

## AGENDA

State Board of Workforce Education and Career Opportunities (SBWECO)

Hot Springs Rehabilitation Center  
Hot Springs, AR

August 6, 2008  
9:30 a.m.

- TAB A      Action Item – Approval of Minutes of June 5, 2008
- TAB B      Action Item – Approval of Biennial Budget Requests for 2009-2011
- TAB C      Action Item – Approval of Changes to Policies and Procedures for  
Secondary Programs, Adult Skills Training Classes and Secondary  
Vocational Centers
- TAB D      Informational Item – Changes to Program Policies for Adult Education  
Director's Report

MINUTES - MEETING OF THE  
STATE BOARD OF WORKFORCE EDUCATION  
AND CAREER OPPORTUNITIES

June 5, 2008

Chairman Jack Justus called a meeting of the State Board of Workforce Education and Career Opportunities (SBWECO) to order at Camp Couchdale in Hot Springs, AR at 10:30 a.m.

A record of member attendance is as follows:

PRESENT

Mr. Jack Justus, Chairman	<u>Ex-Officio Nonvoting Members</u>
Mrs. Lucy Ralston	None
Mrs. Kathy Scarsdale	
Mr. Phil Taylor	
Mrs. Martha Dixon	
Mr. William L. "Bill" Walker, Jr., Ex-Officio Secretary	

ABSENT

Mr. Richard Smith	<u>Ex-Officio Nonvoting Members</u>
	Dr. Jim Purcell
	Dr. Ken James

Mr. Justus introduced Mr. Marion Fletcher, program manager for Agricultural Science and Technology and state advisor for the student organization Future Farmers of America.

Mr. Fletcher welcomed the board members and guests to Camp Couchdale. He invited everyone to stay for lunch and visit with the students who were attending the 81<sup>st</sup> Arkansas FFA State Convention.

Mr. Fletcher introduced Mr. Tyler Tenbarge who is the National Vice President for FFA, who is from Indiana. Mr. Tenbarge welcomed the members of the board and the guest to Camp Couchdale.

A. ACTION ITEM – APPROVAL OF MINUTES OF April 3, 2008

On motion by Mr. Taylor and second by Mrs. Scarsdale, the State Board of Workforce Education and Career Opportunities unanimously approved the minutes of April 3, 2008.

B. ACTION ITEM – ADOPTION OF THE 2008-2009 AGENCY BUDGET

Mr. Brown, associate director for finance, recommended that the State Board of Workforce Education and Career Opportunities approve the 2008-2009 budget as presented.

Mr. Brown stated that the budget includes the following major components:

- Public School Fund – Adult basic and general adult education, workforce coordinators/counselors, new program start-up, adult literacy, vocational center aid and the student loan forgiveness program (state funds)
- Agency Operations (state funds)
- Federally Funded Programs – Federal vocational, Veterans Approving Agency, and Adult Education
- Cash-Supported Operations – Federal Surplus Property and alternate retirement programs
- Trust Funds – Construction trades training and Family dwelling revolving loan program
- General Improvement Accounts – Camp Couchdale, Equipment Replacement, Literacy Councils and Loan Forgiveness

Mr. Brown reported that the budget components funded with state appropriation were developed in a manner consistent with the requirements of the Revenue Stabilization Act and are based on official forecasts.

Mr. Brown stated that the budgets are subject to change because of changes in actual revenues, the receipt of miscellaneous grants, and the authorized reallocation of funds among appropriations and line items. He said that the approved budgets would constitute authority to spend in a manner consistent with applicable state and federal laws and regulations. Mr. Brown stated that the director of the Department of Workforce Education is authorized to make appropriate corrections and adjustments in accordance with policies and procedures established by the State Board of Workforce Education and Career Opportunities.

On motion by Mr. Taylor and second by Mrs. Ralston, the State Board of Workforce Education and Career Opportunities unanimously approved the agency budget for 2008-2009.

