

STATE BOARD OF PRIVATE CAREER EDUCATION

Enabling Laws

Act 778 of 2007

A.C.A. § 6-51-601 through 623

History and Organization

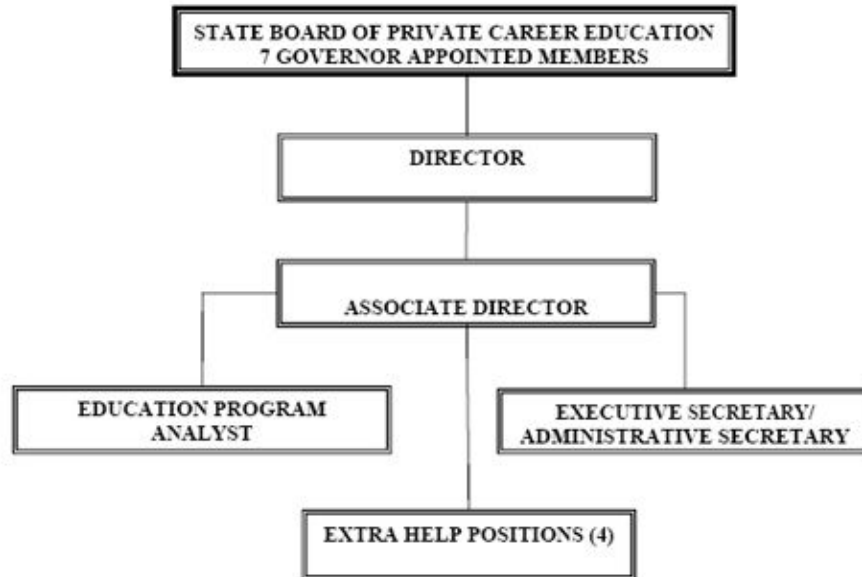
MISSION: The Arkansas State Board of Private Career Education (SBPCE) was established to provide consumer protection for Arkansas residents by licensing and monitoring organizations that offer training that leads to or enhances a career. The Board's authority extends to organizations that offer education in Arkansas or that recruit students to attend a school located in another state.

The Board was established in 1989 with responsibilities and authority as set forth in Arkansas Code Annotated § 6-51-601 et seq. The Governor appointed Board consists of seven members; four (4) members from the general public and three (3) members from the private education industry, as well as ex officio members representing the Departments of Higher Education and Workforce Education.

Currently, 254 schools and 188 admissions representatives are licensed. The original licensure process includes review and approval of items such as program content and goals, facilities, equipment, instructor qualifications, etc. Continued monitoring requires review of financial stability, advertising practices, record maintenance, transcripts, placement records, catalogs, processing student complaints, etc. Review of student complaints can include arbitration and the convening of the SBPCE Arbitration Panel, if requested by either party.

When a school ceases to operate and students are enrolled, it is the responsibility of the SBPCE Director to attempt to place each student of the school in another private career school. When a school closes, the Board receives the academic transcripts. The transcripts are scanned, maintained and serviced as long as the computer equipment available will allow for retrieval. If the school participates in the Federal Financial Aid Program, financial aid records are received for the previous three (3) years and are maintained for an additional three (3) years. If the school does not participate in the Federal Financial Aid Program, student financial records are received from the previous year and are maintained for one (1) additional year. We currently have 50,165 student transcripts available from closed schools. Transcript requests are processed twice a month.

The Student Protection Trust Fund (SPF) is funded by an annual assessment to each licensed school. On May 30, 2004, for the first time since the establishment of the Board, the SPF had a balance in excess of \$500,000. On May 30 of each year since 2004, the SPF has continued to have a balance in excess of \$500,000. Schools that were originally licensed during 1989-1991 and have maintained their licensure for fifteen (15) years will not be assessed additional fees unless the fund has a balance of less than \$500,000 on May 30 of any year. Schools that were not licensed in 1989 will continue to be assessed the fee until they have paid into the fund for fifteen (15) years. The primary purpose of the SPF is to cover the expenses associated with providing remaining education, known as a teach out, to students enrolled in a closed school or to pay claims filed by students when a teach out cannot be arranged.



