

**SUMMARY BUDGET INFORMATION**

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**VOLUME 8**

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**2010 AGENCY FUND TRANSFERS**

**For your information, the Office of Budget has enumerated the following fund transfers which were made from agency treasury fund accounts but do not appear on the Appropriation Summary as expenditures**

<b><u>Agency</u></b>	<b><u>Blanket Surety Bond Premiums ACA §21-2-710</u></b>	<b><u>Claims ACA §19-10-204</u></b>	<b><u>Workers' Compensation Administrative Cost Reimbursement ACA §11-9-307</u></b>
Arkansas Building Authority	\$103	\$0	\$406
Career Education, Department of	\$122	\$0	\$3,144
Department of Career Educaion - AR Rehabilitation Services	\$690	\$4,000	\$3,774
Crowley's Ridge Technical Institute	\$100	\$0	\$329
Northwest Technical Institute	\$100	\$0	\$7,388
Riverside Vocational Technical School	\$100	\$0	\$0
Economic Development Commission	\$132	\$0	\$48
Health, Arkansas Department of	\$4,058	\$15,969	\$85,386
Higher Education, Department of	\$100	\$0	\$0
Labor, Department of	\$139	\$0	\$2,540
Natural Resources Commission, Arkansas	\$119	\$0	\$0
Public Employees Retirement System	\$100	\$0	\$42
Teacher Retirement System	\$110	\$4,909	\$101
Workforce Services, Department of	\$0	\$1,408	\$2,691

## AGENCY POSITION USAGE REPORT

Agency	FY2010 - FY2011						3 YEAR AVERAGE(FY09,FY10,FY11)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Arkansas Building Authority	93	80	9	89	4	13.98 %	91	77	11	88	3	15.38 %
Career Education, Department of	95	84	9	93	2	11.58 %	100	86	7	93	7	14.00 %
Department of Career Educaion - AR Rehabilitation Services	530	478	52	530	0	9.81 %	530	477	52	529	1	10.00 %
Crowley's Ridge Technical Institute	61	55	2	57	4	9.84 %	61	54	4	58	3	11.48 %
Northwest Technical Institute	66	57	5	62	4	13.64 %	67	58	6	64	3	13.43 %
Riverside Vocational Technical School	38	33	3	36	2	13.16 %	38	34	2	36	2	10.53 %
Economic Development Commission	100	111	2	113	-13	-11.00 %	100	104	3	107	-7	-4.00 %
Health, Arkansas Department of	3,193	2,733	230	2,963	230	14.41 %	3,162	2,791	217	3,008	154	11.73 %
Higher Education, Department of	54	47	7	54	0	12.96 %	52	46	5	51	1	11.54 %
Labor, Department of	104	90	5	95	9	13.46 %	104	92	6	98	6	11.54 %
Natural Resources Commission, Arkansas	94	79	14	93	1	15.96 %	93	80	13	93	0	13.98 %
Public Employees Retirement System	76	70	6	76	0	7.89 %	73	68	4	72	1	6.85 %
Teacher Retirement System	89	86	6	92	-3	3.37 %	86	83	5	88	-2	3.49 %
Workforce Services, Department of	929	962	45	1,007	-78	-3.55 %	885	892	16	908	-23	-0.79 %

Economic Development Commission (0790) - Total Budgeted positions in FY2010-2011 include 13 ARRA of 2009 positions established through the authority of the Miscellaneous Federal Program Act.

Teacher Retirement System (0375) - FY11 Budgeted Total exceeds the Authorized Positions due to transfer from the Central Growth Pool during the 2009-2011 biennium.

Department of Workforce Services (0810) - FY11 Budget Number of Positions exceed the Authorized Number due to transfers from the Miscellaneous Federal Grant Holding Account.



# ARKANSAS BUILDING AUTHORITY

## Enabling Laws

Acts 277 & 135 of 2010  
A.C.A. §22-2-101 et seq.

## History and Organization

### MISSION STATEMENT

Arkansas Building Authority's (ABA) mission is to act as the State's agent in all state agency lease negotiations, provide direction and assistance to agencies in all aspects of capital improvement projects and property transfers needs, and actively maintain and operate ABA owned or managed buildings in an efficient and economical manner pursuant to laws and regulations.

### HISTORY and MAJOR OBJECTIVES

ABA (formerly known as State Building Services) was created July 1, 1975, by Arkansas Code Annotated §22-2-101 through 121. ABA is governed by an eleven (11) member council which sets policies, guidelines, standards and procedures to be implemented by ABA. ABA has a primary client base comprised of other state agencies in regards to the leasing, sale and purchase of properties; management and operations of ABA owned or leased facilities; review and approval of building plans from the initial design review; bidding, awarding and processing of final payment for capital improvement projects. Public School Districts are an additional client base for which ABA provides Americans with Disabilities Act (ADA) accessibility reviews of construction projects. ABA and its Council, through bonds issued by Arkansas Development Finance Authority, are authorized to acquire, construct, repair, remodel, renovate lands, buildings, improvements and facilities for the benefit of state agencies. ABA is comprised of the following four (4) sections:

**(1) Real Estate Services Section** develops and enforces minimum leasing, sale and purchase of property standards and criteria for consideration and adoption by the Council; designs standard lease forms to be approved by the Council for use by state agencies; assists state agencies in determining and evaluating rental space needs and the allocation of space for state agencies; conducts surveys to determine available rental space; assists state agencies to ensure that rental space acquired and utilized by state agencies is essential to the efficient performance of its duties and responsibilities; administers duties and responsibilities involving the purchase or sale of property by state agencies which are under the jurisdiction of ABA to ensure that the property is sold or purchased in a manner consistent with Arkansas laws and regulations.

**(2) Construction Section** supervises the bidding and awarding of construction contracts for capital improvements for or by state agencies; establishes and maintains complete construction files on all jobs, including observation reports, plans and specifications for all capital improvements; approves all proposed contracts, change orders, and final payments requests; ensures that on-site observation of all construction projects, alterations, and repairs is accomplished on a regular basis and maintain records of those observations; meets with the design professional to determine the responsibility and performance required by the contract documents; approves final payment; ensures contractors are licensed; ensures that the construction of all projects complies with the contract documents; and manages the bidders list.

**(3) Design Review Section** establishes and enforces minimum design standards and criteria for all capital improvement (public works) contracts undertaken by any state agency including but not limited to flood plain management, accessibility (ADA), and building codes. This Section reviews agency capital budget requests prior to submittal to the Legislature; reviews and approves agency requests to advertise for architectural and engineering related consultants; assist agency in drafting advertisements; reviews architectural and engineering consultant qualifications; reviews and approves construction plans and specifications for bidding; reviews, approves and issues Floodplain Development Permit Applications; reviews new property purchase requests for Floodplain Management Issues; provides technical services to agencies upon request for new capital projects or renovations, space planning, ADA accessibility surveys, roof maintenance inspections and reports, mechanical and electrical system investigations, and facility condition assessment reviews. The Section also reviews and approves public school district capital improvements for compliance with the accessibility guidelines (ADA).

**(4) Building Operations Section** provides for the management, maintenance, and operation of Arkansas Building Authority property as well as other public buildings. The Building Operations Section is responsible for maintenance and operation of buildings and grounds which are owned, leased, or managed by Arkansas Building Authority. Additionally, this Section is responsible for enforcement of regulations designed to standardize the level of maintenance on all Arkansas Building Authority facilities. The primary function of the Operations staff is to ensure the safety and comfort of state tenants through maintenance of life-safety devices, environmental comfort systems and other building related maintenance, and provide tenantable working conditions through internal maintenance staff and outside contractors.

In addition, the core of ABA is supported by internal services that fulfill additional programmatic functions: The Director's staff, which includes Legal, Information Technology, Human Resources and other administrative supportive services; and the Financial Management office which is responsible for the administration of the Agency's purchasing and accounting functions. In the prior fiscal year, an additional responsibility was added to the agency with the administration of the Sustainable Building Revolving Loan Fund. ABA's Energy Manager acts as the administrator of his program which officially kicked off the loan program in July, 2010.



**Agency Commentary**

This commentary relates to six (6) primary appropriations (fund centers) for Arkansas Building Authority:

(1) Miscellaneous Agencies Fund (HUA2600/253) - for the administration of ABA's functions and activities pertaining to real estate services, capital improvement oversight, design review services, administrative support services, personnel and financial management. The revenues to support this fund are dispersed from State General Revenues.

(2) ABA Maintenance Fund (MWJ0100/254) - for the property management and operation function of ABA-owned and operated buildings. The revenues for this fund are generated through rent revenues collected from ABA tenant leases (self-funded).

(3) ABA Critical Maintenance Fund (MWJ0300/IVF) - for the purpose of funding urgent and critical maintenance projects for the ABA-owned and operated buildings. The revenues for this fund are transferred from the ABA Maintenance Fund (noted directly above) creating a "reserve account" from operations savings (self-funded).

(4) Justice Building Operations Fund (MWJ0200/809) - for the maintenance and operation of the Justice Building. The revenue to support this fund is dispersed from the State Central Services Fund.

(5) Justice Building Maintenance Fund (MJB0100/915) - for critical and major maintenance projects for the Justice Building. The revenue to support this fund is generated through fees collected by the Administrative Office of the Courts.

(6) ARRA Revolving Loan Fund (MBD0000/59R) - the Sustainable Building Revolving Loan Fund being administered by ABA for energy related capital improvement projects that exceed \$250,000 for state-owned properties. The funds for this program are \$12 million in ARRA funding and \$3 million in Governor issued GIF.

#### Operating Expenses:

Arkansas Building Authority operates and performs its duties through these six (6) distinct appropriations. The Agency is a dual-faceted agency providing two distinct client bases for which it serves: (1) building operation services, and (2) statewide client services. ABA does not collect fees for the client services it provides; the majority of the funds used to operate the Agency are generated through rent revenues billed and collected through tenant leases for ABA's building portfolio of more than 1.2 million square feet. These funds not only support the maintenance and operation of the buildings, it also funds more than half of the agency's administrative and client-based services that do not contribute to the operational fund.

ABA has been very successful in the management of its building portfolio which has achieved a 99.9% occupancy rate. Unfortunately, this success also creates a detriment to the Agency with its dependency on the rent revenues to support its operations. With a nearly 100% occupancy rate, rent revenues have peaked, limiting ABA's opportunity to generate more rents without a rental rate increase. However, in ABA's efforts to support other state agencies in base level budgeting, ABA has elected not to propose rental increases for its properties. Rather, ABA has spent the past biennial period seeking opportunities to further reduce operating costs to maximize the income collected from its building portfolio. A number of energy-efficient upgrades and replacement have been accomplished which are now being reflected in our bottom-line for operations. ABA has been able to reduce operating expenses, in spite of rising utility rates, through reduced consumption of electric and gas utilities. ABA also installed its first 'power factor corrector' during the prior fiscal year and intends to extend this application into more of its buildings during the biennial period.

With the continued suspense for the pending congressional legislation proposing mandates for carbon footprint reductions, it is imperative that ABA continue to fund its Critical Maintenance Fund (MWJ0300 / IVF) at the highest possible level. In order for ABA to improve its facilities to comply with the "greening" initiatives imposed, it is of utmost importance that ABA maintain its strict discipline to reduce operational expenses in order to generate savings to fund its Critical Maintenance Fund. These funds will continue to be used to replace or

upgrade critical buildings systems which are largely responsible for carbon emissions. It is known that the commercial real estate industry will bare the brunt of this legislation, creating potentially devastating costs for carbon footprints that are not substantially decreased. The Critical Maintenance Fund referenced above is 100% dependent on operational savings.

ABA continues to explore opportunities to expand its building management portfolio in its efforts to generate additional rent revenues and management fees. During the prior biennium, two such opportunities came to fruition:

(1) ABA assumed management of the Arkansas Services Center in Jonesboro, AR owned by DHS, AR Rehabilitation Services and Arkansas State University. The facility is operated through a cash fund account previously authorized by the Legislature. The operations for this facility are reflected in the request for a new fund center to allow ABA to reimburse itself for personnel salaries directly related to the staffing and operations of the center, and the quarterly payment of a management fee payable to the ABA's Maintenance Fund. Likewise, Special Language is being proposed to allow for the transfer of such funds within the ABA Maintenance Fund should the request for a new fund center not be successful.

(2) The addition of the new 124,000 square foot "LEED Building" located at 900 West Capitol Avenue. The building was purchased through the State Facilities Acquisition Act via ADFA in March, 2010 and is now operated by Arkansas Building Authority within its ownership portfolio and the ABA Maintenance Fund (MWJ0100 / 254) also resulting in an increase in the Operating Expense appropriation and the need to re-appropriate the fully authorized Debt Service appropriation.

Another significant accomplishment that has contributed to the improved bottom line is the elimination of the master lease for the DDSSA facility located at 701 South Pulaski, Little Rock. Due to the continued growth of DDSSA's service base, the facility was expanded by its current owner and the U. S. Department Labor agreed to assume 100% responsibility for the lease costs which allowed ABA to terminate its long-running master lease for the facility which it had been contributing a rent subsidy in excess of \$100,000 annually.

#### Capital Outlay:

ABA is not requesting a change in its appropriation for Capital Outlay, but is asking that the appropriation be re-authorized so that such replacements can be accomplished when required for equipment necessary for its operational services.

During the prior fiscal year, the Sustainable Building Revolving Loan Fund (MBD0000/59R) began operating with funding provided by two sources: \$3 million from the Governor's GIF and \$12 million from ARRA funding through the Department of Energy. The appropriation reflects an addition of \$12 million which is the ARRA funding available until March 31, 2012. These funds will be loaned first for qualifying projects proposed by participating agencies.

#### Debt Service:

With the addition of a new bond issue for the purchase of the 900 West Capitol (LEED Building) noted above, an increased appropriation for debt service is included. Debt service payments for the facility are made monthly from rent revenues collected from the building tenants.

ABA has requested base level for the appropriation to ensure adequate appropriation is available for the new debt service obligation and other similar opportunities that may arise during the period.

**Contingency:**

ABA has requested that the contingency appropriation for new property management agreements secured during the period be restored so that ABA has a mechanism to receive management fees associated with new management contracts. This is also requested at base level.

Lastly, a contingent rent appropriation (Rent of Space) has been included in past years in the amount of \$121,000 for ABA in the event that a situation arose that would necessitate ABA to pay rent for its offices to house the ABA staff. ABA occupies office space in an ABA building and does not charge itself rent, but in the event that the need arises that requires ABA to seek substitute facilities, a rent appropriation may be required.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS BUILDING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

**Employment Summary**

	Male	Female	Total	%
White Employees	56	14	70	88 %
Black Employees	2	3	5	6 %
Other Racial Minorities	3	2	5	6 %
Total Minorities			10	12 %
Total Employees			80	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1320200	\$1,301,204	Checking	Regions

### Statutory/Other Restrictions on use:

Financing of additions, extensions, improvements, and renovations of, and equipping of such additions, extensions, and improvements of the State Justice Building. Also the repayments of obligations issued by the Arkansas Development Finance Authority pursuant to the State Agencies Facilities Acquisition Act of 1991, as amended.

