

DEPARTMENT OF CAREER EDUCATION

Enabling Laws

Act 201 of 2012
A.C.A. § 25-30-103 et seq.
A.C.A. § 25-30-201 et seq.
A.C.A. § 6-11-205 and 206

History and Organization

Mission Statement: The Arkansas Department of Career Education (ACE) has the mission of providing leadership and contributing resources to serve the diverse and changing career and educational needs of the youth and adults of Arkansas. Arkansans with disabilities are provided opportunities to work and to lead productive and independent lives through Arkansas Rehabilitation Services.

Agency History: Act 64 of 1981 created the Vocational and Technical Education Division (now the Department of Career Education) as a cabinet-level state agency equal to the Arkansas Department of Education (ADE). Prior to 1981, the Arkansas Department of Education had administered postsecondary and secondary vocational education, as well as adult education. The operation of the state board was changed in 1981 as well. Act 250 of 1981 required that the State Board of Vocational Education (composed of the same members as the State Board of Education) meet on different dates than its meeting dates as the State Board of Education. In 1991, the composition of the State Board of Vocational Education changed again with the passage of Act 773, which added three new board members to represent business and industry, including the service-oriented industries.

Act 803 of 1997 created the Arkansas Department of Workforce Education. The act abolished the Arkansas Vocational Technical Education Division, as well as the Governor's Commission on Adult Literacy and the Advisory Council for Vocational-Technical Education, transferring them to the newly created Arkansas Department of Workforce Education (DWE). Act 803 also abolished the State Board of Vocational Education, transferring it to the State Board of Workforce Education and Career Opportunities, which was created by the act.

Act 787 of 2009 renamed the Arkansas Department of Workforce Education as the Arkansas Department of Career Education and the State Board of Workforce Education and Career Opportunities as the State Board of Career Education.

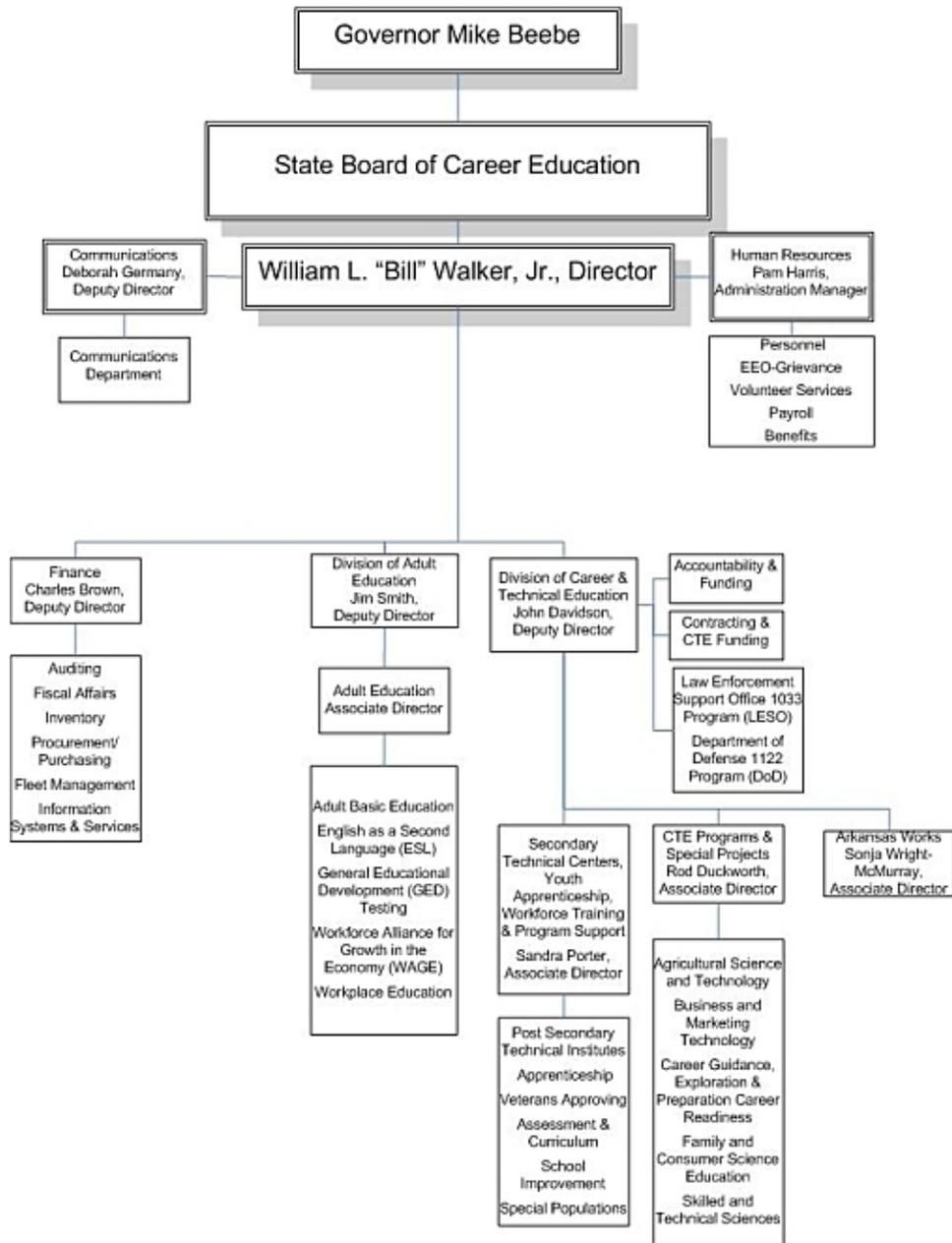
From 1971 until 1993, Arkansas Rehabilitation Services (ARS), known then as the Division of Rehabilitation Services, was administered by the Department of Social and Rehabilitative Services (now the Department of Human Services). Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation Services and transferred ARS back to the Department of Education, where it was placed under the

oversight of the State Board of Vocational Education as a division of the Vocational and Technical Education Division. With the passage of Act 803, ARS became a division of the Department of Workforce Education, now the Department of Career Education.

ACE is comprised of three divisions as well as administrative support services. The three divisions are Adult Education, Career and Technical Education, and Arkansas Rehabilitation Services. ACE oversees career and technical education programs in the secondary schools, secondary area technical centers, adult and youth apprenticeship programs, Arkansas Rehabilitation Services, and adult education programs. ACE also works with the Veterans Administration to approve state educational programs for veterans' benefits and has oversight authority for the Law Enforcement Support Office 1033 and the Department of Defense 122 Program.

Statutory Responsibility and Primary Activities: The enabling legislation and the powers and duties of the Arkansas Department of Career Education are codified in Arkansas Code Annotated 25-3-103, 25-30-104, 25-30-106, 25-30-107, 25-30-201, 6-11-205, and 6-11-206. These responsibilities include, but are not limited to, the following:

1. Establishment of policies and procedures, criteria, and priorities for use in approving local programs of career and technical education, adult education, and vocational rehabilitation in all areas of the state.
2. Monitoring of local programs of career and technical education, adult education, vocational rehabilitation and provision of technical assistance to assist these programs in meeting federal and state mandates and accountability measures.
3. Performance of all administrative functions in relation to the management, control, and supervision of all programs of career and technical education, adult education, and vocational rehabilitation in Arkansas's public educational institutions, with the exception of technical colleges, community colleges, and colleges and universities.
4. Development of state plans required by state or federal laws and regulations as prerequisites to receiving federal funds for career and technical education, adult education, or vocational rehabilitation.
5. Receipt and distribution of all state and federal funds designated for adult education, federal funds provided by the Carl D. Perkins Career and Technical Education Act of 2006, and Title I formula grant funds provided by the U.S. Department of Education/Rehabilitation Services Administration.
6. Development of programs and services that prepare high school students for postsecondary education and careers through an integrated course of study blending specialized training and real-world work experience with strong academic instruction.
7. Development of programs and services designed to provide persons age 18 and older with less than a high school diploma opportunities to increase their basic academic skills and earn the General Educational Development (GED®) credential (In certain cases, 16- and 17-year-olds who have dropped out of the public schools can be served in adult education programs.)
8. Development of programs and services designed to provide increased employment of individuals with disabilities through the provision of individualized training, independent living services, educational and support services, and meaningful opportunities for employment in integrated work settings.



Agency Commentary

Career and Technical Education

The workplace of the future demands workers who are well educated and highly skilled. As we move into the 21st century, Arkansas's standard of living will depend in large measure upon our ability to provide workers for high-skill, high-demand, high-wage occupations. Career and technical education (CTE) offers a powerful answer to the problems of both high school completion and career preparation. Now, because of the ongoing work of the Arkansas Department of Career Education (ACE), more than 157,000 Arkansas students enroll in CTE classes annually, representing approximately 76 percent of the student population in grades 7-12. Approximately 61 percent of the state's CTE completers enter college, and the persistence rate (continuation from the freshman to sophomore year in college) for CTE completers averages 72 percent. Another 30 percent go directly to work with skills that afford them greater earning power than those without those skills. However, despite this record of success, CTE remains overlooked and underfunded. It is imperative that Arkansas fund these critically important programs at the level necessary to ensure their excellence and success.

Additional Staffing - ACE is requesting 3 new positions for the Career and Technical Education (CTE) Division. These new positions are an Education and Instruction Manager, an Education and Instruction Coordinator, Science, Technology, Education, Mathematics (STEM), and an Education and Instruction Coordinator, Construction Trades. The primary responsible of these 3 new positions will be to increase student involvement in the secondary CTE programs related to STEM and construction trades. STEM is part of the Governor's initiative (StemWorks), which is designed to promote STEM related programs of study. Construction trades remains a career field experiencing chronic shortages of more skilled workers despite an anticipated 19 percent growth in employment in the decade of 2008-2018, according to the *Occupational Outlook Handbook* (OOH), 2010-11 Edition, published by the U.S. Department of Labor, Bureau of Labor Statistics.

Expansion of the College-Based Career Centers - Currently, there are 24 secondary centers serving 173 high schools, meaning that students in 67 high schools do not have access to a secondary area technical center. Since these students do not have the same opportunities for CTE as other Arkansas students, the state does not meet the equity standard for public education established in the 2001 ruling in the Lake View case. To address the most critical areas of need, funding is requested for the establishment of three new secondary centers and a projected annual five-percent growth in center enrollment.

