

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**AGENCY PROGRAM COMMENTARY**  
**2003 - 2005**

We are not requesting additional appropriation for personnel in the upcoming biennium.

Requests for additional budgetary authority in Character 02 - Maintenance and Operations, Character 09 - Conference Fees and Travel, and Character 10 - Professional Fees and Services will allow us to meet general inflationary increases in the cost of doing business and provide for normal replacement of computer equipment.

Volume and complexity of the student loan program have made computer support essential to efficient and effective control of loan operations. The Authority currently utilizes computers in each and every staff workplace. We utilize the Windows NT Local Area Network to facilitate constant communication between all internal workstations. Most all correspondence is now available on-line, saving postage, handling and storage of paper documents.

The Authority maintains an Internet Home Page designed to be used by students, parents and high school guidance counselors. Financial aid forms and most financial aid information can be downloaded and forms can be completed electronically in many cases.

The Authority must be in a position to utilize similar systems and enhancements as they become available. In accordance with our Agency's Information Technology Plan for the 2003-2005 biennium, the Authority is requesting appropriation of \$9,000 in each year of the biennium for computer system and equipment upgrade. Funding for this expenditure will be provided by the cash funds from loan program operations.

The Change Level One requests for additional budgetary authority in Character 02 - Maintenance and Operations (FY 2003-2004 \$13,053 and FY 2004-2005 \$21,053), Character 09 - Conference Fees and Travel (FY 2003-2004 \$3,000 and FY 2004-2005 \$5,000), and Character 10 - Professional Fees and Services (FY 2003-2004 \$0 and FY 2004-2005 \$500,000) are to meet not only the general inflationary increases in the cost of doing business, but more importantly, the necessary increases in support which are directly proportional to the growth in current and anticipated loan volume and loan assets to be managed.

<b>AGENCY</b> Arkansas Student Loan Authority	<b>DIRECTOR</b> 	<b>AGENCY PROGRAM COMMENTARY</b>	<b>PAGE 438</b>
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**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**AGENCY PROGRAM COMMENTARY**  
**2003 - 2005**

The Change Level Eight request is due to the volume and complexity of the student loan program making computer support critical to efficient and effective control of operations. The Authority is requesting appropriation of \$9,000 in each year of the 2003-2005 biennium for computer system and equipment upgrade. Funding for this expenditure will be provided by the cash funds from loan program operations.

<b>AGENCY</b> Arkansas Student Loan Authority	<b>DIRECTOR</b> 	<b>AGENCY PROGRAM COMMENTARY</b>	<b>PAGE</b> 439
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DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF:  
ARKANSAS STUDENT LOAN AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2001

Findings

None

Recommendations

None

SA0934701

Audited By: Moore Stephens Frost, CPAs



**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**

**STATE AGENCY PUBLICATIONS**

Fiscal Year 2002-2003

Required by: A.C.A. 25-1-204

AGENCY: Arkansas Student Loan Authority AGENCY #: 0347

NAME OF PUBLICATION	STATUTORY AUTHORIZATION ACT# OR A.C.A.	REQUIRED FOR GOVERNOR AND/OR GENERAL ASSEMBLY ONLY	NUMBER OF COPIES PUBLISHED & DISTRIBUTED	REASON(S) FOR CONTINUED PUBLICATION AND DISTRIBUTION
NO PUBLICATIONS				

**CASH FUND BALANCE DESCRIPTION  
AS OF JUNE 30, 2002**

**AGENCY:** AR STUDENT LOAN AUTHORITY

ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
1570000	\$22,346.43	CHECKING	REGIONS BANK - LR.	Arkansas Code 6-8-102 established the Ar Student Loan Authority and authorizes the Authority to provide grants and guaranteed educational loans through the process of buying and selling educational loan notes. Use of cash fund balances are restricted by Bond Trust Indentures.
				<b>STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:</b> Proceeds received from the repayment of principal and interest on guaranteed educational loans and from loan investments shall be used to meet necessary expenses of the Authority in the fulfillment of its mission.
				<b>REVENUE RECEIPTS CYCLE:</b> Funds collected from the sale of revenue bonds are deposited monthly. Various investment strategies are used to maximize proceeds available to meet necessary costs of the Authority
				<b>FUND BALANCE UTILIZATION:</b> The use of fund balances are restricted by the terms of Trust Indentures that pertain to the maintenance of various funds and reserves and the investment of such when not needed for authorized purposes.
ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
				<b>STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:</b>
				<b>REVENUE RECEIPTS CYCLE:</b>
				<b>FUND BALANCE UTILIZATION:</b>

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

The Arkansas Student Loan Authority was created for the purpose of originating and acquiring student loans and supports Arkansas student financial assistance by purchasing loans made by local lenders to higher education students. The process provides liquidity to banks so additional loans may be made to students in need.

