

STATE BOARD OF PRIVATE CAREER EDUCATION

Enabling Laws

Act 215 of 2010
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.

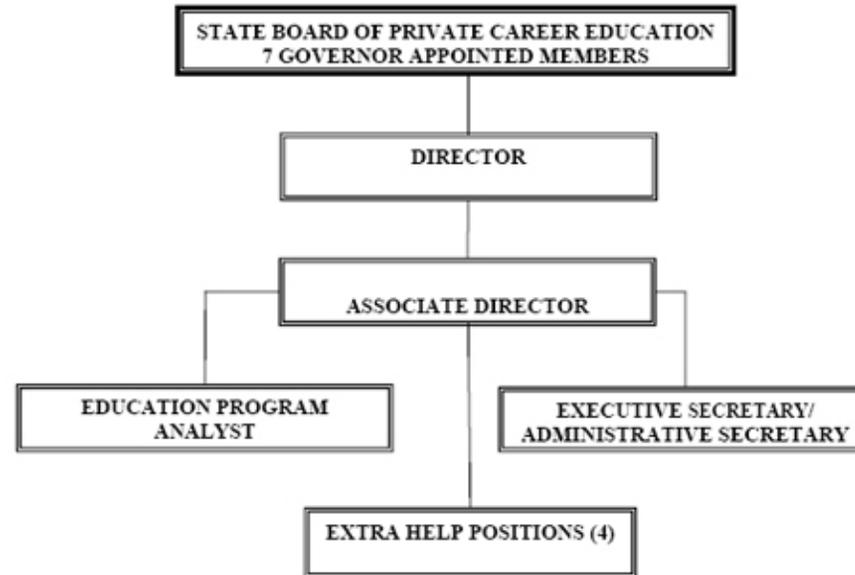
The Board was established in 1989 with responsibilities and authority as set forth in Arkansas Code Annotated 6-51-601 et. seq. The Governor appointed Board consists of seven members; four (4) members from the general public and three (3) members from the education industry, as well as ex officio members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

Currently 247 schools and 153 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 50,000 student transcripts available from closed schools. In the past year, we have implemented online transcript request for former students of closed schools. This has allowed us to cut from a three to four week process to a seven to ten day process.

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. A Change Level increase of \$5,000 each year is requested. The increase in Operating Expenses is being requested to cover the increase in costs related to the agency's opportunity to rent additional space for a conference room and training facility. The available space is adjacent to the current office space and has a connecting door.

A Change Level increase of \$8,486 is being requested for the reclassification of a position. The Board is requesting the position reclassification to transfer the day-to-day financial responsibilities from the Director. The position will also assist the Director in working with legislators, human resources, budgeting, other states, other state agencies, vendors and asset management.

A Change Level increase of \$2,500 is being requested for each year of the 2011-2013 biennium for Stipends. In order to better serve the public the Board is now having monthly meetings.

For the Student Protection Trust Fund appropriation, funded from special revenues received from annual assessment fees charged to applicable schools, continuation of Base 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 accreditation 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 Base Level for each year of the 2011-2013 biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
STATE BOARD OF PRIVATE CAREER EDUCATION

Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

Recommendations

Employment Summary

	Male	Female	Total	%
White Employees	1	2	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	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	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	373,302	4	386,329	4	378,704	4	384,549	4	403,027	4	392,240	4	384,549	4	403,027	4	392,240	4
506 Student Protection Trust	995	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	374,297	4	986,829	4	979,204	4	985,049	4	1,003,527	4	992,740	4	985,049	4	1,003,527	4	992,740	4

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,450,148	77.0	1,508,611	76.4	988,032	68.8	988,032	67.9	988,032	67.9	489,083	52.2	489,083	51.2	489,083	51.2
Special Revenue	4000030	336,564	17.9	335,000	17.0	316,522	22.0	335,000	23.0	335,000	23.0	316,522	33.8	335,000	35.1	335,000	35.1
Cash Fund	4000045	370	0.0	56,250	2.8	56,250	3.9	56,250	3.9	56,250	3.9	56,250	6.0	56,250	5.9	56,250	5.9
Trust Fund	4000050	95,826	5.1	75,000	3.8	75,000	5.2	75,000	5.2	75,000	5.2	75,000	8.0	75,000	7.9	75,000	7.9
Total Funds		1,882,908	100.0	1,974,861	100.0	1,435,804	100.0	1,454,282	100.0	1,454,282	100.0	936,855	100.0	955,333	100.0	955,333	100.0
Excess Appropriation/(Funding)		(1,508,611)		(988,032)		(450,755)		(450,755)		(461,542)		48,194		48,194		37,407	
Grand Total		374,297		986,829		985,049		1,003,527		992,740		985,049		1,003,527		992,740	

FY11 Budget amounts in appropriation (505) Private Career Education-Operations exceed authorized levels due to salary and matching rate adjustments made during the 2009-2011 biennium. Variances in fund balance due to unfunded appropriation in appropriation (834) Private Career Ed-Cash in Treasury.

Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

For the 2011 - 2013 biennium, the Board is requesting \$2,691 additional appropriation for each year of the biennium in Regular Salaries and Personal Services Matching for Stipend payments. Beginning in April of 2010, the Board began meeting on a monthly basis in order to better serve its member schools. Increases in requests, as well as increases in lag-times associated with State Police and Federal Bureau of Investigation background checks, necessitated more frequent meetings in order to limit delays in approvals for licensing, program changes, and other business that requires Board involvement and approval.

The Board also requests \$10,787 additional appropriation for each year of the biennium in Regular Salaries and Personal Services Matching for the reclassification of its Program Audit Specialist to Agency Fiscal Manager. This position will transfer daily financial responsibilities from the Director, as well as assist the Director in working with legislators, other state agencies, and other states. This will allow the Director more time for direct contact in assisting member schools as their needs arise.

The Agency is also requesting \$5,000 additional appropriation for each year of the biennium in Operating Expenses. This request will cover the necessary costs associated with the Board's leasing of an additional 1,000 sq. ft. space adjacent to their current location. This space will provide a conference and training facility for the Board to use to better meet the needs of member schools. Such needs include required training and licensing requirements. Currently, the Board teleconferences with its agencies or borrows space from ABA on an as-needed basis.

The Executive Recommendation provides the Agency Request except for the reclassification of its Program Audit Specialist to Agency Fiscal Manager.

Appropriation Summary

Appropriation: 505 - Private Career Education-Operations

Funding Sources: SCS - Private Career Education Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	205,120	207,229	204,399	205,829	216,815	208,329	205,829	216,815	208,329
#Positions	4	4	4	4	4	4	4	4	4
Extra Help 5010001	31,701	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
#Extra Help	4	4	4	4	4	4	4	4	4
Personal Services Matching 5010003	75,406	78,600	73,805	78,220	80,712	78,411	78,220	80,712	78,411
Operating Expenses 5020002	57,889	58,000	58,000	58,000	63,000	63,000	58,000	63,000	63,000
Conference & Travel Expenses 5050009	2,349	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees 5060010	837	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	373,302	386,329	378,704	384,549	403,027	392,240	384,549	403,027	392,240
Funding Sources									
Fund Balance 4000005	598,629	561,891		510,562	510,562	510,562	442,535	442,535	442,535
Special Revenue 4000030	336,564	335,000		316,522	335,000	335,000	316,522	335,000	335,000
Total Funding	935,193	896,891		827,084	845,562	845,562	759,057	777,535	777,535
Excess Appropriation/(Funding)	(561,891)	(510,562)		(442,535)	(442,535)	(453,322)	(374,508)	(374,508)	(385,295)
Grand Total	373,302	386,329		384,549	403,027	392,240	384,549	403,027	392,240

FY11 Budget amounts in Regular Salaries and Personal Services Matching exceed the authorized amounts due to salary and matching rate adjustments made during the 2009-2011 biennium.

Change Level by Appropriation

Appropriation: 505 - Private Career Education-Operations
Funding Sources: SCS - Private Career Education Fund

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	384,549	4	384,549	100.0	384,549	4	384,549	100.0
C01	Existing Program	7,691	0	392,240	102.0	7,691	0	392,240	102.0
C10	Reclass	10,787	0	403,027	104.8	10,787	0	403,027	104.8

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	384,549	4	384,549	100.0	384,549	4	384,549	100.0
C01	Existing Program	7,691	0	392,240	102.0	7,691	0	392,240	102.0
C10	Reclass	0	0	392,240	102.0	0	0	392,240	102.0

Justification

C01	A Change Level increase of \$2,500, plus Matching, is being requested for each year of the 2011-2013 Biennium for Stipends. In order to better serve the public the Board is now conducting monthly meetings. A Change Level increase of \$5,000 each year is requested in Operating Expenses to cover the increase in costs related to the Agency's opportunity to rent additional space for a conference room and training facility.
C10	The Board is requesting the reclassification of one position to transfer day-to-day financial responsibilities from the Director. The position will also assist the Director in working with legislators, human resources, budgeting, other states, other state agencies, vendors, and asset management.

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 2011-2013 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 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	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses/Claims/Fees 5900046	995	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	995	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Fund Balance 4000005	801,717	896,548		471,548	471,548	471,548	46,548	46,548	46,548
Trust Fund 4000050	95,826	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Total Funding	897,543	971,548		546,548	546,548	546,548	121,548	121,548	121,548
Excess Appropriation/(Funding)	(896,548)	(471,548)		(46,548)	(46,548)	(46,548)	378,452	378,452	378,452
Grand Total	995	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.

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		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					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	49,802	50,172		5,922	5,922	5,922	0	0	0
Cash Fund	4000045	370	56,250		56,250	56,250	56,250	56,250	56,250	56,250
Total Funding		50,172	106,422		62,172	62,172	62,172	56,250	56,250	56,250
Excess Appropriation/(Funding)		(50,172)	(5,922)		38,328	38,328	38,328	44,250	44,250	44,250
Grand Total		0	100,500		100,500	100,500	100,500	100,500	100,500	100,500