Current Funding Status: The fiscal year 2013 appropriation for the centers is \$20,136,383, which includes just over \$9.6 million that flows to participating high schools as a reimbursement for center students for the prior year.

Additional Funding Request: Secondary Technical Career Centers were included in Act 59, 84th General Assembly, Secondary Extraordinary Session, 2003 - The Public School Funding Act of 2003 as part of Section 6-20-2005 - School Funding as an additional

education category. (2)(A) For the 2004-2005 school year, alternative learning environmental funding and secondary vocational area center funding shall be three thousand two hundred fifty dollars (\$3,250) multiplied times:

(ii) The number of students enrolled in a secondary vocational area center during the 2003-2004 school year;

The additional education categories in Act 59 included alternative learning environmental funding, secondary vocational area center funding, English language learners (ELL), National School Lunch Students (NSLA), and professional development. Since 2003, ALE, ELL, NSLA have received increases; however, secondary vocational area center funding has not increased. ALE has increased to four thousand two hundred twenty eight dollars (\$4,228) and secondary vocational area center funding has remained at \$3,250, which is designated funding to reimburse school districts for those secondary students attending the secondary area vocational center from the previous year. This amount is included in the funding and appropriation for secondary area vocational centers of \$20, 136, 383.

We are requesting an additional \$2,848,023 for the biennium 2013-2014.

If the secondary area vocational centers had received the same increase as ALE the difference in funding for the 2011-2012 school year would have been an **increase in funding of \$2,848,023**, which in a time of increasing costs and increased center enrollment would have allowed Department of Career Education to approve additional programs of study in the centers as well as an expansion of centers in areas where there is no access to a secondary vocational area center.

Arkansas STEM Occupations Student Loan Forgiveness Program

The purpose of the Arkansas STEM Occupations Student Loan Forgiveness Program is to increase the number of postsecondary graduates in STEM fields who become employed in STEM occupations in Arkansas. The program shall provide student loan repayments to individuals who earn a certificate or degree in a STEM field and work in a STEM occupation in Arkansas.

Increasing the number of Arkansas students who complete postsecondary education in STEM fields is a compelling state interest. Arkansas's ability to secure its standing in the global economy and to attract 21st-century employers depends in large part upon our ability to educate a technically competent and adaptable workforce. The U.S. Department of Labor predicts that jobs requiring STEM training will increase 34 percent between 2008 and 2018. However, in Arkansas, the number of graduates in science, technology, engineering and mathematics decreased nearly 21 percent between 2000-01 and 2008-09, according to a report by the National Center for Education Statistics.

The STEM Occupations Student Loan Forgiveness Program would align with two recent STEM-related state initiatives, STEM Works and the Microsoft IT Academy, and would provide students wishing to pursue postsecondary education or training in a STEM field a financial incentive to do so in terms of student loan repayment. Since graduates would be required to work in Arkansas in a STEM occupation to be eligible for repayment, the state would benefit from its investment in these individuals who would help fill the state's high-skill, high-wage, high-demand jobs.

It is our recommendation that the repayment amounts for the Arkansas STEM Occupations Student Loan Forgiveness Program be somewhat comparable to the Arkansas Academic Challenge Scholarship amounts, currently \$4,500 per year for students at four-year institutions and \$2,250 per year for students at two-year institutions. We would expect to make approximately 500 repayments (400 four-year degree recipients and 100 two-year degree recipients) the first year of the biennium and 800 repayments the second year (600 four-year degree recipients and 200 two-year degree recipients). If these repayments are funded at an amount equivalent to the Arkansas Academic Challenge Scholarship, the cost would be \$2,025,000 for the first year of the biennium and \$3,150,000 for the second year of the biennium, for a total of \$5,175,000.

CTE Startup Funds - When high schools and secondary area technical centers want to offer a new program of career and technical study to address economic development needs in their communities, they apply to ACE for approval and funding for the instructional equipment, non-consumable supplies, and program software required for that program.

Each year the demand for new program funding increases as public schools and centers seek to upgrade and modernize their programs through startup equipment cost. In each of the past three years, ACE has received nearly 200 new program applications. However, because of an appropriation capped for over a decade at \$2.37 million for new program startups, ACE has been able to fund fewer than 60 percent of the applications each year. Thus, many public schools and college and career centers have been unable to provide the equipment to start new and innovative programs. Moreover, the fact that ACE funds fewer than 60 percent of the programs creates a potential equity issue for the state.

With increased funding, we would be able to start new high-skill, high-wage, high-demand programs in Arkansas public schools and career centers.

Current Funding Status: The present level of funding for new program startup is \$2,370,000. As previously mentioned, this amount normally funds approximately 60 percent of all requests, with many programs waiting two to three years to modernize and upgrade to new programs.

Additional Funding Request: An increase of \$355,500 (15 percent) would allow the majority of programs to receive funding and continue to upgrade at a reasonable rate. The additional request would bring the CTE startup total to \$2,725,500.

Equipment Upgrade and Replacement - CTE programs in Arkansas high schools, junior high and middle schools, and secondary area technical centers represent an investment by the public schools of more than \$116 million in equipment based on a 2005 study. As with school facilities, instructional equipment falls into a state of critical disrepair if there is no funding for repairs or upgrades.

Most local district and center programs were originally funded with state startup funds provided by ACE. Although many of those programs have operated for decades, they have not received agency funds to replace and upgrade equipment since the 1999-2000 school year, and

federal funds cannot be used for equipment replacement purposes. Because of state budget concerns, the line item for equipment replacement was cut in 2000 and has never been reinstated. Thus, schools are now required to upgrade equipment with local sources of funds (an equity issue), or, in many instances, teachers are required to raise those funds themselves. Replacing aging equipment used in CTE programs in the state's public schools so that the programs have equipment that is both safe and adequate to train students for the 21st century workplace is critical.

Current Funding Status: There has been no funding for equipment replacement since the 1999-2000 school year, a situation that has created a huge problem since most career and technical education programs require a range of machines and tools for effective instruction. In the 2007 legislative session, the equipment replacement request was approved at \$10,000,000. However, these funds were never released.

Additional Funding Request: \$4,000,000 is being requested for each year. This amount would allow approximately \$8,000 per program on a five-year rotational basis, an amount that would allow for repairs and updated safety features critical to the welfare and training needs of Arkansas students.

Adult Education

Adult Education Grants -The Department is requesting an increase of \$7,411,384 each year to increase the number of Arkansans served in adult education programs and to implement the newly developed performance-based funding formula that will distribute adult education funds on the basis of student contact hours and achievement.

Adult education provides adult Arkansans with educational opportunities to improve their academic and employability skills so that they can participate effectively as productive workers, family members, and citizens. By providing individuals this "second chance," adult education also contributes to the state's economic health and quality of life. Adult education serves the needs of a diverse population through a variety of classes in areas such as workplace readiness, basic academics, preparation for General Educational Development (GED®) Tests, English language and citizenship, and family literacy.

In the fall of 2007, a task force comprised of legislators and representatives from the Governor's Office, the Legislative Council, the Department of Career Education (formerly the Department of Workforce Education), and local adult education administrators began work on a new funding formula for the distribution of state adult education funds. The task force developed a performance-based funding formula modeled after the research reported in "Performance-based Funding in Adult Education," published by the U. S. Department of Education, Office of Vocational and Adult Education. The new formula is designed to promote equity, efficiency, accountability, and program improvement. After the formula was developed, task force members decided that the existing and historical funding level was insufficient to allow programs to continue functioning with minimal disruptions and advised that additional funding would be needed in the new biennium in order to implement the formula.

If this additional funding is not received, adult education programs will continue to lose ground as they struggle to meet rising costs and increasing demand with funding that is barely above its 1992 level. The impact on Arkansans has already been significant. In many parts of the state, local programs have had to merge therefore reducing the number of local education agencies and reduce the number of teachers, classes, sites, and instructional materials and equipment, thereby cutting services. Some satellite locations have been forced to close, meaning that students with transportation barriers have had to drop out of classes or travel farther. If adequate funding is not provided, further cuts in services will be inevitable.

Adult Education: Smarter Sentencing Program

Arkansas Adult Education Component of the Smarter Sentencing Program:

This proposal applies to the fiscal years 2013-2014 and 2014-2015 to provide access to the Smarter Sentencing Program (SSP) in all 28 Judicial Districts. The Smarter Sentencing Program (SSP) is designed to bring evidence-based, more effective sentencing practices by requiring first-time and non-violent offenders to complete educational goals, community service hours, and employment goals.

The SSP program offers innovative pretrial and presentencing sanctions and services for offenders who are accepted into the program through the use of risk assessment instruments that capture empirically validated risk factors for reoffending, and the use of research supported intervention targeting those specific risk factors. Specifically, the goals of the SSP program are to enhance public safety through reductions in recidivism, to hold offenders accountable to victims and communities (pre-trial, pre-sentence) through various sanctions, restitution and work service hours; and to increase competencies in offenders through educational and vocational training, mental health management, drug treatment and other basic life-skills training so that they are better equipped to live crime-free lives.

The judicial system for the SSP program is as follows: Low risk offenders submit themselves to the authority of the program pre-trial, or plead guilty based on the risk needs assessment, and based on the circumstances of the case. Medium and high risk offenders must enter a plea of guilty. This plea will be taken under advisement while offenders complete the smarter sentencing program. All individuals will be held accountable to their victims and the community through payment of restitution, completion of community service hours, and compliance with all supervision requirements set by their community resource officer. In addition, the SSP program mandates that individuals that are classified as a Tier 1A (low risk/low need) or Tier 1B (low/risk special needs) offender participate in a Community Based Program (CBP) (Educational Services, Job Training Skills, Substance Abuse Treatment, Family Counseling, Anger Management, etc.) identified by an assessment and through the court system and SSP assessment process operated by the courts. By participating in this program and reducing his/her risk to reoffend, a participant will have the opportunity to be placed on probation or have their charges against them dismissed.

However, because of the mandatory educational requirements, Arkansas's adult education programs as a pilot project through the Department of Justice and the Adult Education Division, particularly in Dallas, Calhoun, Cleveland, Columbia, Ouachita, and Union Counties are undergoing impediments in achieving the educational mandates. Five factors are exacerbating this problem: the lack of funding; additional teachers; facility space; equipment; and supplies. Arkansas Career Education, Adult Education Division Standards of Quality Adult Education of dollars without a budget increase since 1992. Consequently, counties are not equipped to meet the increased student load created by the Smarter Sentencing Program. Thus, it is proposed that additional funding be allocated to all adult basic academic education programs in support of the 28 judicial districts Smarter Sentencing Program.

