

## Summarization of Public Comments & Agency Responses

- In paragraph 5, it is noted that a local program's carryover will not be able to exceed 20%. We would, of course, prefer that this 20% cap not be in play. A few years back, our local center received a significant mid-year funding cut. The carryover was reduced by approximately \$200,000 that year due to that cut. If it is indeed a philosophical certainty of the Board to put this cap in play, I would respectfully ask that a graduated approach to the 20% mark be implemented. If there is a sharp cliff approaching of loss of funding, centers will by nature want to spend the excess and do so quickly. I've not seen universal wisdom in people who are required to spend large amounts of dollars quickly. May I suggest that if there will indeed be a carryover cap, that a three-year phase-in be implemented as follows: 30% for 21-22, 25% for 22-23, and 20% for 23-24?

Response: The centers will have until June 30, 2022 to spend excess funding. There are only five centers who currently have carryover balances that exceed the 20% maximum. OSD is willing to work with the centers and their local employers and economic developers to determine workforce needs in the area to put equipment and programs in place that will benefit the community.

Rule Change: The board can discuss and vote to extend the time to spend excess funding to June 30, 2023, giving centers a full two years to spend down carryover.

- The proposed rules state at the end of paragraph 5 that the remaining balances above 20% will be returned to the public-school fund. The wording is curious as any excess funding will go back into a fund that is expended at the discretion of the ADE. (Perhaps I don't correctly understand the contextual usage of "public school fund.") I would have thought that the excess funds would have gone directly into Career Education. If the intent is indeed for the excess funds to be "reused" by the OSD, I would suggest different wording. If it is returned to the OSD, how will that money be redistributed and for what purpose?

Response: The funds would go back into the vocational center aid, which is public-school funds. All the funds would be used exclusively for Secondary Area Technical Center programs primarily for equipment purchases, program upgrades, or to roll forward for use into the next year.

Rule Change: Re-worded to state that the excess carryover would be returned to the vocational center aid fund.

- In paragraph 3, authority is given for mid-year funding corrections to be made. No conditions are set on when those mid-year corrections might be appropriate. During significant economic downturns any number of measures might be understandably necessary to balance budgets. However, to ask a local center to establish a budget based on expected funding while worrying as to whether funding will change mid-year is not reasonable, especially since carry over allowances are also being reduced. I would respectfully suggest that conditions be specified as to when a mid-year correction might be necessary. Otherwise, centers will have unnecessary concerns and worries related to potential mid-year funding cuts.

Response: Because the state vocational center aid budget is set and finite, there must be a mechanism in place to make mid-year corrections. Otherwise, there could be a scenario where there would not be adequate funding to pay the spring enrollment payments. The specific

condition that would lead to a decrease in tiered funding would be due to a significant increase in enrollment that would result in a shortfall of funding.

Rule Change: None.

- In paragraph 2, a multiplier is proposed for smaller centers. Housing a larger center on our campus will clearly jade my view of this change. Is there information or data that shows that a smaller center inherently needs more per-student funding to provide services? If so, I'm assuming there are hard numbers that are not randomly calculated that will assist in the formulation of the multiplier and that those mathematically determined numbers will, of course, be annually reviewed and recalibrated. This should be spelled out in rules.

Response: The multiplier language has been stricken.

Rule Change: Yes. The updated rule includes the striking of this language.

- In paragraph 4, it is noted that if there were more funding than was needed that the OSD would under the direction of the CEWDB disperse the excess funding based on need or carry that amount to the next year. How will the CEWDB and/or the OSD determine need? If it is carried forward to the next year, is there a correlated and logical increase in tier funding for all centers the next school year?

Response:

OSD determines need based on the end-of-year reports submitted by the centers as well as the center's local workforce needs. Many centers must contribute institutional funds in order to offer the technical programs that are needed and vital to the local workforce and economy. Carrying forward excess VCA funds would not automatically or logically increase the tiered funding for the following year because in some years, as in the coming year, the state brings on increased enrollments because of new centers and programs.

Rule Change:

None.

- There is no mention of how new programs will be funded. On what basis and authority will start-up funding be distributed if there is no mention of start-up funding in the rules? If carryover funds are significantly reduced, how will a local center be expected to purchase equipment for start-up programs? I can't imagine a center starting a welding program with little or no carry-over and very limited amounts of start-up funding.

Response:

State start-up funding is administered by the Division of Career & Technical Education within ADE. Secondary career centers under 6.-51-305 have access to state start-up funding as well as

within the policies and procedures of the Department of Education, Division of Career and Technical Education.

Rule Change: None

- The OSD plan is to take other center's excess funding and redistribute that funding based on need. It would be logical that the "need" of those centers is only present because their expenditures exceeded the funding they received. The law clearly states that any expenditure above the funded amount are the responsibility of the local institution or school. This rule change would clearly be a subsidy for those centers and not allowable by law.

Response: This comment refers to ACA 6-51-305(b)(1), which provides that "funds expended above the maximum funded amount per student ... will be the responsibility" of the center. This statute will continue to apply under the proposed rule, which addresses excess revenue, not excess spending once that revenue is distributed.

Rule Change: None

- There is a conflict with ACA 6-51-305(b)(2) and the proposed Rules because the law states that the funds shall be carried forward.

Response: The excess that is returned or pulled back into the vocational center aid fund is, in fact, carried forward for the purpose of conducting summer programs, community-based education, and vocational center operations in succeeding years as outlined in ACA 6-51-305(b)(2). The proposed rule states that centers can carry over some unused funding year to year, but the "amount of carryover allowed shall not exceed 20% of the annual tiered funding." Unused funding greater than 20% of the amount allotted to a center shall be carried forward as 305(b)(2) outlines for the purpose of conducting summer programs and community-based education centers or supporting vocational center operations in succeeding years."

Rule Change: None

- In the proposed rule section II, A, item 5, there is concern in regard to carry over charges. Over a period of 10 years ATCC has managed to build a carryover balance through careful planning and budgeting to improve and modernize programming. The center is having conversations with Russellville Chamber of Commerce and industries to further align ATCC program offerings with current and future needs. The carry-over balance is committed to meet the recommendations of the chamber's workforce board to be outlined this coming August. Recommendation would be to mirror carry-over language defined under act 1105 of 2017 in relation to other public school carry over funds.

Response: The agency will present this comment to the board and take under consideration extending the period by which the vocational center aid carry-over balance shall be spent to meet the 20% threshold.

Rule Change: Update the date by which the center will have the ability to spend down the fund.

- NEACTC Total Revenue Received in FT21: \$1,408,207  
20% Revenue: \$ 283,641  
Salaries through October 30: \$ 399,920  
Result of 20% Carryover Limitation: \$ -118,279

Several operational supplies must be purchased from June 30<sup>th</sup> until fall payment near the end of October – such as summer professional development and related travel expenses, learning management systems in NEACTC courses and other related supplies which are NOT included in the negative \$118,279 balance shown above. NEACTC and Jonesboro Public Schools are committed to providing the best technical skills training available. However, a 20% limitation on carryover as presented is simply not feasible.

Response: The majority of centers have zero or negative balances and face this same problem. This has more to do with cash flow than funding. It is not uncommon for school funds to be “in the red” at certain times of the year until revenue is received.

Rule Change: None