The Student Outreach Services (SOS) program reaches into Arkansas communities to increase public awareness about attending college and what financial assistance is available. The SOS resource center gives students and families access to computerized software, resource books and the Internet to locate career interests, colleges, financial aid information, and scholarships.

Funding for the Agency is derived from bond issues.

Base Level is \$5,590,232 for FY04 and \$5,598,391 for FY05 including a 2.7% salary increase each year over the FY03 salary levels for all incumbents plus associated increases in Personal Services Matching. Included in Personal Services Matching is a \$33 per month increase in the monthly contribution for State employee's health insurance for a total state contribution of \$280 per month per budgeted employee.

The Agency is requesting additional Operating Expenses of \$13,053 in FY04 and \$21,053 in FY05 primarily for anticipated increases in postage, vehicle maintenance, rent of office equipment, replacement of office furniture and equipment, business travel and board member expenses. An additional \$9,000 each year is requested for computer replacement and upgrade.

The request for an additional \$3,000 in FY04 and \$5,000 in FY05 for Conference Fees and Travel would allow the Director to attend various conferences and travel to councils on which he is a member.

A Change Level in Professional Fees and Services of \$500,000 in FY05 is requested for anticipated increases in such items as legal advisory services, auditor fees, and loan servicing fees.

The Executive Recommendation provides for Base Level and the request for additional Operating Expenses. Expenditure of appropriation is contingent upon available funding.

AGENCY	APPROPRIATION	CASH FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: Arkansas Student Loan Authority	Name: Arkansas Student Loan Authority Operations	Name: Arkansas Student Loan Authority - Cash		444
Code: 347	Code: A51	Code: 157		

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name: STUDENT LOAN AUTHORITY  
 Agency Code: 347  
 Appropriation Name: Student Loan Authority Operations  
 Appropriation Code: AS1  
 Fund Name: Student Loan Authority - Cash  
 Fund Code: 157

Character Name	Expenditures					Agency Request										Recommendations							
	2001-02		2002-03		2002-03		2003-04					2004-05					2003-04			Executive		2004-05	
	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.		
Regular Salaries	253,960	249,971	5	249,971	5	256,720	5	0	0	256,720	5	263,652	5	0	0	263,652	5	256,720	5	263,652	5		
Personal Serv Match	64,052	59,085	0	66,514	0	62,265	0	0	0	62,265	0	63,493	0	0	0	63,493	0	62,265	0	63,493	0		
Operating Expenses	112,366	155,947	0	155,947	0	155,947	0	22,053	0	178,000	0	155,947	0	30,053	0	186,000	0	178,000	0	186,000	0		
Travel-Conferences	13,707	15,000	0	15,000	0	15,000	0	3,000	0	18,000	0	15,000	0	5,000	0	20,000	0	15,000	0	15,000	0		
Capital Outlay	3,506	30,000	0	30,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Prof. Fees & Serv.	3,124,773	5,100,000	0	5,100,000	0	5,100,000	0	0	0	5,100,000	0	5,100,000	0	500,000	0	5,600,000	0	5,100,000	0	5,100,000	0		
Data Processing	0	100	0	100	0	100	0	0	0	100	0	100	0	0	0	100	0	100	0	100	0		
Loans	0	200	0	200	0	200	0	0	0	200	0	200	0	0	0	200	0	200	0	200	0		
<b>Grand Total</b>	<b>3,572,330</b>	<b>5,610,303</b>	<b>5</b>	<b>5,617,732</b>	<b>5</b>	<b>5,590,232</b>	<b>5</b>	<b>25,053</b>	<b>0</b>	<b>5,615,285</b>	<b>5</b>	<b>5,596,391</b>	<b>5</b>	<b>535,053</b>	<b>0</b>	<b>6,133,444</b>	<b>5</b>	<b>5,612,285</b>	<b>5</b>	<b>5,628,444</b>	<b>5</b>		

