

STATE BOARD OF PRIVATE CAREER EDUCATION

Enabling Laws

Act 29 of 2012
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 education industry, as well as ex officio members representing the Department of Higher Education and Workforce Education.

Currently 254 schools and 163 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 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 that are then scanned, maintained and serviced as long as the computer equipment available will allow for retrieval. Financial aid records from closed schools are maintained in one of two ways: (A) Records for schools participating in the Federal Financial Aid Program are received from the previous three (3) years and will be maintained for three (3) years or (B) Records for schools not participating in the Federal Financial Aid programs are received from the previous year and are maintained for one (1) year. We currently have over 56,000 student transcripts available from closed schools.

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. Schools originally licensed anytime during 1989-1991 and 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 the 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

General Operations of the State Board of Private Career Education are 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. The request is for continuation of Authorized Level for each year of the 2013-2015 Biennium.

For the Student Protection Trust Fund appropriation, funded from special revenues received from annual assessment fees charged 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:

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

Any amounts in the fund above the required five hundred thousand dollars (\$500,000) may be used with the approval of the board to:

- Fund educational seminars and other forms of educational projects for the use and benefit of licensed school administrators, faculty, staff, or admissions representatives;
- Provide for travel expenses and registration fees to send staff or board members to accrediting meetings, seminars, or meetings relating to the school sector; or
- Provide staff assistance.

For Cash Operations funded through cash fees, grants, and proceeds received from school surety bonds for students, the request is for continuation of Authorized Level for each year of the 2013-2015 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF PRIVATE CAREER EDUCATION
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	0	2	2	50 %
Black Employees	0	2	2	50 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	50 %
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	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015							
	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	383,488	4	424,536	4	400,676	4	430,159	4	430,159	4	430,159	4	430,159	4	430,159	4	430,159	4	430,159	4
506 Student Protection Trust	23,028	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	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	100,500	0
Total	406,516	4	1,025,036	4	1,001,176	4	1,030,659	4												

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	1,501,987	80.5	1,460,150	75.8		901,364	65.9	901,364	65.9	901,364	65.9	374,803	44.6	374,803	44.6	374,803	44.6
Special Revenue	4000030	293,658	15.7	335,000	17.4		335,000	24.5	335,000	24.5	335,000	24.5	335,000	39.8	335,000	39.8	335,000	39.8
Cash Fund	4000045	179	0.0	56,250	2.9		56,250	4.1	56,250	4.1	56,250	4.1	56,250	6.7	56,250	6.7	56,250	6.7
Trust Fund	4000050	70,842	3.8	75,000	3.9		75,000	5.5	75,000	5.5	75,000	5.5	75,000	8.9	75,000	8.9	75,000	8.9
Total Funds		1,866,666	100.0	1,926,400	100.0		1,367,614	100.0	1,367,614	100.0	1,367,614	100.0	841,053	100.0	841,053	100.0	841,053	100.0
Excess Appropriation/(Funding)		(1,460,150)		(901,364)			(336,955)		(336,955)		(336,955)		189,606		189,606		189,606	
Grand Total		406,516		1,025,036			1,030,659		1,030,659		1,030,659		1,030,659		1,030,659		1,030,659	

FY13 Budget amount in (505) Private Career Education-Operations exceeds the authorized amount due to salary and matching rate adjustments during the 2011-2013 Biennium.
 Variances in fund balance due to unfunded appropriation in appropriation (834) Private Career Ed-Cash in Treasury.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %	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.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency is requesting Base Level appropriation of \$430,159 each year of the biennium.

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		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	218,962	234,702	215,434	234,702	234,702	234,702	234,702	234,702	234,702
#Positions		4	4	4	4	4	4	4	4	4
Extra Help	5010001	30,532	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
#Extra Help		3	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	79,927	84,334	79,742	89,957	89,957	89,957	89,957	89,957	89,957
Operating Expenses	5020002	51,085	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Conference & Travel Expenses	5050009	2,275	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	707	6,000	6,000	6,000	6,000	6,000	6,000	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		383,488	424,536	400,676	430,159	430,159	430,159	430,159	430,159	430,159
Funding Sources										
Fund Balance	4000005	491,119	401,289		311,753	311,753	311,753	216,594	216,594	216,594
Special Revenue	4000030	293,658	335,000		335,000	335,000	335,000	335,000	335,000	335,000
Total Funding		784,777	736,289		646,753	646,753	646,753	551,594	551,594	551,594
Excess Appropriation/(Funding)		(401,289)	(311,753)		(216,594)	(216,594)	(216,594)	(121,435)	(121,435)	(121,435)
Grand Total		383,488	424,536		430,159	430,159	430,159	430,159	430,159	430,159

FY13 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2011-2013 Biennium.

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 2013-2015 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 Agency is requesting Base Level appropriation of \$500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

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			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses/Claims/Fees	5900046	23,028	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		23,028	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources										
Fund Balance	4000005	960,395	1,008,209		583,209	583,209	583,209	158,209	158,209	158,209
Trust Fund	4000050	70,842	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Total Funding		1,031,237	1,083,209		658,209	658,209	658,209	233,209	233,209	233,209
Excess Appropriation/(Funding)		(1,008,209)	(583,209)		(158,209)	(158,209)	(158,209)	266,791	266,791	266,791
Grand Total		23,028	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 Request provides for Base Level appropriation of \$100,500 each year of the 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		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	81,602	81,602	81,602	81,602	81,602	81,602	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	0	0	0	0	0	0	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	50,473	50,652		6,402	6,402	6,402	0	0	0
Cash Fund	4000045	179	56,250		56,250	56,250	56,250	56,250	56,250	56,250
Total Funding		50,652	106,902		62,652	62,652	62,652	56,250	56,250	56,250
Excess Appropriation/(Funding)		(50,652)	(6,402)		37,848	37,848	37,848	44,250	44,250	44,250
Grand Total		0	100,500		100,500	100,500	100,500	100,500	100,500	100,500