C. ACTION ITEM – INTERNAL CONTROL AND COMPLIANCE REVIEW FOR THE DEPARTMENT OF WORKFORCE EDUCATION FOR THE FISCAL YEAR ENDING JUNE 30, 2007

Mr. Brown recommended that the State Board of Workforce Education and Career Opportunities review and file for the record the internal control and compliance review for the Arkansas Department of Workforce Education for the fiscal year ending June 30, 2007.

Mr. Brown stated that it was an honor for the agency to be chosen for only a review instead of a complete audit for the fourth consecutive year. He further stated that there were no reportable conditions.

Mr. Brown said the review was presented to and filed by the Legislative Joint Auditing Committee on May 8, 2008.

On motion by Mr. Taylor and second by Mrs. Dixon, the State Board of Workforce Education and Career Opportunities unanimously voted to review and file for the record the internal control and compliance review for the Arkansas Department of Workforce Education for the fiscal year ending June 30, 2007. The audit report is on file in the office of the associate director for finance.

D. INFORMATIONAL ITEM – CHANGES TO POLICIES AND PROCEDURES FOR SECONDARY PROGRAMS, ADULT SKILLS TRAINING CLASSES AND SECONDARY VOCATIONAL CENTERS

Mr. John Davidson, deputy director of career and technical education, stated that in order to streamline and clarify teacher licensure guidelines for Career Orientation instructors, it is necessary to clarify, discuss, and revise the previous 2004 Policies and Procedures for Secondary Programs, Adult Skills Training Classes and Secondary Vocation Centers.

Mr. Davidson stated that the revised policies and procedures would be placed on thirty-day public review starting June 12, 2008. The requested approval of the policies will be on the August board agenda.

DIRECTOR'S REPORT

Mr. Bill Walker asked that Mr. Robert Trevino, Commissioner of the Division of Arkansas Rehabilitation Services provide information on the audit report findings from the Legislative Joint Auditing Committee.

Mr. Trevino addressed some of the audit findings as well as giving the agency's response to those findings.

The audit findings and agency response are as stated:

- The Hot Springs Rehabilitation Center has initiated a behavior enhancement program for clients in August 2001. Clients accumulated points on a daily basis for successful completion of various duties. The Agency issues the clients coupons with a cash value that can be redeemed in the Agency's canteen. The Agency did not maintain proper accounting controls over the use of these coupons and the canteen cash register. **Agency Response:** Once ARS determined there was insufficient oversight to ensure the coupons could be precisely tracked at redemption, ARS management determined the Agency was better served by cancelling the coupon incentive, and is currently proceeding toward establishing a contract for the installation of vending machines.
- The Agency billed patients for medical services provided by the Hot Springs Rehabilitation Center. Our review of Agency accounts receivable totaling \$459,606 and the corresponding allowance accounts revealed that \$80,413 was not properly recorded. **Agency Response:** Agency management determined hospital admissions accounting procedures were insufficient to ensure complete cost recovery. ARS management consolidated HSRC admissions and hospital billing functions and established a billing and collection procedure, which has

mitigated the possibility of uncollected sums arising from Medicaid and private pay insurance carriers. ARS is also in the process of engaging the services of a collection agency for the purpose of recovering any funds currently owed to HSRC.

