



Instructions for Preparation of the
ANNUAL OPERATIONS PLAN
For Institutions of Higher Education
Fiscal Year 2023

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Table of Contents

OVERVIEW OF ANNUAL OPERATIONS PLANS	3
American Rescue Plan Act Appropriation	3
LAWS REQUIRING SPECIAL ATTENTION	4
GENERAL INSTRUCTIONS	7
PREPARATION OF QUARTERLY ALLOTMENTS.....	8
ANNUAL OPERATIONS PLAN CHECKLIST.....	9
IMPORTANT DATES.....	9
THE ANNUAL FUND CENTER WORKSHEET.....	10
CARRY FORWARD OF ANY REMAINING FUND BALANCES FROM FISCAL YEAR 2022 TO FISCAL YEAR 2023	12
APPENDIX.....	Error! Bookmark not defined.
DEFINITIONS.....	Error! Bookmark not defined.

OVERVIEW OF ANNUAL OPERATIONS PLANS

All Institutions of Higher Education must submit an annual fiscal program by **May 2, 2022**, supported by the required Annual Funds Center Worksheet and President/Chancellor approval letter to the Department of Finance and Administration, Office of Budget. The approved program will be uploaded to the Arkansas Administrative Statewide Information System (AASIS).

For those institutions funded through the Educational Excellence Trust Fund, distribution of funds may change after the initial budgets are established effective July 1, 2022, pursuant to A.C.A. §6-5-301. Institutions should spend funds cautiously until final funding levels are determined.

For those institutions funded through the Tobacco Settlement Trust Fund, distribution of funds may change after the initial budgets are established effective July 1, 2022, pursuant to A.C.A. §19-12-101. Institutions should spend funds cautiously until final funding levels are determined.

For those institutions receiving funds from the Work Force 2000 Development Fund, distribution from this source will not be included on the initial budgets established for fiscal year 2023. Annual Work Force 2000 Development Fund transfers of both appropriation and funding will be processed after July 1, 2022 when final funding levels as based on certified fiscal year 2022 collections are determined as provided under A.C.A. §26-51-205.

For those agencies funded from the Miscellaneous Agencies Fund, the budget analyst will provide the funding level for the 2023 Annual Fiscal Program as soon as possible after the issuance of the Official Forecast of general revenue available for distribution to agencies.

American Rescue Plan Act Appropriation

For those agencies receiving federal funds under the American Rescue Plan Act of 2021 (ARPA), Section 41 of Act 199 of 2022 continues the requirement that “All appropriation and expenditures for funding received for the American Rescue Plan Act of 2021 shall be expended using the American Rescue Plan Act of 2021 Appropriation Section as authorized in this Act.” This will require all agencies and institutions to follow the established ARPA Appropriation request process to receive authorization of appropriation to spend these funds in Fiscal Year 2023. As this appropriation is not authorized in each entities’ Fiscal Year 2023 appropriation act, agencies and institutions should not include ARPA Appropriation as part of the FY2023 Annual Operations Plan submittal. Agencies should submit the ARPA Appropriation requests to their budget analyst through the established process for June ALC-PEER consideration. Your budget analyst will provide more detail.

