

Department of Higher Education (0700) - 2007-09 BIENNIUM

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.

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 \$75.5 million the first year (including a \$2.6 million biennial appro.) & \$73.4 million the second year.

FUNDING SOURCE

The budget is funded from 42.7% General Revenue (34.8% for Grants & Scholarships), 16.4% Federal Funds, 13.9% Educational Excellence Trust funds, with the remainder funded from fund balances (26.9%), Cash from donations, and Institutional Cert. fees.

II) SIGNIFICANT CHANGES

Summary of Leg. Rec.- Increases Gen. Rev. funding \$155,020 Yr.1 and \$160,200 Yr.2 for General Counsel position restoration (also unfunded Sec. II position) and increased rent costs and replacement of mainframe computer.

Increases Grants and Scholarships \$815,000 Yr.1 and \$1,325,000 Yr.2, funded from fund balances (Gen. Rev. & Educational Excellence funds) for Dependents of Law Officers, POWs, MIAs, KIAs, Second Effort and Teacher Assistance Resource programs.

Adds six (6) MFG positions and approx. \$12.5 million appropriation ea. year for federally funded TANF (Temp. Asst. Needy Families) program.

*Operations - Agency request and increase in Salary and Matching appro. and General Revenue (GR) funding totaling \$139,951 each yr. for restoration (previously authorized, not budgeted) of a General Counsel (Grade 99, \$88,000 sal.) position and a Secretary II (Grade 13) position. Also, an increase of \$20,000 and \$25,000 in yrs. 1 & 2 in Operating Expense appro. and GR funding for expected facility rental increases; an increase of GR funded Grants appro. of \$5,000 each yr. for incentive scholarships to encourage disadvantaged youths to finish high school; and a GR

funded Capital Outlay of \$20,000 each yr. to replace the agency's mainframe computer servers.

EXECUTIVE RECOMMENDATION PROVIDES FOR AGENCY REQUEST, EXCEPT NO FUNDING FOR THE SECRETARY II POSITION (\$26,931) AND DELETION OF SPECIAL LANG. ALLOWING A FUND TRANSFER FROM THE GRANTS FUND FOR THE COORDINATOR OF RECRUITMENT (\$81,400)

LEGISLATIVE RECOMMENDATION PROVIDES FOR EXECUTIVE RECOMMENDATION (except special lang.)

*Research Dev. Program - Agency request continuation of \$2 million Biennial appro. to be funded from previous special lang. requiring funds to be transferred from the Bldg. Maint. Prog. Fund (after deposits reached \$13.2 million). The 1985 Research Development Act require the funds to be used to attract scientists and industries to the State.

EXECUTIVE RECOMMENDATION CONCURS

LEGISLATIVE RECOMMENDATION PROVIDES FOR EXECUTIVE RECOMMENDATION

*Building Maintenance Fund - Agency requests approx. 646,000 Biennial appro. to use remaining funds (see Research Dev. Above).

EXECUTIVE RECOMMENDATION CONCURS

LEGISLATIVE RECOMMENDATION PROVIDES FOR EXECUTIVE RECOMMENDATION

*Student Assistance Grants and Scholarships - Agency request to increase appropriation only for Dependents of Law Enforcement Officers Scholarships (\$130,000 ea. Yr.); Dependents of POWs, MIAs, and KIAs Scholarships (\$175,000 ea. Yr.); Second Effort Scholarships (\$10,000 yr. 1 & \$20,000 yr. 2); and Targeted Teacher Development Program (\$0.5 million yr. 1 and \$1 million yr. 2). Also, the agency request to transfer the \$81,717 of appro. ea. Yr. in the Emergency Secondary Ed. Loans appro. to the Targeted Teacher Development Program (TTDP) and requests renaming TTDP to "State Teacher Assistance Resource (STAR) Program" and renaming the Teacher/Administrator Grants line item to the "Teacher Opportunity Program" to reflect Arkansas Code denotation.

