

STATE BOARD OF PRIVATE CAREER EDUCATION

Enabling Laws

Act 45 of 2003

Act 165 of 2003

AR Code § 6-51-601 through 622

History and Organization

MISSION: The Arkansas State Board of Private Career Education 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.

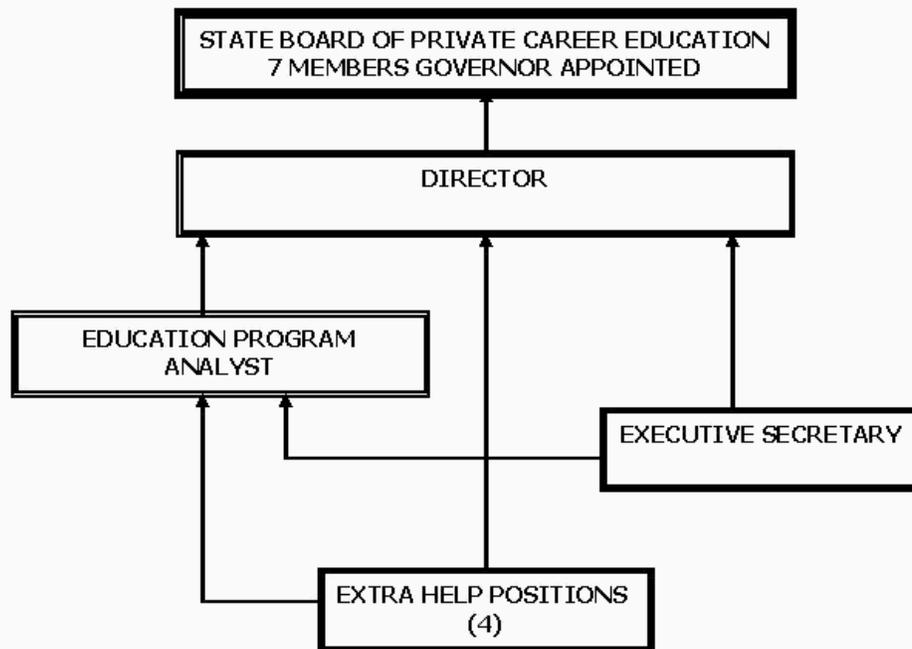
The Board was established in 1989 with responsibilities and authority as set forth in Arkansas Code Annotated 6-51-601 et. seq. The Governor appointed Board consists of seven members; four (4) members from the general public and three (3) from the industry, as well as ex officio members representing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

Currently 210 schools and 205 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 Arbitration Panel, if requested by either party.

When a school ceases to operate and students are enrolled it is the responsibility of the Board's 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 for the previous ten (10) years. The transcripts are scanned, maintained and serviced as long as the computer equipment available will allow for retrieval. Financial aid records 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. The Board staff is currently processing records from two (2) recently closed schools and awaiting delivery of records from four (4) other schools. We currently have 42,128 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. Schools that were licensed in 1989-1990 and have maintained their licensure over the last 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

For the General Operations of the Private Career Education Board, funded through Special Revenue, an increase of \$8,226 in extra help and associated matching costs and one additional extra help position is requested for each year of the new biennium. The amount will be used to hire extra help persons with a background in education so that the State can be divided into regions with a specific extra help person to conduct on sight school reviews and audits for each region. The additional position will allow the agency to maintain extra help personnel to assist with the management of closed school records. With an agency of three full time employees and the increase in the work load we do not have the time required to perform as many on site visits as we feel need to be done on an annual basis. We have recently called the surety bonds on four schools and are working on an additional review that appears it will result in calling another bond.

An increase of \$4,000 in Travel-Conference Fees is also requested. The \$4,000 request is being made to assure that the training needed is available to employees in order to maximize the use of computers and software. The request is also to allow additional staff to attend the United States Department of Education annual regional meeting. All other line items for General Operations reflect continuation of authorized level for each year of the biennium.

For the Student Protection Trust Fund appropriation, funded from special revenues received from annual assessment fees charged applicable schools, the request is for continuation of authorized level for each year of the biennium. This appropriation will be used 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.

For Cash Operations, funded from 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 biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF PRIVATE CAREER EDUCATION
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	0	2	2	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			2	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

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM

Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
505 Private Career Educ-Operations	203,758	3	272,508	3	256,777	3	291,040	3	278,814	3	295,994	3	283,768	3
506 Student Protection Trust	26,266	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
834 Private Career Educ-Cash in Treas	5,000	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0
Total	235,024	3	873,008	3	857,277	3	891,540	3	879,314	3	896,494	3	884,268	3

Funding Sources			%		%		%		%		%		%		
Fund Balance	4000005	941,968	63.5	1,249,285	76.9			751,277	63.9	751,277	64.5	564,367	57.0	564,367	57.8
Special Revenue	4000030	319,631	21.5	250,000	15.4			275,000	23.4	262,774	22.6	275,000	27.8	262,774	26.9
Cash Fund	4000045	100,831	6.8	25,000	1.5			50,000	4.3	50,000	4.3	50,000	5.1	50,000	5.1
Trust Fund	4000050	121,879	8.2	100,000	6.2			100,000	8.4	100,000	8.6	100,000	10.1	100,000	10.2
Total Funds		1,484,309	100.0	1,624,285	100.0			1,176,277	100.0	1,164,051	100.0	989,367	100.0	977,141	100.0
Excess Appropriation/(Funding)		(1,249,285)		(751,277)				(284,737)		(284,737)		(92,873)		(92,873)	
Grand Total		235,024		873,008				891,540		879,314		896,494		884,268	

The FY04 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the Authorized Levels for the Operations appropriation due to salary and matching rate adjustments during the 2003-05 biennium.

