



Arkansas Department of Higher Education

423 Main Street, STE 400 • Little Rock, Arkansas • 72201-3818 • (501) 371-2000 • Fax (501) 371-2001

Mike Beebe
Governor

Shane Broadway
Interim Director

August 1, 2013

The Honorable Robert Thompson, Chair
The Honorable Mark Perry, Chair
Arkansas Lottery Commission Legislative Oversight Committee
State Capitol Building
Little Rock, AR 72201

Dear Senator Thompson and Representative Perry:

Pursuant to Arkansas Code Annotated 23-115-801 (d) (2)(B), I am requesting your review of the Arkansas Department of Higher Education expenses for Fiscal 2013 for the reimbursable administrative costs associated with the scholarships awarded funded with the net proceeds of the Arkansas Lottery. The request represents \$507,956.81 in direct costs and \$286,058.87 in indirect costs for a total request of \$794,015.68

The attached report shows expenses and employee status for fiscal year ended June 30, 2013.

Should you need additional information please let me know and we will be glad to amend report. Upon completion of your review, the department shall submit the expenses to the Arkansas Lottery Commission for reimbursement to the Higher Education Grants Fund.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Shane Broadway".

Shane Broadway
Interim Director

**ARKANSAS DEPARTMENT OF HIGHER EDUCATION
ACADEMIC CHALLENGE SCHOLARSHIP ADMINISTRATION EXPENSE
PAST FIVE QUARTERS WITH YEARLY AND YEAR-TO-DATE TOTALS
Fiscal 2013**

	4thQrtFY12	Ttl. FY12	1stQrtFY13	2ndQrtFY13	3rdQrtFY13	4thQrtFY13	Ttl. FY13	Variances
DIRECT COSTS								
Salaries	\$21,821.91	\$218,429.29	\$65,744.47	\$79,374.56	\$56,366.17	\$20,831.88	\$222,317.08	\$3,887.79
Benefits	\$15,325.46	\$82,536.44	\$21,102.91	\$24,049.29	\$19,107.52	\$11,616.20	\$75,875.92	(\$6,660.52)
Extra Help			\$3,022.21	\$3,714.80	\$3,190.12	\$503.70	\$10,430.83	\$10,430.83
Operations:		\$0.00					\$0.00	\$0.00
Travel	\$102.00	\$1,343.43	\$0.00	\$0.00	\$2,667.96	-\$720.96	\$1,947.00	\$603.57
Temp Employees	\$0.00	\$10,963.33	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10,963.33)
Office Supplies	\$1,380.39	\$1,564.14	\$0.00	\$0.00	\$0.00	\$640.16	\$640.16	(\$923.98)
Network Services	\$83,019.01	\$85,944.28	\$1,648.95	\$51.06	\$8,134.39	\$1,900.37	\$11,734.77	(\$74,209.51)
Info. Tech. Hardware	\$0.00	\$0.00	\$11,400.87	\$0.00	\$0.00	\$0.00	\$11,400.87	\$11,400.87
Info. Tech. Software	\$4,034.53	\$5,860.00	\$0.00	\$0.00	\$0.00	\$15,380.10	\$15,380.10	\$9,520.10
Office Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rents and Leases	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,331.84	\$1,331.84	\$1,331.84
Professional Fees	\$138,000.00	\$178,700.00	\$0.00	\$0.00	\$31,759.90	\$125,138.34	\$156,898.24	(\$21,801.76)
Total Direct:	\$263,683.30	\$585,340.91	\$102,919.41	\$107,189.71	\$121,226.06	\$176,621.63	\$507,956.81	(\$77,384.10)
								\$0.00
INDIRECT COSTS								\$0.00
Salaries	\$42,788.50	\$171,154.00	\$43,144.76	\$43,144.76	\$43,144.76	\$43,144.76	\$172,579.02	\$1,425.02
Benefits	\$11,076.00	\$44,304.00	\$11,174.49	\$11,174.49	\$11,174.49	\$11,174.49	\$44,697.97	\$393.97
Operations:		\$0.00					\$0.00	\$0.00
Travel	\$0.00	\$0.00					\$0.00	\$0.00
Temp Employees	\$0.00	\$0.00					\$0.00	\$0.00
Office Supplies	\$0.00	\$0.00					\$0.00	\$0.00
Network Services	\$1,942.41	\$7,769.66	\$2,010.32	\$2,010.32	\$2,010.32	\$2,010.32	\$8,041.28	\$271.62
Info. Tech. Hardware	\$0.00	\$0.00					\$0.00	\$0.00
Office Equipment	\$0.00	\$0.00					\$0.00	\$0.00
Rents and Leases	\$4,844.28	\$19,377.13	\$4,478.89	\$4,478.89	\$4,478.89	\$4,478.89	\$17,915.56	(\$1,461.57)
Professional Fees	\$4,540.74	\$18,162.96	\$10,706.26	\$10,706.26	\$10,706.26	\$10,706.26	\$42,825.04	\$24,662.08
Total Indirect:	\$65,191.94	\$260,767.75	\$71,514.72	\$71,514.72	\$71,514.72	\$71,514.72	\$286,058.87	\$25,291.12
								\$0.00
TOTALS:	\$328,875.24	\$846,108.66	\$174,434.13	\$178,704.43	\$192,740.78	\$248,136.35	\$794,015.68	(\$52,092.98)