### Statutory Provisions for Fees, Fines, Penalties:

N/A

### Revenue Receipts Cycle:

Monthly

### Fund Balance Utilization:

Pay the Semi-Annual Interest, Principal and Fees for the Justice Bond Payments

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1VF Critical Maintenance	3,425,194	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0
253 ABA - State Operations	2,182,189	34	2,495,148	38	2,496,995	38	2,478,164	38	2,478,164	38	2,478,164	38	2,478,164	38	2,478,164	38	2,478,164	38
254 Building Maintenance	8,538,392	45	10,952,427	47	13,022,274	51	10,863,029	47	12,932,558	51	12,932,558	51	10,863,029	47	12,932,558	51	12,932,558	51
488 Acquisition and Maintenance	0	0	0	0	1,500,000	0	0	0	1,500,000	0	1,500,000	0	0	0	1,500,000	0	1,500,000	0
59R BLDG DSGN-Loans	0	0	3,000,000	0	15,000,000	0	3,000,000	0	15,000,000	0	15,000,000	0	3,000,000	0	15,000,000	0	15,000,000	0
59S BLDG DSGN-Operations	42,618	1	64,422	1	64,422	1	58,485	1	63,485	1	63,485	1	58,485	1	63,485	1	63,485	1
809 Justice Building Operations	699,111	3	724,127	3	724,127	3	723,228	3	724,127	3	724,127	3	723,228	3	724,127	3	724,127	3
84T ASC Maint & Operations	0	0	0	0	0	0	0	0	2,250,000	0	2,250,000	0	0	0	2,250,000	0	2,250,000	0
915 Justice Building Maintenance	5,993	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0
D17 Justice Bldg Const-Cash	935,118	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
81S AR Service Cntr-Oper	679,002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
82W ARRA LEEDS Bldg	722,574	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>17,230,191</b>	<b>83</b>	<b>22,290,783</b>	<b>89</b>	<b>37,862,477</b>	<b>93</b>	<b>22,177,565</b>	<b>89</b>	<b>40,002,993</b>	<b>93</b>	<b>40,002,993</b>	<b>93</b>	<b>22,177,565</b>	<b>89</b>	<b>40,002,993</b>	<b>93</b>	<b>40,002,993</b>	<b>93</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	8,094,575	32.7	6,550,343	26.1	2,850,408	13.4	3,850,408	10.3	3,850,408	10.3	802,326	4.9	1,712,037	5.2	1,712,037	5.2	
General Revenue	4000010	2,182,189	8.8	2,495,148	9.9	2,478,164	11.7	2,478,164	6.6	2,478,164	6.6	2,478,164	15.1	2,478,164	7.6	2,478,164	7.6	
Cash Fund	4000045	943,768	3.8	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
DFA Motor Vehicle Acquisition	4000184	33,657	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Federal Funds-ARRA	4000244	722,574	2.9	0	0.0	0	0.0	12,000,000	32.0	12,000,000	32.0	0	0.0	12,000,000	36.8	12,000,000	36.8	
General Improvement Fund	4000265	0	0.0	3,000,000	11.9	3,000,000	14.1	3,000,000	8.0	3,000,000	8.0	0	0.0	0	0.0	0	0.0	
Interest	4000300	599	0.0	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	765	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Other	4000370	269,798	1.1	180,769	0.7	56,000	0.3	56,000	0.1	56,000	0.1	56,000	0.3	56,000	0.2	56,000	0.2	
Rental Income	4000430	9,958,563	40.2	11,117,276	44.2	10,882,265	51.3	12,656,698	33.8	12,656,698	33.8	10,905,989	66.3	12,671,422	38.8	12,671,422	38.8	
State Administration of Justice	4000470	1,064,590	4.3	1,073,528	4.3	1,073,528	5.1	1,073,528	2.9	1,073,528	2.9	1,073,528	6.5	1,073,528	3.3	1,073,528	3.3	
Transfer from St Central Svcs	4000575	700,230	2.8	724,127	2.9	723,228	3.4	724,127	1.9	724,127	1.9	723,228	4.4	724,127	2.2	724,127	2.2	
Transfers / Adjustments	4000683	793,713	3.2	0	0.0	(5,000)	0.0	0	0.0	0	0.0	(5,000)	0.0	0	0.0	0	0.0	
Unfunded Appropriation	4000715	0	0.0	0	0.0	146,109	0.7	1,646,109	4.4	1,646,109	4.4	421,131	2.6	1,921,131	5.9	1,921,131	5.9	
<b>Total Funds</b>		<b>24,765,021</b>	<b>100.0</b>	<b>25,141,191</b>	<b>100.0</b>	<b>21,204,702</b>	<b>100.0</b>	<b>37,485,034</b>	<b>100.0</b>	<b>37,485,034</b>	<b>100.0</b>	<b>16,455,366</b>	<b>100.0</b>	<b>32,636,409</b>	<b>100.0</b>	<b>32,636,409</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(7,534,830)		(2,850,408)		972,863		2,517,959		2,517,959		5,722,199		7,366,584		7,366,584		
<b>Grand Total</b>		<b>17,230,191</b>		<b>22,290,783</b>		<b>22,177,565</b>		<b>40,002,993</b>		<b>40,002,993</b>		<b>22,177,565</b>		<b>40,002,993</b>		<b>40,002,993</b>		

FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances.  
 Special language provides carry forward of funding (Act 277 of 2010 sec 13).



## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
88	72	16	88	0	18.18 %	93	81	8	89	4	12.90 %	93	80	9	89	4	13.98 %

## **Analysis of Budget Request**

**Appropriation:** 1VF - Critical Maintenance

**Funding Sources:** MWJ - Critical Maintenance

This appropriation is used for Critical Maintenance of ABA owned or operated buildings. Funding is derived from rental income paid by state agencies housed in ABA operated buildings.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1VF - Critical Maintenance

**Funding Sources:** MWJ - Critical Maintenance

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Special Maintenance	5120032	3,425,194	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000
Total		3,425,194	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000
Funding Sources										
Fund Balance	4000005	5,570,063	3,863,565		1,484,761	1,484,761	1,484,761	0	0	0
Other	4000370	182,154	0		0	0	0	0	0	0
Transfers / Adjustments	4000683	1,536,542	881,196		0	0	0	0	0	0
Total Funding		7,288,759	4,744,761		1,484,761	1,484,761	1,484,761	0	0	0
Excess Appropriation/(Funding)		(3,863,565)	(1,484,761)		1,775,239	1,775,239	1,775,239	3,260,000	3,260,000	3,260,000
Grand Total		3,425,194	3,260,000		3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000

FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances.

Special language provides carry forward of funding (Act 277 of 2010 sec 13). Actual carry forward from FY10 to FY11 was \$3,863,565.

Transfers/Adjustments includes a transfer from the Building Maintenance appropriation (254).

**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: Arkansas Building Authority

Program: Critical Maintenance

Act #: 277 Section(s) #: 9 & 13

Estimated Carry Forward Amount \$ 3,418,300.00 Funding Source: Other

**Accounting Information:**

Business Area: 0350 Funds Center: 1VF Fund: MWJ Functional Area: ADMN

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

The ABA Critical Maintenance Fund is a self-funded reserve which allows ABA to perform deferred maintenance, emergency repairs/replacements and capital projects throughout the year which otherwise may not be possible if relying strictly on the annual operations plan. The reserve account is funded by rent revenues generated from the ABA portfolio of owned and operated buildings. The fund receives up to ten (10) equal transfers annually from the ABA Building Maintenance Fund (MWJ0100 - 254). It is crucial that this fund be permitted to carry forward unexpended funding so that critical projects can be made in a timely manner and ABA can conduct long term planning for its deferred maintenance program.

Actual Funding Carry Forward Amount \$ 3,863,564.57

**Current status of carry forward funding:**

While it is important to remember that the purpose of this fund is to maintain a "reserve" for unexpected expenditures, there are a number of projects that are identified and funded during the fiscal year to reduce the financial burden on the Annual Operations Plan. Projects or expenditures specifically identified at this time for funding are: Professional Service Contracts - \$65,000 with Request for Quote's(RFQ's) being conducted for Architects and Engineers - \$100,000 ; One Capitol Mall - Cooling Tower & Chiller Replacement Contract Remainder - \$153,356; One Capitol Mall - HVAC Replacement Contract Remainder - \$280,337; One Capitol Mall - Upgrade Variable Frequency Drives - \$250,000; Remodel Parks & Tourism Space - \$72,000; ABA Emergency Program Installations - \$12,000; Miscellaneous Building Critical Repairs - \$100,000; : Total Expenditures (planned) - \$1,032,693.

**Note from DFA – Office of Budget: Funds remaining at the end of any fiscal year from this fund must, by law, remain in the fund regardless of the future status of any project, contract or purpose. The Special Language that requires this report is no longer necessary.**

Anne Laidlaw  
Director

08-26-2010  
Date

## **Analysis of Budget Request**

**Appropriation:** 253 - ABA - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

This appropriation provides for the operations of Arkansas Building Authority (ABA). Functions include administration, leasing, architectural, construction, finance, engineering, and building maintenance. This appropriation is funded entirely from general revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum.

The Agency Request is for Base Level each year of the biennium in funding and appropriation.

The Agency Change Level request is to reclassify one grade C124 Licensed Architect to a grade C124 Engineer, P.E.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 253 - ABA - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,643,137	1,894,605	1,894,605	1,869,016	1,869,016	1,869,016	1,869,016	1,869,016	1,869,016
<b>#Positions</b>		<b>34</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
Personal Services Matching	5010003	484,567	545,749	547,596	554,354	554,354	554,354	554,354	554,354	554,354
Operating Expenses	5020002	48,469	48,594	48,594	48,594	48,594	48,594	48,594	48,594	48,594
Conference & Travel Expenses	5050009	6,016	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
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
<b>Total</b>		<b>2,182,189</b>	<b>2,495,148</b>	<b>2,496,995</b>	<b>2,478,164</b>	<b>2,478,164</b>	<b>2,478,164</b>	<b>2,478,164</b>	<b>2,478,164</b>	<b>2,478,164</b>
<b>Funding Sources</b>										
General Revenue	4000010	2,182,189	2,495,148		2,478,164	2,478,164	2,478,164	2,478,164	2,478,164	2,478,164
Total Funding		2,182,189	2,495,148		2,478,164	2,478,164	2,478,164	2,478,164	2,478,164	2,478,164
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>2,182,189</b>	<b>2,495,148</b>		<b>2,478,164</b>	<b>2,478,164</b>	<b>2,478,164</b>	<b>2,478,164</b>	<b>2,478,164</b>	<b>2,478,164</b>

## Change Level by Appropriation

**Appropriation:** 253 - ABA - State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,478,164</b>	<b>38</b>	<b>2,478,164</b>	<b>100.0</b>	<b>2,478,164</b>	<b>38</b>	<b>2,478,164</b>	<b>100.0</b>
C10	Reclass	0	0	2,478,164	100.0	0	0	2,478,164	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,478,164</b>	<b>38</b>	<b>2,478,164</b>	<b>100.0</b>	<b>2,478,164</b>	<b>38</b>	<b>2,478,164</b>	<b>100.0</b>
C10	Reclass	0	0	2,478,164	100.0	0	0	2,478,164	100.0

### Justification

C10	One position # 22094913 currently authorized at B021C/ Gr. C124 Licensed Architect to be reclassified at a B023C/ Gr. C124 Engineer, PE. ABA, through its Design Review Section has duties and responsibilities mandated by laws and rules which are vital and critical in meeting the needs of the various state agencies in reviews of plans and specifications for state capital improvement projects. The Design Review Section has three (3) Licensed Architects who perform design review services. There are currently two (2) Professional Engineers, along with the State Engineer who is the section administrator. This position has been utilized as an Engineer, PE, since May 2009. ABA is mandated to perform design review of capital improvement projects and it is vital for the Section to perform its duties expeditiously and effectively so that these projects can meet the critical needs to the State. This position has a vital and critical role in the day-to-day functions in the duties required of this Section. Therefore, maintaining this position in the class code of an Engineer, PE will endeavor ABA to provide the mandated services in an effective and expeditious manner.
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## **Analysis of Budget Request**

**Appropriation:** 254 - Building Maintenance

**Funding Sources:** MWJ - ABA Maintenance

The Building Maintenance appropriation is funded from rental income and reimbursements from ABA operated buildings. It supports the property management function of state-owned and ABA-operated office buildings.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Base Level request is \$10,863,029 each year of the biennium.

The Agency's Change Level request is \$2,069,529 each year of the biennium and consists of the following:

- \$110,301 increase each year in Regular Salaries and \$41,010 in Personal Services Matching each year of the biennium to support the restoration of one C112 Fiscal Support Specialist, one C113 Maintenance Technician, one C115 Skilled Tradesman and one C115 ABA Building Maintenance Specialist
- \$30,000 increase each year of the biennium in unfunded appropriation for Overtime to bring appropriation to previously authorized levels and \$6,062 each year for associated Personal Services Matching
- Total increase of \$1,289,411 in Operating Expenses each year of the biennium of which \$1,015,000 is requested as unfunded appropriation and \$274,411 is requested as funded appropriation for maintenance of facilities
- \$79,100 increase each year in Capital Outlay to support maintenance needs and necessary repairs
- \$267,645 increase in Debt Services for any possible debt service increases of the biennium of which \$248,034 in FY2012 and \$257,034 in FY2013 is requested as unfunded appropriation
- \$125,000 increase in Contingency each year in unfunded appropriation to match previously authorized levels
- \$121,000 increase in Rent of Space each year in unfunded appropriation to match previously authorized levels

The Executive Recommendation provides for the Agency Request.



# Appropriation Summary

**Appropriation:** 254 - Building Maintenance

**Funding Sources:** MWJ - ABA Maintenance

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,568,182	1,732,069	1,855,455	1,718,659	1,828,960	1,828,960	1,718,659	1,828,960	1,828,960
<b>#Positions</b>		<b>45</b>	<b>47</b>	<b>51</b>	<b>47</b>	<b>51</b>	<b>51</b>	<b>47</b>	<b>51</b>	<b>51</b>
Extra Help	5010001	1,915	15,000	75,000	15,000	15,000	15,000	15,000	15,000	15,000
<b>#Extra Help</b>		<b>3</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Personal Services Matching	5010003	509,725	567,313	620,718	570,425	617,497	617,497	570,425	617,497	617,497
Overtime	5010006	171	10,000	40,000	10,000	40,000	40,000	10,000	40,000	40,000
Operating Expenses	5020002	5,597,268	6,454,407	7,743,818	6,454,407	7,743,818	7,743,818	6,454,407	7,743,818	7,743,818
Conference & Travel Expenses	5050009	4,254	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	3,438	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	35,810	79,100	79,100	0	79,100	79,100	0	79,100	79,100
Debt Service	5120019	817,629	2,039,538	2,307,183	2,039,538	2,307,183	2,307,183	2,039,538	2,307,183	2,307,183
Contingency	5130018	0	0	125,000	0	125,000	125,000	0	125,000	125,000
Rent of Space	5900022	0	0	121,000	0	121,000	121,000	0	121,000	121,000
<b>Total</b>		<b>8,538,392</b>	<b>10,952,427</b>	<b>13,022,274</b>	<b>10,863,029</b>	<b>12,932,558</b>	<b>12,932,558</b>	<b>10,863,029</b>	<b>12,932,558</b>	<b>12,932,558</b>

Funding Sources										
Fund Balance	4000005	641,469	678,538		78,538	78,538	78,538	90,289	0	0
DFA Motor Vehicle Acquisition	4000184	33,657	0		0	0	0	0	0	0
M & R Sales	4000340	765	0		0	0	0	0	0	0
Other	4000370	87,644	180,769		56,000	56,000	56,000	56,000	56,000	56,000
Rental Income	4000430	9,958,563	11,117,276		10,882,265	11,406,698	11,406,698	10,905,989	11,421,422	11,421,422
Transfers / Adjustments	4000683	(1,505,168)	(945,618)		(63,485)	(63,485)	(63,485)	(63,485)	(63,485)	(63,485)
<b>Total Funding</b>		<b>9,216,930</b>	<b>11,030,965</b>		<b>10,953,318</b>	<b>11,477,751</b>	<b>11,477,751</b>	<b>10,988,793</b>	<b>11,413,937</b>	<b>11,413,937</b>
Excess Appropriation/(Funding)		(678,538)	(78,538)		(90,289)	1,454,807	1,454,807	(125,764)	1,518,621	1,518,621
<b>Grand Total</b>		<b>8,538,392</b>	<b>10,952,427</b>		<b>10,863,029</b>	<b>12,932,558</b>	<b>12,932,558</b>	<b>10,863,029</b>	<b>12,932,558</b>	<b>12,932,558</b>

Transfers/Adjustments actual funding includes a transfer to Critical Maintenance (1VF) \$1,462,550 and Sustainable Building Design Program (59S) \$42,618.  
 FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances.