Agency Commentary

The General Operations appropriation of the State Board of Private Career Education is funded primarily from special revenue derived from annual license fees, admissions representative fees, and school amendment fees for changes such as program offerings, location, etc. A Change Level increase of \$8,000 each year is requested for Operating Expenses. This increase is requested in part to cover the increase in costs related to the agency’s move in FY07. Since 1990, the Board has leased approximately 600 square feet of office space from the Arkansas Real Estate Commission. As the number of licensed schools continued to increase, additional space was needed to maintain appropriate documentation and services to the schools. The Board now leases approximately 1,343 square feet in the 501 Building. With the move came increases in categories such as rent, lease of office equipment, and telecommunications. Due to the rising cost of fuel, we are also requesting an increase to cover the cost of travel for staff and Board members. This is the first increase the Board has ever requested for operating expenses.

The additional increase of \$3,000 in Professional Fees is being requested to allow the Board to continue progress in providing more efficient electronic services to schools. Online services allow the Board to respond more rapidly to school changes and to reduce the amount of paper consumed by the Board.

For the Student Protection Trust Fund appropriation, funded from special revenues received from annual assessment fees charged to applicable schools, continuation of Authorized Level for each year of the biennium is requested. This appropriation will be used for the Student Protection Fund to:

- pay claims filed by students when a school becomes insolvent or ceases to operate without offering a complete program of study;
- pay expenses incurred by a school that are directly related to educating a student placed in the school for teach-out purposes;
- reimburse the Private Career Education Fund for expenses directly associated with the storage and maintenance of student academic and financial aid records; and
- reimburse the Private Career Education Fund for administrative costs incurred due to school closings.

The Cash Operations appropriation is funded through cash fees, grants, and proceeds received from

school surety bonds for students. A reallocation of \$315 each year from Data Processing to Operating Expenses is requested in order to properly classify any associated expenses within the State's Accounting System. With this exception, the request is for continuation of Base Level for each year of the 2009-11 biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF PRIVATE CAREER EDUCATION
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	0	3	3	75 %
Black Employees	0	1	1	25 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	25 %
Total Employees			4	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
505 Private Career Education-Operations	324,714	4	373,011	4	370,714	4	365,714	4	376,714	4	376,714	4	367,704	4	378,704	4	378,704	4
506 Student Protection Trust	15,764	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
834 Private Career Ed-Cash in Treasury	0	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0
Total	340,478	4	973,511	4	971,214	4	966,214	4	977,214	4	977,214	4	968,204	4	979,204	4	979,204	4

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,372,882	74.8	1,496,106	78.1	942,595	69.2	942,595	68.7	942,595	68.7	538,089	56.2	538,089	55.6	538,089	55.6
Special Revenue	4000030	345,986	18.8	300,000	15.7	319,000	23.4	330,000	24.0	330,000	24.0	319,000	33.3	330,000	34.1	330,000	34.1
Cash Fund	4000045	4,345	0.2	50,000	2.6	50,000	3.7	50,000	3.6	50,000	3.6	50,000	5.2	50,000	5.2	50,000	5.2
Trust Fund	4000050	113,371	6.2	70,000	3.7	50,000	3.7	50,000	3.6	50,000	3.6	50,000	5.2	50,000	5.2	50,000	5.2
Total Funds		1,836,585	100.0	1,916,106	100.0	1,361,595	100.0	1,372,595	100.0	1,372,595	100.0	957,089	100.0	968,089	100.0	968,089	100.0
Excess Appropriation/(Funding)		(1,496,106)		(942,595)		(395,381)		(395,381)		(395,381)		11,115		11,115		11,115	
Grand Total		340,478		973,511		966,214		977,214		977,214		968,204		979,204		979,204	

