

# STATE BOARD OF PRIVATE CAREER EDUCATION

## Enabling Laws

Act 130 of 2014  
A.C.A. § 6-51-601 et seq.

## 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 193 schools and 129 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 58,000 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 2015-2017 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:

- 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.

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 2015-2017 Biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF PRIVATE CAREER EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Recommendations

None

None

## **State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014**

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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	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	365,432	4	437,632	4	433,552	4	439,857	4	439,857	4	439,857	4	439,987	4	439,987	4	439,987	4
506 Student Protection Trust	36,125	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	50,000	0	100,500	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
<b>Total</b>	<b>401,557</b>	<b>4</b>	<b>987,632</b>	<b>4</b>	<b>1,034,052</b>	<b>4</b>	<b>989,857</b>	<b>4</b>	<b>989,857</b>	<b>4</b>	<b>989,857</b>	<b>4</b>	<b>989,987</b>	<b>4</b>	<b>989,987</b>	<b>4</b>	<b>989,987</b>	<b>4</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,472,245	80.0	1,439,898	82.4	760,466	69.7	760,466	69.7	760,466	69.7	226,846	39.0	226,846	39.0	226,846	39.0
Special Revenue	4000030	297,232	16.1	250,000	14.3	275,000	25.2	275,000	25.2	275,000	25.2	300,000	51.6	300,000	51.6	300,000	51.6
Cash Fund	4000045	195	0.0	200	0.0	200	0.0	200	0.0	200	0.0	200	0.0	200	0.0	200	0.0
Trust Fund	4000050	71,783	3.9	58,000	3.3	56,000	5.1	56,000	5.1	56,000	5.1	54,000	9.3	54,000	9.3	54,000	9.3
<b>Total Funds</b>		<b>1,841,455</b>	<b>100.0</b>	<b>1,748,098</b>	<b>100.0</b>	<b>1,091,666</b>	<b>100.0</b>	<b>1,091,666</b>	<b>100.0</b>	<b>1,091,666</b>	<b>100.0</b>	<b>581,046</b>	<b>100.0</b>	<b>581,046</b>	<b>100.0</b>	<b>581,046</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(1,439,898)		(760,466)		(101,809)		(101,809)		(101,809)		408,941		408,941		408,941	
<b>Grand Total</b>		<b>401,557</b>		<b>987,632</b>		<b>989,857</b>		<b>989,857</b>		<b>989,857</b>		<b>989,987</b>		<b>989,987</b>		<b>989,987</b>	

FY15 Budget amount in Regular Salaries and Personal Services Matching in the Private Career Education Operations appropriation exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Variances in fund balances due to unfunded appropriation.

## Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Base Level and total Agency Request is \$439,857 in FY16 and \$439,987 in FY17.

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

## 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	242,007	238,242	237,339	239,587	239,587	239,587	239,687	239,687	239,687
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	0	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
<b>#Extra Help</b>		<b>0</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	83,852	93,890	90,713	94,770	94,770	94,770	94,800	94,800	94,800
Operating Expenses	5020002	38,425	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Conference & Travel Expenses	5050009	55	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	1,093	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
<b>Total</b>		<b>365,432</b>	<b>437,632</b>	<b>433,552</b>	<b>439,857</b>	<b>439,857</b>	<b>439,857</b>	<b>439,987</b>	<b>439,987</b>	<b>439,987</b>
<b>Funding Sources</b>										
Fund Balance	4000005	344,277	276,077		88,445	88,445	88,445	0	0	0
Special Revenue	4000030	297,232	250,000		275,000	275,000	275,000	300,000	300,000	300,000
<b>Total Funding</b>		<b>641,509</b>	<b>526,077</b>		<b>363,445</b>	<b>363,445</b>	<b>363,445</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
Excess Appropriation/(Funding)		(276,077)	(88,445)		76,412	76,412	76,412	139,987	139,987	139,987
<b>Grand Total</b>		<b>365,432</b>	<b>437,632</b>		<b>439,857</b>	<b>439,857</b>	<b>439,857</b>	<b>439,987</b>	<b>439,987</b>	<b>439,987</b>

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium. Expenditure of appropriation is contingent upon available funding.

## **Analysis of Budget Request**

**Appropriation:** 506 - Student Protection Trust

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

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 Base Level and total Agency Request is \$500,000 each year of the 2015-2017 Biennium.

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

## 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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses/Claims/Fees	5900046	36,125	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		36,125	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Funding Sources</b>										
Fund Balance	4000005	1,077,188	1,112,846		670,846	670,846	670,846	226,846	226,846	226,846
Trust Fund	4000050	71,783	58,000		56,000	56,000	56,000	54,000	54,000	54,000
Total Funding		1,148,971	1,170,846		726,846	726,846	726,846	280,846	280,846	280,846
Excess Appropriation/(Funding)		(1,112,846)	(670,846)		(226,846)	(226,846)	(226,846)	219,154	219,154	219,154
Grand Total		36,125	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Expenditure of appropriation is contingent upon available funding.

## **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 Base Level and total Agency Request is \$50,000 each year of the 2015-2017 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	31,102	81,602	31,102	31,102	31,102	31,102	31,102	31,102
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
<b>Total</b>		<b>0</b>	<b>50,000</b>	<b>100,500</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	50,780	50,975		1,175	1,175	1,175	0	0	0
Cash Fund	4000045	195	200		200	200	200	200	200	200
<b>Total Funding</b>		<b>50,975</b>	<b>51,175</b>		<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>200</b>	<b>200</b>	<b>200</b>
Excess Appropriation/(Funding)		(50,975)	(1,175)		48,625	48,625	48,625	49,800	49,800	49,800
<b>Grand Total</b>		<b>0</b>	<b>50,000</b>		<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>

Expenditure of appropriation is contingent upon available funding.