## Change Level by Appropriation

**Appropriation:** 254 - Building Maintenance  
**Funding Sources:** MWJ - ABA Maintenance

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>10,863,029</b>	<b>47</b>	<b>10,863,029</b>	<b>100.0</b>	<b>10,863,029</b>	<b>47</b>	<b>10,863,029</b>	<b>100.0</b>
C01	Existing Program	716,705	4	11,579,734	106.6	722,835	4	11,585,864	106.7
C03	Discontinue Program	(192,272)	0	11,387,462	104.8	(207,402)	0	11,378,462	104.7
C05	Unfunded Appropriation	1,545,096	0	12,932,558	119.1	1,554,096	0	12,932,558	119.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>10,863,029</b>	<b>47</b>	<b>10,863,029</b>	<b>100.0</b>	<b>10,863,029</b>	<b>47</b>	<b>10,863,029</b>	<b>100.0</b>
C01	Existing Program	716,705	4	11,579,734	106.6	722,835	4	11,585,864	106.7
C03	Discontinue Program	(192,272)	0	11,387,462	104.8	(207,402)	0	11,378,462	104.7
C05	Unfunded Appropriation	1,545,096	0	12,932,558	119.1	1,554,096	0	12,932,558	119.1

### Justification

C01	This change level is reflective of the scheduled rental income for the ABA portfolio and the planned expenditures in the ABA buildings to maintain the facilities in tenable condition through contract services, maintenance and necessary repairs. This adjustment simply brings the fund to base level to be consistent with the projected rent revenues.
C03	Adjustments were made in contracts and scheduled spending within the portfolio, seeking opportunities to generate savings wherever possible. While electric utility rates have decreased slightly and energy efficiency upgrades are netting reductions, we have been cautious not to reduce projected utility costs in fear that another rate adjustment will create a deficit in our planned spending.
C05	With the addition of the new 900 West Capitol Building (LEED Building) in FY10, debt service appropriation was added to allow for the two bi-annual bond payments. ABA also maintains a contingency appropriation of \$125,000 on the Contingency Commitment Item and \$121,000 on the Rent of Space Commitment item pending the opportunity to add new building management service accounts during the period.

## **Analysis of Budget Request**

**Appropriation:** 488 - Acquisition and Maintenance

**Funding Sources:** MRE - ABA Real Estate Fund

The purpose of this appropriation is the acquisition and operation of additional buildings for state occupancy. Funding payable from the Real Estate Fund allows the Arkansas Building Authority to acquire buildings for general government use as opportunities arise as well as provide construction and renovations as needed. Expenditures would be offset by income from the operation of properties acquired.

The Agency's Change Level request is for \$300,000 per year in Operating Expenses and \$1,200,000 per year in the Construction/Renovations line item. This would restore the appropriation back to the previously authorized level of \$1,500,000 in the event that additional buildings are needed.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 488 - Acquisition and Maintenance

**Funding Sources:** MRE - ABA Real Estate Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	300,000	0	300,000	300,000	0	300,000	300,000
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
Construction/Renovations 5090005	0	0	1,200,000	0	1,200,000	1,200,000	0	1,200,000	1,200,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Funding Sources</b>									
Unfunded Appropriation 4000715	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000
<b>Total Funding</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>

## Change Level by Appropriation

**Appropriation:** 488 - Acquisition and Maintenance  
**Funding Sources:** MRE - ABA Real Estate Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

### Justification

C05	ABA will continue to consider opportunities to acquire properties that are in the best interests of the State for use by the ABA or that of other state agencies, boards and commissions. ABA is requesting the reappropriation of the Acquisition and Maintenance appropriation at its current authorized level of \$1.5 million so that such property transactions may be completed if funding is made available.
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## **Analysis of Budget Request**

**Appropriation:** 59R - BLDG DSGN-Loans

**Funding Sources:** MBD - Sustainable Building Design Revolving

The purpose of this appropriation is to provide loans to State Agencies for the Sustainable Building Design Program A.C.A. 22-3-1901 et. seq. A loan made from this program must be for a renovation of a state-owned property for an amount that exceeds two hundred fifty thousand dollars (\$250,000) with the term for repayment not to exceed ten (10) years.

Funding for this appropriation consists of funds transferred from the General Improvement Fund and federal grants.

The Agency's Base Level request is for \$3,000,000 each year of the biennium.

The Agency's Change Level request is for \$12,000,000 each year of the biennium in Loan Repayment Grants to use for loans. This request is funded with ARRA federal dollars.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 59R - BLDG DSGN-Loans

**Funding Sources:** MBD - Sustainable Building Design Revolving

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	0	3,000,000	15,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Loan Repayment Grants 5900052	0	0	0	0	12,000,000	12,000,000	0	12,000,000	12,000,000
<b>Total</b>	<b>0</b>	<b>3,000,000</b>	<b>15,000,000</b>	<b>3,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>3,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>
<b>Funding Sources</b>									
Federal Funds-ARRA 4000244	0	0		0	12,000,000	12,000,000	0	12,000,000	12,000,000
General Improvement Fund 4000265	0	3,000,000		3,000,000	3,000,000	3,000,000	0	0	0
<b>Total Funding</b>	<b>0</b>	<b>3,000,000</b>		<b>3,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>0</b>	<b>12,000,000</b>	<b>12,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	3,000,000	3,000,000	3,000,000
<b>Grand Total</b>	<b>0</b>	<b>3,000,000</b>		<b>3,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>3,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>

## Change Level by Appropriation

**Appropriation:** 59R - BLDG DSGN-Loans  
**Funding Sources:** MBD - Sustainable Building Design Revolving

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,000,000</b>	<b>0</b>	<b>3,000,000</b>	<b>100.0</b>	<b>3,000,000</b>	<b>0</b>	<b>3,000,000</b>	<b>100.0</b>
C16	ARRA	12,000,000	0	15,000,000	500.0	12,000,000	0	15,000,000	500.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,000,000</b>	<b>0</b>	<b>3,000,000</b>	<b>100.0</b>	<b>3,000,000</b>	<b>0</b>	<b>3,000,000</b>	<b>100.0</b>
C16	ARRA	12,000,000	0	15,000,000	500.0	12,000,000	0	15,000,000	500.0

### Justification

C16	Appropriation for anticipated ARRA funds are committed to the Revolving Loan Fund through a Grant from the Arkansas Energy Office.
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## **Analysis of Budget Request**

**Appropriation:** 59S - BLDG DSGN-Operations

**Funding Sources:** MWJ - ABA Maintenance

The purpose of this appropriation is to provide operating expenses to the Sustainable Building Design Program A.C.A. 22-3-1901 et. seq.

The appropriation is funded from rental income and reimbursements from ABA operated buildings.

The Agency's Base Level request is \$58,485 each year of the biennium.

The Agency's Change Level request is for a \$5,000 increase in Capital Outlay each year of the biennium for the replacement of maintenance equipment.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 59S - BLDG DSGN-Operations

**Funding Sources:** MWJ - ABA Maintenance

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	31,561	40,037	38,611	39,237	39,237	39,237	39,237	39,237	39,237
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	10,690	12,746	10,811	12,609	12,609	12,609	12,609	12,609	12,609
Operating Expenses	5020002	367	6,639	10,000	6,639	6,639	6,639	6,639	6,639	6,639
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	5,000	5,000	0	5,000	5,000	0	5,000	5,000
<b>Total</b>		<b>42,618</b>	<b>64,422</b>	<b>64,422</b>	<b>58,485</b>	<b>63,485</b>	<b>63,485</b>	<b>58,485</b>	<b>63,485</b>	<b>63,485</b>
<b>Funding Sources</b>										
Transfers / Adjustments	4000683	42,618	64,422		58,485	63,485	63,485	58,485	63,485	63,485
<b>Total Funding</b>		<b>42,618</b>	<b>64,422</b>		<b>58,485</b>	<b>63,485</b>	<b>63,485</b>	<b>58,485</b>	<b>63,485</b>	<b>63,485</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>42,618</b>	<b>64,422</b>		<b>58,485</b>	<b>63,485</b>	<b>63,485</b>	<b>58,485</b>	<b>63,485</b>	<b>63,485</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 59S - BLDG DSGN-Operations  
**Funding Sources:** MWJ - ABA Maintenance

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>58,485</b>	<b>1</b>	<b>58,485</b>	<b>100.0</b>	<b>58,485</b>	<b>1</b>	<b>58,485</b>	<b>100.0</b>
C01	Existing Program	5,000	0	63,485	108.5	5,000	0	63,485	108.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>58,485</b>	<b>1</b>	<b>58,485</b>	<b>100.0</b>	<b>58,485</b>	<b>1</b>	<b>58,485</b>	<b>100.0</b>
C01	Existing Program	5,000	0	63,485	108.5	5,000	0	63,485	108.5

### Justification

C01	ABA is requesting re-appropriation for capital purchases as necessary for the replacement of maintenance equipment.
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## **Analysis of Budget Request**

**Appropriation:** 809 - Justice Building Operations

**Funding Sources:** MWJ - ABA Maintenance

This appropriation provides for the operations of the Justice Building. Funding is provided under special language provisions for a transfer from the State Central Services Fund to the Arkansas Building Authority Maintenance Fund for actual expenditures up to the authorized appropriation level.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Base Level request is \$723,228 each year of the biennium.

The Agency's total Change Level request is for \$899 each year of the biennium from combined increases and decreases in the Operating Expenses commitment item reflecting adjustments in service contracts.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 809 - Justice Building Operations

**Funding Sources:** MWJ - ABA Maintenance

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	105,130	105,315	104,342	104,515	104,515	104,515	104,515	104,515	104,515
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	34,116	35,258	34,832	35,159	35,159	35,159	35,159	35,159	35,159
Operating Expenses	5020002	559,865	583,554	584,953	583,554	584,453	584,453	583,554	584,453	584,453
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
<b>Total</b>		<b>699,111</b>	<b>724,127</b>	<b>724,127</b>	<b>723,228</b>	<b>724,127</b>	<b>724,127</b>	<b>723,228</b>	<b>724,127</b>	<b>724,127</b>
<b>Funding Sources</b>										
Fund Balance	4000005	9,764	10,883		10,883	10,883	10,883	10,833	10,833	10,833
Transfer from St Central Svcs	4000575	700,230	724,127		723,228	724,127	724,127	723,228	724,127	724,127
<b>Total Funding</b>		<b>709,994</b>	<b>735,010</b>		<b>734,111</b>	<b>735,010</b>	<b>735,010</b>	<b>734,061</b>	<b>734,960</b>	<b>734,960</b>
Excess Appropriation/(Funding)		(10,883)	(10,883)		(10,883)	(10,883)	(10,883)	(10,833)	(10,833)	(10,833)
<b>Grand Total</b>		<b>699,111</b>	<b>724,127</b>		<b>723,228</b>	<b>724,127</b>	<b>724,127</b>	<b>723,228</b>	<b>724,127</b>	<b>724,127</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 809 - Justice Building Operations  
**Funding Sources:** MWJ - ABA Maintenance

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>723,228</b>	<b>3</b>	<b>723,228</b>	<b>100.0</b>	<b>723,228</b>	<b>3</b>	<b>723,228</b>	<b>100.0</b>
C01	Existing Program	3,223	0	726,451	100.4	3,223	0	726,451	100.4
C03	Discontinue Program	(2,324)	0	724,127	100.1	(2,324)	0	724,127	100.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>723,228</b>	<b>3</b>	<b>723,228</b>	<b>100.0</b>	<b>723,228</b>	<b>3</b>	<b>723,228</b>	<b>100.0</b>
C01	Existing Program	3,223	0	726,451	100.4	3,223	0	726,451	100.4
C03	Discontinue Program	(2,324)	0	724,127	100.1	(2,324)	0	724,127	100.1

### Justification

C01	The base level change is reflective of adjustments in service contracts and planned expenditures for the period.
C03	As noted above, change is the result of adjustments in service contracts and planned expenditures for the period.

## **Analysis of Budget Request**

**Appropriation:** 84T - ASC Maint & Operations

**Funding Sources:** MWJ - ABA Maintenance

The Arkansas Services Center Maintenance and Operations appropriation is requested by the Arkansas Building Authority due to the addition of the Arkansas Services Center in Jonesboro to the management portfolio in FY2010. The appropriation covers all scheduled maintenance, operations and capital repairs for the facility.

Funding for the center is through owner assessments billed quarterly and rent revenues collected for leases space.

The Agency's request is for \$2,250,000 in appropriation each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 84T - ASC Maint & Operations

**Funding Sources:** MWJ - ABA Maintenance

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
AR Services Center 5900046	0	0	0	0	2,250,000	2,250,000	0	2,250,000	2,250,000
Total	0	0	0	0	2,250,000	2,250,000	0	2,250,000	2,250,000
<b>Funding Sources</b>									
Fund Balance 4000005	0	0		0	1,000,000	1,000,000	0	1,000,000	1,000,000
Rental Income 4000430	0	0		0	1,250,000	1,250,000	0	1,250,000	1,250,000
Total Funding	0	0		0	2,250,000	2,250,000	0	2,250,000	2,250,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	2,250,000	2,250,000	0	2,250,000	2,250,000

Fund Balances are estimated pending the approval of New Special Language allowing for the transfer of Cash Funds currently held for this program to the requested new Appropriation.



## Change Level by Appropriation

**Appropriation:** 84T - ASC Maint & Operations  
**Funding Sources:** MWJ - ABA Maintenance

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C01	Existing Program	2,250,000	0	2,250,000	100.0	2,250,000	0	2,250,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C01	Existing Program	2,250,000	0	2,250,000	100.0	2,250,000	0	2,250,000	100.0

### Justification

C01	This change level reflects the addition of the Arkansas Services Center in Jonesboro, added to ABA's management portfolio in FY10. The appropriation covers all scheduled maintenance, operations and capital repairs for the facility. Funding for the Center is through owner assessments billed quarterly and rent revenues collected for lease space.								
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## **Analysis of Budget Request**

**Appropriation:** 915 - Justice Building Maintenance

**Funding Sources:** MJB - Justice Building Fund

The Justice Building Maintenance appropriation provides for maintenance of the Justice Building. Funding is provided by court cost receipts transferred from the State Administration of Justice Fund to be used exclusively for maintenance of the Justice Building (A.C.A. §19-5-1052).

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 915 - Justice Building Maintenance

**Funding Sources:** MJB - Justice Building Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Special Maintenance 5120032	5,993	504,659	504,659	504,659	504,659	504,659	504,659	504,659	504,659
<b>Total</b>	<b>5,993</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>
<b>Funding Sources</b>									
Fund Balance 4000005	628,328	696,153		275,022	275,022	275,022	0	0	0
State Administration of Justice 4000470	73,818	83,528		83,528	83,528	83,528	83,528	83,528	83,528
Unfunded Appropriation 4000715	0	0		146,109	146,109	146,109	421,131	421,131	421,131
<b>Total Funding</b>	<b>702,146</b>	<b>779,681</b>		<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>
Excess Appropriation/(Funding)	(696,153)	(275,022)		0	0	0	0	0	0
<b>Grand Total</b>	<b>5,993</b>	<b>504,659</b>		<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>

## **Analysis of Budget Request**

**Appropriation:** D17 - Justice Bldg Const-Cash

**Funding Sources:** 132 - Justice Building Construction Fund

The Justice Building Construction cash appropriation provides for debt service obligations associated with construction and renovation of the Justice Building. Funding is provided by court cost receipts transferred from the State Administration of Justice Fund to the Justice Building Construction Fund. This funding is to be used exclusively for the financing of additions, extensions, and improvements to the Justice Building. This includes the repayment of debt service obligations which were incurred in order to make improvements to the Justice Building (A.C.A. §19-5-1087).

