

AGENDA

State Board of Career Education (SBCE)

Arkansas Rehabilitation Services
525 W. Capitol Avenue
Little Rock, Arkansas

October 4, 2012
9:30 a.m.

- TAB A Action Item – Approval of Minutes of August 2, 2012
- TAB B Action Item – Adoption of the 2012-2013 Agency Budget –
Department of Career Education
- TAB C Action Item – Approval of Biennial Budget Request for 2013-2015 –
Department of Career Education
- TAB D Action Item – Adoption of the 2013 Operational Budget – Arkansas
Rehabilitation Services
- TAB E Action Item – Approval of the 2013-2015 Biennial Budget Request –
Arkansas Rehabilitation Services
- TAB F Action Item – Approval of Meeting Dates for 2013

Director's Report

MINUTES - MEETING OF THE
STATE BOARD OF CAREER EDUCATION
9:30 a.m.

August 2, 2012

The State Board of Career Education (SBCE) was called to order by Chairman Phil Taylor. The meeting was held at Arkansas Rehabilitation Services, 525 W. Capitol Avenue, Little Rock, Arkansas.

A record of member attendance is as follows:

PRESENT

Mr. Phil Taylor, Chairman
Dr. Thomas Flowers
Mrs. Lucy Ralston
Mrs. Martha Dixon

Ex-Officio Nonvoting Members
Mr. William L. "Bill" Walker, Jr., Ex-Officio Secretary

ABSENT

Mr. John Riggs, Vice Chairman
Mr. Richard Smith
Mr. John Yates

Ex-Officio Nonvoting Members

Dr. Tom Kimbrell
Mr. Shane Broadway

Mr. Carl Daugherty, Arkansas Rehabilitation Services (ARS) Division chief of field services, introduced David McDonald, Little Rock field office manager and manager of the interpreter program; Ms. Dale Turrentine, community rehabilitation manager; and Ms. Darlene Owens, program specialist with the community rehabilitation program.

A. ACTION ITEM – APPROVAL OF MINUTES OF JUNE 7, 2012

On a motion by Mrs. Dixon and second by Dr. Flowers, the State Board of Career Education unanimously approved the minutes of June 7, 2012.

Mr. Taylor recognized Dr. Renaldo Hemphill, who spoke to the board members about his book entitled *How to Go to College in Seven Easy Steps*.

C. INFORMATIONAL ITEM – RESPONSE TO SENATOR STEPHANIE FLOWERS' QUESTIONNAIRE AND INFORMATION

Director Walker stated that he would like to update the board regarding issues raised by state Sen. Stephanie Flowers at the last board meeting. The issues raised by Sen. Flowers concerned the adult education program serving Jefferson, Desha and Dallas counties. Director Walker stated that the information on the CD provided by Sen. Flowers had come from the Adult Education Division. Director Walker stated that the Adult Education Division reviewed each item and prepared a response to each item as requested by the board. Director Walker then presented the responses to the board.

B. INFORMATIONAL ITEM – IMPLEMENTING THE PERMANENT RULE FOR THE ADULT EDUCATION FUNDING FORMULA

Director Walker stated that at the June 2, 2012, board meeting, the Adult Education Division had requested that the board approve allowing the division to complete the process for adopting or changing rules relating to the adult education funding formula.

Director Walker advised the board that the emergency rule and the permanent rule were placed on review for written comments June 12 through July 12. Two emails and four letters were received. A public comment time for oral comments was provided on July 16, 1:30 p.m., at 525 W. Capitol Avenue. No comments were received.

Jim Smith, deputy director for adult education, provided an overview of the emails and letters and the Adult Education Division's responses.

Director Walker advised the board members that the emergency rule was reviewed by the Administrative Rules and Regulations Subcommittee on July 13, 2012. The permanent rule is scheduled to be reviewed in August following final approval by the board.

B2. ACTION ITEM – APPROVAL OF THE PERMANENT RULE FOR THE ADULT EDUCATION FUNDING FORMULA

Director Walker recommended that the board approve the permanent rule for the adult education funding formula for 2012-2013 to be based on 70 percent performance and 30 percent contact hours, with funding capped at a 10-percent loss or gain. Effective July 1, 2013, the formula will change to a calculation based on 80 percent performance and 20 percent contact hours with no cap on funding increase or decrease and with a ceiling of \$950,000. On July 1, 2013, programs that already receive over \$950,000 will be grandfathered in and capped at their current funding level and will not receive any additional increases in state funds under this rule.

