

Department of Higher Education (0700)
FISCAL YEAR 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.

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.

TOTAL BUDGET

The Department's total appropriation is approximately \$122.3 million each year.

FUNDING SOURCE

The operations/scholarships budget is funded from approximately 56.6% General Revenue (51.3% for Grants & Scholarships), 20.4% Federal Funds, and 17.3% Educational Excellence Trust funds, with the remainder funded from fund balances, Cash from donations/grants and Institutional Certification fees, and Scholarship Lottery administration reimbursement.

II) APPROPRIATION/CHANGES

* General Operations - Total appropriation of approximately \$4.08 million, funded from general revenue, Scholarship lottery reimbursement, and certification fees, contains no notable increase over FY14.

* Student Assistance Grants & Scholarships - Total appropriation of approximately \$58.7 million, funded from general revenue and Educational Excellence Trust funds is equal to the FY14 amount. This is the Department's primary scholarships/grants appropriation, containing line items for Higher Ed. Opportunities Grants, Academic Challenge, 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.

* Health Education Grants and Loans - Appropriation total of

\$5.64 million, funded from general revenue and Educational Excellence Trust funds, is equal to the FY14 authorized (including the Act 1387 Vet. Med. Loan Forgiveness amt.); contains line items for Chiropractic Aid, Dental Aid Grants and Loans, Optometry Aid Grants and Loans, Osteopathy Aid, Podiatry Aid, and Veterinary Aid and Loan Forgiveness.

* Web Based Applications appropriation totals \$1.3 million and the Scholarship Administration appropriation of approximately \$1.068 million are both equal to the FY14 level and are funded from general revenue (grants acct.) & Educational Excellence Trust funds and Scholarship lottery reimbursement.

* Federally Funded Appropriations: State Scholarship appropriation totals \$750,000; Technical Education appropriation of \$441,151; Improving Teacher Quality totals approximately \$1.565 million; Temporary Assist. to Needy Families (TANF) totaling \$10.98 million, College Access Challenge Grant of \$3 million; Insurance Exchange Training Grants appropriation of \$2.5 million, equal to FY14, for insurance exchange training grants to assisting entities and institutions; all are equal to the FY14 amounts.

* Research Development Program - Total appropriation of \$5 million is equivalent to the FY14 amount; is used for grants to fund research groups, hire scientists, and purchase equipment to develop research capacity; and is funded from Federal lands mineral sales/leases (special language).

* Treasury Cash Operations - Total private donation and grant-funded appropriation of \$1.695 million assists minority, low-income, and adult learners through the "Achieving The Dream", "Non-Traditional No More", and "College Goal Sunday" programs; . Treasury Cash Complete College America Grant appropriation of \$1 million, equal to FY14, is funded from the named private organization to increase graduation.

* Outcome-Centered Funding Awards - Total appropriation of approximately \$54.2 million for distribution of funding awards to institutions based upon the outcome-centered component of the higher education funding formula, increased approximately \$28 million to the FY15 possible level, funded from transfers from institutions Treasury funds.

III) ADDITIONAL POSITIONS

Total Positions for FY2015: 53

Total Positions for FY2014: 53

Increase/(Decrease): 0

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.

* 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.

* 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.

* 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 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 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 - 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 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.

* 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' 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.

* 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.