- The Department of Finance and Administration (DFA) regulations prohibits an Agency from paying the educational cost of courses leading to a degree for its employees. In September 2006, the Agency requested and obtained a waiver from DFA allowing them to pay educational cost leading to a degree from the Vocational Rehabilitation In-Service Training Program Grant. The Agency paid for educational costs totaling \$37,344 using a combination of federal and state funds. Educational costs totaling \$31,596 were charged to the Vocational Rehabilitation In-Service Training Program, which has a 10% state-matching rate, therefore state, funds of \$3,160 were used to pay for education costs charged to this program. The remaining education costs totaling \$5,748 were charged to another federal program not covered by the DFA waiver. Therefore, it appears the Agency spent \$8,908 for education costs that were not allowable. **Agency Response:** In September 2006, ARS requested and was granted a waiver from DFA. During the 2007 Legislative Session, ARS was granted additional special language to the agency's appropriation act that set out the agency's ability to utilize its funding for the purpose of complying with the Rehabilitation Services Administration's Comprehensive System for Personnel Development. ARS has relied in good faith on the premise the waiver granted by DFA covered all education and training assistance required by the federal act including state matching requirement.
- The Agency has nine separate inventories at the Hot Springs Rehabilitation Center valued at \$451,061. Some departments used an inventory system that did not adequately track inventory or changes in inventory. In these departments, the inventory system is used only to generate year-end balances and it does not provide reliable usage and receipt information. The remaining departments manually calculated inventory balances at year-end. The audit test of inventory pricing revealed 15 out of 30 items selected were valued incorrectly on the ending inventories. Agency management did not review these calculations to ensure they were accurate and complete. **Agency Response:** ARS management does not dispute the current inventory system lacks sufficient accuracy attributable to its obsolescence. ARS management is currently researching the cost of a replacement system specifically designed to address inventory and material management. ARS is also taking steps to ensure that personnel are trained in proper and timely reconciliation of inventories back to invoices and issuance out of the system.
- The Agency held cash in safekeeping during the audit year for 117 students and medical patients at the Hot Springs Rehabilitation Center. The balance in these accounts was \$1,178 at year-end with total deposits and withdrawals of \$20,669 and \$20,461 respectively. The Agency did not maintain any required supporting documentation for eleven or 30% of thirty-seven accounts selected for review. **Agency Response:** HSRC has established an account management procedure that now requires a separate account folder for each student and medical patient account. A comprehensive account balance will be produced by the Chief Finance Officer on a monthly basis and reviewed by the HSRC Administrator and the ARS Commissioner.

Mr. Walker announced that Ms. Sandra Porter will be the new associate director of Workforce Training.

Mr. Walker updated the board members concerning the White Papers and the proposed changes by the Governor's Workforce Cabinet. Each member was given a copy of the White Papers, White Paper Executive Summary and the Response to Proposed Changes by Governor's Workforce Cabinet.

Mr. Walker announced that students from the Arkansas School for Mathematics Sciences took top honors in the 2008 Oracle Academy Global Data Modeling Competition. They placed fifth in the world. The students were recognized for outstanding analytical and technology skills used to create a database that tracks and stores meteorological data.

Mr. Walker informed the board of a special article that was picked up about Mrs. Martha Dixon, which is in the board packet.

Mr. Walker also informed the board that Mr. Bruce Lazarus has been appointed to the United States Office of Vocational and Adult Education Advisory Council for Agriculture Education.

Mr. Walker asked the board if they would like to have the August board meeting at the Hot Springs Rehabilitation Center. The board members stated that they would like it if the board meeting was held at the Center. Mrs. Martha Dixon stated that she would not be able to attend if it is held in Hot Springs, because she is serving on two boards and that they both meet on the same day. Mrs. Dixon stated that when this board meets in Little Rock, she is able to attend both meetings but if held out of town she has to miss one of the meetings.

Mrs. Scarsdale asked if the meeting could be moved to Wednesday, August 6, 2008.

On motion by Mr. Taylor and second by Mrs. Scarsdale , the State Board of Workforce Education and Career Opportunities unanimously voted to move the August 7, 2008 board meeting to August 6, 2008.

#### ADJOURNMENT

Mr. Justus adjourned the meeting at 12:20 p.m.

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William L. "Bill" Walker, Ex-Officio Secretary  
State Board of Workforce Education  
and Career Opportunities

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Jack Justus, Chairman  
State Board of Workforce Education  
and Career Opportunities



Department  
of Workforce Education

Mike Beebe  
Governor

William L. "Bill" Walker, Jr.  
Director

August 6, 2008

TO: State Board of Workforce Education and Career Opportunities

FROM: William L. "Bill" Walker, Jr., Director  
C. L. Brown, Deputy Director for Finance

SUBJECT: ACTION ITEM – APPROVAL OF BIENNIAL BUDGET REQUESTS FOR 2009-2011

**ACTION RECOMMENDED:** It is recommended that the State Board of Workforce Education and Career Opportunities approve the budget requests for the 2009-2011 Biennium.