On a motion by Mrs. Dixon and second by Mrs. Ralston, the State Board of Career Education unanimously approved the permanent rule for the adult education funding formula.

DIRECTOR'S REPORT

Director Walker informed the board members that the agency was asked by the administration to submit the agency's wish list for proposed legislation for the next session for executive review and approval. Board members were provided a copy of the agency's proposed legislation.

Director Walker asked that Joseph Baxter, chief financial officer for Arkansas Rehabilitation Services and Lorna Claudio, chief financial officer for the Department of Career Education, provide the board information concerning both budgets for the next fiscal year.

Mr. Robert Treviño, commissioner of Arkansas Rehabilitation Services, informed the board that on Monday, August 6, 2012, ARS would participate in the exit interview with the state auditors.

Director Walker informed the board members that the Department of Career Education has already had its exit interview with the state auditor. Director Walker stated that the auditor had spent more than 200 hours overtime in reviewing concerns raised by outside entities. There was only one item that needed to be addressed; a request for proposal (RFP) was placed on public review for only three days instead of the required five days and was not posted to the Office of State Procurement website as required.

Mr. Jonathan Bibb, Arkansas Career Training Institute (ACTI) administrator, provided the board information about students who competed in the Skills USA Competition. Mr. Bibb updated the board on ACTI's transition from the current hospital model to a clinic model.

Mr. Treviño informed the board that ACTI's acquisition of the Hot Springs armory is proceeding.

Mr. Daughtery informed the board that Arkansas hosted the national conference of the National Association of Multicultural Rehabilitation Concerns.

Mr. Walker announced the following dates:

Next board meeting – October 4, 2012

ADJOURNMENT

Mr. Taylor adjourned the meeting at 11:21 a.m.

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

Phil Taylor, Chairman
State Board of Career Education



Department
Of Career Education

Mike Beebe
Governor

William L. "Bill" Walker, Jr.
Director

October 4, 2012

TO: State Board of Career Education

FROM: William L. "Bill" Walker, Jr., Director
Lorna Claudio, Chief Fiscal Officer

A large, stylized handwritten signature in black ink, appearing to read "Bill Walker".

SUBJECT: ACTION ITEM – ADOPTION OF THE 2012-2013 AGENCY BUDGET

ACTION RECOMMENDED: It is recommended that the State Board of Career Education approve the 2012-2013 budget as presented.

INFORMATION/RATIONALE: The major budget components include:

- Public School Fund – Adult basic and general adult education, workforce coordinators/counselors, new program start-up, adult literacy, and Vocational center aid (state funds).
- Agency Operations (state funds)
- Federally Funded Programs – Federal vocational, Veterans Approving Agency and Adult Education
- Cash-Supported Operations – Verizon Award, LESO program and alternate retirement programs, Construction trades training

The budget components funded with state appropriation were developed in a matter consistent with the requirements of the Revenue Stabilization Act and are based on official forecasts.

Budgets are subject to change because of changes in actual revenues, receipts of miscellaneous grants, and authorized reallocation of funds among appropriation and line items. The approved budgets will constitute authority to spend in a manner consistent with applicable state and federal laws and regulations. The Director of the Department of Career Education is authorized to make appropriate corrections and adjustments in accordance with policies and procedures established by the State Board of Career Education.

**Public School Fund
2012-2013
State Funds**

Funding

Public School Fund	\$ 32,284,224
Educational Excellence Trust Fund	\$ 11,732,014
Public School Fund	\$ 242,433
Total State Resources for 2012-2013	\$ 44,258,671

Programs

200 New Program Start-Up	\$ 2,370,000
201 Vocational Center Aid	\$ 20,136,386
427 Adult Literacy	\$ 772,286
453 Adult Education	\$ 19,560,569
453 Adult Skills	\$ 300,000
681 Special Needs	\$ 1,119,433
Total	\$ 44,258,674

Agency Operations
EGB
2012-2013

Revenues

General Revenue	\$ 3,341,028
Educational Excellence Trust Fund	\$ 3,521,006
Transfer from Motor Vehicle Commission	\$ 150,000
Merit Adjustment Fund	\$ 45,292
Total Available	\$ 7,057,326

179 High Tech Scholarships	\$ 10,000
640 Agency Operations	\$ 4,760,708
Apprentiship	\$ 1,611,456
Motor Vehicle	\$ 150,000
Adult Education Operations	\$ 520,162
Total Budgeted	\$ 7,052,326