EXECUTIVE RECOMMENDATION CONCURS

LEGISLATIVE RECOMMENDATION PROVIDES FOR EXECUTIVE RECOMMENDATION

*Temporary Assistance to Needy Families Program - This appro. originally established through MFG transfer in FY06 to provide federally funded grants to increase self sufficiency and job training for eligible persons. Request includes \$507,206 each yr for six positions (5 Grade 99s, 1 Grade 20) and two extra help positions; \$352,000 each year for Maintenance and Operations line items; and \$11,644,793 ea. Yr. for grants to participants.

EXECUTIVE RECOMMENDATION CONCURS

LEGISLATIVE RECOMMENDATION PROVIDES FOR EXECUTIVE RECOMMENDATION

*Elementary Science Specialist Program - <1st Extraordinary Session 2006> Agency requests to discontinue program, approx. \$570,000 for grants.

EXECUTIVE RECOMMENDATION - CONTINUE PROGRAM WITH FUNDING FROM HI.ED.GRANTS FUND

LEGISLATIVE RECOMMENDATION PROVIDES FOR EXECUTIVE RECOMMENDATION

III) ADDITIONAL POSITIONS

Total Positions for 2007-09 Biennium: 48

Total Budgeted Positions for FY 2007: 46 (includes 6 MFG positions requested to be continued into biennium)

Increase/(Decrease): 2 - Restoration of General Counsel, Grade 99, and Secretary II, Grade 20, authorized but not budgeted.

LEGISLATIVE RECOMMENDATION PROVIDES FOR EXECUTIVE RECOMMENDATION

IV) SPECIAL LANGUAGE

* Repeals ACA 6-62-104 which allowed transfer of appro. line item amts. with Dept. Higher Ed. and CFO of State approval with advice of Leg. Council.

* Allows up to four Reallocation of Resources (positions, appro. & funds) not to exceed 5% of totals amts. with Board and Leg. Council or Joint Bud. Cmt. Approval.

* Financial Aid Loans: Allows repayment of Budget Stabilization Trust Fund loans for financial aid appropriations remaining 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 93.69% 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 Emergency Secondary Education Loans, JR/SR Minority Teacher Scholars, Minority Masters Fellows and the ~~Targeted Teacher Development Program~~ State Teacher Assistance Resource Prog. to be deposited in the State Treasury as refunds to expenditures.

* Carry Forward: Requires the carryforward of unexpended funds & appropriations for the Governor's Scholars and Academic Challenge Scholarships programs from the first year to the second; requires agency justification, reporting by DFA-Budget, and agency status report prior to budget hearings with DFA inclusion in budget manuals.

* National Guard Tuition Assistance. 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.

* Governor's Scholars Program: Requires geographic distribution of awards if funding exceeds the previous fiscal year levels & number of awards increases to 200 or more.

* College Savings Bonds: Sets out requirements to meet IRS provisions.

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

* Health Education Grants Carryforward: Allows for the

carryforward of funds & appropriations from the 1st year of the biennium to the 2nd 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 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: Requires audit, by Legislative Audit, of any post-secondary institution that receives state scholarship funds.

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

* AR Geographical Critical Needs Minority Teacher Scholarship Program: Provides for the transfer of appropriation & funds to the UA-Pine Bluff to administer the scholarship program.

* Cost of Living Funding at Institutions of Higher Education: 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

*~~<Agency Request Continuation, Exec. Req. Deletion> Transfers funding for the Coordinator of Recruitment position from the Higher Education Grants Fund Account to the Department of Higher Education Fund Account.~~

LEGISLATIVE RECOMMENDATION PROVIDES FOR AGENCY REQUEST (keeping language)

*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.

*Funds and appropriation may be transferred between Health Education Grants/Loans for out-of-state medical programs.

*DHE is required to report monthly on the use of cash and general revenue contingency funds.

*DHE is to adopt rules and regs for the SURF program and use some of the funds for administrative costs.

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