Smarter Sentencing Program Calculations

Benefits:

Twenty-eight Judicial Districts multiplied by 52 Weeks in a year will save one offender from incarceration per district for a total of 1,456 people who do not enter prison. Currently, it costs \$24,500 for 3 meals and a cot per inmate per year. 1,456 multiplied by \$24,500 equals \$35,672,000 in savings cost per year. Three offenders saved per district per week per a year equal \$107,061,000 in savings to Arkansas in incarnation costs.

In addition, Head of Household and/ or spouse is home with children earning a living, seeking additional education-vocational or associate/college degrees, buying a home and car, buying real goods and services, paying both state and federal taxes, eligible to vote, reduction in associated health costs, strengthen family literacy support for schools.

Net Savings with 10 Year Investment in Adult Education Instruction Cost of \$13,720,000 will yield the following:

1 Year Savings (Less Instruction Cost)	105,689,000
2 Years Savings (Less Instruction Cost)	211,378,000
3 Years Savings (Less Instruction Cost)	317,067,000
4 Years Savings (Less Instruction Cost)	412,756,000
5 Years Savings (Less Instruction Cost)	528,445,000
6 years Savings (Less Instruction Cost)	634,134,000
7 Years Savings (Less Instruction Cost)	739,823,000

8 Years Savings (Less Instruction Cost)	845,512,000
9 Years Savings (Less Instruction Cost)	951,201,000
10 Year Savings (Less Instruction Cost)	\$1,056,890,000

If 4,368 Offenders a year do not serve a year sentence in prison over 10 years will save Arkansas \$1,056,890,000 by investing \$1,372,000 in Adult Education Instructional Cost plus a 6% guaranteed annual capacity increase couched in terms of the instructional cost.

Adult Education: Funding for those students ages 16, 17 & 18 prior to July 1 of each year who earn the GED

Pursuant to House Bill 2109 to make an appropriation to provide funding to the Department of Career Education for students who are sixteen, seventeen, or eighteen years of age and successfully pass a General Educational Development (GED®) test under the direction of the department for the fiscal year 2013-2014. In order to continue to effectively serve the 16, 17, and 18-year-old adult education student populations along with our target population, there is a desperate need for additional funding. Although the cost of living continues to rise, the Department of Career Education, Adult Education Division has not received additional funding in approximately 20 years. Adult education programs have always provided instructional services to 16, 17, and 18-year-old students and believe the financial resources from K-12 should follow the student. In the 2010-11 fiscal year, 90% or 2896 of the 3,221 enrolled 16-, 17-, and 18-year-old adult education students passed the GED® exam. The following is a breakdown in the number of students who took the GED exam and passed:

<u>16 year-olds</u>	<u>17 year-olds</u>	<u>18 year-olds</u>
668	1,210	1,018

We propose that the Department of Career Education, Adult Education Division receive from the Department of Education, \$3,062 or 50% of the average daily membership, whichever is greater, per 16, 17, and 18-year-old student who pass the GED® exam to offset the costs of teacher salaries, materials used and Instructional Cost plus a 6% guaranteed annual capacity increase in appropriation and funding couched in terms of the instructional cost to serve this population. Using the number of students who passed the GED® exam in 2010-11 fiscal year, the Adult Education Division should receive \$9,859,481.00 from the Department of Education for serving this student population Adult Education Instructional Cost plus a 6% guaranteed annual capacity increase couched in terms of the instructional cost.

Adult education programs cannot serve 16-, 17-, and 18-year-old-students unless a waiver is signed by the principal or administrator releasing the student from high school. We recommend that the Department of Education distribute the funds used to award secondary schools for high school diplomas to the Department of Career Education, Adult Education Division, for serving 16-, 17-, 18-year-old student and helping them to earn their GED® or high school equivalency diploma.

Adult Education: General Education Development (GED) Assessment

The Department of Career Education is requesting appropriation and funding in the amount of \$1,870,000 (annually) to cover the costs for individuals taking the GED® and other assessment tests. As of January 1, 2014, the GED® test will be computer-based and focus on creating a comprehensive program to ensure that more adults are career- and college-ready, and have the ability to earn a sustainable living wage. The new assessment system will align to the Common Core State Standards and will insure the GED® test is no longer an end point, but rather a springboard for further education, training, and/or better jobs.

Arkansas will be required to transition from pencil/paper testing to computer-based testing by 2014 as the pencil/paper version will no longer be available. Expenses for pencil/paper testing have been funded through state adult education funds allowing Arkansas to provide GED Testing services to its citizens for free. The computer-based testing will necessitate that substantial charges be passed on to the test-taker unless funding can be provided.

If funding is not provided for this service, educational opportunities will be out of reach for many of Arkansas's most destitute citizens. Since 2002, the state of Arkansas has provided GED testing for between 6,000 and 11,000 individuals annually; consequently, providing second chances for jobs, improved employment, higher education, military enlistment, and self-fulfillment.

9,000 first-time testers @ \$120 = \$1,080,000
2,000 retesters @ \$120 = \$240,000
9,000 first-time testers of official practice test @ \$50 = \$450,000
2,000 retesters of official practice test @ \$50 = \$100,000
Total = \$1,870,000

Department Operations

The Department is requesting \$196,000 the first year of the biennium to secure a different facility to house all three divisions - Career and Technical Education, Adult Education, and Arkansas Rehabilitation Services. Such a move would enable the Department to provide better services to clients and decrease the duplication of services. Neither current facility (#3 Capitol Mall or 525 W. Capitol Avenue) is large enough to house all three divisions. The \$196,000 request for the first year includes moving expenses. \$151,000 is requested the second year for the increase in rent.

Arkansas Works

The Arkansas Works Initiative is aimed at providing the opportunity and support needed to increase the knowledge, skills, and educational attainment of Arkansas citizens. Arkansas Career Education in conjunction with the Department of Workforce Services have targeted TANF

(Temporary Assistance for Needy Families) funds to expand the College and Career Planning System to prepare students for the next level of education and/or training for a successful career. In addition, the Winthrop Rockefeller Foundation has provided funding to support this effort. The initiatives programs and services are accomplished through the three components of the Arkansas Works Initiative - the internet-based College and Career Planning Tool, the college and career coaches program, and ACT Academies working in conjunction with current school districts and community college initiatives to target Arkansas's poorest counties.

For expenditure of the Winthrop Rockefeller funds, this request for a cash fund appropriation of \$160,000 for FY14 would provide for continuation of the six-year plan to provide college and career coaches in Pulaski County. In addition, \$60,000 of Winthrop Rockefeller funds in FY15 would provide for support of college and career coaches in Pulaski County for the 6th year. The Arkansas Department of Career Education and its major divisions - Career and Technical Education, Adult Education, and Arkansas Rehabilitation Services - are wholly committed to fulfilling what the Department has termed "The Arkansas Promise" - a concept to provide our state with the best trained, best educated, and most efficient workforce possible. This "Promise" will require a significant investment of Arkansas's resources.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF CAREER EDUCATION
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Arkansas Procurement Law and Rules Regulation 19-11-230c states that "public notice of the request for proposals shall be given in the same manner as provided in 19-11-229(d)." Arkansas Procurement Law and Rules Regulation 19-11-229(d) states, "Notice inviting bids shall be given not fewer than five (5) calendar days nor more than thirty (30) calendar days preceding the date for the opening of bids by publishing the notice at least one (1) time in at least one (1) newspaper having general circulation in the state or posting by electronic media, but in all instances, adequate notice shall be given."

R1:19-11-229 goes on to provide guidance regarding the electronic forms that can be used: "Invitations for bids for which OSP is responsible shall be posted on the OSP website www.arkansas.gov/dfa/procurement in adequate time to allow response."

Recommendations

Follow established policies as set forth by state procurement law.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS DEPARTMENT OF CAREER EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

A review of grant awards disclosed the following:

- The Agency did not follow the public notice requirements in advertising of competitive grant awards.
- The Agency did not fulfill the requirements for the length of time the bidding process is to be open.
- The auditor was unable to determine if the proposals were received within the required time, as the Agency provided documentation with conflicting time stamped dates.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	19	29	48	63 %
Black Employees	6	18	24	32 %
Other Racial Minorities	1	3	4	5 %
Total Minorities			28	37 %
Total Employees			76	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1500200	\$7,927	Checking Accounting	Metropolitan National Bank

Statutory/Other Restrictions on use:

A.C.A. 24-7-904 establishes that the Agency has the authority to administer retirement plans and authorizes such functions as may be reasonably appropriate.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 24-7-908 authorizes collection of contributions to plans established under the authority of the Agency.

Revenue Receipts Cycle:

Collected at two-week intervals throughout the year.

Fund Balance Utilization:

All funds collected are in an escrow account for employees and are eventually forwarded to the employee's selected retirement system or returned to the employee.

Fund Account	Balance	Type	Location
1500300	\$330,434	Savings and Checking Accounts	Metropolitan National Bank

Statutory/Other Restrictions on use:

A.C.A. 24-7-904 establishes that the Agency has the authority to administer retirement plans and authorizes such functions as maybe reasonably appropriate.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 24-7-908 authorizes collection of contributions to plans established under the authority of the Agency.

Revenue Receipts Cycle:

Received at irregular intervals throughout the year.