Fund Balances differ between fiscal years due to excess levels of appropriation for Fund Centers 506 (Student Protection Trust) & 834 (Private Career Education - Cash). Budgeted Level exceed Authorized Level for Fund Center 505 due to salary adjustments made during the 2007-2009 biennium.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
4	3	1	4	0	25.00 %	4	3	1	4	0	25.00 %	4	4	0	4	0	0.00 %

Analysis of Budget Request

Appropriation: 505 - Private Career Education-Operations

Funding Sources: SCS - Private Career Education Fund

The State Board of Private Career Education was created by Act 906 of 1989 and is responsible for annual licensure and monitoring of private career schools and admissions representatives in Arkansas. The State Operations appropriation is funded by special revenue derived primarily from annual license and admissions representative fees paid by the schools to the Board.

Two (2) Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Salaries for other Base Level classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

For the 2009-2011 biennium, the Agency is requesting additional appropriation of \$8,000 each year in Operating Expenses. This request is due to a move in FY2007 to new facilities at the 501 Building. Office space more than doubled and office space rental, equipment lease, and telecommunication costs increased accordingly. The Agency is also requesting increased appropriation to meet official business travel and Board travel expenses caused by the sharp increases in fuel costs.

The Agency is also requesting a \$3,000 increase each year in Professional Fees to continue and enhance efforts to provide more efficient electronic services to schools. According to the Board, online services allow faster response time to school needs and greatly reduce the amount of paper used by the Board. Plans are to contract with the Information Network of Arkansas (INA) in order that all forms and documents required by the Board can be submitted by the schools online.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 505 - Private Career Education-Operations

Funding Sources: SCS - Private Career Education Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	180,033	211,600	205,924	202,801	202,801	202,801	204,399	204,399	204,399
#Positions		4	4	4	4	4	4	4	4	4
Extra Help	5010001	26,674	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
#Extra Help		2	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	67,894	71,911	75,290	73,413	73,413	73,413	73,805	73,805	73,805
Operating Expenses	5020002	49,344	50,000	50,000	50,000	58,000	58,000	50,000	58,000	58,000
Conference & Travel Expenses	5050009	157	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	612	3,000	3,000	3,000	6,000	6,000	3,000	6,000	6,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		324,714	373,011	370,714	365,714	376,714	376,714	367,704	378,704	378,704
Funding Sources										
Fund Balance	4000005	636,542	657,814		584,803	584,803	584,803	538,089	538,089	538,089
Special Revenue	4000030	345,986	300,000		319,000	330,000	330,000	319,000	330,000	330,000
Total Funding		982,528	957,814		903,803	914,803	914,803	857,089	868,089	868,089
Excess Appropriation/(Funding)		(657,814)	(584,803)		(538,089)	(538,089)	(538,089)	(489,385)	(489,385)	(489,385)
Grand Total		324,714	373,011		365,714	376,714	376,714	367,704	378,704	378,704

The FY09 Budgeted Level for Regular Salaries exceeds the Authorized Level due to salary adjustments made during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 505 - Private Career Education-Operations

Funding Sources: SCS - Private Career Education Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	365,714	4	365,714	100.0	367,704	4	367,704	100.0
C01	Existing Program	11,000	0	376,714	103.0	11,000	0	378,704	103.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	365,714	4	365,714	100.0	367,704	4	367,704	100.0
C01	Existing Program	11,000	0	376,714	103.0	11,000	0	378,704	103.0

Justification

C01	Agency requests Operating Expenses appropriation to support additional costs of office rent, rent of office equipment, and telecommunications due to a move to the 501 Building. Office space has more than doubled to approximately 1,300 square feet. The rising costs of fuel has made it necessary to request increases for official business mileage and Board member travel expenses. Also, \$3,000 is requested in Professional Fees to enable the Board to more efficiently respond to the needs of the schools by provision of electronic on-line services. This will also serve to reduce the amount of paper used by the Board.
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Analysis of Budget Request

Appropriation: 506 - Student Protection Trust

Funding Sources: TCS - Private Career School Student Protection Trust Fund

The State Board of Private Career Education requests the continuation of the \$500,000 Base Level for each year of the 2009-2011 biennium for the Student Protection Trust Fund Program.