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** D17 - Justice Bldg Const-Cash  
**Funding Sources:** 132 - Justice Building Construction Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	27,175	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Debt Service 5120019	907,943	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
<b>Total</b>	<b>935,118</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,244,951	1,301,204		1,001,204	1,001,204	1,001,204	701,204	701,204	701,204
Interest 4000300	599	0		0	0	0	0	0	0
State Administration of Justice 4000470	990,772	990,000		990,000	990,000	990,000	990,000	990,000	990,000
<b>Total Funding</b>	<b>2,236,322</b>	<b>2,291,204</b>		<b>1,991,204</b>	<b>1,991,204</b>	<b>1,991,204</b>	<b>1,691,204</b>	<b>1,691,204</b>	<b>1,691,204</b>
<b>Excess Appropriation/(Funding)</b>	<b>(1,301,204)</b>	<b>(1,001,204)</b>		<b>(701,204)</b>	<b>(701,204)</b>	<b>(701,204)</b>	<b>(401,204)</b>	<b>(401,204)</b>	<b>(401,204)</b>
<b>Grand Total</b>	<b>935,118</b>	<b>1,290,000</b>		<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>

## Appropriation Summary

**Appropriation:** 81S - AR Service Cntr-Oper

**Funding Sources:** NBA - AR Service Cntr Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	673,709	0	0	0	0	0	0	0	0
Conference & Travel Expenses	5050009	112	0	0	0	0	0	0	0	0
Professional Fees	5060010	5,181	0	0	0	0	0	0	0	0
<b>Total</b>		<b>679,002</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>										
Cash Fund	4000045	943,768	0		0	0	0	0	0	0
Transfers / Adjustments	4000683	719,721	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>1,663,489</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)		(984,487)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>679,002</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Appropriation was established through the authority of Cash Fund Holding.  
NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

## Appropriation Summary

**Appropriation:** 82W - ARRA LEEDS Bldg

**Funding Sources:** FBA - ARRA LEEDS Bldg Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA of 2009 5900052	722,574	0	0	0	0	0	0	0	0
Total	722,574	0	0	0	0	0	0	0	0
<b>Funding Sources</b>									
Federal Funds-ARRA 4000244	722,574	0		0	0	0	0	0	0
Total Funding	722,574	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	722,574	0		0	0	0	0	0	0

Appropriation was established through the authority of the Miscellaneous Federal Grant Act.  
NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

# DEPARTMENT OF CAREER EDUCATION

## Enabling Laws

Act 201 of 2010  
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.

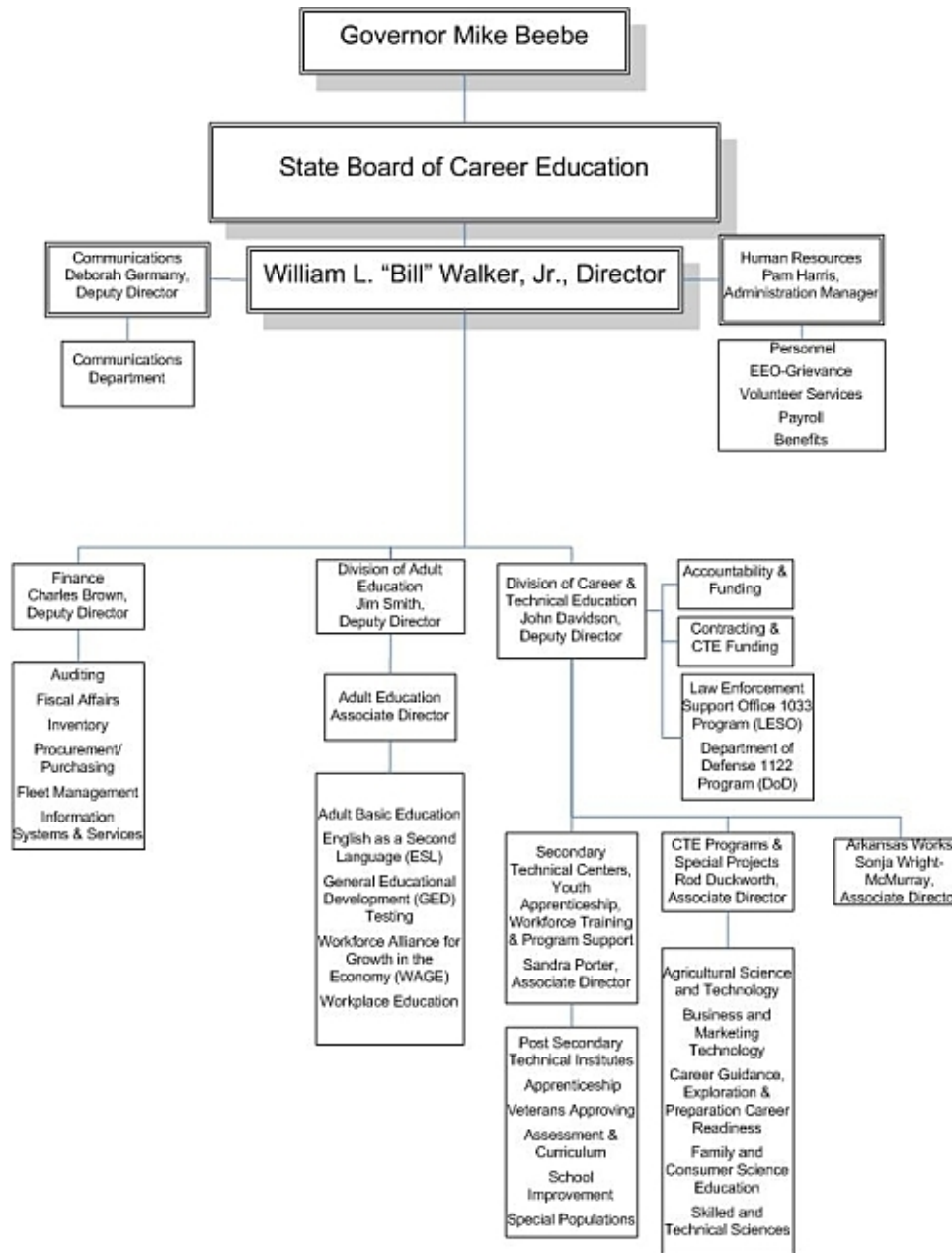


From 1971 until 1993, Arkansas Rehabilitation Services (ARS), known then as the Division of Rehabilitation Services, was administered by the Department of Social and Rehabilitative Services (now the Department of Human Services). Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation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

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.

### 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 156,000 Arkansas students enroll in CTE classes annually, representing approximately 75 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 a Public School Program Coordinator, a Public School Program Advisor for Construction Trades, and a Public School Program Advisor for Advanced Manufacturing. (Note: Also in this budget, the Department has requested correction of a grade classification error under the Career Service Pay Plan. The correct classification is being requested for these 3 new positions.) The primary responsibility of these 3 new positions will be to increase student involvement in the secondary CTE programs related to construction trades and advanced manufacturing. Advanced manufacturing is listed by the Arkansas Economic Development Commission as one of Arkansas's targeted industries. 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 174 high schools, meaning that students in 72 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 2010 appropriation for the centers is \$20,136,383, which includes just over \$9.2 million that flows to participating high schools as a reimbursement for center students for the prior year.

Additional Funding Request: \$750,000 for the first year and an additional \$750,000 for the second year for a total increase of \$1,500,000 the second year. This increase will bring the total for the first year of the biennium to \$20,886,383 and to \$21,636,383 for the second year.

Arkansas Technical Careers Student Loan Forgiveness Program - ACE is requesting \$4,000,000 each fiscal year to meet obligations to program participants whose repayments were suspended when the program was terminated in January 2009, to allow for growth in the number of new participants, and to expand the loan forgiveness program to include additional programs as new courses of study are developed in the future to meet the state's need for skilled workers in new and emerging technologies.

The loan forgiveness program was established by Act 652 of 1999 as an incentive for students who major in certain high-demand technical fields and agree to work in Arkansas in those career fields. Available to both full- and part-time students, the program offers forgiveness of up to \$10,000 in student loans-a maximum of \$2,500 for each academic year of student loans for a maximum eligibility of four years. The loan forgiveness program is a wise investment by the state in its workforce. Approximately \$6.9 million in loan repayments has been repaid on behalf of program participants who have met their commitment to work in Arkansas in a high-demand technical field, and during the last four years of the program, the annual payroll generated by participants was over \$19 million. The average annual salary of these participants was over \$42,000 in FY 2009.

Despite its record of success, the loan forgiveness program has never had a stable source of funding and has had to rely on temporary funding, sometimes from General Improvement funds or carryover balances in the Arkansas Department of Workforce Education Public School Fund, to meet its obligations to program participants. Without a stable source of funding, the program is in grave jeopardy, which could result in hundreds of students not receiving loan repayments they had expected upon meeting their commitment to work in Arkansas in high-demand technical fields.

Current Funding Status: Act 511 of 2009 appropriated \$2,000,000 for the loan forgiveness program, and Act 96 of 2010 reappropriated the \$2,000,000. Both appropriations were in the General Improvement Fund. Neither appropriation was funded, so the program was terminated in January 2009.

Funding Request: The request for \$4 million for each year of the biennium would re-establish the program.

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 \$5,411,384 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 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 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 Staffing -The Department is requesting continuation of two positions which are currently authorized but not budgeted for FY11 in the Adult Education Division. Adult education staff must address continually increasing state and federal mandates regarding accountability, curriculum, data quality and reporting, program monitoring and supervision, and onsite technical assistance to local adult education programs. We anticipate that over the next biennium, the staff will be asked to provide increased technical assistance and guidance to local programs in at least two areas: (1) implementation of the new performance-based funding formula and (2) expansion of programs and services to meet the needs of an increasingly diverse population.

## 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.

Position Reclassifications -The Arkansas Department of Career Education is requesting that the same salary classification for positions approved in 2009 for the Arkansas Department of Education (ADE) be approved for the corresponding positions within ACE.

Due to a grade classification error under the Career Service Pay Plan, some ACE Grade 21 (Public School Program Advisor) and Grade 22 (Education Program Support Manager) positions were downgraded to C120 and C121 while the same positions at ADE were reclassified as Grade C122 and Grade C123 respectively. This error was recognized by the Legislative Personnel Committee at the end of the 2009 session, and ACE was allowed to continue to use the higher grade scale (teacher pay plan) until the error could be corrected during the 2011 legislative session.

Field supervision of Career and Technical Education (CTE) programs began under ADE. 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 ADE. Prior to 1981, ADE had administered postsecondary and secondary vocational education, as well as adult education. During this time, field supervision of CTE programs in public schools was done primarily by the Grade 21 Education Public School Advisors and the Grade 22 Education Program Support Managers. When ADE was split into two divisions and the Division of Vocational and Technical Education was formed, the positions of the two educational divisions remained consistent and have continued to remain consistent in both office and field supervision.

The reason for the requested change in grade classifications is to correct the classification error and restore consistency in position grades between ACE and ADE. Unless this classification error is corrected, ACE staff at the top of their pay grade (and new staff hired from our public schools) will experience a significant loss in pay in comparison to the same supervisory positions at ADE. The approximate difference in a beginning salary is \$4,000, and the difference is \$5,000 for tenured ACE staff. If not corrected, this inequity in salary will make it more difficult for our agency to hire qualified personnel from public schools in the future, as well as to retain our current staff.

## 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 funds (Temporary Assistance for Needy Families) to expand the College and Career Planning System to prepare students for the next level of education and/or training for a successful career. This is accomplished through the two components of the Arkansas Works Initiative - the internet-based College and Career Planning Tool and the college and career coaches program working in conjunction with current community college initiatives to target Arkansas's poorest counties.

This request of \$1,000,000 for FY12 would provide for continuation into the third year of the three-year plan to provide the internet-based College and Career Planning Tool. An additional \$50,000 in FY12 would provide operating expenses for the third year.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF WORKFORCE EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2008

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	25	36	61	73 %
Black Employees	3	17	20	24 %
Other Racial Minorities	1	1	2	3 %
Total Minorities			22	27 %
Total Employees			83	100 %



## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1500200	\$11,718	Checking Account	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.

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Fund Account	Balance	Type	Location
1500300	\$317,987	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 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:

Received at irregular intervals throughout the year

Fund Balance Utilization:

All funds collected are used for the administration of the program in areas of maintenance and operation; equipment such as computers, calculators, desks/chairs; expendable supplies; postage, telephone and rent; salaries and benefits.

**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	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	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	8,750	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	30,000	0	164,807	0	164,807	0	164,807	0	164,807	0	164,807	0	164,807	0	164,807	0	164,807	0
640 Vo Tech Admin-Operations	5,997,323	53	6,378,562	60	6,488,657	60	6,265,827	60	6,675,695	63	6,461,827	60	6,265,827	60	6,630,695	63	6,416,827	60
641 Fed Voc Educ-Operations	15,535,816	18	15,856,363	18	15,995,956	18	15,874,288	18	16,929,189	18	16,924,288	18	15,874,288	18	15,879,189	18	15,874,288	18
644 Adult Basic Education	476,483	6	498,975	6	706,803	6	502,130	6	577,993	8	502,130	6	502,130	6	577,993	8	502,130	6
645 Fed-Adult Basic Education	5,458,620	3	8,246,906	3	7,471,446	5	7,462,070	3	7,480,409	3	7,479,570	3	7,462,070	3	7,480,409	3	7,479,570	3
647 Fed Equipment & Training-Operations	0	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0
649 Fed-Veteran's Approving Agency	254,665	4	283,588	4	274,135	4	281,271	4	282,674	4	281,271	4	281,271	4	282,674	4	281,271	4
75S Construction Craft	392,784	1	876,588	1	882,922	1	882,285	1	882,285	1	882,285	1	882,285	1	882,285	1	882,285	1
82V LESO Program	1,809	0	15,000	0	0	0	0	0	15,000	0	15,000	0	0	0	15,000	0	15,000	0
A88 Alternate Retirement Plan	59,590	0	122,522	0	122,522	0	122,522	0	136,922	0	122,522	0	122,522	0	136,922	0	122,522	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
54X Jobs for Arkansas Graduates	83,433	0	129,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>28,299,273</b>	<b>85</b>	<b>32,588,311</b>	<b>92</b>	<b>32,123,248</b>	<b>94</b>	<b>31,571,200</b>	<b>92</b>	<b>33,160,974</b>	<b>97</b>	<b>32,849,700</b>	<b>92</b>	<b>31,571,200</b>	<b>92</b>	<b>32,065,974</b>	<b>97</b>	<b>31,754,700</b>	<b>92</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,054,431	6.8	2,108,895	6.2	1,384,961	4.3	1,400,978	4.1	1,400,978	4.2	901,348	2.8	902,965	2.8	917,365	2.9	
General Revenue	4000010	2,865,430	9.4	3,046,350	9.0	3,341,028	10.3	3,826,759	11.2	3,341,028	10.0	3,341,028	10.4	3,781,759	11.6	3,341,028	10.4	
Federal Revenue	4000020	21,249,101	69.9	24,386,857	71.7	23,617,629	72.7	24,692,272	72.5	24,685,129	73.5	23,617,629	73.5	23,642,272	72.5	23,635,129	73.5	
Special Revenue	4000030	445,601	1.5	400,000	1.2	600,000	1.8	600,000	1.8	600,000	1.8	600,000	1.9	600,000	1.8	600,000	1.9	
Cash Fund	4000045	101,259	0.3	144,000	0.4	0	0.0	15,000	0.0	15,000	0.0	0	0.0	15,000	0.0	15,000	0.0	
Educational Excellence Fund	4000220	3,499,803	11.5	3,286,929	9.7	3,286,929	10.1	3,286,929	9.6	3,286,929	9.8	3,286,929	10.2	3,286,929	10.1	3,286,929	10.2	
Interest & Forfeitures	4000305	73,645	0.2	60,000	0.2	60,000	0.2	60,000	0.2	60,000	0.2	60,000	0.2	60,000	0.2	60,000	0.2	
Loan Repayment	4000330	0	0.0	0	0.0	30,001	0.1	30,001	0.1	30,001	0.1	164,807	0.5	164,807	0.5	164,807	0.5	
M & R Sales	4000340	1,575	0.0	2,000	0.0	2,000	0.0	2,000	0.0	2,000	0.0	2,000	0.0	2,000	0.0	2,000	0.0	
Transfers / Adjustments	4000683	117,323	0.4	554,258	1.6	150,000	0.5	150,000	0.4	150,000	0.4	150,000	0.5	150,000	0.5	150,000	0.5	
<b>Total Funds</b>		<b>30,408,168</b>	<b>100.0</b>	<b>33,989,289</b>	<b>100.0</b>	<b>32,472,548</b>	<b>100.0</b>	<b>34,063,939</b>	<b>100.0</b>	<b>33,571,065</b>	<b>100.0</b>	<b>32,123,741</b>	<b>100.0</b>	<b>32,605,732</b>	<b>100.0</b>	<b>32,172,258</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(2,108,895)		(1,400,978)		(901,348)		(902,965)		(721,365)		(552,541)		(539,758)		(417,558)		
<b>Grand Total</b>		<b>28,299,273</b>		<b>32,588,311</b>		<b>31,571,200</b>		<b>33,160,974</b>		<b>32,849,700</b>		<b>31,571,200</b>		<b>32,065,974</b>		<b>31,754,700</b>		

Budget exceeds Authorized Appropriation in Fed-Adult Basic Education due to a transfer from the Miscellaneous Federal Grant Holding Account.  
 Budget excess funding does not equal fund balance in Base Level due to LESO program established by appropriation transfer from the Cash Fund Holding Account. The LESO fund balance is reflected as change level funding.  
 Variance in Fund Balance for Executive Recommendation reflects recommendation of appropriation only in Vo Tech Admin-Operations. Transfer is from Department of Education Facilities Partnership Fund.  
 Budget amount in Fed-Veteran's Approving Agency exceeds the authorized amount due to salary adjustments during the 2009-2011 biennium.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
110	95	7	102	8	13.64 %	95	80	7	87	8	15.79 %	95	84	9	93	2	11.58 %

## **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 \$500.00 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 scholarships were issued. This appropriation is funded with general revenue.

