

DEPARTMENT OF WORKFORCE SERVICES (0810)
FISCAL YEAR 2016
As Enacted by Act 922 of 2015

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The primary responsibilities of the Department of Workforce Services (DWS) are to promote employment security by increasing opportunities for placement through the maintenance of a system of public employment offices and to provide through the accumulation of funds from employer contribution taxes for the payment of benefits to individuals who are involuntarily unemployed. In addition to these responsibilities, the Department serves as the Governor's Administrative Entity for the Arkansas programs funded by Title I of the Workforce Investment Act, the lead agency for the Governor's Task Force on Dislocated Workers, and provides overall administration and case management services for the Temporary Assistance for Needy Families Program.

TOTAL APPROPRIATION

The total appropriation is \$1,079,215,020.

FUNDING SOURCES

The appropriations for DWS are funded primarily with federal funds with less than .5% of their funding coming from general revenue. The general revenues are used for the state match for the TANF Block Grant Paying appropriation and to provide the state portion of the New Hire Registry Program.

II) CHANGE LEVEL REQUESTS

OPERATIONS (APPROPRIATION 2SD)

This appropriation provides operational support for the various programs of the Department. This is funded by revenues authorized by the federal government. The appropriation is \$78,184,629 and includes the following changes:

Regular Salaries and Matching - Increase of \$675,676 to restore 18 positions and reclassify 9 positions for a net increase of 18 positions over base level.

Overtime - Increase of \$40,000 to restore line item to the FY2015 appropriated level.

Operating Expenses - Increase of \$10,757,645 due to the agency's new requirements of determining TANF eligibility.

Conference Fees and Travel - Increase of \$634,808 to restore line item to the FY2015 appropriated level.

Professional Fees and Service - Increase of \$2,386,164 due to an increase in the monthly DIS bill caused from agencies migrating from the old mainframe to the new mainframe.

Capital Outlay - Increase of \$2,419,001 to restore line item to the FY2015 appropriated level.

UNEMPLOYMENT BENEFITS & EXPENSES-CASH (APPROPRIATION C27)

This appropriation provides for the operational costs of the Department as well as the Unemployment Insurance (UI) Programs, and is funded by federal dollars deposited into a cash account. The appropriation is \$20 million which is a reduction of \$41,999,999 and includes the following changes:

Training Allowances - Increase of \$3 million to provide adequate appropriation for payments to economically disadvantaged, unemployed, and underemployed individuals so they can attend training.

Payments to Participant Contractors - Increase of \$5 million due to increase of tuition, fees, tools and books required by the school for students participating in this program.

UI Advance Repayment - Decrease of \$49,999,999 due to agency repayment of Title XII loan in FY2015.

UNEMPLOYMENT BENEFITS & EXPENSES-CASH (APPROPRIATION C28)

This appropriation funded with federal funds provides for payment of Unemployment Insurance benefits to unemployed individuals based on wages paid by for-profit employer organizations. The appropriation is \$600 million which includes an increase of \$135,773,049 in order to ensure there is sufficient authority to address any needs that may arise from an economic downturn and additional appropriation becomes necessary.

WORKFORCE INNOVATION AND OPPORTUNITY ACT (APPROPRIATION 2SE)

This appropriation funded by federal funds provides for payments to Local Workforce Investment Areas (LWIAs) which provide employment services and preparation to adults, youth and dislocated workers. The total appropriation is \$60,000,000 and includes a change level increase of \$38,150,460 for grants and aid due to anticipation of additional WIA grants.

UI TRUST FUND LOAN INTEREST (APPROPRIATION 2SF)

This appropriation provides for payment of interest on advances received from the federal UI Trust Fund, and to transfer amounts above \$5 million in the Advance Interest Trust Fund to the Unemployment Insurance Fund. This appropriation is funded by a .2% Advance Interest Tax on the taxable wage base. The total appropriation is \$3 million which is a **decrease** of \$20.9 million due to reduced amounts being transferred to the clearing fund. Agency would like to maintain \$1 in loan interest line item as a holding marker in case the economy takes a downturn.

TANF - IDA (APPROPRIATION 4KP)

This appropriation provides services by contracting with fiduciary non-profit organizations that assist low income facilities to accumulate assets, facilitate good savings habits, promote home ownership, micro enterprise development, education, saving for retirement, and stabilize and build communities. Funded with federal dollars, the appropriation is \$1.7 million which includes an increase of \$850,000 in professional fees due to the anticipation of more individual TANF contracts given out in FY2016.

TANF BLOCK GRANT PAYING/NEW HIRE REGISTRY (APPROPRIATION 4KQ)

This appropriation provides for the expenses of the Transitional Employment Assistance (TEA) Program, which includes monthly cash assistance payments, employment services, assistance with basic and vocational education, and supportive services, and is funded by the federal TANF Block Grant. The appropriation is \$40 million which includes an increase of \$5,557,275 due to the agency taking over new requirements of determining TANF eligibility from DHS.

