

DEPARTMENT OF HIGHER EDUCATION (0700)  
FISCAL YEAR 2018  
AS ENACTED BY ACT 692 of 2017

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION:**

To advocate for higher education, promote a coordinated system, and assist the publicly and locally supported institutions in improving 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 total appropriation is approximately \$139.9 million in FY2018.

**FUNDING SOURCES**

The operations/scholarships budget is funded primarily from general revenue, Educational Excellence Trust funds, fund balances, and federal funds.

**II) CHANGE LEVEL REQUESTS**

**General Operations (Appropriation 153)** - This appropriation is used to fund the administrative costs of the agency. The total appropriation is approximately \$3.8 million in FY2018. There is a decrease of (\$319,576) in FY2018, and the following changes are against base level:

**Regular Salaries** - Decrease of (\$219,485) in FY2018 for the elimination of 5 positions due to the agency's reorganization.

**Personal Services Matching** - Decrease of (\$75,091) in FY2018 for the eliminated positions above.

**Professional Fees** - Decrease of (\$60,000) due to a reduction of outside information technology and data contracts.

**Capital Outlay** - Increase of \$35,000 for the purchase of IT equipment.

**Research Development Program Grants (Appropriation 156)** - This appropriation provides grants to institutions of higher education for development of scientific research capability. The total appropriation is \$1 million. The following change is against base level:

**Grants and Aid** - Increase of \$500,000 to cover the increased amount received in mineral lease Funds.

**State Scholarship - Federal (Appropriation 160)** - This appropriation represents the federal share of the Workforce Improvement Grants Program. The total appropriation is not requested to continue. The following change is against base level:

\$750,000 was authorized for the **Grants and Aid** line item in FY2017. This amount will be \$0 in FY2018.

**Student Assistance Grants and Various Scholarships (Appropriation 197)** - This appropriation allows the Department to award current and prospective college students with financial aid based upon academic performance and financial need. The total appropriation is \$65,050,000. The following changes are against base level:

**Arkansas Future Grant** - Increase of \$9,000,000 for implementation of the Arkansas Future Grant program.

**Web Based Applications** - This line item appropriation amount of \$1,000,000 was moved into its own appropriation section to more accurately distinguish it from Student Assistance Grants/Variou Scholarships. This change represents a decrease of \$1,000,000 from the Student Assistance Grants and Various Scholarships total, however, the change makes a net zero change for the agency.

**Improving Teacher Quality (Appropriation 1GF)** - This program, funded from federal funds from the Dept. of Education, provides grants to higher education institutions for training, preparing, and recruiting teachers and principals. The total appropriation is \$506,000 in FY2018. The following changes are against base level:

**Operating Expenses** - Increase of \$2,000 in FY2018 due to costs closing the grant.

**Conference and Travel** - Increase of \$1,500 in FY2018 due to costs closing the grant.

**Grants and Aid** - Decrease of (\$213,000) in FY2018 due to a reduction in federal funding.

**Dept. of Higher Education Federal TANF (Appropriation 2XK)** - This appropriation provides for the Career Pathways Program and totals \$7,150,00 in FY2018. The following changes are against base level:

**Operating Expenses** - Net reduction of (\$11,593) which includes a

reduction of (\$1,593) and a reallocation of (\$10,000) to Conference Fees and Travel to provide for TANF training for community colleges that have students receiving TANF.

**Conference Fees and Travel** - Increase of \$10,000 for the reason stated above.

**College Access Challenge Grant (Appropriation 58B)** - This federally funded program attempts to increase the number of low-income students entering and succeeding in postsecondary education. The total appropriation is \$700,000 in FY2018, a decrease of (\$670,000) due to the following changes against base level:

**Operating Expenses** - Decrease of (\$629,000) due to a reduction in federal funding.

**Professional Fees** - Decrease of (\$41,000) also due to the reduction in federal funding.

**Scholarship Administration (Appropriation 59B)** - This appropriation is used for the administration of the Academic Challenge Scholarship program and the Higher Education Information System. The total appropriation is \$798,228 and includes the following changes against base level:

**Regular Salaries** - Decrease of (\$85,839) due to the elimination of two positions.

**Extra Help** - Decrease of (\$20,000).

**Personal Services Matching** - Decrease of (\$31,138) due to the reduction of the two positions.

**Professional Fees** - Reduction of (\$100,000).

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

**Technical Education Program (Appropriation 772)** - Provides technical education services to institutions of higher education to improve academic achievement of career and technical education students and totals \$386,951 in FY2018. The following change is against base level:

**Professional Fees** - Reallocation of \$25,500 to Conference and Travel to provide sufficient appropriation for training expenses.

**Cash (Appropriation 921)** - This appropriation is used to administer grant awards and programs to assist minority, low-income, and adult learners further their educations. The appropriation totals \$405,000 and includes the following changes against base level:

**Operating Expenses** - Decrease of (\$28,000) due to a reduction in the cash fund balance.

**Professional Fees** - Decrease of (\$32,000) due to a reduction in the cash fund balance.

**Complete College America Grant (Appropriation 97E)** - This

appropriation is used to increase college completion for underrepresented populations. The total appropriation is \$75,000 and includes the following change against base level:

**Operating Expenses** - Decrease of (\$25,000) due to the termination of the grant.

**Health Education Grants and Loans (Appropriation HEG)** - This appropriation is used to provide the difference between resident and non-resident tuition to students attending an out-of-state institution teaching a health and medical professional program not available in Arkansas. The appropriation totals \$5,461,670 and includes the following change against base level:

**Osteopathic Aid** - Decrease of (\$180,000) due to Arkansas now having an Osteopathic medicine program in the state.

**Workforce Initiative Act of 2015 (Appropriation N60)** - This appropriation provides workforce education grants authorized by law and totals \$8 million. The following change is against base level:

**Workforce Initiative** - Increase of \$6,000,000 to restore appropriation to its FY2017 authorized level.

**III) ADDITIONAL POSITIONS** (Total FY2017 Budgeted Positions: 49)

Total positions for FY2018: 42

Total Authorized Positions: 49

Increase/(Decrease): (-7) in FY2018.

Extra Help Positions FY2018: 15 (Total FY2017 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.

**Loans - Financial Aid:** 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.

**Work Force 2000 Development Fund Procedures:** 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. Also states that amounts collected in excess of the FY2014 distribution are deposited into the Skills Development Fund (Act 893 of '15) to be used for workforce development programs by the Dept. of Career Education - Office of Skills Development.

**Higher Education 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.

**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 or Joint Budget Committee.

**\*REVISED LANGUAGE\* Transfer of 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. **Change:** Osteopathic Aid was removed from this language due to there being an Osteopathic school of medicine in Arkansas now.

**Contingency Appropriations - Transfers & 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 (SURF) 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 - 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.

**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.

**DHE Workforce Initiative Act Funding:** Allows the Chief Fiscal Officer of the State to transfer funds, up to the amount of appropriation in the Workforce Initiative Act of 2015 appropriation (eight million dollars), from the agency's operating fund to the Workforce Initiative Act of 2015 Fund for that program's grants.

**\*REVISED LANGUAGE\* Arkansas Works and Ark. Health Insurance**

**Marketplace Restrictions:** Revises the Arkansas Works and Arkansas Health Insurance Marketplace special language to delete references to the Healthcare Independence Program which has been replaced by the Arkansas Works Program. Language prohibits the institutions of higher education from budgeting, allocating, or expending any funds for the purpose of advertising or promoting the Healthcare Independence Program, Health Insurance Marketplace, and Arkansas Works, or for the activities of navigators, guides, counselors, and producers under these programs.