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

The Executive Recommendation provides for 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	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Scholarships 5100030	8,750	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Total</b>	<b>8,750</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Funding Sources</b>									
General Revenue 4000010	8,750	10,000		10,000	10,000	10,000	10,000	10,000	10,000
<b>Total Funding</b>	<b>8,750</b>	<b>10,000</b>		<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>8,750</b>	<b>10,000</b>		<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>

## **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 Workforce 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 Request is for Base Level of \$164,807.

The Executive Recommendation provides for Agency Request.

## Appropriation Summary

**Appropriation:** 35S - Housing Construction Program

**Funding Sources:** MTR - Building Trades Rev

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	30,000	164,807	164,807	164,807	164,807	164,807	164,807	164,807	164,807
<b>Total</b>	<b>30,000</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>
<b>Funding Sources</b>									
Fund Balance 4000005	329,613	299,613		134,806	134,806	134,806	0	0	0
Loan Repayment 4000330	0	0		30,001	30,001	30,001	164,807	164,807	164,807
<b>Total Funding</b>	<b>329,613</b>	<b>299,613</b>		<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>
Excess Appropriation/(Funding)	(299,613)	(134,806)		0	0	0	0	0	0
<b>Grand Total</b>	<b>30,000</b>	<b>164,807</b>		<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>	<b>164,807</b>



## **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 Workforce 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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum. Additionally, the Base Level request for Regular Salaries includes board member stipend payments.

The Agency is requesting:

- 2 new Public School Program Advisors (C122) and 1 new Public School Program Coordinator (C123) positions. These positions will be used in the Career and Technical Education (CTE) Program area for increasing student involvement and opportunities in secondary CTE programs such as construction and advanced manufacturing.
- An increase in Operating Expenses of \$196,000 for FY2012 and \$151,000 for FY2013. The increase for FY2012 includes \$45,000 for moving expenses and \$151,000 for increased rent as Career Ed and Rehab Services relocate to a new facility, which will allow both departments to be housed in the same location. For FY2013, the increase of \$151,000 is for rent of the new location.
- Reclass of 11 Education & Instruction Managers to Public School Program Coordinators, 18 Education & Instruction Coordinators to Public School Program Advisors, 1 Administrative Specialist III to an Education Program Specialist and 1 Administrative Specialist III to a Human Resources Specialist. These reclass requests, approved by the Personnel Committee in 2009, will reclass these positions to the same class as the corresponding positions within the Department of Education.
- Title changes are requested for various positions due to the agency's name change from Department of Workforce Education to the Arkansas Career Education.

The total Agency Request for general revenue is \$409,868 for FY2012 and \$364,868 for FY2013.

The Executive Recommendation provides for the title changes and appropriation only in Operating Expenses. Additionally, the Executive Recommendation provides for one reclassification of an (C112) Administrative Specialist III position to an (C115) Administrative Analyst position.

# 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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,619,154	3,049,916	2,830,980	2,957,712	3,121,532	2,957,712	2,957,712	3,121,532	2,957,712
<b>#Positions</b>	<b>53</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>63</b>	<b>60</b>	<b>60</b>	<b>63</b>	<b>60</b>
Extra Help 5010001	0	3,923	3,923	3,923	3,923	3,923	3,923	3,923	3,923
<b>#Extra Help</b>	<b>0</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>
Personal Services Matching 5010003	850,665	948,719	939,206	928,188	978,236	928,188	928,188	978,236	928,188
Operating Expenses 5020002	726,263	733,297	698,297	733,297	929,297	929,297	733,297	884,297	884,297
Conference & Travel Expenses 5050009	28,503	28,751	28,751	28,751	28,751	28,751	28,751	28,751	28,751
Professional Fees 5060010	0	0	35,000	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	1,772,738	1,611,456	1,950,000	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
<b>Total</b>	<b>5,997,323</b>	<b>6,378,562</b>	<b>6,488,657</b>	<b>6,265,827</b>	<b>6,675,695</b>	<b>6,461,827</b>	<b>6,265,827</b>	<b>6,630,695</b>	<b>6,416,827</b>
<b>Funding Sources</b>									
General Revenue 4000010	2,380,197	2,537,375		2,828,898	3,238,766	2,828,898	2,828,898	3,193,766	2,828,898
Educational Excellence Fund 4000220	3,499,803	3,286,929		3,286,929	3,286,929	3,286,929	3,286,929	3,286,929	3,286,929
Transfers / Adjustments 4000683	117,323	554,258		150,000	150,000	150,000	150,000	150,000	150,000
<b>Total Funding</b>	<b>5,997,323</b>	<b>6,378,562</b>		<b>6,265,827</b>	<b>6,675,695</b>	<b>6,265,827</b>	<b>6,265,827</b>	<b>6,630,695</b>	<b>6,265,827</b>
Excess Appropriation/(Funding)	0	0		0	0	196,000	0	0	151,000
<b>Grand Total</b>	<b>5,997,323</b>	<b>6,378,562</b>		<b>6,265,827</b>	<b>6,675,695</b>	<b>6,461,827</b>	<b>6,265,827</b>	<b>6,630,695</b>	<b>6,416,827</b>

The FY11 Budget exceeds Authorized Appropriation in Operating Expenses by authority of a Budget Classification Transfer.

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

Transfers/ Adjustments include transfers from the Motor Vehicle Commission and potential salary savings to fund positions related to working with the federal Office of Inspector General and the U.S. Dept. of Adult and Vocational Education.

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,265,827</b>	<b>60</b>	<b>6,265,827</b>	<b>100.0</b>	<b>6,265,827</b>	<b>60</b>	<b>6,265,827</b>	<b>100.0</b>
C01	Existing Program	363,168	3	6,628,995	105.8	318,168	3	6,583,995	105.1
C10	Reclass	46,700	0	6,675,695	106.5	46,700	0	6,630,695	105.8
C14	Title Change	0	0	6,675,695	106.5	0	0	6,630,695	105.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,265,827</b>	<b>60</b>	<b>6,265,827</b>	<b>100.0</b>	<b>6,265,827</b>	<b>60</b>	<b>6,265,827</b>	<b>100.0</b>
C01	Existing Program	196,000	0	6,461,827	103.1	151,000	0	6,416,827	102.4
C10	Reclass	0	0	6,461,827	103.1	0	0	6,416,827	102.4
C14	Title Change	0	0	6,461,827	103.1	0	0	6,416,827	102.4

### Justification

C01	The Department is requesting \$196,000 the first year of the biennium to secure a different facility to house both major entities of the Department – Workforce Education and Rehabilitation Services. Such a move would enable the Department to provide better services to clients and decrease duplication of services. The request for the first year includes moving expenses. \$151,000 is requested the second year for the increase in rent. The Department is also requesting 3 additional positions for the Career and Technical Education (CTE) Program area. These positions will focus on increasing student involvement in the secondary CTE programs related to Construction Trades and Advanced Manufacturing and would assist the CTE area in expanding opportunities for students in those areas.
C10	The Department is requesting that the same salary classification for positions that were approved in 2009 for the Arkansas Department of Education be approved for the corresponding positions within the Arkansas Department of Career Education.
C14	This request for a title change is to reflect the change in the Department's name from the Department of Workforce Education (DWE) to Arkansas Career Education (ACE).

## **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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency is requesting reclassification of twelve (12) positions. These positions are being reclassified to correspond with related positions within the Department of Education. The total funded appropriation needed for these reclassifications is \$4,901. Additionally, a title change of (1) one position is requested to change the title from the Department of Workforce Education to the Department of Career Education. In Operating Expenses, the Agency is requesting \$1,050,000 for FY2012 only. This request for federally funded appropriation will allow the Agency to complete the third year of the three-year Arkansas Works Initiative.

The Executive Recommendation provides for Agency Request for the federally funded appropriation and title change. Additionally, the Executive Recommendation only provided for the reclass of one (C121) Grants Manager position to an (C121) Education & Instruction Manager position, the remaining reclass requests were denied.

# 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		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	704,049	738,393	821,150	749,969	753,987	749,969	749,969	753,987	749,969
<b>#Positions</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
Extra Help 5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>	<b>0</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
Personal Services Matching 5010003	258,264	243,133	299,969	249,482	250,365	249,482	249,482	250,365	249,482
Operating Expenses 5020002	1,703,720	543,936	543,936	543,936	1,593,936	1,593,936	543,936	543,936	543,936
Conference & Travel Expenses 5050009	36,533	46,175	46,175	46,175	46,175	46,175	46,175	46,175	46,175
Professional Fees 5060010	171,716	748,350	748,350	748,350	748,350	748,350	748,350	748,350	748,350
Grants and Aid 5100004	12,661,534	13,531,376	13,531,376	13,531,376	13,531,376	13,531,376	13,531,376	13,531,376	13,531,376
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>15,535,816</b>	<b>15,856,363</b>	<b>15,995,956</b>	<b>15,874,288</b>	<b>16,929,189</b>	<b>16,924,288</b>	<b>15,874,288</b>	<b>15,879,189</b>	<b>15,874,288</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	15,535,816	15,856,363		15,874,288	16,929,189	16,924,288	15,874,288	15,879,189	15,874,288
Total Funding	15,535,816	15,856,363		15,874,288	16,929,189	16,924,288	15,874,288	15,879,189	15,874,288
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	15,535,816	15,856,363		15,874,288	16,929,189	16,924,288	15,874,288	15,879,189	15,874,288

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,874,288</b>	<b>18</b>	<b>15,874,288</b>	<b>100.0</b>	<b>15,874,288</b>	<b>18</b>	<b>15,874,288</b>	<b>100.0</b>
C01	Existing Program	50,000	0	15,924,288	100.3	0	0	15,874,288	100.0
C08	Technology	1,000,000	0	16,924,288	106.6	0	0	15,874,288	100.0
C10	Reclass	4,901	0	16,929,189	106.6	4,901	0	15,879,189	100.0
C14	Title Change	0	0	16,929,189	106.6	0	0	15,879,189	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,874,288</b>	<b>18</b>	<b>15,874,288</b>	<b>100.0</b>	<b>15,874,288</b>	<b>18</b>	<b>15,874,288</b>	<b>100.0</b>
C01	Existing Program	50,000	0	15,924,288	100.3	0	0	15,874,288	100.0
C08	Technology	1,000,000	0	16,924,288	106.6	0	0	15,874,288	100.0
C10	Reclass	0	0	16,924,288	106.6	0	0	15,874,288	100.0
C14	Title Change	0	0	16,924,288	106.6	0	0	15,874,288	100.0

### Justification

C01	Operating expenses of \$50,000 in FY2012 to continue the third year of the three-year Arkansas Works Initiative. Expenses include rent, supplies, and in-state travel.
C08	This request would provide for the third year of a three-year agreement with the Department of Workforce Services to continue the Arkansas Works Program which provides the opportunity and support needed to increase the knowledge, skills and educational attainment for Arkansas' citizens. The College and Career Planning System provides both an internet-based planning tool and a college and career coaches program through community colleges. IT plan tab is Operations/ Software/ Software Purchases
C10	The Department is requesting that the same salary classification for positions that were approved in 2009 for the Arkansas Department of Education be approved for the corresponding positions within the Arkansas Department of Career Education.
C14	This request for a title change is to reflect the change in the Department's name from the Department of Workforce Education (DWE) to Arkansas Career Education (ACE).

## **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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum.

The Agency is requesting the transfer of 2 restored positions. These positions were not budgeted in FY2011 and are requested to be restored and transferred to this appropriation to allow the Department of Career Education to meet increasing mandates regarding local adult education programs. The total increase for this transfer and restoration will be \$75,863. Additionally there are two (2) reclasses and a title change requested, with no increase in appropriation.

The Executive Recommendation provides for Base Level and title change.



## 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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	341,772	364,106	510,373	366,695	421,214	366,695	366,695	421,214	366,695
<b>#Positions</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>6</b>
Personal Services Matching 5010003	109,728	109,869	171,430	110,435	131,779	110,435	110,435	131,779	110,435
Operating Expenses 5020002	24,983	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
<b>Total</b>	<b>476,483</b>	<b>498,975</b>	<b>706,803</b>	<b>502,130</b>	<b>577,993</b>	<b>502,130</b>	<b>502,130</b>	<b>577,993</b>	<b>502,130</b>
<b>Funding Sources</b>									
General Revenue 4000010	476,483	498,975		502,130	577,993	502,130	502,130	577,993	502,130
Total Funding	476,483	498,975		502,130	577,993	502,130	502,130	577,993	502,130
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>476,483</b>	<b>498,975</b>		<b>502,130</b>	<b>577,993</b>	<b>502,130</b>	<b>502,130</b>	<b>577,993</b>	<b>502,130</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>502,130</b>	<b>6</b>	<b>502,130</b>	<b>100.0</b>	<b>502,130</b>	<b>6</b>	<b>502,130</b>	<b>100.0</b>
C07	Agency Transfer	75,863	2	577,993	115.1	75,863	2	577,993	115.1
C10	Reclass	0	0	577,993	115.1	0	0	577,993	115.1
C14	Title Change	0	0	577,993	115.1	0	0	577,993	115.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>502,130</b>	<b>6</b>	<b>502,130</b>	<b>100.0</b>	<b>502,130</b>	<b>6</b>	<b>502,130</b>	<b>100.0</b>
C07	Agency Transfer	0	0	502,130	100.0	0	0	502,130	100.0
C10	Reclass	0	0	502,130	100.0	0	0	502,130	100.0
C14	Title Change	0	0	502,130	100.0	0	0	502,130	100.0

### Justification

C07	This request includes 2 positions currently authorized to the Department which were not budgeted for FY 11. Continuing these positions will allow the Adult Education staff to address the continually increasing state and federal mandates regarding accountability, curriculum, data quality and reporting, program monitoring and supervision, and onsite technical assistance to local adult education programs.
C10	The Department is requesting that the same salary classification for positions that were approved in 2009 for the Arkansas Department of Education be approved for the corresponding positions within the Arkansas Department of Career Education.
C14	This request for a title change is to reflect the change in the Department's name from the Department of Workforce Education (DWE) to Arkansas Career Education (ACE).