**INFORMATION/RATIONALE:** The Department of Workforce Education is requesting substantial increases in funding and appropriation for the 2009-2011 biennium in an effort to provide equitable and adequate opportunities to the clients we serve. The requests fall into the following three categories:

Public School Fund (State)	Amount of Increases	
	2009-2010	2010-2011
Vocational Center Aid	\$ 1,020,000	\$ 1,020,000
Student Loan Forgiveness Program	2,100,000	2,100,000
Replacement Equipment Assistance	16,000,000	16,000,000
Adult Education Support	3,000,000	3,200,000
16- & 17-Year Olds	1,861,025	1,861,025
GED Training	50,000	50,000
GED Scholarship	225,000	275,000
Industry-validated curricula	350,000	350,000
Career Guidance System	350,000	350,000
Career Development Facilitator Grants	650,000	650,000
	<u>\$25,606,025</u>	<u>\$25,856,025</u>

## ACTION ITEM – APPROVAL OF BIENNIAL BUDGET REQUESTS FOR 2009-2011

August 6, 2008

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General Revenue (State)	Amount of Increases	
	2009-2010	2010-2011
Apprenticeship Program	\$ 1,000,000	\$ 1,000,000
General Operations	334,513	338,841
Career & Technical Student Org. Specialists	255,895	261,190
Department move	224,200	184,200
Adult Basic	<u>253,029</u>	<u>258,260</u>
	\$ 2,067,637	\$ 2,042,491

Other	Amount of Increases	
	2009-2010	2010-2011
Federal Surplus (Cash)	\$ 450,864	\$ 256,924
Perkins Program (Federal)	155,842	159,071
Federal Equipment & Training	<u>5,000</u>	<u>5,000</u>
	\$ 611,706	\$ 420,995



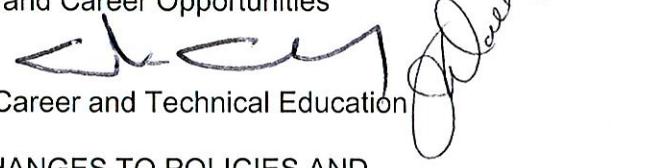
Department  
of Workforce Education

Mike Beebe  
*Governor*

William L. "Bill" Walker, Jr.  
*Director*

August 6, 2008

TO: State Board of Workforce Education and Career Opportunities

FROM: William L. "Bill" Walker, Jr., Director   
John Davidson, Deputy Director for Career and Technical Education

SUBJECT: ACTION ITEM – APPROVAL OF CHANGES TO POLICIES AND  
PROCEDURES FOR SECONDARY PROGRAMS, ADULT SKILLS  
TRAINING CLASSES AND SECONDARY VOCATIONAL CENTERS

ACTION RECOMMENDED: It is recommended that the State Board of Workforce Education and Career Opportunities (SBWECO) approve the changes to the Policies and Procedures for Secondary Programs, Adult Skills Training Classes and Secondary Vocational Centers.

INFORMATION/RATIONALE: In order to streamline and clarify teacher licensure guidelines for Career Orientation instructors, it is necessary to clarify, discuss, and revise the previous 2004 Policies and Procedures for Secondary Programs, Adult Skills Training Classes and Secondary Vocational Centers.



Department  
of Workforce Education

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*Governor*

William L. "Bill" Walker, Jr.  
*Director*

August 6, 2008

TO: State Board of Workforce Education and Career Opportunities

FROM: William L. "Bill" Walker, Jr., Director  
James H. Smith, Jr., Deputy Director

SUBJECT: INFORMATION ITEM – PROGRAM POLICIES FOR ADULT EDUCATION

INFORMATION/RATIONALE: The policies for local programs have been updated and new ones added to comply with the requirements of the Workforce Investment Act and the administrative procedures of the Department of Workforce Education. The policies will be on public review for thirty days, and the comments/suggestions received will be reviewed and changes made where appropriate.

The Program Policies for Adult Education will be presented as an ACTION ITEM for approval on October 2, 2008.