Fund Balance Utilization:

All funds collected are in an escrow account for employees and are eventually forwarded to the employees selected retirement system or refunded to the employee.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
179 High-Tech Scholarship Program	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0
35S Housing Construction Program	0	0	164,807	0	164,807	0	164,807	0	329,613	0	329,613	0	164,807	0	329,613	0	329,613	0
640 Vo Tech Admin-Operations	6,405,636	62	6,527,164	60	6,591,125	61	6,527,878	60	6,817,639	62	6,647,391	59	6,527,371	60	6,772,008	62	6,601,760	59
641 Fed Voc Educ-Operations	16,726,424	16	20,287,548	17	20,457,904	16	20,283,195	16	21,421,660	17	21,421,660	17	20,284,309	16	21,421,600	17	21,421,600	17
644 Adult Basic Education	444,067	6	520,162	7	523,527	7	541,273	7	541,273	7	541,273	7	541,273	7	541,273	7	541,273	7
645 Fed-Adult Basic Education	6,367,616	3	7,436,404	3	7,488,034	3	7,439,818	3	8,367,037	3	8,367,037	3	7,439,818	3	8,367,037	3	8,367,037	3
647 Fed Equipment & Training-Operations	0	0	6,000	0	6,000	0	6,000	0	16,700	0	16,700	0	6,000	0	14,800	0	14,800	0
649 Fed-Veteran's Approving Agency	197,118	4	295,332	4	295,825	4	280,604	4	530,426	4	280,604	4	280,604	4	490,872	4	280,604	4
755 Construction Craft	521,419	1	883,309	1	883,185	1	884,534	1	961,021	2	961,021	2	884,534	1	961,145	2	961,145	2
82V LESO Program	5,790	0	15,000	0	15,000	0	15,000	0	130,000	0	15,000	0	15,000	0	115,000	0	15,000	0
96V Career Coaches Grant	28,686	0	120,000	0	0	0	0	0	160,000	0	160,000	0	0	0	60,000	0	60,000	0
A88 Alternate Retirement Plan	68,786	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0
Total	30,775,542	92	36,388,248	92	36,557,929	92	36,275,631	91	39,407,891	95	38,872,821	92	36,276,238	91	39,205,870	95	38,725,354	92

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,621,469	7.8	2,713,551	7.1	2,066,881	5.5	2,066,881	5.1	2,066,881	5.2	1,724,140	4.6	1,493,864	3.8	1,608,864	4.1	
General Revenue	4000010	3,400,566	10.2	3,341,028	8.7	3,408,145	9.0	3,697,906	9.1	3,604,145	9.0	3,407,638	9.1	3,652,275	9.2	3,558,638	9.0	
Federal Revenue	4000020	23,313,629	69.6	27,973,952	72.7	27,973,013	73.9	30,288,519	74.8	30,038,697	75.1	27,974,127	74.8	30,248,905	76.0	30,038,637	76.2	
Special Revenue	4000030	421,433	1.3	500,000	1.3	502,219	1.3	578,706	1.4	578,706	1.4	512,119	1.4	588,730	1.5	588,730	1.5	
Cash Fund	4000045	82,875	0.2	60,000	0.2	60,000	0.2	60,000	0.1	60,000	0.1	60,000	0.2	60,000	0.2	60,000	0.2	
Merit Adjustment Fund	4000055	0	0.0	45,292	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Educational Excellence Fund	4000220	3,449,635	10.3	3,521,006	9.2	3,521,006	9.3	3,521,006	8.7	3,521,006	8.8	3,521,006	9.4	3,521,006	8.9	3,521,006	8.9	
Interest	4000300	589	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Interest & Forfeitures	4000305	74,299	0.2	65,000	0.2	65,000	0.2	65,000	0.2	65,000	0.2	65,000	0.2	65,000	0.2	65,000	0.2	
Loan Repayment	4000330	30,000	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
M & R Sales	4000340	596	0.0	800	0.0	800	0.0	800	0.0	800	0.0	800	0.0	800	0.0	800	0.0	
Miscellaneous Transfers	4000355	84,500	0.3	84,500	0.2	87,900	0.2	87,900	0.2	87,900	0.2	0	0.0	0	0.0	0	0.0	
Transfers / Adjustments	4000683	9,502	0.0	150,000	0.4	150,000	0.4	150,000	0.4	0	0.0	150,000	0.4	150,000	0.4	0	0.0	
Total Funds		33,489,093	100.0	38,455,129	100.0	37,834,964	100.0	40,516,718	100.0	40,023,135	100.0	37,414,830	100.0	39,780,580	100.0	39,441,675	100.0	
Excess Appropriation/(Funding)		(2,713,551)		(2,066,881)		(1,559,333)		(1,108,827)		(1,150,314)		(1,138,592)		(574,710)		(716,321)		
Grand Total		30,775,542		36,388,248		36,275,631		39,407,891		38,872,821		36,276,238		39,205,870		38,725,354		

Variances in fund balance due to unfunded appropriation in (35S) Housing Construction Program, (640) Vo Tech Admin-Operations, (647) Fed Equipment & Training-Operations, and (96V) Career Coaches Grant).

Budget exceeds Authorized Appropriation in Fund Center (96V) Career Coaches Grant due to a transfer from the Cash Fund Holding Account.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
95	85	8	93	2	10.53 %	93	82	11	93	0	11.83 %	93	80	13	93	0	13.98 %

Analysis of Budget Request

Appropriation: 179 - High-Tech Scholarship Program

Funding Sources: EGB - Workforce Education Fund Account

This appropriation is used to award scholarships to Arkansas students attending Arkansas' educational institutions. Twenty (20) high tech scholarships of \$500 each as required in A.C.A. 6-82-401 et seq. can be given per student per semester. For FY2010, seventeen (17) full scholarships and one (1) half scholarship were issued. This appropriation is funded with general revenue.

The Agency Request is for Base Level of \$10,000 each fiscal year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 179 - High-Tech Scholarship Program
Funding Sources: EGB - Workforce Education Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Scholarships 5100030	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Funding Sources									
General Revenue 4000010	10,000	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Total Funding	10,000	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	10,000	10,000		10,000	10,000	10,000	10,000	10,000	10,000

Analysis of Budget Request

Appropriation: 35S - Housing Construction Program

Funding Sources: MTR - Building Trades Rev

This Appropriation was established during the 2007-2009 biennium. This is a revolving loan program that allows the Department of Career Education to make loans available to Secondary Area Technical Center and other eligible entities for the purchase of building materials, supplies and fixtures to be used in construction of a single family dwelling unit or other non residential building projects approved in the Housing Construction Program.

The Agency Change Level request for appropriation in the Loans line item totaling \$164,806 in each year of the biennium is to increase appropriation to the amount of available funds to carry out the program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35S - Housing Construction Program

Funding Sources: MTR - Building Trades Rev

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	0	164,807	164,807	164,807	329,613	329,613	164,807	329,613	329,613
Total	0	164,807	164,807	164,807	329,613	329,613	164,807	329,613	329,613
Funding Sources									
Fund Balance 4000005	299,614	329,614		164,807	164,807	164,807	164,807	164,807	164,807
Loan Repayment 4000330	30,000	0		0	0	0	0	0	0
Total Funding	329,614	329,614		164,807	164,807	164,807	164,807	164,807	164,807
Excess Appropriation/(Funding)	(329,614)	(164,807)		0	164,806	164,806	0	164,806	164,806
Grand Total	0	164,807		164,807	329,613	329,613	164,807	329,613	329,613

Change Level by Appropriation

Appropriation: 35S - Housing Construction Program
Funding Sources: MTR - Building Trades Rev

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	164,807	0	164,807	100.0	164,807	0	164,807	100.0
C01	Existing Program	164,806	0	329,613	200.0	164,806	0	329,613	200.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	164,807	0	164,807	100.0	164,807	0	164,807	100.0
C01	Existing Program	164,806	0	329,613	200.0	164,806	0	329,613	200.0

Justification

C01	Requesting to increase appropriation to the amount of available funds to carry out the program.
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Analysis of Budget Request

Appropriation: 640 - Vo Tech Admin-Operations

Funding Sources: EGB - Workforce Education Fund

This appropriation provides the majority of general revenue support for the administrative functions of the Department of Career Education. Programs such as the Plumbing Apprenticeship program, Industrial Coordinators, and Tech Prep program are included in the activities carried out through this appropriation. In addition to general revenue, Educational Excellence funds are used to provide support for the Apprenticeship program. Additionally, during the 2007-2009 Biennium, the Motor Vehicle Education Program was added to this appropriation. This education program is funded by a transfer from the Motor Vehicle Commission.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency Change Level requests for appropriation and general revenue funding totaling \$289,761 in FY14 and \$244,637 in FY15 include the following:

- An increase in Regular Salaries and Personal Services Matching of \$170,248 in each year for three new positions for the STEMWorks program.
- Transfer of a position and appropriation of \$76,487 in FY14 and \$76,611 in FY15 to the Construction Craft appropriation.
- Operating Expenses of \$196,000 in FY14 and \$151,000 in FY15 for moving expenses and an increase in rent.

The Executive Recommendation provides for Agency Request with the exception of the following:

- Increase in Regular Salaries and Personal Services Matching for the three new positions for the STEMWorks program.
- Elimination of the \$150,000 of fund transfer due to a change in Motor Vehicle Commission's fund transfer special language.

The Executive Recommendation also provides for the funding increase in Operating Expenses line item to come from a general revenue reallocation from Career Education Rehabilitation Services to Career Education.

Appropriation Summary

Appropriation: 640 - Vo Tech Admin-Operations

Funding Sources: EGB - Workforce Education Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,036,068	3,091,007	3,104,788	3,044,770	3,112,524	2,986,989	3,044,170	3,111,824	2,986,289
#Positions	62	60	61	60	62	59	60	62	59
Extra Help 5010001	3,473	3,923	3,923	3,923	3,923	3,923	3,923	3,923	3,923
#Extra Help	1	69	69	69	69	69	69	69	69
Personal Services Matching 5010003	941,870	953,154	955,410	1,000,105	1,026,112	981,399	1,000,198	1,026,181	981,468
Operating Expenses 5020002	790,151	836,373	884,297	836,373	1,032,373	1,032,373	836,373	987,373	987,373
Conference & Travel Expenses 5050009	22,618	28,751	28,751	28,751	28,751	28,751	28,751	28,751	28,751
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Apprenticeship Program 5900047	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456
Motor Vehicle Education Prgm 5900048	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total	6,405,636	6,527,164	6,591,125	6,527,878	6,817,639	6,647,391	6,527,371	6,772,008	6,601,760
Funding Sources									
General Revenue 4000010	2,946,499	2,814,306		2,856,872	3,146,633	3,052,872	2,856,365	3,101,002	3,007,365
Merit Adjustment Fund 4000055	0	41,852		0	0	0	0	0	0
Educational Excellence Fund 4000220	3,449,635	3,521,006		3,521,006	3,521,006	3,521,006	3,521,006	3,521,006	3,521,006
Transfers / Adjustments 4000683	9,502	150,000		150,000	150,000	0	150,000	150,000	0
Total Funding	6,405,636	6,527,164		6,527,878	6,817,639	6,573,878	6,527,371	6,772,008	6,528,371
Excess Appropriation/(Funding)	0	0		0	0	73,513	0	0	73,389
Grand Total	6,405,636	6,527,164		6,527,878	6,817,639	6,647,391	6,527,371	6,772,008	6,601,760

