

Department of Higher Education (0700) - FISCAL YEAR 2011

**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, analyzes and reports institutional and student data, and recommends special language and funding and appropriation amounts.

**TOTAL APPROPRIATION**

The Department's total appropriation for the biennium is approx. \$116 million each year, which includes \$20 million of contingency appropriation.

**FUNDING SOURCE**

The budget is funded from approx. 32% General Revenue (28% for Grants & Scholarships), 13% Federal Funds, 11% Educational Excellence Trust funds, with the remainder funded from fund balances (9%, for Grants & Scholarships), Cash from donations, and Institutional Cert. fees.

**II) SIGNIFICANT CHANGES**

None

**III) ADDITIONAL POSITIONS**

Total authorized FY 2011: 54

Total authorized FY 2010: 54

Increase/(Decrease): 0

**IV) SPECIAL LANGUAGE**

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

\*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.

\* 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: 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

\* 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.
- \* 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 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.