Federal Funded Programs

641 Vocational, Technical & Adult Education		
Operations	\$	2,662,466
Grants and Aids	\$	13,261,382
TANF Arkansas Works		
Operations	\$	702,206
Grants and Aids	\$	3,661,494
645 Adult Education		
Operations	\$	287,344
Grants and Aids	\$	7,149,060
647 Federal Equipment & Training		
Operations	\$	6,000
649 Federal Veterans Approving Agency		
Operations	\$	295,293

Cash Funds

96W Verizon Jag Grant	\$	13,500
82V LESO Program	\$	15,000
A88 Alternate Retirement Program	\$	122,522
755 Construction Industry Craft Training		
Operations	\$	83,185
Grants and Aids	\$	800,000



Department
Of Career Education

Mike Beebe
Governor

William L. "Bill" Walker, Jr.
Director

October 4, 2012

TO: State Board of Career Education

FROM: William L. "Bill" Walker, Jr., Director
Lorna Claudio, Chief Fiscal Officer

A large, stylized handwritten signature in black ink, likely belonging to William L. Walker, Jr., written over the "FROM:" line.

SUBJECT: ACTION ITEM – APPROVAL OF BIENNIAL BUDGET REQUEST FOR
2013-2015

ACTION RECOMMENDED: It is recommended that the State Board of Career Education approve the budget request for the 2013-2015 Biennium.

INFORMATION/RATIONALE: The Department of Career Education is requesting substantial increases in funding and appropriation for the 2013-2015 biennium in an effort to provide equitable and adequate opportunities to the clients we serve. The requests fall into the following categories:

Public School Funds (State)

	Amount of Increases	
	2013-2014	2014-2015
Vocational Center Aid	\$ 2,848,023	\$ 2,848,023
Vocational Start-Up Funds	355,500	355,500
Equipment Upgrade and Replacement	4,000,000	4,000,000
STEM Student Loan Forgiveness Program	2,025,000	3,150,000
Adult Education - Smarter Sentencing Program	1,372,000	1,454,320
Adult Education - Funding for 16, 17, 18	9,859,481	10,451,050
Adult Education- GED Assessment	1,870,000	1,870,000
Adult Education - IT Academy	37,000	37,000
	<u>\$ 22,367,004</u>	<u>\$ 24,165,893</u>

General Revenue (State)

	Amount of Increases	
	2013-2014	2014-2015
Facility Move and Rent	\$ 196,000	\$ 151,000
Additional CTE Positions	175,248	175,248
	<u>\$ 371,248</u>	<u>\$ 326,248</u>

Other Non funded Appropriation Request

	Amount of Increases	
	2013-2014	2014-2015
Arkansas Works Position	\$ 41,151	\$ 41,151
Arkansas Works	1,097,314	1,096,140
Construction Craft Salary Fund Transfer	76,487	76,611
Housing Construction Program	164,806	164,806
Federal Adult Basic Education	927,219	927,219
Federal Equipment and Training Operations	10,700	8,800
Federal Veteran's Approving Agency	249,822	210,268
Construction Craft Training Trust Fund	76,487	76,611
LESO Program	115,000	100,000
Career Coaches Grant	160,000	60,000
	<u>\$ 2,918,986</u>	<u>\$ 2,761,606</u>

STATE OF ARKANSAS



Mike Beebe
Governor

Department of Career Education
Arkansas Rehabilitation Services
Robert P. Treviño, Commissioner

Bill Walker
Director

October 4, 2012

TO: State Board of Career Education

FROM: William L. "Bill" Walker, Jr., Director
Robert P. Treviño, Commissioner, Arkansas Rehabilitation Services

SUBJECT: ACTION ITEM - ADOPTION OF THE 2013 OPERATIONAL BUDGET

ACTION RECOMMENDED: It is recommended that the State Board of Career Education approve the 2013 operational and project budgets as presented.

INFORMATION/RATIONALE: The major budget components include:

OPERATIONAL BUDGET - HIGHLIGHTS

The operational budget is based on estimates of several revenue sources including Vocational Rehabilitation, Supported Employment, Independent Living, Technology Access Programs, Social Security Reimbursement, Special Revenues, General Revenue, and various cash funds. The following schedule summarizes these funds:

Schedule of Estimated Revenues	
Revenue Source	Amount
Federal	\$47,853,830
Special	\$810,756
General Revenue	\$12,953,772
Other	\$1,634,000
Total	\$63,252,358
Federal VR 110 Reserve	\$8,100,000
Total Funding	\$71,352,358

The total Arkansas Rehabilitation Services (ARS) projected expenditures for SFY2013 is \$59,386,891. Approximately 70% of these expenditures will go towards case services supporting positive client outcomes.

