



## **Update on Divisions**

**Revenue Division** – The Revenue Division analyzed a total 178 legislative bills and amendments that potentially affected DFA for the 94<sup>th</sup> General Assembly. In addition, Revenue produced 169 Fiscal Impact Statements.

Following the record \$1.6 billion revenue surplus in Fiscal Year 2022, Arkansas completed Fiscal Year 2023 with another surplus of more than \$1 billion. The surplus was \$1.16 billion. The state's reserve funds remain strong with the Catastrophic Reserve Fund balance at \$1.52 billion, \$1.48 billion in set-aside funding and General Revenue Allotment Reserve at approximately \$710 million.

DFA continues to expand and improve Revenue Office-related services online. While the only service available online ten years ago was annual tag renewal, we now have 20 services that may be completed anywhere via a computer, laptop, mobile device or cell phone. For example, 55% of our Interstate Commercial Truck registrations and transactions are processed online. Between 30% and 40% of our annual vehicle renewals take place online, well above the industry average.

Regarding REAL ID, the Federal Government again extended the date by which a REAL ID will be required to board a flight or enter a federal building to May 7, 2025.

More than 600,000 Arkansans have a REAL ID, which may be obtained at any of our 134 Revenue Offices throughout the state. 1.8 million Arkansans have a regular license or ID.

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**Regulatory Division** - DFA's Regulatory Division includes ABC Administration, ABC Enforcement, Tobacco Control, Racing Commission and Medical Marijuana. We now have 46 certified law enforcement officers on this team that oversee:

- 5,262 tobacco permits
- 6,468 alcohol permits
- 53 medical marijuana permits

Following the 2023 Legislative Session, the division has provided educational information to Tobacco permit holders and local law enforcement regarding the addition of certain hemp-derived THC substances to the controlled substances list under Act 629.

The division has streamlined and simplified the process through which all permit holders renew their permits annually. For the last fiscal year, 74% of tobacco permit holders and 62% of alcohol permit holders renewed their permits online, a 13% year-to-year increase for tobacco permits and a 14% year-to-year increase for alcohol permits.

Last fiscal year (FY2023), agents conducted 6,484 tobacco sale-to-minor compliance checks with a violation rate of 9.72% and 4,369 alcohol sale-to-minor compliance checks with a violation rate of 10.76%. Division agents also completed a total of 603 alcohol permitted location formal inspections and a total of 731 tobacco permitted location formal inspections.

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**Office of Child Support Enforcement** – The Office of Child Support Enforcement (OCSE) is expanding online services through its OCSE MyCase customer service portal to better serve its customers and enhance efficiency. In August 2022, OCSE launched its online application for child support services. In May 2023, this functionality expanded to allow parents to respond electronically to initial requests for information and upload documents. In future phases, forms and notices currently sent by mail will transition to electronic delivery and response.

In January 2023, OCSE initiated an onboarding program for new employees to better orient them to their new workplace, give them a big picture understanding of the child support program, and support them through their training and first year of employment. Orientation of employees, including 26 field offices, begins the first week with the DFA new hire HR orientation held in Little Rock followed by a tour and presentation at the OCSE Central Office. The goal of the onboarding program is to enhance employee training, experience, and retention. Early feedback from new employees has been positive.

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**Arkansas Scholarship Lottery** - The Arkansas Lottery introduced the new AR LOTTO draw game in mid-September 2022. AR LOTTO is one of two draw games that are only sold in Arkansas. The game sells for \$2 per play and is designed to generate jackpots exceeding \$1 million. Draw games, such as AR LOTTO and Natural State Jackpot, offer attractive margins that are 3-4 times more than scratch-off games. Since inception of the LOTTO game nine months ago, three million tickets have been sold. The first LOTTO jackpot was won in May of this year. It was \$2.3 million, making it the largest jackpot for an in-state draw game since Lottery launched in 2009.

The Arkansas Lottery introduced enhancements to its mobile app this year. The mobile app serves as a gateway to the Arkansas Scholarship Lottery Player's Club, which allows players to

participate in second-chance drawings, as well as registering for points-for-prizes. With the revised mobile app, Arkansas lottery players now enjoy enhanced features such as printing play-slips and remotely checking tickets for win validation. The rebranded mobile app is provided by Scientific Games.

For Fiscal Year 2023, the Arkansas Lottery provided its largest-ever amount to college scholarships, \$114.7 million. The Arkansas Lottery has enjoyed its largest and most profitable performance over the past three years.

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**Office of Information Services (OIS)** – DFA’s IT infrastructure is undergoing upgrades and replacements in an effort to modernize, improve security, and provide more efficient tools. This will benefit DFA employees in their day- to-day work. It will also improve the customer experience as DFA serves Arkansans.

DFA has established a dedicated information security team lead by our Chief Information Security Officer. This team pursues targeted efforts to improve cybersecurity resilience and response, regulatory compliance, and transform DFA’s security culture which in turn will increase the security of DFA’s operations.

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## **Staffing**

The total number of DFA employees by year:

**2015** – 2,648 employees

**2016** – 2,547 employees

**2017** – 2,530 employees

**2018** – 2,459 employees

**2019** – 2,450 employees

**2020** – 2,265 employees

**2021** – 2,251 employees

**2022** – 2,367 employees

**2023** – 2,261 employees

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## **Significant Department Projects**

**Federal Rescue Funding** - DFA's Office of Accounting continues to handle centralized accounting and reporting for all American Rescue Plan Act (ARPA) Act funding along with Coronavirus Aid, Relief, and Economic Security Act (CARES) funding. Accounting employees also handle all required reporting of this rescue funding to the U.S. Treasury. These employees staffed each meeting of the ARPA Steering Committee prior to its dissolution. Accounting manages a spreadsheet that details distribution of the state's \$1.57 billion in ARPA funding. The most recent version of the spreadsheet is attached to this report. A similar spreadsheet is also available detailing the distribution of \$1.25 billion in CARES funding.

**DFA University (DFA-U)** - DFA-U is a department-wide leadership program designed to identify employees within the department that demonstrate the characteristics and desire to be future leaders within DFA. DFA-U aligns with the department's mission by assessing leadership gaps, identifying potential leaders, and preparing these individuals to meet the department's growing leadership needs. The program launched in September 2022, with 30 graduates to date.

**Accounting Division** - Paul Louthian, who led DFA's Accounting Division and served as State Controller, retired at the beginning of the year. Andy Babbitt replaced Paul, and the division continues to operate efficiently. Andy's decades of experience at Legislative Audit have been a strong resource for the Accounting team.

**Infrastructure Focus** – In January 2023, Becky Keogh joined DFA as State Infrastructure Coordinator. In this role, Becky works closely with Departments across state government, along with all stakeholders, to maximize the impact of federal infrastructure funding in Arkansas. She also works with federal agencies, city and county leaders, the Arkansas General Assembly and the National Governor's Association to identify and prioritize funding opportunities. A website similar to the state Transparency website will be available for federal infrastructure funding in the state.

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## Legislative Initiatives

Through our legislative sponsors, DFA introduced 14 bills, all of which were signed into law. This includes Acts 358, 698, 88, 681, 357, 534, 644, 193, 351, 446, 473, 713 289 and 192.

# DEPARTMENT OF FINANCE & ADMINISTRATION