Funding Sources Name	2001-02 Actual	2002-03 Budget	2002-03 Pos.	2002-03 Authorized	2002-03 Pos.	2003-04 Base Level	2003-04 Pos.	2003-04 Change Level	2003-04 Pos.	2003-04 Total	2003-04 Pos.	2004-05 Base Level	2004-05 Pos.	2004-05 Change Level	2004-05 Pos.	2004-05 Total	2004-05 Pos.	2003-04	2004-05		
Fund Balance	21,478	24,345	*****	*****	*****	26,245	*****	0	*****	26,245	*****	26,245	*****	0	*****	26,245	*****	26,245	*****	29,245	*****
Cash Funds	3,575,197	5,612,203	*****	*****	*****	5,590,232	*****	25,053	*****	5,615,285	*****	5,596,391	*****	535,053	*****	6,133,444	*****	5,615,285	*****	6,133,444	*****
Total Funding	3,596,675	5,636,548	*****	*****	*****	5,616,477	*****	25,053	*****	5,641,530	*****	5,622,636	*****	535,053	*****	6,159,689	*****	5,641,530	*****	6,162,689	*****
Excess Appro/(Funding)	(24,345)	(26,245)	*****	*****	*****	(26,245)	*****	0	*****	(26,245)	*****	(26,245)	*****	0	*****	(29,245)	*****	(29,245)	*****	(534,245)	*****
<b>Grand Total</b>	<b>3,572,330</b>	<b>5,610,303</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>	<b>5,590,232</b>	<b>*****</b>	<b>25,053</b>	<b>*****</b>	<b>5,615,285</b>	<b>*****</b>	<b>5,596,391</b>	<b>*****</b>	<b>535,053</b>	<b>*****</b>	<b>6,133,444</b>	<b>*****</b>	<b>5,612,285</b>	<b>*****</b>	<b>5,628,444</b>	<b>*****</b>

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                   STUDENT LOAN AUTHORITY  
 Agency Code                   347  
 Appropriation Name            Student Loan Authority Operations  
 Appropriation Code            A51  
 Fund Name                     Student Loan Authority - Cash  
 Fund Code                     157

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Regular Salaries	5010000	253,966	249,971	5	249,971	5
Personal Serv Match	5010003	64,052	59,085	0	66,514	0
Operating Expenses	5020002	112,366	155,947	0	155,947	0
Travel-Conferences	5050009	13,707	15,000	0	15,000	0
Capital Outlay	5120011	3,506	30,000	0	30,000	0
Prof. Fees & Serv.	5060010	3,124,733	5,100,000	0	5,100,000	0
Data Processing	5090012	0	100	0	100	0
Loans	5120029	0	200	0	200	0
<b>Grand Total</b>		<b>3,572,330</b>	<b>5,610,303</b>	<b>5</b>	<b>5,617,732</b>	<b>5</b>

Funding Sources						
Name	Code					
Fund Balance	4000005	21,478	24,345	*****	*****	*****
Cash Funds	4000045	3,575,197	5,612,203	*****	*****	*****
<b>Total Funding</b>		<b>3,596,675</b>	<b>5,636,548</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>
Excess Appro/(Funding)		(24,345)	(26,245)	*****	*****	*****
<b>Grand Total</b>		<b>3,572,330</b>	<b>5,610,303</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name           STUDENT LOAN AUTHORITY  
 Agency Code           347  
 Appropriation Name    Student Loan Authority Operations  
 Appropriation Code    A51  
 Fund Name             Student Loan Authority - Cash  
 Fund Code             157

Character		Agency Request											
		2003-04						2004-05					
		Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Regular Salaries	5010000	256,720	5	0	0	256,720	5	263,652	5	0	0	263,652	5
Personal Serv Match	5010003	62,265	0	0	0	62,265	0	63,493	0	0	0	63,493	0
Operating Expenses	5020002	155,947	0	22,053	0	178,000	0	155,947	0	30,053	0	186,000	0
Travel-Conferences	5050009	15,000	0	3,000	0	18,000	0	15,000	0	5,000	0	20,000	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0	0	0	0
Prof. Fees & Serv.	5060010	5,100,000	0	0	0	5,100,000	0	5,100,000	0	500,000	0	5,600,000	0
Data Processing	5090012	100	0	0	0	100	0	100	0	0	0	100	0
Loans	5120029	200	0	0	0	200	0	200	0	0	0	200	0
<b>Grand Total</b>		<b>5,590,232</b>	<b>5</b>	<b>25,053</b>	<b>0</b>	<b>5,615,285</b>	<b>5</b>	<b>5,598,391</b>	<b>5</b>	<b>535,053</b>	<b>0</b>	<b>6,133,444</b>	<b>5</b>