LAWS REQUIRING SPECIAL ATTENTION

- Act 763 of 2019 amended A.C.A. §21-5-1401, **to create** the Higher Education Uniform Classification and Compensation Act of the State of Arkansas. This act established the classification of all positions for state institutions of higher education as well as provided a compensation plan for the setting of salaries and salary increases.
 - The act also created an institution merit increase pay system as provided under A.C.A. §21-5-1001 et seq. for employees of all state institutions. Upon satisfaction of performance evaluation-based criteria developed by institutions in accordance with rules and policies developed by the Division of Higher Education, eligible employees can receive an increase in salary or a lump-sum merit bonus. Further information will be provided on this process by the Division of Higher Education.
- A.C.A. §25-16-903 through A.C.A. §25-16-905, as amended, provides authorization and restrictions regarding stipends and expense reimbursements for members of boards and commissions. In accordance with the United States Internal Revenue Code (IRC), 2001-Code-Vol, Sec 3401 and Treasury Regulations §31.3401(c)-1(a) and §1.1402(c)-2(b), persons receiving stipends shall be considered as a state employee for issuance of W-2 forms. Board members are authorized to receive stipend payments per day for each meeting, examination, evaluation or inspection attended or for any day while performing any proper business of the board. The board must vote during its first regularly scheduled meeting of each calendar year to authorize payment to its members.
- A.C.A. §21-12-502 requires notification by agencies to the Legislative Council and to the Department of Transformation and Shared Services - Office of Personnel Management of plans to implement layoffs of state employees due to privatization of programs.
- A.C.A. §21-4-501 allows for the payment of accrued sick leave for retiring employees. While it is difficult to budget for this unknown event, institutions are cautioned about the fiscal impact of this legislation.
- A.C.A. §19-4-2201 requires Legislative Council or Joint Budget Committee review of certain discretionary grants awarded by state institutions.
- A.C.A. §6-80-106 provides that each state supported institution of higher education shall not exceed its unrestricted educational and general tuition and mandatory fee income spending for academic and performance scholarships by more than twenty percent (20%). All expenditures for academic and performance scholarships exceeding twenty percent (20%) of unrestricted educational and general tuition and mandatory fee income in a fiscal year shall be deducted from the state funding recommendations as determined by the appropriate funding formula model for the fiscal year in the following biennium.
- A.C.A. §24-2-701(C)(3) allows the Board of Trustees of the Arkansas Public Employees Retirement System to establish employer contributions each year. **The state employee retirement rate has been set at 15.32% for fiscal year 2023.**
- A.C.A. § 24-4-402(b) and (c), requires employers in the Arkansas Public Employees' Retirement System to make contributions for **both active and retired members** who have returned to work.
- A.C.A. §24-2-701(c)(1) allows the Board of Trustees of the Arkansas Teacher Retirement System to establish employer contributions each year. **The teacher retirement rate has been set at 15% for FY2023.**
- A.C.A. §6-62-105 allows private borrowing from a private financial institution by a state supported institution of higher education under certain circumstances.

- A.C.A. §6-62-309(c) authorizes the board of trustees of each institution of higher education to reallocate resources if necessary for the purposes of preventing a default on its indebtedness. Prior approval of the Legislative Council or Joint Budget Committee is required.
- A.C.A. §6-53-302(d) specifies qualifications for appointments to the local Board of Trustees of Technical Colleges.
- A.C.A. §6-61-231, as amended creates a system for fully transferable credit hours from degrees in Associate of Arts, Associate of Science, and Associate of Arts in Teaching among public institutions of higher education.
- A.C.A. §22-5-809(c)(1) provides that funds received by the Commissioner of State Lands as fees or royalties from lands held or owned in the name of a state institution of higher education shall be deposited in the State Treasury and transferred by warrant to the institution of higher education for deposit in the institution's cash fund account established outside the State Treasury.
- A.C.A. §6-63-316 requires each state supported institution of higher education to submit a report to the Arkansas Higher Education Coordinating Board by July 1 of each year providing specific data for each administrator earning a salary of \$100,000 or more.
- A.C.A. §19-11-105 prohibits state agencies, institutions of higher education, boards, etc. from contracting with businesses that employ illegal immigrants.
- A.C.A. §19-11-203(14) revises the definition of "exempt commodities and services" to no longer exempt contracts by institutions of higher education for personal and consulting services and contracts with students.
- A.C.A. §6-61-234 modifies the funding formula for State Supported Institutions of Higher Education to a productivity-based model.
- A.C.A. §6-63-305 establishes new or additional provisional positions for applicable institutions of higher education funded from sources other than general revenue.
- A.C.A. §6-60-701, as amended provides an additional sub-chapter to be known as the Comprehensive Arkansas Higher Education Annual Report to consolidate all current legislatively required reports pertaining to higher education submitted by the Division of Higher Education and Colleges & Universities into one annual comprehensive report.
- A.C.A. §6-61-525 provides for housing allowances for presidents or chancellors of community colleges and technical colleges in lieu of college housing upon approval of each respective board of trustees.
- A.C.A. §19-4-906(a) authorizes the maximum number of passenger motor vehicles for state agencies and institutions of higher education.
- A.C.A. §6-82-601 provides tuition waivers at any state supported institution of higher education for children of disabled veterans if recipients meet eligibility criteria established by the Division of Higher Education.
- Section 30 of Act 215 of 2022 (Division of Higher Education (DHE) annual appropriations act) provides authority for an institution of higher education to seek disaster assistance through DHE in the event all or a significant portion of campus operations are interrupted due to the occurrence of an emergency/disaster event.
- Section 31 of Act 215 of 2022 authorizes the president or chancellor of an institution of higher education, upon determination that a reallocation of resources for purposes of reorganization or consolidation of administrative functions within the institution is necessary, to transfer positions, appropriations, and related funds between campuses, divisions, branches and other budgetary units of the institution. No more than two (2) individual transaction transfer requests shall be submitted by an institution during any fiscal year and shall be further limited to no more than five percent (5%)

