

Department of Higher Education (0700) - 2009-11 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 approx. \$114 million each year.

FUNDING SOURCE

The budget is funded from approx. 38% General Revenue (34% for Grants & Scholarships), 15% Federal Funds, 13% Educational Excellence Trust funds, with the remainder funded from fund balances (32%), Cash from donations, and Institutional Cert. fees.

II) SIGNIFICANT CHANGES

*Operations - Base Level only for both years except for a \$6,500 each year increase in General Revenue (no appro.) for rent which is offset by the reduction of Gen. Rev. of <\$40,000> ea. Yr. for the Grant program - producing a net Gen. Rev. reduction of <\$33,500> each year. (Additionally, the Exec. Does not allow the transfer of the program appropriation, which could essentially delete the program.) Increase in Capital Outlay appro. only for replacement of a server and network printer and in Salary and Match appro. only of approx. \$81,000 for Director salary increase.

*Research Dev. Program - \$1 million annual program Grants appropriation, which is funded from current special lang. requiring funds to be transferred from the Bldg. Maint. Prog. Fund (after deposits reached \$13.2 million). The 1985 Research Development Act requires the funds to be used to attract scientists and industries to the State.

*State Scholarship - Federal - Increase of \$315,000 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 - \$1 million increase over base level in the Natl. Guard Tuition Incentive Prog. appro. (renamed to match Ark. Code), approx. \$154,000 increase in Student Undergrad. Research Fellowship appro., approx. \$560,000 increase in Workforce Improvement Grants appro., deletion of Faculty/Admin. Dev. Fellows Match. appro. (\$30,000), added new

Single Parent Scholarship Prog. \$175,000 appro.; all offset with reductions in Second Effort Scholarships (-20,000), Academic Chall. Sholarships (approx. -1.8 million), Dependent of Law Enforc. Offcrs. (-50,000), and Higher Ed. Opportunity Grants (-200,000); netting to \$63,511,860 at approx. \$580,000 under base level. Funded from Higher Ed. Grants Fund (General Revenue, Educational Excellence Trust funds and fund balances).

*Health Education Grants & Loans - Increase over base level in all programs, except Chiropractic Aid, and addition of Optometry Aid - Loans line item (\$140,000), all totaling approx. \$4.62 million, at approx. \$700,000 over base level. Funded from Higher Ed. Grants Fund (General Revenue, Educational Excellence Trust funds and fund balances).

*Improving Teacher Quality - Base level of approx. \$1.5 million each year. Federally funded. Provides grants to institutions of higher education to train, prepare and recruit teachers and principals.

*Temporary Assist. To Needy Families (TANF) - Base level of approx. \$12.5 million each year. Federally funded. Provides educational training to eligible persons to increase self-sufficiency of clients.

*Technical Education -Federal - Increase over base of \$25,572 each year, with appropriation totals of approx. \$391,000 and \$395,000 each year, respectively. Increases include \$9,289 each year in Operating Expense for software maintenance and \$16,283 each year in Professional Fees for new, innovative programs. Program provides technical education services to applicable institutions of higher education.

Cash Appropriation - Increase over base of \$515,620 each year, totaling \$520,000 in appro. each year, for all Maintenance and General Operations line items, except Data Processing and Capital Outlay, for costs of hosting educational conferences, the Achieve the Dream and the Non-Traditional No More Programs, \$100,000 each year in Scholarships appro. for Mahlon Martin minority scholarships, and \$5,000 ea. Yr. for Refunds/Reimbursements. Funding from donations.

*Building Maintenance Fund - Agency requests temporary discontinuance of appropriation while funding is used for the Research Development Program as required by Special Language.

*NEW APPRO. - College Access Challenge Grant - Approx. \$706,000 of Maintenance and Gen. Operating Exp. appro. to increase the underrepresented students who enter and remain in postsecondary education.

*NEW APPRO. -Ark. Govt. Worker Loan Repayment Prog. - \$5 million, appro. for repayment of fed. Student loans to state employees, payable from Higher Ed. Grants Fund (General Revenue, Educational Excellence Trust funds and fund balances).

*NEW APPRO. -Web Based Applications - \$800,000 appro. for costs of web based applications, payable from Higher Ed. Grants Fund (General Revenue, Educational Excellence Trust funds and fund

balances).

*NEW APPRO. -Scholarship Administration - Approx. \$723,000 total includes Salaries, Match, and Operating Exp. appro., payable from Higher Ed. Grants Fund (General Revenue, Educational Excellence Trust funds and fund balances).

*NEW APPRO. -Scholarships and Grants Contingency - \$20 million for transfer to various scholarship and grant appropriations in the event there are insufficient lottery proceeds, upon compliance with added special language.

III) ADDITIONAL POSITIONS

Total Positions for 2009-11 Biennium: 54

Total Budgeted Positions for FY 2009: 47

Increase/(Decrease): 7, addition of MFG position - DHE Fed. Prog. Mgr., a Prog. Coord., 3 Prog. Specialists, a Software Analyst, and an Accounting Coordinator.

IV) SPECIAL LANGUAGE

*NEW - Grants & Fund Account Set-Aside: Dept. of Higher Ed. will set aside \$20 million, or however much is available, of the un-obligated funds with any funds used for this purpose to be reimbursed from net lottery proceeds.

*NEW - Contingency Appro. Transfer: If the Director of the Dept. of Higher Ed. determines the grants/scholarships amounts committed make it necessary, he can request approval of the Chief Fiscal Officer, upon recommendation of the Lottery Comm. Oversight Committee and review of the Legislative Council, to transfer contingency appro. to the grants/scholarships line items.

*NEW - Amend Ark. Code 22-5-809(c)(1): Changes the distribution of severance taxes to transfer by warrant to the institutions cash funds instead of directly to the treasury accounts.

* 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 - Institutions: Allows up to two 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 93.691% 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 Emergency Secondary Education Loans, 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: 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 & Loans Carryforward: Allows for the carryforward of funds from the 1st year 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 & 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: 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 data 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.

* 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 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.