## **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 salaries and matching do not include appropriation for Cost of Living Adjustment or Career Service Payments.

The Agency is requesting the restoration and transfer of two (2) positions to the general revenue funded Adult Basic Education administration appropriation. The reclassification of two (2) positions, resulting in an increase of \$839 and an increase in Conference Fees and Travel of \$17,500 for each year to allow Adult Education staff to attend national adult education conferences and training.

The Executive Recommendation provides for Base Level and the increase in Conference Fees and Travel.

## Appropriation Summary

**Appropriation:** 645 - Fed-Adult Basic Education

**Funding Sources:** FEA - Federal Adult Basic Education

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	163,462	170,299	171,031	167,899	168,586	167,899	167,899	168,586	167,899
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching 5010003	52,283	33,380	57,188	50,944	51,096	50,944	50,944	51,096	50,944
Operating Expenses 5020002	0	77,467	77,467	77,467	77,467	77,467	77,467	77,467	77,467
Conference & Travel Expenses 5050009	9,157	7,700	7,700	7,700	25,200	25,200	7,700	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	5,233,718	7,949,060	7,149,060	7,149,060	7,149,060	7,149,060	7,149,060	7,149,060	7,149,060
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5,458,620</b>	<b>8,246,906</b>	<b>7,471,446</b>	<b>7,462,070</b>	<b>7,480,409</b>	<b>7,479,570</b>	<b>7,462,070</b>	<b>7,480,409</b>	<b>7,479,570</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	5,458,620	8,246,906		7,462,070	7,480,409	7,479,570	7,462,070	7,480,409	7,479,570
Total Funding	5,458,620	8,246,906		7,462,070	7,480,409	7,479,570	7,462,070	7,480,409	7,479,570
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	5,458,620	8,246,906		7,462,070	7,480,409	7,479,570	7,462,070	7,480,409	7,479,570

Budget exceeds Authorized Appropriation in Grants and Aid due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>7,462,070</b>	<b>3</b>	<b>7,462,070</b>	<b>100.0</b>	<b>7,462,070</b>	<b>3</b>	<b>7,462,070</b>	<b>100.0</b>
C01	Existing Program	93,363	2	7,555,433	101.3	93,363	2	7,555,433	101.3
C07	Agency Transfer	(75,863)	(2)	7,479,570	100.2	(75,863)	(2)	7,479,570	100.2
C10	Reclass	839	0	7,480,409	100.2	839	0	7,480,409	100.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>7,462,070</b>	<b>3</b>	<b>7,462,070</b>	<b>100.0</b>	<b>7,462,070</b>	<b>3</b>	<b>7,462,070</b>	<b>100.0</b>
C01	Existing Program	17,500	0	7,479,570	100.2	17,500	0	7,479,570	100.2
C07	Agency Transfer	0	0	7,479,570	100.2	0	0	7,479,570	100.2
C10	Reclass	0	0	7,479,570	100.2	0	0	7,479,570	100.2

### Justification

C01	This request is for an increase of \$17,500 each year in conference fees and travel to allow Adult Education staff to attend profession meetings such as the Adult Education New State Director's Meeting in Washington DC, National Reporting System in Chicago, and the Commission on Adult Basic Education in San Francisco. These meetings provide essential information on funding issues, trends, new policies, and expectations.
C07	This request transfers 2 positions from the federal Adult Education program to allow staff to address the continually increasing state and federal mandates regarding accountability, curriculum, data quality and reporting, program monitoring and supervision, and onsite technical assistance to local adult education programs.
C10	The Department is requesting that the same salary classification for positions that were approved in 2009 for the Arkansas Department of Education be approved for the corresponding positions within the Arkansas Department of Career Education.

## **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 is requesting Base Level for the 2011-2013 Biennium.

The Executive Recommendation provides for 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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
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
<b>Total</b>		<b>0</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	13,167	14,742		10,742	10,742	10,742	6,742	6,742	6,742
M & R Sales	4000340	1,575	2,000		2,000	2,000	2,000	2,000	2,000	2,000
<b>Total Funding</b>		<b>14,742</b>	<b>16,742</b>		<b>12,742</b>	<b>12,742</b>	<b>12,742</b>	<b>8,742</b>	<b>8,742</b>	<b>8,742</b>
Excess Appropriation/(Funding)		(14,742)	(10,742)		(6,742)	(6,742)	(6,742)	(2,742)	(2,742)	(2,742)
<b>Grand Total</b>		<b>0</b>	<b>6,000</b>		<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>

## **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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency is requesting reclassification of four (4) positions costing \$1,403 in each year of the biennium.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	163,829	164,862	153,906	162,962	164,112	162,962	162,962	164,112	162,962
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	57,051	54,957	56,460	54,540	54,793	54,540	54,540	54,793	54,540
Operating Expenses	5020002	26,328	53,546	57,546	53,546	53,546	53,546	53,546	53,546	53,546
Conference & Travel Expenses	5050009	7,457	9,623	5,623	9,623	9,623	9,623	9,623	9,623	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
<b>Total</b>		<b>254,665</b>	<b>283,588</b>	<b>274,135</b>	<b>281,271</b>	<b>282,674</b>	<b>281,271</b>	<b>281,271</b>	<b>282,674</b>	<b>281,271</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	254,665	283,588		281,271	282,674	281,271	281,271	282,674	281,271
Total Funding		254,665	283,588		281,271	282,674	281,271	281,271	282,674	281,271
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>254,665</b>	<b>283,588</b>		<b>281,271</b>	<b>282,674</b>	<b>281,271</b>	<b>281,271</b>	<b>282,674</b>	<b>281,271</b>

Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2009-2011 biennium.  
Budget exceeds Authorized in Conference Fees and Travel by authority of a Budget Classification Transfer.

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>281,271</b>	<b>4</b>	<b>281,271</b>	<b>100.0</b>	<b>281,271</b>	<b>4</b>	<b>281,271</b>	<b>100.0</b>
C10	Reclass	1,403	0	282,674	100.5	1,403	0	282,674	100.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>281,271</b>	<b>4</b>	<b>281,271</b>	<b>100.0</b>	<b>281,271</b>	<b>4</b>	<b>281,271</b>	<b>100.0</b>
C10	Reclass	0	0	281,271	100.0	0	0	281,271	100.0

### Justification

C10	The Department is requesting that the same salary classification for positions that were approved in 2009 for the Arkansas Department of Education be approved for the corresponding positions within the Arkansas Department of Career Education.
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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 salaries and matching do not include appropriation for Cost of Living Adjustments or Career Service Payments.

One (1) position associated with this program is requested to be reclassified. This reclass consists of C112 Administrative Specialist III to a C117 Budget Specialist. No additional appropriation is required for this reclassification.

The Agency is requesting Base Level for the 2011-2013 Biennium.

The Executive Recommendation provides for Agency Request; however the recommendation of the reclass is for the C112 Administrative Specialist III to a C115 Fiscal Support Analyst.

## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	49,917	48,534	47,251	47,634	47,634	47,634	47,634	47,634	47,634
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	16,357	8,554	16,171	15,151	15,151	15,151	15,151	15,151	15,151
Operating Expenses 5020002	663	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Conference & Travel Expenses 5050009	0	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	325,847	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
<b>Total</b>	<b>392,784</b>	<b>876,588</b>	<b>882,922</b>	<b>882,285</b>	<b>882,285</b>	<b>882,285</b>	<b>882,285</b>	<b>882,285</b>	<b>882,285</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,396,001	1,448,818		972,230	972,230	972,230	689,945	689,945	689,945
Special Revenue 4000030	445,601	400,000		600,000	600,000	600,000	600,000	600,000	600,000
<b>Total Funding</b>	<b>1,841,602</b>	<b>1,848,818</b>		<b>1,572,230</b>	<b>1,572,230</b>	<b>1,572,230</b>	<b>1,289,945</b>	<b>1,289,945</b>	<b>1,289,945</b>
Excess Appropriation/(Funding)	(1,448,818)	(972,230)		(689,945)	(689,945)	(689,945)	(407,660)	(407,660)	(407,660)
<b>Grand Total</b>	<b>392,784</b>	<b>876,588</b>		<b>882,285</b>	<b>882,285</b>	<b>882,285</b>	<b>882,285</b>	<b>882,285</b>	<b>882,285</b>

Budget amounts in Regular Salaries exceeds authorized amount due to salary rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>882,285</b>	<b>1</b>	<b>882,285</b>	<b>100.0</b>	<b>882,285</b>	<b>1</b>	<b>882,285</b>	<b>100.0</b>
C10	Reclass	0	0	882,285	100.0	0	0	882,285	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>882,285</b>	<b>1</b>	<b>882,285</b>	<b>100.0</b>	<b>882,285</b>	<b>1</b>	<b>882,285</b>	<b>100.0</b>
C10	Reclass	0	0	882,285	100.0	0	0	882,285	100.0

### Justification

C10	The Department is requesting that the same salary classification for positions that were approved in 2009 for the Arkansas Department of Education be approved for the corresponding positions within the Arkansas Department of Career Education.
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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.

For FY2010 and FY2011 the appropriation for this program was established using the Cash Fund Holding Account.

The Agency requests cash appropriation of \$15,000 in each year of the biennium to administer this program.

The Executive Recommendation provides for Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 82V - LESO Program

**Funding Sources:** NCE - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Law Enforcement Safety Program 5900046	1,809	15,000	0	0	15,000	15,000	0	15,000	15,000
<b>Total</b>	<b>1,809</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>15,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	0	16,017		0	16,017	16,017	0	16,017	16,017
Cash Fund 4000045	17,826	15,000		0	15,000	15,000	0	15,000	15,000
<b>Total Funding</b>	<b>17,826</b>	<b>31,017</b>		<b>0</b>	<b>31,017</b>	<b>31,017</b>	<b>0</b>	<b>31,017</b>	<b>31,017</b>
Excess Appropriation/(Funding)	(16,017)	(16,017)		0	(16,017)	(16,017)	0	(16,017)	(16,017)
<b>Grand Total</b>	<b>1,809</b>	<b>15,000</b>		<b>0</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>15,000</b>

Budget exceeds Authorized Appropriation due to a transfer from the Cash Fund Holding Account.

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C01	Existing Program	15,000	0	15,000	100.0	15,000	0	15,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C01	Existing Program	15,000	0	15,000	100.0	15,000	0	15,000	100.0

### Justification

C01	This request for appropriation from cash funds is for the Law Enforcement Support Office (LESO) operations. Career Education is the central agency for transferring law enforcement property from the Department of Defense to State law enforcement agencies. The agencies pay a handling fee which finances the operations of the State LESO program. This program was initially established by a cash fund request in FY10.
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## **Analysis of Budget Request**

**Appropriation:** A88 - Alternate Retirement Plan

**Funding Sources:** 150 - Vo Tech Retirement

The Department of Workforce 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 Agency is requesting an increase on Operating Expenses of \$14,400 for both years of the 2011-2013 biennium. Of this increase, \$12,000 is requested to provide for increased rent for relocation of the Human Resources Department and \$2,400 is requested for additional disk storage space to store employee records, which are in the process of being archived.

The Executive Recommendation provides for Base Level. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A88 - Alternate Retirement Plan

**Funding Sources:** 150 - Vo Tech Retirement

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	0	0	0	0	0	0	0
<b>#Positions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	49,484	110,222	110,222	110,222	110,222	110,222	110,222	110,222	110,222
Operating Expenses 5020002	10,106	12,300	12,300	12,300	26,700	12,300	12,300	26,700	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
<b>Total</b>	<b>59,590</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>	<b>136,922</b>	<b>122,522</b>	<b>122,522</b>	<b>136,922</b>	<b>122,522</b>
<b>Funding Sources</b>									
Fund Balance 4000005	315,650	329,705		267,183	267,183	267,183	204,661	190,261	204,661
Interest & Forfeitures 4000305	73,645	60,000		60,000	60,000	60,000	60,000	60,000	60,000
<b>Total Funding</b>	<b>389,295</b>	<b>389,705</b>		<b>327,183</b>	<b>327,183</b>	<b>327,183</b>	<b>264,661</b>	<b>250,261</b>	<b>264,661</b>
<b>Excess Appropriation/(Funding)</b>	<b>(329,705)</b>	<b>(267,183)</b>		<b>(204,661)</b>	<b>(190,261)</b>	<b>(204,661)</b>	<b>(142,139)</b>	<b>(113,339)</b>	<b>(142,139)</b>
<b>Grand Total</b>	<b>59,590</b>	<b>122,522</b>		<b>122,522</b>	<b>136,922</b>	<b>122,522</b>	<b>122,522</b>	<b>136,922</b>	<b>122,522</b>

## Change Level by Appropriation

**Appropriation:** A88 - Alternate Retirement Plan  
**Funding Sources:** 150 - Vo Tech Retirement

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>122,522</b>	<b>0</b>	<b>122,522</b>	<b>100.0</b>	<b>122,522</b>	<b>0</b>	<b>122,522</b>	<b>100.0</b>
C01	Existing Program	12,000	0	134,522	109.8	12,000	0	134,522	109.8
C08	Technology	2,400	0	136,922	111.8	2,400	0	136,922	111.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>122,522</b>	<b>0</b>	<b>122,522</b>	<b>100.0</b>	<b>122,522</b>	<b>0</b>	<b>122,522</b>	<b>100.0</b>
C01	Existing Program	0	0	122,522	100.0	0	0	122,522	100.0
C08	Technology	0	0	122,522	100.0	0	0	122,522	100.0

### Justification

C01	\$12,000 each year is requested to provide for the increased rent associated with the relocation of the Human Resources Department.
C08	\$2,400 each year is requested for additional disk space to store employee records which are being archived. Records go back as far as the original technical institutes in the 1960's.

## Appropriation Summary

**Appropriation:** 54X - Jobs for Arkansas Graduates

**Funding Sources:** NCE - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Jobs for Arkansas Graduates 5900046	83,433	129,000	0	0	0	0	0	0	0
Total	83,433	129,000	0	0	0	0	0	0	0
<b>Funding Sources</b>									
Cash Fund 4000045	83,433	129,000		0	0	0	0	0	0
Total Funding	83,433	129,000		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	83,433	129,000		0	0	0	0	0	0

Budget exceeds Authorized Appropriation due to a transfer from the Cash Fund Holding Account.  
Appropriation not requested for the 2011-2013 Biennium.