DESCRIPTION OF METHOD OF CALCULATION OF INDIRECT COSTS:

Rent: Based on ADHE cost per sq. ft. 11.33, for July 1, 2012 thru December 31, 2012 and \$16.50 from January 1, 2013 thorough June 30, 2013, times average employee work space of 150 sq. ft. times the percent time employee spends on Academic Challenge, the costs do not reflect cost of total sq. ft. of office. . **Professional Fees** consist of funds paid for the Universal Financial Aid System and Financial Aid data warehouse. The allocation of costs is based on total number of scholarships awarded for Academic Challenge versus total scholarships awarded 30,000/47,892. **Salaries** is calculated based on percent time employee worked on Academic Challenge. **Benefits** are calculated as a percentage of salary (Benefits/Salaries based on 2013 AASIS Trial balance). **Network Services** is based on the charges for all DIS services on annualized basis and is allocated by total of employees time on Academic Challenge.

**ARKANSAS DEPARTMENT OF HIGHER EDUCATION
ACADEMIC CHALLENGE SCHOLARSHIP ADMINISTRATION EXPENSE
Fiscal Years 2011-2013**

	FY11	FY12	FY13
DIRECT COSTS			
Salaries	\$ 300,003.84	\$218,429.29	\$222,317.08
Benefits	\$ 84,932.67	\$82,536.44	\$75,875.92
Extra Help	\$ -		\$10,430.83
Travel	\$ 2,535.92	\$1,343.43	\$1,947.00
Temp Employees	\$ 251,065.04	\$10,963.33	\$0.00
Office Supplies	\$ 4,225.38	\$1,564.14	\$640.16
Network Services	\$ 4,890.55	\$85,944.28	\$11,734.77
Info. Tech. Hardware	\$ -	\$0.00	\$11,400.87
Info. Tech. Software	\$ 4,721.17	\$5,860.00	\$15,380.10
Office Equipment	\$ 811.63	\$0.00	\$0.00
Rents and Leases	\$ 5,263.20	\$0.00	\$1,331.84
Professional Fees	\$ 29,536.50	\$178,700.00	\$156,898.24
Total Direct:	\$ 687,985.90	\$585,340.91	\$507,956.81
INDIRECT COSTS			
Salaries	\$ 188,862.11	\$171,154.00	\$172,579.02
Benefits	\$ 48,915.29	\$44,304.00	\$44,697.97
Travel	\$ -	\$0.00	\$0.00
Temp Employees	\$ -	\$0.00	\$0.00
Office Supplies	\$ -	\$0.00	\$0.00
Network Services	\$ 7,769.66	\$7,769.66	\$8,041.28
Info. Tech. Hardware	\$ -	\$0.00	\$0.00
Office Equipment	\$ -	\$0.00	\$0.00
Rents and Leases	\$ 19,377.13	\$19,377.13	\$17,915.56
Professional Fees	\$ 217,799.58	\$18,162.96	\$42,825.04
Total Indirect:	\$ 482,723.77	\$260,767.75	\$286,058.87
TOTALS:	\$ 1,170,709.67	\$846,108.66	\$794,015.68

DESCRIPTION OF METHOD OF CALCULATION OF INDIRECT COSTS:

Rent: Based on ADHE cost per sq. ft.11.33, for July 1, 2012 thru December 31, 2012 and \$16.50 from January 1, 2013 thorough June 30, 2013, times average employee work space of 150 sq. ft. times the percent time employee spends on Academic Challenge, the costs do not reflect cost of total sq. t of office. . **Professional Fees** consist of funds paid for the Universal Financial Aid System and Financial Aid data warehouse. The allocation of costs is based on total number of scholarships awarded for Academic Challenge versus total scholarships awarded 30,000/47,892. **Salaries** is calculated based on percent time employee worked on Academic Challenge. **Benefits** are calculated as a percentage of salary (Benefits/Salaries based on 2013 AASIS Trial balance). **Network Services** is based on the charges for all DIS services on annualized basis and is allocated by total of employees time on Academic Challenge

**ARKANSAS DEPARTMENT OF HIGHER EDUCATION
ACADEMIC CHALLENGE SCHOLARSHIP ADMINISTRATION
Employee Classification Report
Fiscal 2013**

Authorized Title	Hourly Rate	Annual Salary	Type
Software Support Analyst	\$20.91	\$43,482.40	Full Time
DHE Program Coordinator	\$34.40	\$71,543.89	Full Time
Accounting Coordinator	\$29.27	\$60,883.89	Full Time
DHE Program Coordinator	\$31.50	\$65,516.67	Full Time
DHE Program Coordinator	\$26.38	\$54,871.02	Full Time
Extra Help	\$10.49	\$21,827.10	Part Time