of the total appropriation, funding, or positions. Prior approval of the Legislative Council or Joint Budget Committee is required. Transfers, consolidations, or reorganizations which involve academic programs shall be reviewed by the Division of Higher Education prior to submission to Legislative Council or the Joint Budget Committee.

- Section 38 of Act 215 of 2022 states that any post-secondary institution that receives state scholarship funds administered by DHE shall be subject to audit/review of such funds by the Division of Legislative Audit, upon approval of the Legislative Joint Audit Committee.
- Section 39 of Act 215 of 2022 requires that new funding through the Revenue Stabilization Act determined by the Division of Higher Education to have been for salary increases shall be used exclusively for salary increases by the institutions of higher education for each fiscal year.
- Section 43 of Act 215 of 2022 requires that all institutions of higher education submit reports to DHE no later than July 1 detailing all appropriation transfer requests from the Cash and General Revenue funded Contingency commitment items & other commitment item establishment requests as applicable.
- A.C.A. § 6-61-141 requires any institution of higher education having its main or satellite campus within a twenty-five mile radius of any other main campus of an institution of higher education to enter into a written agreement with that four-year institution which must address duplication of services between the institutions.
- A.C.A. § 21-5-1415(a)(1) requires the Division of Higher Education shall establish and maintain a central pool of four hundred (400) positions for universities and colleges of higher education.

GENERAL INSTRUCTIONS

All institutions will utilize the Planning Budgeting and Administrative System (PBAS) to prepare their Annual Fiscal Program. PBAS is an automated system designed to enable institutions to develop a budget according to the General Accounting and Budgetary Procedures Law. Each institution will be provided with Microsoft® Excel worksheets for all authorized Fund Centers. Institutions will complete the Funds Center Worksheets and return them to the Office of Budget for processing. Please review carefully the data entered in order to ensure that allocated budget levels do not exceed available funding levels.

The Office of Budget requires an original letter signed by the President/Chancellor of the Institution of Higher Education indicating knowledge and approval of the final annual fiscal program.

Institutions may contact the budget analyst to obtain paper copies of reports. A final copy routed to the Office of Budget, with other required documents, signifies completion of the annual fiscal program. The Office of Budget will review and approve final forms and forward the necessary documentation to the Office of Accounting.

The final annual fiscal program will be uploaded to the Arkansas Administrative Statewide Information System (AASIS) for fiscal year 2023 where it will be integrated into the AASIS data for each institution.

PREPARATION OF QUARTERLY ALLOTMENTS

The Office of Budget will advise each Institution of its General Revenue funding level, including a preliminary forecast of funds to be received from the Educational Excellence Trust Fund (EETF) and the Tobacco Settlement Trust Fund. A revised forecast for both funds will be provided early in the fiscal year. Any budget adjustments may be made at this time. Work Force 2000 Development monies will not be budgeted initially. Once collections for FY22 have been certified, an FY23 Work Force 2000 forecast will be made available and transfers of funds and appropriations will take place accordingly. The institution determines the amount of any Special or Other Revenues to be received for the 2022-2023 fiscal year and prepares quarterly allotments that correspond to availability of funding. Quarterly Allotments must be based on the financial requirements for the institution's spending for the fiscal year and may not exceed available funding or authorized appropriation.

ALL CASH APPROPRIATION LINE ITEMS ARE BUDGETED IN THE FIRST QUARTER OF THE FISCAL YEAR.