**Department Appropriation Summary**

Appropriation	Historical Data						Agency Request and Executive Recommendation											
	2009-2010		2010-2011		2010-2011		2011-2012				2012-2013							
	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	2,368,162	0	2,370,000	0	2,370,000	0	2,370,000	0	2,725,500	0	2,370,000	0	2,370,000	0	2,725,500	0	2,370,000	0
201 Vocational Center Aid	20,132,709	0	20,136,383	0	20,136,383	0	20,136,383	0	20,886,383	0	20,136,383	0	20,136,383	0	21,636,383	0	20,136,383	0
427 Governor's Commission on Adult Literacy	761,783	1	771,113	1	771,903	1	770,658	1	770,658	1	770,658	1	770,658	1	770,658	1	770,658	1
453 Adult Basic & General Education	19,601,344	0	19,860,569	0	25,271,953	0	19,860,569	0	25,271,953	0	19,860,569	0	19,860,569	0	25,271,953	0	19,860,569	0
681 Coordinated Career Education Services	1,029,310	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
84U Student Loan Forgiveness	0	0	0	0	0	0	0	0	4,000,000	0	0	0	0	0	2,000,000	0	0	0
84V Career & Technical Equipment Grants	0	0	0	0	0	0	0	0	4,000,000	0	0	0	0	0	4,000,000	0	0	0
<b>Total</b>	<b>43,893,308</b>	<b>1</b>	<b>44,257,498</b>	<b>1</b>	<b>49,669,672</b>	<b>1</b>	<b>44,257,043</b>	<b>1</b>	<b>58,773,927</b>	<b>1</b>	<b>44,257,043</b>	<b>1</b>	<b>44,257,043</b>	<b>1</b>	<b>57,523,927</b>	<b>1</b>	<b>44,257,043</b>	<b>1</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	3,486,846	7.5	2,782,646	6.0		1,761,896	3.9	1,761,896	2.9	1,761,896	3.9	741,146	1.7	1,761,896	3.0	741,146	1.7
Educational Excellence Fund	4000220	11,661,366	25.0	10,952,069	23.8		10,952,069	24.3	10,952,069	18.1	10,952,069	24.3	10,952,069	24.9	10,952,069	18.5	10,952,069	24.9
Miscellaneous Adjustments	4000345	55,367	0.1	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfers (to) / from Agencies	4000693	295,688	0.6	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	31,176,687	66.8	32,284,679	70.2		32,284,224	71.7	47,821,858	79.0	32,284,224	71.7	32,284,224	73.4	46,571,858	78.6	32,284,224	73.4
<b>Total Funds</b>		<b>46,675,954</b>	<b>100.0</b>	<b>46,019,394</b>	<b>100.0</b>		<b>44,998,189</b>	<b>100.0</b>	<b>60,535,823</b>	<b>100.0</b>	<b>44,998,189</b>	<b>100.0</b>	<b>43,977,439</b>	<b>100.0</b>	<b>59,285,823</b>	<b>100.0</b>	<b>43,977,439</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(2,782,646)		(1,761,896)			(741,146)		(1,761,896)		(741,146)		279,604		(1,761,896)		279,604	
<b>Grand Total</b>		<b>43,893,308</b>		<b>44,257,498</b>			<b>44,257,043</b>		<b>58,773,927</b>		<b>44,257,043</b>		<b>44,257,043</b>		<b>57,523,927</b>		<b>44,257,043</b>	

Transfer is from Department of Education Facilities Partnership Fund.  
 Miscellaneous Adjustments consist primarily of refund to expenditures.

## **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 Request is \$355,500 each year of the 2011-2013 biennium. This will allow the Agency to increase the participation in the program by 15%.

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	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	2,368,162	2,370,000	2,370,000	2,370,000	2,725,500	2,370,000	2,370,000	2,725,500	2,370,000
<b>Total</b>	<b>2,368,162</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,725,500</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,725,500</b>	<b>2,370,000</b>
<b>Funding Sources</b>									
Career Ed PSF 4000745	2,368,162	2,370,000		2,370,000	2,725,500	2,370,000	2,370,000	2,725,500	2,370,000
<b>Total Funding</b>	<b>2,368,162</b>	<b>2,370,000</b>		<b>2,370,000</b>	<b>2,725,500</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,725,500</b>	<b>2,370,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>2,368,162</b>	<b>2,370,000</b>		<b>2,370,000</b>	<b>2,725,500</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,725,500</b>	<b>2,370,000</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,370,000</b>	<b>0</b>	<b>2,370,000</b>	<b>100.0</b>	<b>2,370,000</b>	<b>0</b>	<b>2,370,000</b>	<b>100.0</b>
C01	Existing Program	355,500	0	2,725,500	115.0	355,500	0	2,725,500	115.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,370,000</b>	<b>0</b>	<b>2,370,000</b>	<b>100.0</b>	<b>2,370,000</b>	<b>0</b>	<b>2,370,000</b>	<b>100.0</b>
C01	Existing Program	0	0	2,370,000	100.0	0	0	2,370,000	100.0

### Justification

C01	The Department is requesting an increase of \$355,500 each year for the program which reimburses school districts, cooperatives, and two-year institutions for equipment purchased when a vocational program is first begun. Examples of programs which receive these funds include JAG (Jobs for Arkansas Graduates), pre-engineering, medical professions, drafting & design, photography, and digital communications. This request represents a 15% increase in the program.
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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 is requesting an increase in Grants/Aid appropriation and funding of \$750,000 for FY12 and \$1,500,000 for FY13. These increases are needed to allow the Agency to open 3 additional centers each year to provide access to areas of the state which are not currently served by existing centers. There are currently only 24 secondary centers serving 174 high schools.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	20,132,709	20,136,383	20,136,383	20,136,383	20,886,383	20,136,383	20,136,383	21,636,383	20,136,383
<b>Total</b>	<b>20,132,709</b>	<b>20,136,383</b>	<b>20,136,383</b>	<b>20,136,383</b>	<b>20,886,383</b>	<b>20,136,383</b>	<b>20,136,383</b>	<b>21,636,383</b>	<b>20,136,383</b>
<b>Funding Sources</b>									
Transfers (to) / from Agencies 4000693	295,688	0		0	0	0	0	0	0
Career Ed PSF 4000745	19,837,021	20,136,383		20,136,383	20,886,383	20,136,383	20,136,383	21,636,383	20,136,383
<b>Total Funding</b>	<b>20,132,709</b>	<b>20,136,383</b>		<b>20,136,383</b>	<b>20,886,383</b>	<b>20,136,383</b>	<b>20,136,383</b>	<b>21,636,383</b>	<b>20,136,383</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>20,132,709</b>	<b>20,136,383</b>		<b>20,136,383</b>	<b>20,886,383</b>	<b>20,136,383</b>	<b>20,136,383</b>	<b>21,636,383</b>	<b>20,136,383</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,136,383</b>	<b>0</b>	<b>20,136,383</b>	<b>100.0</b>	<b>20,136,383</b>	<b>0</b>	<b>20,136,383</b>	<b>100.0</b>
C01	Existing Program	750,000	0	20,886,383	103.7	1,500,000	0	21,636,383	107.4

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,136,383</b>	<b>0</b>	<b>20,136,383</b>	<b>100.0</b>	<b>20,136,383</b>	<b>0</b>	<b>20,136,383</b>	<b>100.0</b>
C01	Existing Program	0	0	20,136,383	100.0	0	0	20,136,383	100.0

### Justification

C01	The Department's request for an additional \$750,000 for FY 2012 and an additional \$1,500,000 for FY 2013 is necessary in order to add 3 new centers each year of the biennium so that students in areas of the state not currently being served will be provided access to center programs.
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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 81<sup>st</sup> General Assembly.

Base Level salaries and matching do not include appropriation for Cost of Living Adjustments or Career Service Payments.

The Agency is requesting one (1) reclass for a position to correspond with similar position in the Department of Education. This reclass does not require any additional appropriation.

The Executive Recommendation provides for Base Level.

## 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	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	27,839	28,648	28,658	28,273	28,273	28,273	28,273	28,273	28,273
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	9,502	9,218	9,998	9,138	9,138	9,138	9,138	9,138	9,138
Operating Expenses 5020002	43,699	52,242	52,242	52,242	52,242	52,242	52,242	52,242	52,242
Conference & Travel Expenses 5050009	5,743	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
<b>Total</b>	<b>761,783</b>	<b>771,113</b>	<b>771,903</b>	<b>770,658</b>	<b>770,658</b>	<b>770,658</b>	<b>770,658</b>	<b>770,658</b>	<b>770,658</b>
<b>Funding Sources</b>									
Career Ed PSF 4000745	761,783	771,113		770,658	770,658	770,658	770,658	770,658	770,658
Total Funding	761,783	771,113		770,658	770,658	770,658	770,658	770,658	770,658
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	761,783	771,113		770,658	770,658	770,658	770,658	770,658	770,658

## Change Level by Appropriation

**Appropriation:** 427 - Governor's Commission on Adult Literacy  
**Funding Sources:** JWE - Career Education Public School Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>770,658</b>	<b>1</b>	<b>770,658</b>	<b>100.0</b>	<b>770,658</b>	<b>1</b>	<b>770,658</b>	<b>100.0</b>
C10	Reclass	0	0	770,658	100.0	0	0	770,658	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>770,658</b>	<b>1</b>	<b>770,658</b>	<b>100.0</b>	<b>770,658</b>	<b>1</b>	<b>770,658</b>	<b>100.0</b>
C10	Reclass	0	0	770,658	100.0	0	0	770,658	100.0

### Justification

C10	The Department is requesting that the same salary classification for positions that were approved in 2009 for the Arkansas Department of Education be approved for the corresponding positions within the Arkansas Department of Career Education.
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## **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 is requesting an increase in Grants and Aid of \$5,411,384 for both years of the 2011-2013 biennium.

The increased amount would be used to increase the number of adults able to take the adult education programs and to implement a performance-based incentive in the Adult Education formula funding.

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		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	19,601,344	19,860,569	25,271,953	19,860,569	25,271,953	19,860,569	19,860,569	25,271,953	19,860,569
<b>Total</b>		<b>19,601,344</b>	<b>19,860,569</b>	<b>25,271,953</b>	<b>19,860,569</b>	<b>25,271,953</b>	<b>19,860,569</b>	<b>19,860,569</b>	<b>25,271,953</b>	<b>19,860,569</b>
Funding Sources										
Fund Balance	4000005	3,486,846	2,782,646		1,761,896	1,761,896	1,761,896	741,146	1,761,896	741,146
Educational Excellence Fund	4000220	11,661,366	10,952,069		10,952,069	10,952,069	10,952,069	10,952,069	10,952,069	10,952,069
Miscellaneous Adjustments	4000345	55,367	0		0	0	0	0	0	0
Career Ed PSF	4000745	7,180,411	7,887,750		7,887,750	14,319,884	7,887,750	7,887,750	14,319,884	7,887,750
<b>Total Funding</b>		<b>22,383,990</b>	<b>21,622,465</b>		<b>20,601,715</b>	<b>27,033,849</b>	<b>20,601,715</b>	<b>19,580,965</b>	<b>27,033,849</b>	<b>19,580,965</b>
Excess Appropriation/(Funding)		(2,782,646)	(1,761,896)		(741,146)	(1,761,896)	(741,146)	279,604	(1,761,896)	279,604
<b>Grand Total</b>		<b>19,601,344</b>	<b>19,860,569</b>		<b>19,860,569</b>	<b>25,271,953</b>	<b>19,860,569</b>	<b>19,860,569</b>	<b>25,271,953</b>	<b>19,860,569</b>

Miscellaneous Adjustments consist primarily of refund to expenditures.



## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>19,860,569</b>	<b>0</b>	<b>19,860,569</b>	<b>100.0</b>	<b>19,860,569</b>	<b>0</b>	<b>19,860,569</b>	<b>100.0</b>
C01	Existing Program	5,411,384	0	25,271,953	127.2	5,411,384	0	25,271,953	127.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>19,860,569</b>	<b>0</b>	<b>19,860,569</b>	<b>100.0</b>	<b>19,860,569</b>	<b>0</b>	<b>19,860,569</b>	<b>100.0</b>
C01	Existing Program	0	0	19,860,569	100.0	0	0	19,860,569	100.0

### Justification

C01	The Department is requesting an increase of \$5,411,384 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.
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## **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 Agency is requesting Base Level for the 2011-2013 Biennium.

The Executive Recommendation provides for 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	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	1,029,310	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
<b>Total</b>	<b>1,029,310</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>
<b>Funding Sources</b>									
Career Ed PSF 4000745	1,029,310	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
<b>Total Funding</b>	<b>1,029,310</b>	<b>1,119,433</b>		<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>1,029,310</b>	<b>1,119,433</b>		<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>

## **Analysis of Budget Request**

**Appropriation:** 84U - Student Loan Forgiveness

**Funding Sources:** JWE - Career Education Public School Fund

The Arkansas Technical Career Student Loan Forgiveness Program was created by Act 652 of 1999 to provide assistance to Arkansans who enter and complete technical education programs that qualify them for various technical occupations. The Department of Workforce Education may pay up to \$2,500 per year for each person qualified for a maximum of four years. Funding for this program has come from General Improvement funding in previous biennial budgets, however, the Department of Workforce Education has requested funding for this appropriation from the Career Education Public School Fund.

The Agency is requesting \$4,000,000 in FY2012 to re-establish the program and \$2,000,000 in FY2013 for continuing the grants program.

The Executive Recommendation does not provide for appropriation or funding for this request.

## Appropriation Summary

**Appropriation:** 84U - Student Loan Forgiveness

**Funding Sources:** JWE - Career Education Public School Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	0	0	0	4,000,000	0	0	2,000,000	0
Total	0	0	0	0	4,000,000	0	0	2,000,000	0
<b>Funding Sources</b>									
Career Ed PSF 4000745	0	0		0	4,000,000	0	0	2,000,000	0
Total Funding	0	0		0	4,000,000	0	0	2,000,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	4,000,000	0	0	2,000,000	0

## Change Level by Appropriation

**Appropriation:** 84U - Student Loan Forgiveness  
**Funding Sources:** JWE - Career Education Public School Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C02	New Program	4,000,000	0	4,000,000	100.0	2,000,000	0	2,000,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C02	New Program	0	0	0	0.0	0	0	0	0.0

### Justification

C02	The Department is requesting \$4,000,000 each fiscal year to meet obligations to current program participants, to allow for growth in the number of new participants, and to expand the loan forgiveness program to include additional programs as new courses of study are developed in the future to meet the state's need for skilled workers in new and emerging technologies.
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## **Analysis of Budget Request**

**Appropriation:** 84V - Career & Technical Equipment Grants

**Funding Sources:** JWE - Career Education Public School Fund

The Department of Career Education is requesting a Career and Technical Equipment Grants program to be funded from the Career Education Public School Fund. This grants program would be used to establish a five-year rotation plan to replace and/ or repair technical equipment used in technical centers and Arkansas schools.

This program has been previously funded from the General Improvement Fund, however, these funds have not been released.

The Agency request is \$4,000,000 for each year of the 2011-2013 biennium.

The Executive Recommendation does not provide for appropriation or funding for this request.

# Appropriation Summary

**Appropriation:** 84V - Career & Technical Equipment Grants

**Funding Sources:** JWE - Career Education Public School Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Career & Technical Equipment Gr. 5900046	0	0	0	0	4,000,000	0	0	4,000,000	0
Total	0	0	0	0	4,000,000	0	0	4,000,000	0
<b>Funding Sources</b>									
Career Ed PSF 4000745	0	0		0	4,000,000	0	0	4,000,000	0
Total Funding	0	0		0	4,000,000	0	0	4,000,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	4,000,000	0	0	4,000,000	0



## Change Level by Appropriation

**Appropriation:** 84V - Career & Technical Equipment Grants  
**Funding Sources:** JWE - Career Education Public School Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C02	New Program	4,000,000	0	4,000,000	100.0	4,000,000	0	4,000,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C02	New Program	0	0	0	0.0	0	0	0	0.0

### Justification

C02	Funding of \$4,000,000 for each fiscal year is requested for equipment upgrade and replacement. Career and technical education programs in Arkansas high schools, junior high and middle schools, and area technical centers represent an investment by the public schools of more than \$116,000,000 in equipment, according to a study done in 2005. Because much of this equipment is decades -old, it is not adequate to prepare students for the workplace of the 21st century. Although the request for \$4,000,000 each year will not remedy the equipment issues immediately, it will allow for an upgrade/replacement cycle, so that the backlog of unreliable and sometimes dangerous equipment can be gradually replaced.
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# CAREER EDUCATION-AR REHABILITATION SERVICES

## Enabling Laws

Act 29 of 2010

A.C.A. §§ 6-52-101-- 6-52-105

A.C.A. § 20-79-101 et seq.

## History and Organization

### **Mission**

The mission of ARS is to provide opportunities for Arkansans with disabilities to work and to lead productive and independent lives.