Funding Sources													
Name	Code												
Fund Balance	4000005	26,245	*****	0	*****	26,245	*****	26,245	*****	0	*****	26,245	*****
Cash Funds	4000045	5,590,232	*****	25,053	*****	5,615,285	*****	5,598,391	*****	535,053	*****	6,133,444	*****
<b>Total Funding</b>		<b>5,616,477</b>	<b>*****</b>	<b>25,053</b>	<b>*****</b>	<b>5,641,530</b>	<b>*****</b>	<b>5,624,636</b>	<b>*****</b>	<b>535,053</b>	<b>*****</b>	<b>6,159,689</b>	<b>*****</b>
Excess Appro/(Funding)		(26,245)	*****	0	*****	(26,245)	*****	(26,245)	*****	0	*****	(26,245)	*****
<b>Grand Total</b>		<b>5,590,232</b>	<b>*****</b>	<b>25,053</b>	<b>*****</b>	<b>5,615,285</b>	<b>*****</b>	<b>5,598,391</b>	<b>*****</b>	<b>535,053</b>	<b>*****</b>	<b>6,133,444</b>	<b>*****</b>

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name           STUDENT LOAN AUTHORITY  
 Agency Code           347  
 Appropriation Name    Student Loan Authority Operations  
 Appropriation Code    A51  
 Fund Name             Student Loan Authority - Cash  
 Fund Code             157

Character		Recommendations							
		Executive				Legislative			
		2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Regular Salaries	5010000	256,720	5	263,652	5	0	0	0	0
Personal Serv Match	5010003	62,265	0	63,493	0	0	0	0	0
Operating Expenses	5020002	178,000	0	186,000	0	0	0	0	0
Travel-Conferences	5050009	15,000	0	15,000	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0
Prof. Fees & Serv.	5060010	5,100,000	0	5,100,000	0	0	0	0	0
Data Processing	5090012	100	0	100	0	0	0	0	0
Loans	5120029	200	0	200	0	0	0	0	0
<b>Grand Total</b>		<b>5,612,285</b>	<b>5</b>	<b>5,628,444</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Funding Sources									
Name	Code	2003-04		2004-05		2003-04		2004-05	
Fund Balance	4000005	26,245	*****	29,245	*****	0	*****	0	*****
Cash Funds	4000045	5,615,285	*****	6,133,444	*****	0	*****	0	*****
<b>Total Funding</b>		<b>5,641,530</b>	<b>*****</b>	<b>6,162,689</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>
Excess Appro/(Funding)		(29,245)	*****	(534,245)	*****	0	*****	0	*****
<b>Grand Total</b>		<b>5,612,285</b>	<b>*****</b>	<b>5,628,444</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Rank by Appropriation

Agency Name      STUDENT LOAN AUTHORITY  
Agency Code      347  
Appropriation Name      Student Loan Authority Operations  
Appropriation Code      A51  
Fund Name      Student Loan Authority - Cash  
Fund Code      157

Rank	Justification	Designation	Cost Center	2001-02	2002-03		Agency Request			Executive Recommendation			Legislative Recommendation					
				Actual	Budget	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
		BL      Base Level	Total	3,572,330	5,610,303	5	5,590,232	5	5,598,391	5	5,590,232	5	5,598,391	5	0	0	0	0
1	To meet not only the general inflationary increases in the cost of doing business, but more importantly, the necessary increases in support which are directly proportional to the growth in current and anticipated loan volume and loan assets to be managed.	C01	294201      General Operating	0	0	0	16,053	0	526,053	0	13,053	0	21,053	0	0	0	0	0
		C01	Total	0	0	0	16,053	0	526,053	0	13,053	0	21,053	0	0	0	0	0
		C08      Technology	294201      General Operating	0	0	0	9,000	0	9,000	0	9,000	0	9,000	0	0	0	0	0
2	The volume and complexity of the student loan program make computer support critical to efficient and effective control of operations. This request is for computer system and equipment upgrades.	C08      Technology	Total	0	0	0	9,000	0	9,000	0	9,000	0	9,000	0	0	0	0	0
		C08      Technology	Total	0	0	0	9,000	0	9,000	0	9,000	0	9,000	0	0	0	0	0
		Grand Total	Total	3,572,330	5,610,303	5	5,615,285	5	6,133,444	5	5,612,285	5	5,628,444	5	0	0	0	0