Change Level by Appropriation

Appropriation: 640 - Vo Tech Admin-Operations
Funding Sources: EGB - Workforce Education Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,527,878	60	6,527,878	100.0	6,527,371	60	6,527,371	100.0
C01	Existing Program	366,248	3	6,894,126	105.6	321,248	3	6,848,619	104.9
C07	Agency Transfer	(76,487)	(1)	6,817,639	104.4	(76,611)	(1)	6,772,008	103.7
C10	Reclass	0	0	6,817,639	104.4	0	0	6,772,008	103.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,527,878	60	6,527,878	100.0	6,527,371	60	6,527,371	100.0
C01	Existing Program	196,000	0	6,723,878	103.0	151,000	0	6,678,371	102.3
C07	Agency Transfer	(76,487)	(1)	6,647,391	101.8	(76,611)	(1)	6,601,760	101.1
C10	Reclass	0	0	6,647,391	101.8	0	0	6,601,760	101.1

Justification

C01	ACE is requesting 3 new positions for the Career and Technical Education (CTE) Division. These new positions are an Education and Instruction Manager, an Education and Instruction Coordinator, Science, Technology, Education, Mathematics (STEM), and an Education and Instruction Coordinator, Construction Trades. The primary responsible of these 3 new positions will be to increase student involvement in the secondary CTE programs related to STEM and construction trades. STEM is part of the Governor's initiative (StemWorks), which is designed to promote STEM related programs of study. Construction trades remains a career field experiencing chronic shortages of more skilled workers despite an anticipated 19 percent growth in employment in the decade of 2008-2018, according to the Occupational Outlook Handbook (OOH), 2010-11 Edition, published by the U.S. Department of Labor, Bureau of Labor Statistics. The Department is requesting \$196,000 the first year of the biennium to secure a different facility to house all three divisions - Career and Technical Education, Adult Education, and Arkansas Rehabilitation Services. Such a move would enable the Department to provide better services to clients and decrease the duplication of services. Neither current facility (#3 Capitol Mall or 525 W. Capitol Avenue) is large enough to house all three divisions. The \$196,000 request for the first year includes moving expenses. \$151,000 is requested the second year for the increase in rent.
C07	This position was transferred to different fund to reflect the actual expenditures of the program.
C10	The Agency Controller II (position#22080310) is the Chief Financial Officer for the Arkansas Department of Career Education. The job duties and responsibilities of the Chief Financial Officer require financial expertise, analysis, and other cognitive skill sets. The financial management competencies are especially critical because of the volatility of the economy and the consequent effect of decreasing revenues and increasing client service needs. As evidenced by the Transparency Act, this leadership position must be a visionary who is analytically astute to achieve desired outcomes with well-targeted forecasts and budget projections. The accretion of job duties are expected and are necessary, as well as a progressively professional staff.

Analysis of Budget Request

Appropriation: 641 - Fed Voc Educ-Operations

Funding Sources: FEV - Federal Vocational Education

This appropriation is the federal counterpart to the general revenue appropriation (640) and together they serve as the basis for the administrative support of the Agency. Funds are received from the U.S. Department of Education through the following program sources:

- Carl D. Perkins Vocational & Applied Technology Education Act- Basic Grant
- Jobs Training Partnership Act- School-to-Work Opportunities program
- Carl D. Perkins Applied Technology Education Act- Tech Prep Education

Only the 5% administrative funds in the Carl Perkins Basic Grant must be matched and this is provided in the state funded appropriation (640).

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level requests for appropriation totaling \$1,138,465 in FY14 and \$1,137,291 in FY15 includes the following:

- An increase in Regular Salaries and Personal Services Matching line items of \$41,151 in each year for continuation of a collaboration award with The Department of Workforce Services for the services of one (1) employee.
- Grants and Aid line item appropriation increase of \$1,097,314 in FY14 and \$1,096,140 in FY15 to distribute one time grants to school districts for special projects.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 641 - Fed Voc Educ-Operations
Funding Sources: FEV - Federal Vocational Education

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	589,975	665,894	801,631	652,143	681,394	681,394	653,043	682,294	682,294
#Positions		16	17	16	16	17	17	16	17	17
Extra Help	5010001	2,879	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
#Extra Help		1	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	218,699	225,317	259,936	234,715	246,615	246,615	234,929	246,829	246,829
Operating Expenses	5020002	1,694,900	1,673,936	1,673,936	1,673,936	1,673,936	1,673,936	1,673,936	1,673,936	1,673,936
Conference & Travel Expenses	5050009	42,464	46,175	46,175	46,175	46,175	46,175	46,175	46,175	46,175
Professional Fees	5060010	4,479	748,350	748,350	748,350	748,350	748,350	748,350	748,350	748,350
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	14,173,028	16,922,876	16,922,876	16,922,876	18,020,190	18,020,190	16,922,876	18,019,016	18,019,016
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		16,726,424	20,287,548	20,457,904	20,283,195	21,421,660	21,421,660	20,284,309	21,421,600	21,421,600
Funding Sources										
Federal Revenue	4000020	16,726,424	20,287,548		20,283,195	21,421,660	21,421,660	20,284,309	21,421,600	21,421,600
Total Funding		16,726,424	20,287,548		20,283,195	21,421,660	21,421,660	20,284,309	21,421,600	21,421,600
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		16,726,424	20,287,548		20,283,195	21,421,660	21,421,660	20,284,309	21,421,600	21,421,600

Change Level by Appropriation

Appropriation: 641 - Fed Voc Educ-Operations
Funding Sources: FEV - Federal Vocational Education

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,283,195	16	20,283,195	100.0	20,284,309	16	20,284,309	100.0
C01	Existing Program	1,097,314	0	21,380,509	105.4	1,096,140	0	21,380,449	105.4
C06	Restore Position/Approp	41,151	1	21,421,660	105.6	41,151	1	21,421,600	105.6

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,283,195	16	20,283,195	100.0	20,284,309	16	20,284,309	100.0
C01	Existing Program	1,097,314	0	21,380,509	105.4	1,096,140	0	21,380,449	105.4
C06	Restore Position/Approp	41,151	1	21,421,660	105.6	41,151	1	21,421,600	105.6

Justification

C01	Requesting an increase in appropriation to the amount of available funds to carry out the program.
C06	This is a continuation of a collaboration award with The Department of Workforce Services for the services of a workforce employee.

Analysis of Budget Request

Appropriation: 644 - Adult Basic Education

Funding Sources: EGB - Workforce Education Fund Account

This general revenue appropriation is utilized by the Agency to administer the State's adult education programs. These programs are generally found in adult education centers, community colleges, post-secondary vocational institutions, and area high schools.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

The Base Level Request is \$541,273 for each fiscal year of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 644 - Adult Basic Education
Funding Sources: EGB - Workforce Education Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	314,261	378,103	384,908	387,490	387,490	387,490	387,490	387,490	387,490
#Positions	6	7	7	7	7	7	7	7	7
Personal Services Matching 5010003	104,822	117,059	113,619	128,783	128,783	128,783	128,783	128,783	128,783
Operating Expenses 5020002	24,984	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	444,067	520,162	523,527	541,273	541,273	541,273	541,273	541,273	541,273
Funding Sources									
General Revenue 4000010	444,067	516,722		541,273	541,273	541,273	541,273	541,273	541,273
Merit Adjustment Fund 4000055	0	3,440		0	0	0	0	0	0
Total Funding	444,067	520,162		541,273	541,273	541,273	541,273	541,273	541,273
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	444,067	520,162		541,273	541,273	541,273	541,273	541,273	541,273

Analysis of Budget Request

Appropriation: 645 - Fed-Adult Basic Education

Funding Sources: FEA - Federal Adult Basic Education

This federal appropriation is utilized by the Agency to administer adult education programs. Funding is received from the U.S. Department of Education- Basic State Grant and requires a 25% match by the State. Funds from the State funded counterpart for adult education programs (appropriation 644), as well as Public School Funds received by the Agency are used to meet the matching requirement.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level request for appropriation in Grants and Aid line item of \$927,219 each year of the biennium is to provide for programs that serve students who function below a ninth grade level, programs in correctional institutions and programs that serve individuals that speak foreign languages to learn English and understand our government.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 645 - Fed-Adult Basic Education
Funding Sources: FEA - Federal Adult Basic Education

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	172,582	132,674	175,289	132,674	132,674	132,674	132,674	132,674	132,674
#Positions		3	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	51,799	43,003	52,018	46,417	46,417	46,417	46,417	46,417	46,417
Operating Expenses	5020002	0	77,467	77,467	77,467	77,467	77,467	77,467	77,467	77,467
Conference & Travel Expenses	5050009	15,050	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200
Professional Fees	5060010	0	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	6,128,185	7,149,060	7,149,060	7,149,060	8,076,279	8,076,279	7,149,060	8,076,279	8,076,279
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		6,367,616	7,436,404	7,488,034	7,439,818	8,367,037	8,367,037	7,439,818	8,367,037	8,367,037
Funding Sources										
Federal Revenue	4000020	6,367,616	7,436,404		7,439,818	8,367,037	8,367,037	7,439,818	8,367,037	8,367,037
Total Funding		6,367,616	7,436,404		7,439,818	8,367,037	8,367,037	7,439,818	8,367,037	8,367,037
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		6,367,616	7,436,404		7,439,818	8,367,037	8,367,037	7,439,818	8,367,037	8,367,037

Change Level by Appropriation

Appropriation: 645 - Fed-Adult Basic Education
Funding Sources: FEA - Federal Adult Basic Education

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	7,439,818	3	7,439,818	100.0	7,439,818	3	7,439,818	100.0
C01	Existing Program	927,219	0	8,367,037	112.5	927,219	0	8,367,037	112.5

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	7,439,818	3	7,439,818	100.0	7,439,818	3	7,439,818	100.0
C01	Existing Program	927,219	0	8,367,037	112.5	927,219	0	8,367,037	112.5

Justification

C01	Requesting to increase appropriation to the amount of available funds to carry out the program.
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Analysis of Budget Request

Appropriation: 647 - Fed Equipment & Training-Operations

Funding Sources: FEM - Federal Equipment & Training Operations

This federal appropriation is used for inventory control and is funded from M&R proceeds derived from the sale of equipment purchased with federal funds.