Analysis of Budget Request

Appropriation / Program: 505 - Private Career Educ-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 appropriation is funded by special revenue derived primarily from annual license and admissions representative fees paid by the schools to the Board.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for three (3) Base Level positions. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

For the 2005-07 biennium, the agency is requesting one (1) additional Extra Help position to assist with the management of records associated with school closings and on-site school reviews and audits. A total of \$12,226 in Change Level requests each year will be used as follows:

- An additional \$8,226 each year for Extra Help and related Personal Services Matching for costs associated with increased utilization of Extra Help personnel to conduct on-site school visits and reviews.
- \$4,000 each year for Conference Fees & Travel is requested to provide staff with training to maximize computer skills and permit staff to attend the annual regional meeting of the U.S. Department of Education.

The Executive Recommendation provides for Base Level.

Appropriation / Program Summary

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

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	131,445	143,936	135,970	147,861	147,861	147,861	151,866	151,866	151,866
#Positions	3	3	3	3	3	3	3	3	3
Extra Help 5010001	12,039	25,000	25,000	25,000	32,500	25,000	25,000	32,500	25,000
#Extra Help	4	4	4	4	5	4	4	5	4
Personal Services Matching 5010003	37,717	46,572	38,807	48,953	49,679	48,953	49,902	50,628	49,902
Operating Expenses 5020002	19,413	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Travel-Conference Fees 5050009	2,932	4,000	4,000	4,000	8,000	4,000	4,000	8,000	4,000
Professional Fees and Services 5060010	212	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
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	203,758	272,508	256,777	278,814	291,040	278,814	283,768	295,994	283,768
Funding Sources									
Fund Balance 4000005	487,042	602,915		580,407	580,407	580,407	564,367	564,367	564,367
Special Revenue 4000030	319,631	250,000		262,774	275,000	262,774	262,774	275,000	262,774
Total Funding	806,673	852,915		843,181	855,407	843,181	827,141	839,367	827,141
Excess Appropriation/(Funding)	(602,915)	(580,407)		(564,367)	(564,367)	(564,367)	(543,373)	(543,373)	(543,373)
Grand Total	203,758	272,508		278,814	291,040	278,814	283,768	295,994	283,768

The FY04 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the Authorized Levels due to salary and matching rate adjustments during the 2003-05 biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	278,814	3	278,814	100.0	283,768	3	283,768	100.0
C01	Existing Program	12,226	0	291,040	104.3	12,226	0	295,994	104.3

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	278,814	3	278,814	100.0	283,768	3	283,768	100.0
C01	Existing Program	0	0	278,814	100.0	0	0	283,768	100.0

Justification

C01 By increasing Travel and Conference Fees by \$4,000 each year, employees can receive the appropriate training related to computers and software packages and benefits from attending national and regional meetings. Computer training and attendance at meetings allows the agency to function more efficiently. Increased extra help and associated matching appropriation to support an additional extra help position will provide the ability for more detailed and closer review of schools for better protection of the students.

Analysis of Budget Request

Appropriation / Program: 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 2005-07 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. 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. Expenditure of appropriation is contingent upon available funding.

Appropriation / Program Summary

Appropriation / Program: 506 Student Protection Trust
Funding Sources: TCS-Private Career School Student Protection Trust Fund

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses/Claims/Fees 5900046	26,266	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	26,266	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Fund Balance 4000005	454,926	550,539		150,539	150,539	150,539	0	0	0
Trust Fund 4000050	121,879	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	576,805	650,539		250,539	250,539	250,539	100,000	100,000	100,000
Excess Appropriation/(Funding)	(550,539)	(150,539)		249,461	249,461	249,461	400,000	400,000	400,000
Grand Total	26,266	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Analysis of Budget Request

Appropriation / Program: 834 - Private Career Educ-Cash in Treas

Funding Sources: NPC-Cash in Treasury

Funds for the Cash Operations appropriation are received through grants primarily from the Real Estate Foundation and the Winthrop Rockefeller Foundation and can be used to supplement funding for regular operation costs of the Arkansas Private Career Education Board. The agency is requesting Base Level, which is the FY05 authorized level of \$100,500 for each year of the 2005-07 biennium.

The Executive Recommendation provides for Base Level. Expenditure of appropriation is contingent upon available funding.

Appropriation / Program Summary

Appropriation / Program: 834 Private Career Educ-Cash in Treas
Funding Sources: NPC-Cash in Treasury

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	5,000	81,287	81,287	81,287	81,287	81,287	81,287	81,287	81,287
Travel-Conference Fees 5050009	0	8,898	8,898	8,898	8,898	8,898	8,898	8,898	8,898
Professional Fees and Services 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	315	315	315	315	315
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	5,000	100,500	100,500	100,500	100,500	100,500	100,500	100,500	100,500
Funding Sources									
Fund Balance 4000005	0	95,831		20,331	20,331	20,331	0	0	0
Cash Fund 4000045	100,831	25,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding	100,831	120,831		70,331	70,331	70,331	50,000	50,000	50,000
Excess Appropriation/(Funding)	(95,831)	(20,331)		30,169	30,169	30,169	50,500	50,500	50,500
Grand Total	5,000	100,500		100,500	100,500	100,500	100,500	100,500	100,500