









































































































## Fund PV3027 (Student Tuition Recovery Fund -STRF)

FY2022 Budget Request: \$264.3

FY2022 Revenue Expectation: \$175.7

FY2022 Balance Forward from PY: (\$0.6)

FY2022 Balance Forward to NY: (\$89.2)

Fund Specifics: PV3027 is a non-appropriated fund used for the following purposes.

1. Provide financial recovery for students that attended a school that has closed, and their education was not completed. The fund will reimburse cash payments made to the closed school during the entire time of attendance.
2. Student Records – The fund also supports the recovery, storage, maintenance, and retrieval of student transcripts (used for continuing education, employment, licensure among other reasons). There are currently 4.5 M documents stored at Iron Mountain and an additional 500K documents stored digitally. Staff process approximately 800 transcript requests per month. These records are maintained in perpetuity.

During FY2020, fund PV3027 experienced a dramatically higher payout than expected. This increase was due to the closure of three large schools (The Golf Academy, The Art Institute of Phoenix, Argosy University). Expenditures were \$334.3K on a revenue of \$272.4K. This fund balance has decreased over the past 4 years due to the precipitous closures of a number of schools. As a result, our balance forward continues to decline resulting in a negative balance for FY2021 and into FY2022.

Staff has met with the legislature to seek assistance with a restructure of the STRF fund, however, no progress has been made over the past two years. In addition, staff has met with the Governor's office to seek solutions to this issue. No definitive guidance has been provided at this time.

It is anticipated the fund will generate \$175K in FY2022 resulting in a deficit of nearly \$90K. By statute, we must bill institutions each year if the STRF fund falls below a minimum of \$500K. We have billed the past 4 years as school closures continue to mount depleting the fund. This is expected to continue as COVID-19 continues to impact school operations.

The plan moving forward remains a work in progress. Currently our statute exempts "regionally accredited institutions" from paying into the STRF fund. We have only billed "National and Non-accredited institutions). The US Department of Education has, as of July 1, 2020, removed the designation of "regional or national" accreditation and now uses "institutional or programmatic" accreditation. This change might allow the fund to bill the previous exempt institutions. If that were to happen, that would increase our STRF revenue from \$175K to \$900K. We are seeking guidance from the AG and Governor's office on this matter.

Staff does plan to seek legislative changes to statutes in the 2020/2021 session.