REQUIRED DOCUMENTS:

The following original forms must be submitted with the annual fiscal program:

- President/Chancellor approval letter. A letter signed by the President or Chancellor indicating knowledge and approval of the final annual fiscal program
- Annual Funds Center Worksheets

PLEASE NOTE: When preparing the fiscal year 2023 annual fiscal program, attention should be paid to the Governor's Executive Order 98-04 as well as A.C.A. §21-1-401 through §21-1-408 requiring state agencies and institutions to publicly disclose when they do business with statewide constitutional officers, legislators, state employees or their immediate family members. The Department of Inspector General - Office of Internal Audit (682-0370) may be contacted for further information on the implementation of this Executive Order.

ANNUAL OPERATIONS PLAN CHECKLIST

IMPORTANT DATES

- April 4, 2022 Annual Operations Plan Packets distributed to institutions
- May 2, 2022 Final annual fiscal program due to Office of Budget
- July 1, 2022 Start of Fiscal Year 2023

THE ANNUAL FUND CENTER WORKSHEET

Each institution will be provided with Microsoft® Excel worksheets for all authorized Funds Centers. The Funds Center Worksheets are based on the authorized appropriation amounts for an Institution. The institutions are required to complete the worksheets for each of the funds center and return the final worksheets to the Office of Budget with the annual fiscal program. (Institutions do not have online access to PBAS and must coordinate their budget development through the Office of Budget.)

QUARTERLY ALLOTMENT: The budget by commitment item needed to meet quarterly requirements. The purchase of capital items should be budgeted for the quarter following the greatest revenue collection. Capital purchases supported by General Revenue should be budgeted in the fourth quarter. Institutions will enter the desired budget amount for each commitment item by quarter. The entered budget amounts must be within available funding limitations and the total budget for any line item must be equal to or less than the authorized amount.

In accordance with Section 43 of Act 215 of 2022, applicable institutions shall report by July 1 to the Division of Higher Education any amounts transferred from the Contingency Commitment Item (513:00:18) to other spending commitment items for both the General Revenue and Cash funded appropriations.

The sum of the quarterly allotments by line item, plus the blocked amount will equal the total commitment item authorized amount as found in the appropriation Act.

Cash appropriations have been budgeted in the first quarter on the Microsoft® Excel worksheets provided by the Office of Budget. Each institution should verify the information and return the worksheets to the Office of Budget.

BLOCKED: The blocked amount will automatically be calculated by line item (commitment item). This is the amount of appropriation not budgeted for fiscal year 2023.

The Office of Budget requires a letter signed by the President/Chancellor of the Institution of Higher Education indicating knowledge and approval of the final annual fiscal program.

BA0120

Arkansas State - Beebe

The amounts reflected in the column should match your appropriation Acts that were just passed during session. **DO NOT CHANGE THESE AMOUNTS**

Authorization	Fund Center/Fund	Commitment Item	Authorized	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	Blocked
Act 167 of 2022	300	Regular Salaries	5010000	\$ 11,617,479.00	-	-	-	-	11,617,479.00
	CMA000	Extra Help	5020001	150,000.00	-	-	-	-	150,000.00
		Personal Services Matching	5020003	2,300,000.00	-	-	-	-	2,300,000.00
		Operating Expenses	5010002	208,491.00	-	-	-	-	208,491.00
		Funded Depreciation	5130027	170,000.00	-	-	-	-	170,000.00
		TOTAL		\$ 14,445,970.00	-	-	-	-	14,445,970.00
Funding		GR	11,410,153	-	-	-	-	-	-
		Ed Ex Trust	-	-	-	-	-	-	-
		WF2000	-	-	-	-	-	-	-
		6/30 Carryover	-	-	-	-	-	-	-
		Total Funding	11,410,153	-	-	-	-	-	-
Authorization	Fund Center/Fund	Commitment Item	Authorized	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	Blocked
Act 167 of 2022	A71	Regular Salaries	5010000	\$ 4,500,000.00	-	-	-	-	4,500,000.00
	2060000	Extra Help	5010001	785,145.00	-	-	-	-	785,145.00
		Personal Services Matching	5010003	2,784,020.00	-	-	-	-	2,784,020.00
		Overtime	5010006	25,000.00	-	-	-	-	25,000.00
		Operating Expenses	5020002	10,000,000.00	-	-	-	-	10,000,000.00
		Conference & Travel Expenses	5050009	233,732.00	-	-	-	-	233,732.00
		Professional Fees	5060010	500,000.00	-	-	-	-	500,000.00
		Construction	5090005	11,200,000.00	-	-	-	-	11,200,000.00
		Data Processing	5090012	-	-	-	-	-	-
		Promotional Items	5090028	100,000.00	-	-	-	-	100,000.00
		Refunds/Investments/Transfers	5110020	1,500,000.00	-	-	-	-	1,500,000.00
		Capital Outlay	5120011	2,250,000.00	-	-	-	-	2,250,000.00
		Debt Service	5120019	5,000,000.00	-	-	-	-	5,000,000.00
		TOTAL		\$ 38,875,897.00	-	-	-	-	38,875,897.00