The Agency Change Level request for appropriation in Operating Expenses line item of \$10,700 in FY14 and \$8,800 FY15 is to purchase materials and supplies.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 647 - Fed Equipment & Training-Operations
Funding Sources: FEM - Federal Equipment & Training Operations

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	6,000	6,000	6,000	16,700	16,700	6,000	14,800	14,800
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	6,000	6,000	6,000	16,700	16,700	6,000	14,800	14,800
Funding Sources										
Fund Balance	4000005	16,277	16,873		11,673	11,673	11,673	6,473	0	0
M & R Sales	4000340	596	800		800	800	800	800	800	800
Total Funding		16,873	17,673		12,473	12,473	12,473	7,273	800	800
Excess Appropriation/(Funding)		(16,873)	(11,673)		(6,473)	4,227	4,227	(1,273)	14,000	14,000
Grand Total		0	6,000		6,000	16,700	16,700	6,000	14,800	14,800

Change Level by Appropriation

Appropriation: 647 - Fed Equipment & Training-Operations
Funding Sources: FEM - Federal Equipment & Training Operations

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,000	0	6,000	100.0	6,000	0	6,000	100.0
C01	Existing Program	10,700	0	16,700	278.3	8,800	0	14,800	246.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,000	0	6,000	100.0	6,000	0	6,000	100.0
C01	Existing Program	10,700	0	16,700	278.3	8,800	0	14,800	246.7

Justification

C01	Requesting appropriation to the amount of available funds to carry out the program.
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Analysis of Budget Request

Appropriation: 649 - Fed-Veteran's Approving Agency

Funding Sources: FEW - Federal Veteran's Approving Agency

Any educational program or course at a school or training facility other than an installation of the federal government must be approved by the Arkansas Approving Agency before an eligible veteran, service person, or eligible dependent can receive educational benefits. This Agency evaluates public and private schools, as well as specialized training programs, such as, apprenticeship and on-the-job training programs. Federal funds are received from the Veterans Administration.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level requests for an increase in appropriation totaling \$249,822 in FY14 and \$210,268 FY15 include the following:

- Operating Expenses line items of appropriation increase of \$199,822 in FY14 and \$160,268 FY15 is for an increase in rent, office supplies and Educational Supplies and Materials due to a move in location.
- Conference & Travel Expenses line item appropriation increase of \$50,000 each year is for an increase of employees that must attend an out of state conference.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 649 - Fed-Veteran's Approving Agency

Funding Sources: FEW - Federal Veteran's Approving Agency

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	132,945	174,705	175,237	159,175	159,175	159,175	159,175	159,175	159,175
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	48,180	56,858	56,819	57,660	57,660	57,660	57,660	57,660	57,660
Operating Expenses	5020002	9,611	53,546	53,546	53,546	253,368	53,546	53,546	213,814	53,546
Conference & Travel Expenses	5050009	6,382	9,623	9,623	9,623	59,623	9,623	9,623	59,623	9,623
Professional Fees	5060010	0	600	600	600	600	600	600	600	600
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		197,118	295,332	295,825	280,604	530,426	280,604	280,604	490,872	280,604
Funding Sources										
Fund Balance	4000005	396,827	419,298		373,966	373,966	373,966	343,362	343,362	343,362
Federal Revenue	4000020	219,589	250,000		250,000	499,822	250,000	250,000	460,268	250,000
Total Funding		616,416	669,298		623,966	873,788	623,966	593,362	803,630	593,362
Excess Appropriation/(Funding)		(419,298)	(373,966)		(343,362)	(343,362)	(343,362)	(312,758)	(312,758)	(312,758)
Grand Total		197,118	295,332		280,604	530,426	280,604	280,604	490,872	280,604

Change Level by Appropriation

Appropriation: 649 - Fed-Veteran's Approving Agency
Funding Sources: FEW - Federal Veteran's Approving Agency

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	280,604	4	280,604	100.0	280,604	4	280,604	100.0
C01	Existing Program	249,822	0	530,426	189.0	210,268	0	490,872	174.9

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	280,604	4	280,604	100.0	280,604	4	280,604	100.0
C01	Existing Program	0	0	280,604	100.0	0	0	280,604	100.0

Justification

C01	Requesting to increase appropriation to the amount of available funds to carry out the program.
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Analysis of Budget Request

Appropriation: 755 - Construction Craft

Funding Sources: TCI - Construction Craft Training Trust Fund

This appropriation is funded with special revenues gained from a \$.50 per \$1,000 surcharge on building permits. Act 474 of 1999 established the Construction Industry Craft Training Program. Grants are made for training programs located in the two and four year colleges and in the Technical Institutes.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level request for appropriation in Regular Salaries and Personal Services Matching totaling \$76,487 in FY14 and \$76,611 in FY15 is for a transfer of one position from the Vo Tech Admin-Operations appropriation to reflect the actual expenditures of this program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 755 - Construction Craft

Funding Sources: TCI - Construction Craft Training Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	51,795	48,534	48,534	48,534	106,315	106,315	48,534	106,415	106,415
#Positions		1	1	1	1	2	2	1	2	2
Personal Services Matching	5010003	16,155	15,275	15,151	16,500	35,206	35,206	16,500	35,230	35,230
Operating Expenses	5020002	3,419	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Conference & Travel Expenses	5050009	78	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	449,972	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		521,419	883,309	883,185	884,534	961,021	961,021	884,534	961,145	961,145
Funding Sources										
Fund Balance	4000005	1,543,220	1,443,234		1,059,925	1,059,925	1,059,925	677,610	677,610	677,610
Special Revenue	4000030	421,433	500,000		502,219	578,706	578,706	512,119	588,730	588,730
Total Funding		1,964,653	1,943,234		1,562,144	1,638,631	1,638,631	1,189,729	1,266,340	1,266,340
Excess Appropriation/(Funding)		(1,443,234)	(1,059,925)		(677,610)	(677,610)	(677,610)	(305,195)	(305,195)	(305,195)
Grand Total		521,419	883,309		884,534	961,021	961,021	884,534	961,145	961,145

Change Level by Appropriation

Appropriation: 755 - Construction Craft
Funding Sources: TCI - Construction Craft Training Trust Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	884,534	1	884,534	100.0	884,534	1	884,534	100.0
C07	Agency Transfer	76,487	1	961,021	108.6	76,611	1	961,145	108.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	884,534	1	884,534	100.0	884,534	1	884,534	100.0
C07	Agency Transfer	76,487	1	961,021	108.6	76,611	1	961,145	108.7

Justification

C07	This position is transferred to this fund to reflect the actual expenditures of this program.
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Analysis of Budget Request

Appropriation: 82V - LESO Program

Funding Sources: NCE - Cash in Treasury

In FY2010, the Department of Career Education was designated as the state coordinator for the Law Enforcement Safety Office (LESO) program. This program assists local law enforcement agencies in acquiring federal property to assist them in performing their mission. For this assistance and the oversight responsibilities, the Agency collects a fee on each property transaction.

The Agency Change Level request for appropriation in Law Enforcement Safety Program line item totaling \$115,000 in FY14 and \$100,000 in FY15 is to monitor the programs to comply with federal recommended statewide visits of every two years instead of every five years.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 82V - LESO Program

Funding Sources: NCE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Law Enforcement Safety Program 5900046	5,790	15,000	15,000	15,000	130,000	15,000	15,000	115,000	15,000
Total	5,790	15,000	15,000	15,000	130,000	15,000	15,000	115,000	15,000
Funding Sources									
Fund Balance 4000005	32,683	109,768		154,768	154,768	154,768	199,768	84,768	199,768
Cash Fund 4000045	82,875	60,000		60,000	60,000	60,000	60,000	60,000	60,000
Total Funding	115,558	169,768		214,768	214,768	214,768	259,768	144,768	259,768
Excess Appropriation/(Funding)	(109,768)	(154,768)		(199,768)	(84,768)	(199,768)	(244,768)	(29,768)	(244,768)
Grand Total	5,790	15,000		15,000	130,000	15,000	15,000	115,000	15,000

Change Level by Appropriation

Appropriation: 82V - LESO Program
Funding Sources: NCE - Cash in Treasury

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	15,000	0	15,000	100.0	15,000	0	15,000	100.0
C01	Existing Program	115,000	0	130,000	866.7	100,000	0	115,000	766.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	15,000	0	15,000	100.0	15,000	0	15,000	100.0
C01	Existing Program	0	0	15,000	100.0	0	0	15,000	100.0

Justification

C01	Requesting to increase appropriation to the amount of available funds to carry out the program.								
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Analysis of Budget Request

Appropriation: 96V - Career Coaches Grant

Funding Sources: NCE - Cash in Treasury

Career Coaches Grants-The Department of Career Education receives funds from the Department of Higher Education to support Career Coaches in schools identified with high dropout rates. The source of the funds for this program at the Department of Higher Education is a grant from the Winthrop Rockefeller Foundation.

The Agency Change Level request for appropriation in Grants and Aid line item totaling \$160,000 in FY14 and \$60,000 in FY15 would provide for continuation of the six-year plan to provide college and career coaches in Pulaski County.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 96V - Career Coaches Grant

Funding Sources: NCE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	28,686	120,000	0	0	160,000	160,000	0	60,000	60,000
Total		28,686	120,000	0	0	160,000	160,000	0	60,000	60,000
Funding Sources										
Fund Balance	4000005	0	56,403		20,903	20,903	20,903	108,803	0	0
Interest	4000300	589	0		0	0	0	0	0	0
Miscellaneous Transfers	4000355	84,500	84,500		87,900	87,900	87,900	0	0	0
Total Funding		85,089	140,903		108,803	108,803	108,803	108,803	0	0
Excess Appropriation/(Funding)		(56,403)	(20,903)		(108,803)	51,197	51,197	(108,803)	60,000	60,000
Grand Total		28,686	120,000		0	160,000	160,000	0	60,000	60,000

Change Level by Appropriation

Appropriation: 96V - Career Coaches Grant
Funding Sources: NCE - Cash in Treasury

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	160,000	0	160,000	100.0	60,000	0	60,000	100.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	160,000	0	160,000	100.0	60,000	0	60,000	100.0

Justification

C01	The Arkansas Works Initiative is aimed at providing the opportunity and support needed to increase the knowledge, skills, and educational attainment of Arkansas citizens. Arkansas Career Education in conjunction with the Department of Workforce Services have targeted TANF (Temporary Assistance for Needy Families) funds to expand the College and Career Planning System to prepare students for the next level of education and/or training for a successful career. In addition, the Winthrop Rockefeller Foundation has provided funding to support this effort. The initiatives programs and services are accomplished through the three components of the Arkansas Works Initiative - the internet-based College and Career Planning Tool, the college and career coaches program, and ACT Academies working in conjunction with current school districts and community college initiatives to target Arkansas's poorest counties. For expenditure of the Winthrop Rockefeller funds, this request of \$160,000 for FY 14 would provide for continuation of the six-year plan to provide college and career coaches in Pulaski County. In addition, \$60,000 of Winthrop Rockefeller funds in FY 15 would provide for support of college and career coaches in Pulaski County for the 6th year.
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Analysis of Budget Request

Appropriation: A88 - Alternate Retirement Plan

Funding Sources: 150 - Vo Tech Retirement

The Department of Career Education uses this cash appropriation for administration of various retirement plans available to their employees. Funding for this appropriation comes in the form of employee deductions and matching for retirement. The Agency pays the employee premiums to the companies offering the retirement plans.