LOANS TO LOCAL WORKFORCE DEVELOPMENT BOARDS (WDB) (APPROPRIATION C56)

This appropriation provides funding for payroll and other operating expenses for local WDBs when needed. The agency orders funds from the US Dept of Labor, who deposits the funds overnight in the State Treasury. Funded with federal revenue, this appropriation is \$1,500,000 which includes an increase of \$1 million to restore line item to the FY2015 appropriated level.

***NEW APPROPRIATION* WORKFORCE DEVELOPMENT GRANT**

This new appropriation provides for personal services, operating expenses, maintenance and grant payments for the Department's Workforce Development Grant program. Funded with federal funds, the appropriation is \$10,000,000.

III) ADDITIONAL POSITIONS (Total FY2015 authorized positions: 978)

Total Authorized Positions FY2016: 978
Total Base Level Positions FY2015: 960
Increase / (Decrease) over Base Level: 18
Restores 18 positions and reclassifies 9 positions.

IV) SPECIAL LANGUAGE

RESTRICTIONS ON FUNDS APPROPRIATED TO THE COMMUNITY INVESTMENT INITIATIVE:

Contingent upon available funding, language restricts funds appropriated for the Community Investment Initiative from the Temporary Assistance to Needy Families (TANF) Block Grant for the following purposes and amounts which must be achieved over the course of the 2 years of the biennium:

1) At least \$1 million for improving outcomes for youth, 2) At least \$500,000 for parenting and family functioning, 3) At least \$500,000 for marriage and relationship skills, 4) At least \$500,000 for fatherhood programs, 5) At least \$500,000 for family and employment services for ex-offenders, and 6) At least \$500,000 for services to child-only TEA cases.

SUSPENSION OR REDUCTION OF FUNDS APPROPRIATED TO THE COMMUNITY INVESTMENT INITIATIVE:

Allows the suspension or proportionate reduction of spending to the funds designated by the TEA Board for the six statutory spending categories of the Community Investment Initiative if the Director of the Department and the Transitional Employment Assistance Board certifies to the Governor, the Chief Fiscal Officer of the State and reports to the House and Senate Public Health, Welfare and Labor Committees that Funding from the TANF Block Grant is needed for critical economic development initiatives, for TEA, Work Pays, High Wage Education and Training Programs; Adequate Reserves; and Spending for Economic Development is allowed by Federal Rules.

CARRY FORWARD - NEW HIRE REGISTRY: Authorizes the Department to carry forward unexpended balances funds made available for the New Hire Registry Program from the first to the second fiscal year. Requires prior statement of need, report to ALC or Joint Budget Committee (JBC) of all carried forward amounts, report of status of funds carried forward to ALC/JBC, and finally include all of the above information in the biennial budget manuals or a statement of non-compliance.

EXTRA HELP: Authorizes 380 extra help positions and exempts any of these positions funded by federal funds from statutory or regulatory hour limitations; includes a provision that allows the Chairman of the Board of Review to use part-time or temporary employees from the pool of positions provided to the Department of Workforce Services in any occurrence where the number of appeals to the Board of Review or Appeal Tribunal increases above a level that can be resolved by the permanent staff in a timely manner. The Department will determine the appropriate funding source within the Department for said positions.

REED ACT FUNDS: Provides that funds received by the State may be used as specified in 903 of the Social Security Act and for the specific purposes of construction, and improvement of buildings, rent/lease costs, acquisition of land, payment of salaries and benefits of central and local office staff, maintenance and operations expenses of central and local offices, and payment of Unemployment Insurance benefits. It further restricts the use of these funds so that they cannot obligate more than they receive under Section 903 of the Social Security Act.

ADDITIONAL POSITIONS: Authorizes a maximum of 200 federally funded pool positions to carry out program objectives and meet program requirements, with prior Office of Personnel Management approval and prior Arkansas Legislative Council review. If Department wishes to continue the pool positions in the next biennium they must be requested as new positions in the agency's biennial budget request.

TRANSFER OF APPROPRIATION: Authorizes transfer of appropriation between all Department appropriations except the Department's "Reed Act Funds", Regular Salaries and Maintenance and General Operations Appropriations subject to

Chief Fiscal Officer rules, regulations and approval, and prior approval by the Arkansas Legislative Council. Also provides that the Legislative approval provision is non-severable, if the approval provision is found to be unconstitutional then the entire section is void.

INTERAGENCY TRANSFER OF STATE GENERAL REVENUE FOR THE TANF PROGRAMS:

Authorizes the transfer of \$3,640,650 in general revenue between the Department of Human Services and the Department of Workforce Services in support of the TANF or related State Programs upon request of the Directors of DHS and DWS and Chief Fiscal Officer approval. The Director of DWS must report all transfers to the ALC PEER Committee.

TRANSFER OF TANF BLOCK GRANT FUNDS:

Requires the transfer of \$7.5 million each year of the biennium from the TANF block grant to the Arkansas Better Chance Program to provide quality childcare and preschool education to transitional employment assistance (TEA) qualifying families and other low income families. Provides for reductions to these transfers if state match is reduced, the TANF grant is reduced or new TANF program cost requirements are imposed.

TRAINING TRUST FUND TRANSFER:

Requires the transfer of \$2.5 million from the Department of Workforce Service Training Trust Fund to the Skills Development Fund on July 1, 2015.

Revised: April 2015