11,410,153 This amount should be zero

CARRY FORWARD OF ANY REMAINING FUND BALANCES FROM FISCAL YEAR 2022 TO FISCAL YEAR 2023

Amendment 86 to the Arkansas Constitution provides that no appropriation authorized by the General Assembly can be for a period longer than one year. Agencies that are authorized to carry forward general revenue funding through special language may carry forward remaining fund balances under the following conditions:

- “(1) Prior to June 30, 2022 the Agency shall by written statement set forth its reason(s) for the need to carry forward said funding to the Department of Finance and Administration Office of Budget;
- (2) The Department of Finance and Administration Office of Budget shall report to the Arkansas Legislative Council all amounts carried forward by the September Arkansas Legislative Council or Joint Budget Committee meeting which report shall include the name of the Agency, Board, Commission or Institution and the amount of the funding carried forward, the program name or line item, the funding source of that appropriation and a copy of the written request set forth in (1) above;
- (3) Each Agency, Board, Commission or Institution shall provide a written report to the Arkansas Legislative Council or Joint Budget Committee containing all information set forth in item (2) above, along with a written statement as to the current status of the project, contract, purpose etc. for which the carry forward was originally requested no later than thirty (30) days prior to the time the Agency, Board, Commission or Institution presents its budget request to the Arkansas Legislative Council/Joint Budget Committee; and
- (4) Thereupon, the Department of Finance and Administration shall include all information obtained in item (3) above in the biennial budget manuals and/or a statement of non-compliance by the Agency, Board, Commission or Institution.”

The Carry Forward of Any Remaining Fund Balances form (example attached) has been automated in PBAS. Agencies should enter the estimated amount they anticipate to carry forward from FY22 to FY23 as well as provide justification for the carry forward of any remaining fund balance for a program or a specific line item within a program. Agencies that do not have system access to PBAS will coordinate entry of this data with the budget analyst assigned to assist the agency. Agencies must print the report from PBAS, sign, date and submit it with the Annual Operations Plan.

**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2022 TO FISCAL YEAR 2023**

Agency: Department of Education-General Education

Program: State Operations

Act #: 842 Section(s) #: 23

Estimated Carry Forward \$ 4,500,000.00 Funding Source: General Revenue, Educ Excellence Trust Fund, Educ

Accounting Information:

Business Area: 0500 Funds Center: 620 Fund: EGA Functional Area: EDUC

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

Justification for carry forward of fund balance:

These funds will be used in FY2023 to maintain the current budget level.

Actual Funding Carry Forward \$ _____

Current status of carry forward funding:

Johnny Key
Secretary

05-03-2022
Date

APPENDIX

DEFINITIONS

- **ANNUAL OPERATIONS PLAN:** A program prepared by an agency containing the proposed expenditures and anticipated resources for the ensuing fiscal year as required by A.C.A. §19-4-607.
- **FUNDS CENTER:** An appropriation granted by the General Assembly to make expenditures and incur obligations, **IF FUNDS ARE AVAILABLE**, for specific purposes.
- **BLOCKED:** The portion of an appropriation, which cannot be budgeted by an agency due to insufficient revenue or other budgetary restraints. Also referred to as deferment.