

REPORT
OF THE
SUBCOMMITTEE ON PERFORMANCE EVALUATION AND EXPENDITURE REVIEW
(PEER)
OF THE ARKANSAS LEGISLATIVE COUNCIL

August 20, 2010

Mr. Chairmen:

Your Subcommittee on Performance Evaluation and Expenditure Review (PEER) met on August 5, 2010 and after having reviewed the following items, reports that the Committee's review and/or approval is complete:

A) Cash Fund Appropriation Increase Requests - FY11

1. Science and Technology Authority - \$176,000
2. Department of Parks and Tourism - State Parks Division - \$1,954,256
3. Board of Examiners in Counseling - \$15,000
4. Crowley's Ridge Technical Institute - \$270,000
5. Arkansas State Police - \$46,000

B) Budget Classification Transfer Requests - FY11

1. State Military Department - Fort Chaffee - Federal - \$150,000 from Operating Expenses to Capital Outlay
2. War Memorial Stadium - Cash Operations - \$40,000 from Operating Expenses to Capital Outlay

C) Miscellaneous Federal Grant Appropriation Request - FY11

1. State Military Department - Live Fire Shoot House, Fort Chaffee - \$2,757,900

D) Contracts Between State Agencies

1. Department of Education - School for the Blind and the Board of Trustees of U of A for the University of Arkansas for Medical Sciences/Pediatrics - Amendment 4 in the amount of \$11,728
2. Department of Education - School for the Deaf and the Board of Trustees of U of A for the University of Arkansas for Medical Sciences/Pediatrics - Amendment 4 in the amount of \$11,728
3. Department of Human Services - Division of Youth Services and the Board of Trustees of U of A on behalf of the University of Arkansas at Little Rock - \$71,665

4. Department of Human Services - Division of Youth Services and the Board of Trustees of U of A on behalf of the University of Arkansas for Medical Sciences Department of Pediatrics - Amendment 3 in the amount of \$142,040
5. Tobacco Settlement Commission and the University of Arkansas for Medical Sciences - Center for Health Improvement - \$50,000

E) Items for Approval

1. Appropriation and/or Fund Transfer Requests - FY11
 - a) Arkansas State Police - \$133,615 Fund Transfer from the Court Awards Fund to the State Police Fund and \$133,615 Appropriation Transfer from the Confiscated Funds to the State Police Operations Appropriation Capital Outlay line item
 - b) Arkansas State Police - \$209,000 Fund Transfer from the Court Awards Fund to the State Police Fund and Appropriation Transfer from the Confiscated Funds to the State Police Operations Appropriation Capital Outlay line item in the amount of \$19,500 and Operating Expenses in the amount of \$189,500

F) The Subcommittee also reviewed:

The Quarterly Report of Inter-Agency and Inter-Divisional Match Fund Transfers - Department of Human Services for the Fourth Quarter of Fiscal Year 2010

A Report of the Subcommittee's July 8, 2010 meeting is attached, reflecting those items reviewed by the Subcommittee on behalf of and under authority granted by the Legislative Council. (Attachment I)

Respectfully submitted,

Senator Steve Bryles, Co-Chair

Rep. Jonathan Dismang, Co-Chair

REPORT
OF THE
SUBCOMMITTEE ON PERFORMANCE EVALUATION AND EXPENDITURE REVIEW
(PEER)
OF THE ARKANSAS LEGISLATIVE COUNCIL

July 8, 2010

Mr. Chairmen:

Your Subcommittee on Performance Evaluation and Expenditure Review (PEER) met on July 8, 2010, and after having reviewed the following items, reports that the Subcommittee's review and/or approval is complete:

G) Miscellaneous Federal Grant Appropriation Request - FY11

1. Department of Human Services - Division of Child Care and Early Childhood Education - TANF Emergency Contingency Fund - \$1,920,000

H) Continuation of Miscellaneous Federal Grant Appropriation Requests - FY11

1. Administrative Office of the Courts - Order of Protection - \$71,547
2. Game and Fish Commission - Fish Migration Barrier Removal - \$250,000
3. Game and Fish Commission - Beaver Tailwater Habitat Improvement - \$110,000
4. Insurance Department - LSP/MSP/Outreach Program - \$146,839
5. Arkansas Educational Television Commission - Public TV Digital Transition Grant Program - \$392,147

I) Contracts Between State Agencies

1. Department of Human Services - Division of Behavioral Health and the Department of Health - Amendment 1 in the amount of \$3,522
2. Department of Human Services - Division of Youth Services and the Board of Trustees of the University of Arkansas for UALR - \$56,804

J) Merit Adjustment Fund/Pay Plan Holding Account Transfer Requests - FY10

1. Public Defender Commission - Pay Plan in the amount of \$118,500
2. Department of Veterans' Affairs - Pay Plan in the amount of \$5,000
3. Geographic Information Office - Pay Plan in the amount of \$800
4. Science and Technology Authority - Pay Plan in the amount of \$500
5. Appraiser Licensing and Certification Board - Pay Plan in the amount of \$1,100
6. Professional Engineers and Professional Surveyors Board - Pay Plan in the amount of \$500

