Treasury Cash appropriation is funded from private donations and grants and is used to assist minority, low-income, and adult learners through the "Achieving The Dream", "Non-Traditional No More", and "College Goal Sunday" programs. The appropriation totals \$1,695,000 and includes an increase from base level of \$100,000 each year in **Capital Outlay** to upgrade and maintain data processing equipment and storage.

**CASH-COMPLETE COLLEGE AMERICA** - This Treasury Cash appropriation is funded from a private foundation grant to increase college completion for underrepresented populations. The appropriation is reduced from base level \$900,000 each year leaving a request for \$100,000 in **Operating Expense** each year to expense the remainder of the terminating grant.

**OUTCOME CENTERED FUNDING AWARDS** - This appropriation is funded from general revenue funds recouped from institutions of higher education, deposited into and paid from the agency's operating fund, and distributed as funding awards to institutions based upon the outcome-centered component of the higher education funding formula. Total appropriation is approximately \$54.5 million each year and includes an increase of \$314,178 due to the requested change in general revenue to institutions.

**WORKFORCE INITIATIVE ACT OF 2015** - This new appropriation, funded from non-federal funds (Act 1131) to be used for workforce education grants, administrative, and operating expenses, totals

\$2,000,000, and may be funded from the new General Improvement Fund appropriation (next section) for a fund transfer in the same amount.

**III) ADDITIONAL POSITIONS (Total FY2015 Authorized Positions: 53)**

Total Authorized Positions FY2016: 49

Total Base Level Positions: 52

Increase/(Decrease): <3>

Deleted 3 Grade C112 and 1 C109 positions, reclassified 5 positions to higher C124 (Program Coordinator), C126 (Sr. Technology Analy.), & C128 (Infor. Sys. Mgr.) positions, restored an unbudgeted C121 (Software Supp. Analy.) position, and reclassified 2 C121 positions to C124 (Sr. Software Supp. Analy.) to attract and retain qualified applicants.

Extra Help Positions FY2016: 17 (Total FY2015 Authorized Extra Help: 17)

**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 positions, general revenue and special revenue appropriation and funding, with approval of the Board and Leg. Council or Joint Budget Cmt. (and review by Higher Ed. Dept. if involving academic programs), includes non-severability language.

**Financial Aid Loans:** Allows Budget Stabilization Trust Fund loans for financial aid appropriations and, in the event of an unanticipated revenue shortfall, requires remaining loans at the end of one year to be repaid from the first two months revenues of the next fiscal year.

**\*CHANGED LANGUAGE\* Work Force 2000 Development Fund:** Provides for the distribution of funds from the Work Force 2000 Development Fund to the technical colleges, limited to 93.691% of the total funds available each year, and states that dollars follow schools when they transfer to, or merge with, other institutions. Amounts

collected in excess of the FY2014 distribution are deposited into the Skills Development Fund (Act 893) to be used for workforce development programs by the Dept. of Career Education - Office of Skills Development.

**Building Maintenance Fund:** Provides that after \$13,200,000 has been deposited (from Federal lands mineral sales/leases) any additional funds are to be transferred to the Research Development Fund.

**Refund to Expenditures:** Requires repayments of loans, grants, or scholarships funded from the Higher Ed. Grants Fund Acct. 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.

~~\*LANGUAGE TO BE DELETED\* 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.

~~\*LANGUAGE TO BE DELETED\* 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 priorities and number of slots for each program after consulting recognized associations of each medical profession & other interested persons.

**Financial Aid Programs Reporting:** Requires report on current year funding, and next year projections, of financial aid programs to the House & Senate Interim Committees on Education by May 30.

**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.

**Funding for Salary Increases:** Requires general revenue funding provided 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.

**Transfer Provision:** Funds and appropriation may be transferred between financial aid programs to align the appropriation with the number of students with CFO of the State approval and review by the Legislative Council.

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

**Contingency Appropriations - Transfers and Reports:** 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 regulations for the SURF program and may use some of the funds for administrative costs.

**Cooperation Agreements:** Any institution having a main campus, satellite campus, or center within 25 miles of another institution's main campus 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.

**Appropriation & Fund Transfer Procedures - 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 which can use up to 20% to administer the program.

**Higher Ed. Institutions' Central 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 by the Legislative Council or Joint Budget Committee; and continuing positions must be requested as new in the subsequent year budget

request; contains non-severability language.

**~~\*LANGUAGE TO BE DELETED\* SREB Minority Doctoral Scholars Program~~**

~~**Regulations:** Agency is authorized to promulgate rules and regulations for the administration of the program.~~

**Outcome Centered Funding Awards:** Allows transfer, upon certification by the Director of Dept. of Higher Education, from the institutions' Treasury funds to the Dept. of Higher Education Fund Account to be redistributed based upon the outcome centered funding policy of the Higher Education Coordinating Board.

**Administrative Fees:** Authorizes the agency to recover non-refundable administrative fees from out-of-state, non-public, and for-profit colleges and universities.

**\*NEW LANGUAGE\*** Modifies Ark. Code regarding the funding formula model for universities, adding a phrase to include fringe benefits in the teaching salaries calculation of the needs-based formula.

**\*NEW LANGUAGE\* NONTRADITIONAL STUDENT SCHOLARSHIPS AGGREGATE**

**AMOUNT:** Limits the aggregate amount of Academic Challenge scholarships to nontraditional students to \$13 million for the FY2016 fiscal year.