Revenues deposited into this fund consists of annual certification fees paid by participating schools to the Board and are primarily used to cover expenses associated with providing for a student's continuing education in the event a school closes or to pay student claims when this arrangement is not feasible. Schools originally licensed during the 1989-91 biennium and have maintained their licensure for fifteen (15) years will not be assessed additional fees unless the fund balance totals less than \$500,000 on May 30th of any fiscal year. Regardless of the fund balance, schools that have not paid licensure fees for fifteen (15) years will continue being charged until they have paid fees for a minimum of fifteen (15) years.

The requested appropriation will enable the Student Protection Trust Fund to carry forward the following functions:

- pay claims filed by students when a school becomes insolvent or ceases to operate without offering a complete program of study;
- pay expenses incurred by a school that are directly related to educating a student placed in the school for teach out purposes;
- reimburse the Private Career Education Board Fund for expenses directly associated with the storage and maintenance of student academic and financial aid records; and
- reimburse the Private Career Education Board Fund for administrative costs incurred due to school closings.

The Executive Recommendation provides for Base Level each year of the 2009-2011 biennium.

Appropriation Summary

Appropriation: 506 - Student Protection Trust

Funding Sources: TCS - Private Career School Student Protection Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses/Claims/Fees	5900046	15,764	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		15,764	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources										
Fund Balance	4000005	676,664	774,271		344,271	344,271	344,271	0	0	0
Trust Fund	4000050	113,371	70,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding		790,036	844,271		394,271	394,271	394,271	50,000	50,000	50,000
Excess Appropriation/(Funding)		(774,271)	(344,271)		105,729	105,729	105,729	450,000	450,000	450,000
Grand Total		15,764	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Analysis of Budget Request

Appropriation: 834 - Private Career Ed-Cash in Treasury

Funding Sources: NPC - Cash in Treasury

Funds for the Cash Operations appropriation are received through grants from the Real Estate Foundation and the Winthrop Rockefeller Foundation, investments, and from surety bond receipts paid to the Board to be used for payment of tuition refunds to students or potential students. These funds are used to supplement funding for regular operation costs of the Arkansas Private Career Education Board.

The Agency is requesting a reallocation of \$315 each year for Rent of Data Processing Equipment from Data Processing to Operating Expenses in order to properly classify any associated expenses within the State's Accounting System. With this exception, Base Level is requested for each year of the 2009-2011 biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 834 - Private Career Ed-Cash in Treasury

Funding Sources: NPC - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	81,287	81,287	81,287	81,602	81,602	81,287	81,602	81,602
Conference & Travel Expenses	5050009	0	8,898	8,898	8,898	8,898	8,898	8,898	8,898	8,898
Professional Fees	5060010	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing	5090012	0	315	315	315	0	0	315	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	100,500	100,500	100,500	100,500	100,500	100,500	100,500	100,500
Funding Sources										
Fund Balance	4000005	59,676	64,021		13,521	13,521	13,521	0	0	0
Cash Fund	4000045	4,345	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding		64,021	114,021		63,521	63,521	63,521	50,000	50,000	50,000
Excess Appropriation/(Funding)		(64,021)	(13,521)		36,979	36,979	36,979	50,500	50,500	50,500
Grand Total		0	100,500		100,500	100,500	100,500	100,500	100,500	100,500

Change Level by Appropriation

Appropriation: 834 - Private Career Ed-Cash in Treasury

Funding Sources: NPC - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	100,500	0	100,500	100.0	100,500	0	100,500	100.0
C04	Reallocation	0	0	100,500	100.0	0	0	100,500	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	100,500	0	100,500	100.0	100,500	0	100,500	100.0
C04	Reallocation	0	0	100,500	100.0	0	0	100,500	100.0

Justification

C04	The Board budgets for rent of data processing equipment. A reallocation of these costs to Operating Expenses is requested each year in order to properly classify these expenses in the State's Accounting System.
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