The Base Level Request is \$ 122,522 for each year of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: A88 - Alternate Retirement Plan

Funding Sources: 150 - Vo Tech Retirement

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services Matching	5010003	63,112	110,222	110,222	110,222	110,222	110,222	110,222	110,222	110,222
Operating Expenses	5020002	5,674	12,300	12,300	12,300	12,300	12,300	12,300	12,300	12,300
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		68,786	122,522							
Funding Sources										
Fund Balance	4000005	332,848	338,361		280,839	280,839	280,839	223,317	223,317	223,317
Interest & Forfeitures	4000305	74,299	65,000		65,000	65,000	65,000	65,000	65,000	65,000
Total Funding		407,146	403,361		345,839	345,839	345,839	288,317	288,317	288,317
Excess Appropriation/(Funding)		(338,361)	(280,839)		(223,317)	(223,317)	(223,317)	(165,795)	(165,795)	(165,795)
Grand Total		68,786	122,522		122,522	122,522	122,522	122,522	122,522	122,522

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
200 Vocational Start-Up Grants	2,368,666	0	2,370,000	0	2,370,000	0	2,370,000	0	6,725,500	0	2,370,000	0	2,370,000	0	6,725,500	0	2,370,000	0
201 Vocational Center Aid	20,136,266	0	20,136,383	0	20,136,383	0	20,136,383	0	22,984,406	0	20,136,383	0	20,136,383	0	22,984,406	0	20,136,383	0
427 Governor's Commission on Adult Literacy	760,494	1	772,286	1	773,232	1	772,952	1	772,952	1	772,952	1	772,952	1	772,952	1	772,952	1
453 Adult Basic & General Education	19,409,185	0	19,860,569	0	19,860,569	0	19,860,569	0	40,410,434	0	19,860,569	0	19,860,569	0	41,084,323	0	19,860,569	0
681 Coordinated Career Education Services	1,102,117	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0
F41 STEM	0	0	0	0	0	0	0	0	2,025,000	0	0	0	0	0	3,150,000	0	0	0
Total	43,776,728	1	44,258,671	1	44,259,617	1	44,259,337	1	74,037,725	1	44,259,337	1	44,259,337	1	75,836,614	1	44,259,337	1

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	2,548,876	5.4	3,201,646	6.8	2,959,213	6.3	2,959,213	3.9	2,959,213	6.3	2,716,780	5.8	2,716,780	3.5	2,716,780	5.8
Educational Excellence Fund	4000220	11,494,206	24.5	11,732,014	24.8	11,732,014	25.0	11,732,014	15.3	11,732,014	25.0	11,732,014	25.1	11,732,014	15.0	11,732,014	25.1
Miscellaneous Adjustments	4000345	172,387	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Career Ed PSF	4000745	32,762,905	69.7	32,284,224	68.4	32,284,890	68.7	62,063,278	80.9	32,284,890	68.7	32,284,890	69.1	63,862,167	81.5	32,284,890	69.1
Total Funds		46,978,374	100.0	47,217,884	100.0	46,976,117	100.0	76,754,505	100.0	46,976,117	100.0	46,733,684	100.0	78,310,961	100.0	46,733,684	100.0
Excess Appropriation/(Funding)		(3,201,646)		(2,959,213)		(2,716,780)		(2,716,780)		(2,716,780)		(2,474,347)		(2,474,347)		(2,474,347)	
Grand Total		43,776,728		44,258,671		44,259,337		74,037,725		44,259,337		44,259,337		75,836,614		44,259,337	

Analysis of Budget Request

Appropriation: 200 - Vocational Start-Up Grants

Funding Sources: JWE - Career Education Public School Fund

This appropriation is used to award funds to schools for the purpose of purchasing capital equipment, nonconsumable supplies and program software to start newly approved vocational programs for the different occupational program areas, to support the minimum required equipment to meet program standards, and to support short-term adult skills training classes. The program is funded through the Career Education Public School Fund.

The Agency Change Level request is for appropriation and general revenue funding totaling \$4,355,500 each year of the biennium in Grants and Aid line item. This request would provide Arkansas Career Education the ability to start new high skilled, high-wage, high-demand programs in Arkansas public schools and career centers. Also, this request is for replacing aging equipment in Career Technical Education programs in the state's public schools.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 200 - Vocational Start-Up Grants

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	2,368,666	2,370,000	2,370,000	2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000
Total	2,368,666	2,370,000	2,370,000	2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000
Funding Sources									
Career Ed PSF 4000745	2,368,666	2,370,000		2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000
Total Funding	2,368,666	2,370,000		2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,368,666	2,370,000		2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000

Change Level by Appropriation

Appropriation: 200 - Vocational Start-Up Grants
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,370,000	0	2,370,000	100.0	2,370,000	0	2,370,000	100.0
C01	Existing Program	4,355,500	0	6,725,500	283.8	4,355,500	0	6,725,500	283.8

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,370,000	0	2,370,000	100.0	2,370,000	0	2,370,000	100.0
C01	Existing Program	0	0	2,370,000	100.0	0	0	2,370,000	100.0

Justification

C01	<p>CTE Startup Funds - When high schools and secondary area technical centers want to offer a new program of career and technical study to address economic development needs in their communities, they apply to ACE for approval and funding for the instructional equipment, non-consumable supplies, and program software required for that program. Each year the demand for new program funding increases as public schools and centers seek to upgrade and modernize their programs through startup equipment cost. In each of the past three years, ACE has received nearly 200 new program applications. However, because of an appropriation capped for over a decade at \$2.37 million for new program startups, ACE has been able to fund fewer than 60 percent of the applications each year. Thus, many public schools and college and career centers have been unable to provide the equipment to start new and innovative programs. Moreover, the fact that ACE funds fewer than 60 percent of the programs creates a potential equity issue for the state. With increased funding, we would be able to start new high-skill, high-wage, high-demand programs in Arkansas public schools and career centers. Current Funding Status: The present level of funding for new program startup is \$2,370,000. As previously mentioned, this amount normally funds approximately 60 percent of all requests, with many programs waiting two to three years to modernize and upgrade to new programs. Additional Funding Request: An increase of \$355,500 (15 percent) would allow the majority of programs to receive funding and continue to upgrade at a reasonable rate. The additional request would bring the CTE startup total to \$2,725,500. Equipment Upgrade and Replacement - CTE programs in Arkansas high schools, junior high and middle schools, and secondary area technical centers represent an investment by the public schools of more than \$116 million in equipment based on a 2005 study. As with school facilities, instructional equipment falls into a state of critical disrepair if there is no funding for repairs or upgrades. \$4,000,000 is being requested for each year. This amount would allow approximately \$8,000 per program on a five-year rotational basis, an amount that would allow for repairs and updated safety features critical to the welfare and training needs of Arkansas students.</p>
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Analysis of Budget Request

Appropriation: 201 - Vocational Center Aid

Funding Sources: JWE - Career Education Public School Fund

This program distributes aid to vocational centers, in a partnership with public high schools and two-year colleges, under the rules and regulations of the State Board based on full-time equivalency. The objective of these centers is to provide high school students affordable training for entry-level skills in areas where employment opportunities exist or need to be developed. Programs are approved on the basis of student interest and local economic development opportunities. The program is funded through the Career Education Public School Fund.

The Agency Change Level request is for appropriation and general revenue funding totaling \$2,848,023 each year of the biennium in Grants and Aid line item. This request would allow for additional programs of study in the centers, as well as an expansion of centers in areas where there is no access to a secondary vocational area center.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 201 - Vocational Center Aid

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,136,266	20,136,383	20,136,383	20,136,383	22,984,406	20,136,383	20,136,383	22,984,406	20,136,383
Total		20,136,266	20,136,383	20,136,383	20,136,383	22,984,406	20,136,383	20,136,383	22,984,406	20,136,383
Funding Sources										
Fund Balance	4000005	1,449,424	1,440,740		1,440,740	1,440,740	1,440,740	1,440,740	1,440,740	1,440,740
Miscellaneous Adjustments	4000345	111,668	0		0	0	0	0	0	0
Career Ed PSF	4000745	20,015,914	20,136,383		20,136,383	22,984,406	20,136,383	20,136,383	22,984,406	20,136,383
Total Funding		21,577,006	21,577,123		21,577,123	24,425,146	21,577,123	21,577,123	24,425,146	21,577,123
Excess Appropriation/(Funding)		(1,440,740)	(1,440,740)		(1,440,740)	(1,440,740)	(1,440,740)	(1,440,740)	(1,440,740)	(1,440,740)
Grand Total		20,136,266	20,136,383		20,136,383	22,984,406	20,136,383	20,136,383	22,984,406	20,136,383

Miscellaneous Adjustments are refunds for unused Basic Ed. Grants

Change Level by Appropriation

Appropriation: 201 - Vocational Center Aid
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,136,383	0	20,136,383	100.0	20,136,383	0	20,136,383	100.0
C01	Existing Program	2,848,023	0	22,984,406	114.1	2,848,023	0	22,984,406	114.1

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,136,383	0	20,136,383	100.0	20,136,383	0	20,136,383	100.0
C01	Existing Program	0	0	20,136,383	100.0	0	0	20,136,383	100.0