7. Student Loan Authority - Pay Plan in the amount of \$1,200
8. Department of Finance and Administration - Management Services - Pay Plan in the amount of \$4,939
9. Department of Finance and Administration - Alcohol Beverage Control Administration - Pay Plan in the amount of \$399
10. Department of Parks and Tourism - Merit Adjustment Fund in the amount of \$246,866 and Pay Plan in the amount of \$60,000
11. Judicial Discipline and Disability Commission - Pay Plan in the amount of \$1,200
12. Auditor of State - Pay Plan in the amount of \$30,000
13. Department of Rural Services - Pay Plan in the amount of \$500
14. Crowley's Ridge Technical Institute - Merit Adjustment Fund in the amount of \$25,426
15. Northwest Technical Institute - Merit Adjustment Fund in the amount of \$45,585
16. War Memorial Stadium Commission - Merit Adjustment Fund in the amount of \$26,338

K) Emergency Transfer Requests - FY10

1. Item for Approval - Appropriation Transfer Request - FY10
 - a) Department of Workforce Services - \$45,000 from Disaster Relief Payments to Overtime
2. Budget Classification Transfer Request - FY10
 - a) State Board of Architects, Landscape Architects and Interior Designers - \$4,000 from Operating Expenses to Conference and Travel Expenses
 - b) State Board of Pharmacy - \$8,000 from Conference and Travel Expenses to Operating Expenses
3. Miscellaneous Federal Grant Appropriation Requests - FY10
 - a) Department of Human Services - Division of Child Care and Early Childhood Education - Child Nutrition - \$2,000,000
 - b) Department of Human Services - Division of Child Care and Early Childhood Education - Child Nutrition - \$2,000,000

L) Items Held from June 3, 2010 PEER Meeting

1. Cash Fund Appropriation Increase Request - FY11
 - a) Secretary of State - \$700,000
2. Budget Classification Transfer Request - FY11
 - a) Social Work Licensing Board - Operations - \$4,740 from Professional Fees to Conference and Travel Expenses

M) The Committee also reviewed Biennial Budget Instruction Changes Request -
(Attachment 1)

Respectfully submitted,

Senator Steve Bryles, Co-Chair

Rep. Jonathan Dismang, Co-Chair



STATE OF ARKANSAS
**Department of Finance
and Administration**

ATTACHMENT 1
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June 16, 2010

Senator Steve Byles, Co-Chair
Representative Jonathan Dismang, Co-Chair
Performance Evaluation & Expenditure Review Committee
Arkansas Legislative Council
State Capitol Building
Little Rock, AR 72201

Re: Biennial Budget Instruction Changes

Dear Co-Chairs:

The attached document explains the changes requested by the Department of Finance and Administration in the biennial budget instructions provided to the agencies for the FY2012-2013 budgets. Please place this item on the agenda for discussion at the July meeting of the Performance Evaluation & Expenditure Review Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Weiss".

Richard A. Weiss
Director

RAW: psl

Attachment

ATTACHMENT 1

Budget Instruction Changes

Capitalization Threshold Changes:

The Department of Finance and Administration is recommending the value be increased for certain assets to be capitalized on the balance sheet of the State agencies and in turn the Comprehensive Annual Financial Report. This change is necessary for two reasons. Many federal grants set their capitalization thresholds at \$5,000 or greater for assets purchased with federal funding. At the current threshold agencies have to maintain large spreadsheets or manual records used to make adjusting entries to each quarter's federal reports to track the differences from their State financial records to the federal reporting forms. These adjustments must carry forward each quarter for several years. This situation is ripe for errors and potentially improper reporting for federal expenditures. Most of the states in the country and all of the surrounding states have higher threshold values for capitalization of assets for reporting purposes, thus making Arkansas' financial statements difficult to compare with other states.

Commitment Item 12 Expenditures:

The Department of Finance and Administration proposes the discontinuance of Commitment Item 12, Data Processing as provided in Arkansas Code 19-4-522 (d)(5). This subclassification includes the purchase of data processing services from the Department of Information Systems, or other processors and other expenses that are not necessarily classified elsewhere in the section by virtue of the appropriation based upon budgets presented for consideration.

When the Data Processing Commitment Item was created in 1985 the term data processing meant batch processing of large volumes of similar transactions usually after work hours. Generally this service was provided by the Department of Information Services on large mainframe computers. Now computer processing is done real time on individual transactions on small computers or servers housed at the agency locations. The cost associated with the current information technology is more properly classified either as maintenance and operations or professional services contracts. However because budget has continued to be provided in the data processing category we now have similar cost being recorded in three different categories.