ACTI is an additional direct service component of ARS operating the Training Institute. ACTI is currently operating at a continuing level budget of \$15,000,000. This budget estimate does not include any provision for Perkins funding which is at the discretion of the Director.

The following special projects are expected to be funded as a part of the SFY2013 budget expenditures:

SPECIAL PROJECTS BUDGET

Schedule of Commitments	
ACTI Water/Hydrant Repair	\$500,000
ACTI Armory Renovations	\$200,000

Water System at ACTI

The water system at ACTI is antiquated and needs repair and maintenance. Many of the primary components have been in service for over 70 years. Problems with this system have also been cited by the Hot Springs Fire Marshall and the State Risk Assessor as major fire safety issues for the ACTI Campus. Because of these issues, ARS has had to negotiate a separate building insurance policy in order to maintain coverage for this facility at a substantially increased cost.

MPE Consulting Engineers completed a study of the water system and made recommendations related to the water system. The total projected costs of the project are \$2.97M, of which \$500K would be spent in SFY2013. These improvements would bring the water system into compliance.

Armory Renovations

Significant improvements are potentially available to ACTI through expansion to property adjacent to the ACTI campus. ARS has the opportunity to acquire federal surplus property across the street from the main entrance to ACTI at very reasonable cost. The federal surplus property was formerly used as an Army Reserve Center and can be acquired at no cost to ARS for educational purposes. This is the same basis that the entire ACTI campus was acquired from the Army in 1960. The only cost associated with the project would be any necessary renovations.

The following upgrades and renovations are recommended for the armory at a cost of \$1.53 million, of which \$200,000 would be spent in SFY2013:

- main building elevator to make the building accessible for individuals with disabilities (\$750,000);
- entryway renovation to be ADA compliant (\$50,000);
- HVAC upgrades, including installation of high SEER units (\$250,000);
- electrical system upgrades (\$150,000);
- plumbing upgrades (\$150,000);
- IT Infrastructure upgrades (\$75,000);
- fire protection system upgrade (\$50,000);
- related costs (\$25,000); and
- enclose open shed Auto Service Bay (\$30,000).

STATE OF ARKANSAS



Mike Beebe
Governor

Department of Career Education
Arkansas Rehabilitation Services
Robert P. Treviño, Commissioner

Bill Walker
Director

October 4, 2012

TO: State Board of Career Education

FROM: William L. "Bill" Walker, Jr., Director
Robert P. Treviño, Commissioner, Arkansas Rehabilitation Services

SUBJECT: ACTION ITEM - APPROVAL OF THE 2013-2015 BIENNIAL BUDGET
REQUEST

ACTION RECOMMENDED: It is recommended that the State Board of Career Education approve the budget request for the 2013-2015 Biennium.

INFORMATION/RATIONALE: Arkansas Rehabilitation Services (ARS) is requesting increases in funding and appropriations for the 2013-2015 biennium in keeping with ongoing efforts to improve the facilities at ACTI and modify the soon to be acquired Armory in Hot Springs to expand client services in that area. The requests fall into the following categories:

SPECIAL PROJECTS BUDGET

Schedule of Commitments	
ACTI Water/Hydrant Repair	\$2.93M
ACTI Armory Renovations	\$1.33M

Water System at ACTI

The water system at ACTI is antiquated and needs repair and maintenance. Many of the primary components have been in service for over 70 years. Problems with this system have also been cited by the Hot Springs Fire Marshall and the State Risk Assessor as major fire safety issues for the ACTI Campus. Because of these issues, ARS has had to negotiate a separate building insurance policy in order to maintain coverage for this facility at a substantially increased cost.

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William L. "Bill" Walker, Jr.
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October 4, 2012

TO: State Board of Career Education
FROM: William L. "Bill" Walker, Jr., Director
SUBJECT: ACTION ITEM – APPROVAL OF MEETING DATES FOR 2013

ACTION RECOMMENDED: It is recommended that the State Board of Career Education set meeting dates for 2013.

INFORMATION/RATIONALE: A.C.A. 25-6-302 states "The board shall meet at least once during each calendar quarter and at such other times upon call of the chairman or any other three (3) members."

The following are proposed meeting dates for 2013:

Thursday, February 7, 2013
Thursday, April 4, 2013
Thursday, June 6, 2013
Thursday, August 1, 2013
Thursday, October 3, 2013
Thursday, December 5, 2013