Justification

C01	<p>Secondary Vocational Area Center funding, which is a subcategory under categorical funding for Alternative Learning Environment (ALE) in ACT 1039, 2011 Regular Session, has not received an increase in funding since its inception in ACT 59, 2003. Funding has remained at \$3,250 per FTE, which is designated funding to reimburse school districts for those secondary students attending the Secondary Vocational Area Centers; however, funding for ALE has increased from \$3,250 to \$4,228 for the 2012-2013 school year. If the Secondary Vocational Area Center funding had received the same increase as ALE, the difference in funding for the 2012-2013 school year would be an increase in funding of \$2,848,023.14, which in a time of increasing costs and increased center enrollment would have allowed Department of Career Education to approve additional programs of study in the centers as well as an expansion of centers in areas where there is no access to a Secondary Vocational Area Center.</p>
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Analysis of Budget Request

Appropriation: 427 - Governor's Commission on Adult Literacy

Funding Sources: JWE - Career Education Public School Fund

The Governor's Commission on Adult Literacy is funded from the Career Education Public School Fund. The appropriation consists of one position, supporting Operating Expenses, Grants that are made to literacy councils, and the Recognition Program. This program was transferred to the Department of Career Education during the 81st General Assembly.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$772,952 for each year of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 427 - Governor's Commission on Adult Literacy

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	27,620	29,646	30,451	29,546	29,546	29,546	29,546	29,546	29,546
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	8,837	9,393	9,534	10,159	10,159	10,159	10,159	10,159	10,159
Operating Expenses	5020002	48,584	52,242	52,242	52,242	52,242	52,242	52,242	52,242	52,242
Conference & Travel Expenses	5050009	453	6,005	6,005	6,005	6,005	6,005	6,005	6,005	6,005
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		760,494	772,286	773,232	772,952	772,952	772,952	772,952	772,952	772,952
Funding Sources										
Career Ed PSF	4000745	760,494	772,286		772,952	772,952	772,952	772,952	772,952	772,952
Total Funding		760,494	772,286		772,952	772,952	772,952	772,952	772,952	772,952
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		760,494	772,286		772,952	772,952	772,952	772,952	772,952	772,952

Analysis of Budget Request

Appropriation: 453 - Adult Basic & General Education

Funding Sources: JWE - Career Education Public School Fund

The Adult Basic and General Adult Education program provides grants for educating those adults with less than a high school equivalency and for retraining those already in the workforce. Adult education serves adult learners through adult basic education classes, which are designed for adults functioning up to the 8th grade level. General adult education classes prepare adults who score at the 9th to 12th grade levels. Funding for this appropriation is provided from the Career Education Public School Fund.

The Agency Change Level requests for appropriation and general revenue funding totaling \$20,549,865 in FY14 and \$21,223,754 in FY15 includes the following:

- Operating Expenses line item of \$37,000 each year to cover Information Technology Academy's cost increases. (Technology Plan Software page 14)
- Grants and Aid line item of \$20,512,865 in FY14 and \$21,186,754 in FY15. This request is for expansions on Adult Education, Adult Ed's Smarter Sentencing Program, Services for ages 16 through 18 who pass the GED test, and additional funding to cover the cost of individuals taking the GED and official practice test.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 453 - Adult Basic & General Education

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	0	0	0	37,000	0	0	37,000	0
Grants and Aid	5100004	19,409,185	19,860,569	19,860,569	19,860,569	40,373,434	19,860,569	19,860,569	41,047,323	19,860,569
Total		19,409,185	19,860,569	19,860,569	19,860,569	40,410,434	19,860,569	19,860,569	41,084,323	19,860,569
Funding Sources										
Fund Balance	4000005	1,099,452	1,760,906		1,518,473	1,518,473	1,518,473	1,276,040	1,276,040	1,276,040
Educational Excellence Fund	4000220	11,494,206	11,732,014		11,732,014	11,732,014	11,732,014	11,732,014	11,732,014	11,732,014
Miscellaneous Adjustments	4000345	60,719	0		0	0	0	0	0	0
Career Ed PSF	4000745	8,515,714	7,886,122		7,886,122	28,435,987	7,886,122	7,886,122	29,109,876	7,886,122
Total Funding		21,170,091	21,379,042		21,136,609	41,686,474	21,136,609	20,894,176	42,117,930	20,894,176
Excess Appropriation/(Funding)		(1,760,906)	(1,518,473)		(1,276,040)	(1,276,040)	(1,276,040)	(1,033,607)	(1,033,607)	(1,033,607)
Grand Total		19,409,185	19,860,569		19,860,569	40,410,434	19,860,569	19,860,569	41,084,323	19,860,569

Change Level by Appropriation

Appropriation: 453 - Adult Basic & General Education
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	19,860,569	0	19,860,569	100.0	19,860,569	0	19,860,569	100.0
C01	Existing Program	20,512,865	0	40,373,434	203.3	21,186,754	0	41,047,323	206.7
C08	Technology	37,000	0	40,410,434	203.5	37,000	0	41,084,323	206.9

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	19,860,569	0	19,860,569	100.0	19,860,569	0	19,860,569	100.0
C01	Existing Program	0	0	19,860,569	100.0	0	0	19,860,569	100.0
C08	Technology	0	0	19,860,569	100.0	0	0	19,860,569	100.0

Justification

C01	Adult Education Grants -The Department is requesting a total additional funding of \$20,549,865 for the following program: For Adult Education, intending to use the fund balance, we are requesting additional increase of \$7,411,684 each year to increase the number of Arkansans served in adult education programs and to implement the newly developed performance-based funding formula that will distribute adult education funds on the basis of student contact hours and achievement. We are also requesting \$1,372,000 in Adult Ed's Smarter Sentencing Programt. An increase of \$9,859,181.00 for serving students ages 16, 17, 18 plus 6% guaranteed annual capacity increase couched in terms of instructional cost. Additional \$1,870,000 to cover the cost for individuals taking GED test and official practice test.
C08	The statewide IT Academy offering has been customized for Arkansas, supporting meaningful technology education in public High Schools, selected Workforce Agencies and Adult Education Centers across the Arkansas. The Arkansas ITA provides sites with access to a wide range of Microsoft E-Learning technical courses, teacher professional development, Digital Literacy, E-Reference Libraries, Microsoft DreamSpark, CareerForward, and additional student and professional development resources supporting students mastering IT professional concepts and skills. The numerous program benefits includes special deployment resources & support provided to the state, access to the latest Microsoft technology, and lab software licenses for IT Academy locations across the state, marketing benefits, and more to support 21st Century Skills and STEM across the state.

Analysis of Budget Request

Appropriation: 681 - Coordinated Career Education Services

Funding Sources: JWE - Career Education Public School Fund

The Coordinated Career Education Services- Special Needs Students program provides grants to coordinated career education programs in which students with disabilities attend academic classes in the morning and work in the afternoon. Special Needs Programs provide special projects and adaptive equipment for secondary and postsecondary career and technical education students with disabilities and vocational counselors at several secondary area vocational centers. Funding for this appropriation is provided from the Career Education Public School Fund.

The Base Level Request is \$1,119,433 for both fiscal years of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 681 - Coordinated Career Education Services

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	1,102,117	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Total	1,102,117	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Funding Sources									
Career Ed PSF 4000745	1,102,117	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Total Funding	1,102,117	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,102,117	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433

Analysis of Budget Request

Appropriation: F41 - STEM

Funding Sources: JWE - Career Education Public School Fund

This appropriation's (Arkansas Science, Technology, Engineering, Mathematics (STEM) Occupations Student Loan Forgiveness Program) purpose is to increase the number of postsecondary graduates in STEM fields who become employed in STEM occupations in Arkansas. The program shall provide student loan repayments to individuals who earn a certificate or degree in a STEM field and work in a STEM occupation in Arkansas. The program would be funded through the Career Education Public School Fund.

The Agency Change level Request of \$2,025,000 in FY14 and \$3,150,000 in FY15 for general revenue funding and appropriation is for initial start-up costs and student loan paybacks that will incur with this new program.

The Executive Recommendation does not provide for Agency Request.

Appropriation Summary

Appropriation: F41 - STEM

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	0	0	0	2,025,000	0	0	3,150,000	0
Total	0	0	0	0	2,025,000	0	0	3,150,000	0
Funding Sources									
Career Ed PSF 4000745	0	0		0	2,025,000	0	0	3,150,000	0
Total Funding	0	0		0	2,025,000	0	0	3,150,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	2,025,000	0	0	3,150,000	0

Change Level by Appropriation

Appropriation: F41 - STEM
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C01	Existing Program	2,025,000	0	2,025,000	100.0	3,150,000	0	3,150,000	100.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C01	Existing Program	0	0	0	0.0	0	0	0	0.0

Justification

C01	<p>The purpose of the Arkansas Science, Technology, Engineering, Mathematics (STEM) Occupations Student Loan Forgiveness Program is to increase the number of postsecondary graduates in STEM fields who become employed in STEM occupations in Arkansas. The program shall provide student loan repayments to individuals who earn a certificate or degree in a STEM field and work in a STEM occupation in Arkansas. Increasing the number of Arkansas students who complete postsecondary education in STEM fields is a compelling state interest. Arkansas's ability to secure its standing in the global economy and to attract 21st-century employers depends in large part upon our ability to educate a technically competent and adaptable workforce. The U.S. Department of Labor predicts that jobs requiring STEM training will increase 34 percent between 2008 and 2018. However, in Arkansas, the number of graduates in science, technology, engineering and mathematics decreased nearly 21 percent between 2000-01 and 2008-09, according to a report by the National Center for Education Statistics. The STEM Occupations Student Loan Forgiveness Program would align with two recent STEM-related state initiatives, STEM Works and the Microsoft IT Academy, and would provide students wishing to pursue postsecondary education or training in a STEM field a financial incentive to do so in terms of student loan repayment. Since graduates would be required to work in Arkansas in a STEM occupation to be eligible for repayment, the state would benefit from its investment in these individuals who would help fill the state's high-skill, high-wage, high-demand jobs. It is our recommendation that the repayment amounts for the Arkansas STEM Occupations Student Loan Forgiveness Program be somewhat comparable to the Arkansas Academic Challenge Scholarship amounts, currently \$4,500 per year for students at four-year institutions and \$2,250 per year for students at two-year institutions. We would expect to make approximately 500 repayments (400 four-year degree recipients and 100 two-year degree recipients) the first year of the biennium and 800 repayments the second year (600 four-year degree recipients and 200 two-year degree recipients). If these repayments are funded at an amount equivalent to the Arkansas Academic Challenge Scholarship, the cost would be \$2,025,000 for the first year of the biennium and \$3,150,000 for the second year of the biennium, for a total of \$5,175,000.</p>
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