This mission statement provides the foundation for the many programs and comprehensive services provided by ARS to individuals with disabilities to assist them in preparing for and entering the state's workforce, thus enabling them to become employed tax-paying citizens participating in communities throughout the state. There are approximately 400,000 people with disabilities residing in Arkansas, meaning that Arkansas has one of the highest percentages of working-age adults with disabilities in the nation. The unemployment rate among Arkansans with disabilities is approximately 60 percent, a figure consistent with the national average. The role of ARS is stipulated to increase the number of persons with disabilities returning to the workplace where they become productive and independent taxpayers instead of tax revenue dependent.

### **History**

Vocational Rehabilitation was initiated in the United States with the passage of the Smith-Fess Act in 1920, which permitted the states to participate by providing federal aid. The act provided funding for medical and surgical treatment and vocational training. Arkansas accepted its first funds for this purpose as the result of state legislation in 1923, with the State Board of Education administering the program. ARS has a record of more than 85 years of exemplary performance as the primary state agency providing education, training, and employment to Arkansans with disabilities. The size of the agency and scope of services have continued to grow and improve over the years; however, ARS has continued to operate as a strong state and federal partnership that enjoys bipartisan support because of its record as a strong, cost-effective program that produces documented results.

In 1971, Arkansas legislation transferred administration of the state VR program to the Department of Social and Rehabilitative Services (now the Department of Human Services). During the time it was administered by the Department of Social and Rehabilitative Services, the program was known as the Division of Rehabilitation Services. Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation Services and transferred it 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 (now the Department of Career Education). ARS was actively involved in the development of legislation resulting in Act 803 of 1997, which created ARS as a division of the Department of Workforce Education.

Since its inception, the public VR program has continually expanded both in terms of additional federal resources and in the numbers and types of disabilities served. In 1943, the agency's scope of services was expanded to include individuals with mental retardation and mental illness, as well as those with physical disabilities. In 1954, the program was again expanded, this time by the inclusion of private non-profit community-based rehabilitation programs, as well as disability-related research and training centers. In 1961, ARS established the Hot Springs Rehabilitation Center (Now the Arkansas Career Training Institute or ACTI) that continues to operate today as one of eight state-operated comprehensive medical rehabilitation and vocational training centers in the nation.

More recent changes in federal legislation have increased emphasis on serving special education students as they transition to the world of work. ARS is actively involved in Welfare-to-Work and School-to-Work initiatives in order to ensure that Arkansans with disabilities participating in these programs are provided opportunities to prepare for and achieve gainful employment. A recently initiated disability management program focuses on assisting employers in developing return-to-work programs for employees (RAVE) experiencing injuries or illnesses, thus reducing workers' compensation costs. ARS also has been required to develop rehabilitation engineering and advanced technology capabilities in order to enhance training and employment opportunities for individuals who are severely disabled.

Federal law now requires that people with the most severe disabilities be served first, based upon an order-of-selection, when adequate funds are not available to serve everyone who may be eligible for services. In Arkansas, the demand for services exceeds the funding capacity, meaning that services are limited to those classified as significantly disabled. Although this group of clients requires more comprehensive services over a longer period of time and at a greater cost, ARS continues to place more people with disabilities in employment each year.

In 1990, Congress passed the Americans with Disabilities Act (ADA), the world's first civil rights legislation for people with disabilities. ARS continues to provide guidance and technical assistance to state agencies and to the private sector regarding compliance with the ADA.

The Workforce Investment Act of 1998 included the reauthorization of the Rehabilitation Act of 1973 and requires that the states establish a new service delivery system. This new system includes a "one-stop shop" approach involving all agencies that serve people who are unemployed, including those with disabilities. As one of the required partners in Arkansas's one-stop system, called the Career Development Network (CDN), ARS participates in each of 10 local regions with office space, resources, and personnel. ARS's involvement in the CDN system provides Arkansans with disabilities increased opportunities to achieve gainful employment or independent living.

ARS currently serves approximately 18,800 people with disabilities each year, with 2361 placed in competitive employment at an average cost of \$4,117. Of these individuals 84.4% were significantly disabled. The placement of these individuals in gainful employment represents a significant investment in the state's economy. 639 of these individuals had employer health care coverage after employment. In fiscal year 2009, Arkansans with disabilities who were placed in competitive employment were earning an average of \$298.00 per week prior to ARS' involvement; however, as a result of ARS' vocational rehabilitation services, their earnings increased to an average of \$386.00 per week.

The Federal Office of Management and Budget estimates that for every \$1 spent on VR services, \$7 is returned to the economy. This return on investment is realized in the economic benefit to the individual, the taxes paid, and the elimination or reduction of Social Security, welfare, and other public subsidy payments. One of the most important benefits cannot be measured. The creation or return to meaningful personal participation in society along with the personal dignity and independence achieved by those who have been served is immeasurable.

Over the years, ARS has focused on innovative programs modifications that not only comply with new federal and state initiatives but also enhance the quality of services and improve the employment outcomes of individuals with disabilities. As a result, ARS has received strong support from the executive and legislative branches, as well as from customers we serve. However, despite the successes ARS has had in assisting individuals with disabilities, ARS has received only basic cost-of-living increases in state and federal funds over the past several years. These cost-of-living increases have not kept pace with cost of providing employment-related services. As a result, the demand for services now significantly exceeds the resources available, a trend that will continue if funding increases are limited to cost-of-living adjustments.

## **Structure**

Arkansas Rehabilitation Services is designed to assure a comprehensive, statewide system of service delivery that addresses the diverse needs of Arkansans living with disabilities. (See the accompanying organizational chart). The major service delivery components are: (1) the Field Services Program, which operates offices in 19 locations serving persons with severe disabilities in all seventy-five (75) counties, except those who are blind (DHHS); (2) the Arkansas Career Training Institute, which is a comprehensive vocational rehabilitation center providing education, medical and vocational training for clients throughout the State and region; (3) Special Programs and Support Services consisting of a comprehensive vocational/psychological evaluation network, the Successful Employment through Assistive Technology (SEAT) program, the Learning and Evaluation Center (LEC) providing mental health and special services for persons with learning disabilities; (4) the Office for the Deaf and Hearing Impaired which serves persons who are deaf or hearing impaired, as well as those who are deaf-blind, with vocational rehabilitation and independent living services; and (5) the Arkansas Kidney Disease Commission, which provides services to patients with end-stage renal disease. There are also several special projects or separately funded programs such as the Telecommunications Access Program (TAP), Supported Housing project, and an Alternative Financing program to assist with low interest loans for purchasing assistive technology. Supporting these service delivery operations are Financial Management, Human Resources Management, Information Systems and Services, and Program Planning, Development and Evaluation sections.

Arkansas Rehabilitation Services is primarily funded through the Department of Education Rehabilitation Services Administration (RSA). For the Vocational Rehabilitation Program RSA federal funding is 78.7% with a minimum state match of 21.3%.

## **General Field Program**

The Field Program has 90 counselors serving individuals with disabilities in all 75 counties. All applicants are assigned a rehabilitation counselor. The counselor is responsible for interviewing and assessing disability and functional limitations, exploring the background, abilities, interests, and existing and potential barriers to employment. The determination of eligibility normally occurs within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, a realistic time frame for goal accomplishment, and the assignment of responsibilities. Eligible persons may receive one or more of the following services:

**Diagnosis:** Every person applying for traditional rehabilitation services undergoes a general assessment, which may include special examination in cases such as heart, eye, ear, bone or psychiatric disabilities. This will assist the counselor with eligibility determination.

**Counseling and Guidance:** Trained personnel make a thorough study of each applicant's abilities, needs, and challenges. Intelligence along with vocational interest tests are administered to identify strengths and limitations of the individual in order to assist in determining options for pursuing competitive employment. Jointly the person with a disability and his/her counselor develop an individualized plan for employment (IPE) which establishes an employment goal and the necessary action steps, time frames and estimated costs to achieve the employment goal. Ongoing vocational counseling is a critical element in the success of the customers with whom we work.

**Physical Restoration:** The aim of physical restoration services is to remove, or substantially reduce, the individual's disability as an impediment to employment. Services may include medical and surgical treatment, hospitalization, personal care assistance services, physical and occupational therapy, and restorative appliances such as: artificial limbs, braces, glasses, wheelchairs, vehicle adaptations, assistive technology such as voice activated computers and speech synthesizers.

**Other Services:** Financial assistance that enables the client to purchase tools for self employment, licensure and business enterprise supplies may also be available. Employment, housing and transportation information and assistance is available. Additionally, wheelchair repairs, peer counseling, and other related services are also available.

**Job Placement:** ARS cooperates with training agencies, employment agencies, and employers in an effort to secure suitable employment for eligible individuals with disabilities. ARS has placement specialists in all general field offices across the State. Job placement counselors assist our clients with job applications, interviews, and eventual employment in the workplace.

Education and Training: Financial assistance may be applied to a recognized public or private trade or business school, college, or university. Training in various skills also is available at the ACTI, including auto mechanics, body and fender repair, business education, cosmetology, custodial, laundry, printing, sales clerk, sewing, small engine repair, auto parts technician, welding, data processing, food service and others.

Rehabilitation Engineering: Any person, employer, agency, or organization needing help in planning and designing ADA compliant access to the home or work place may secure such assistance from the ARS. The same provision applies to modifications of tools and equipment to make them more adaptive by persons with disabilities.

Supported Employment (Title VI): With the collaboration of the Division of Developmental Disabilities and the Division of Behavioral Mental Health of the Department of Human Services, along with the support of community organizations, ARS provides supported services to the most severely disabled individuals, those who cannot function in the work place without ongoing assistance. Job coaches are assigned to the clients to help them adapt more readily to employment. These services provide meaningful employment to people who have historically been excluded from the workforce and placed in institutions or in segregated programs. During Federal Fiscal Year 2007, 131 individuals received vocational & occupational skills assistance from the Supported Employment program.

Independent Living Services (IL): IL services may be provided to any severely disabled person found eligible and may include counseling (psychological, psychotherapeutic, and guidance), physical restoration services, e.g. (braces, housing modifications, wheelchair, prosthesis, etc., and transportation). This program also provides support to independent living centers such as Mainstream Living, SPA Area Independent Living, Delta Resource Center for Independence, and Sources for Community Living. During Federal Fiscal Year 2007, 61 individuals received assistance from the Independent Living program.

If the individual is in need of comprehensive rehabilitation facility services, the counselor may refer the client to the ACTI.

## **Arkansas Career Training Institute**

ACTI is a comprehensive rehabilitation program. It offers both residential and non-resident medical and vocational services to approximately 900 Arkansas citizens with disabilities each year, serving a population average of 300 at any one time. The service delivery program is divided into two major components, the Hot Springs Rehabilitation Center Hospital and the Arkansas Career Training Institute. It also has an Administrative Services department that provides the necessary support services to maintain a 24-hour a day facility. The Administrator of the ACTI has responsibility for the management of the facility and reports to the Arkansas Rehabilitation Services Commissioner. The Center employs 270 persons.

## **Hot Springs Rehabilitation Center Hospital**

The HSRC Hospital provides full-time nursing services, physical therapy, occupational therapy, speech/language pathology services, social services, psychological services and a pharmacy. The Hospital is licensed by the Department of Health. The Hospital has a capacity of 24 inpatients.

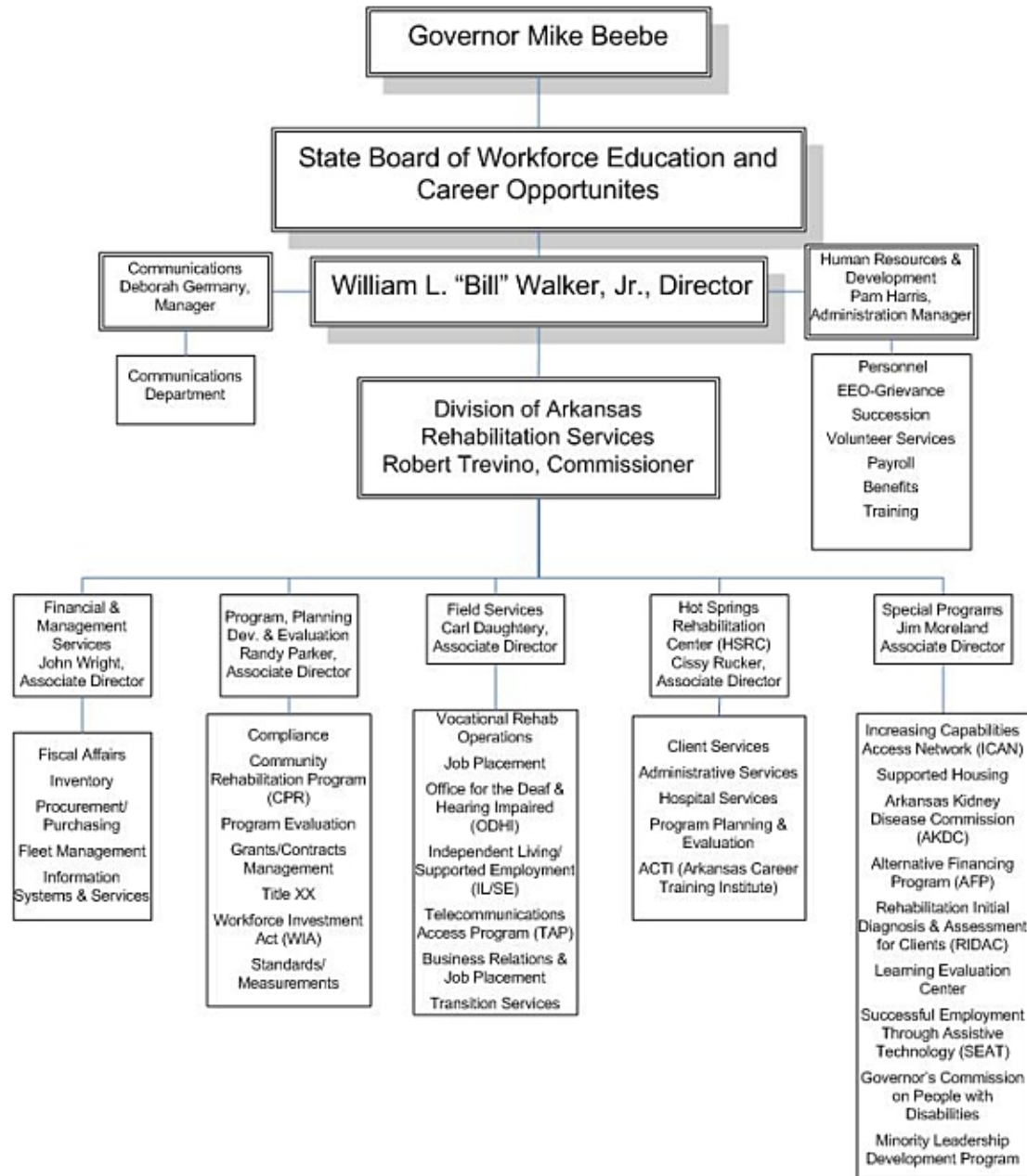
In addition, the Hospital provides specialty clinics to clients of Arkansas Rehabilitation Services, including Orthopedic, Amputee, Spinal Cord Injury, Urology, Dental, and Psychiatry. The Hospital also provides a clinic to treat and manage medical conditions of students enrolled in vocational training programs.

## **Arkansas Career Training Institute**

The Arkansas Career Training Institute (ACTI) provides a wide variety of services to prepare clients of ARS to become employed. Services include counseling, case management, vocational evaluation, vocational training, employment readiness, recreation, student living, behavioral enhancement, and job placement.

Vocational Training is provided in 12 different programs, with many programs offering multiple courses of study which can be tailored to meet the learning style and rehabilitation needs of the client/student.

After hours Recreation Services are provided to help the student adjust to the Center's living environment through wholesome activities to pass the time when the student is not actively engaged in other rehabilitation activities. The Recreation program utilizes 6 staff to plan and supervise the recreational activities, which can range from sedentary activities such as Bingo to vigorous exercise programs. A weight-management program is also supervised in coordination with dietary services in this section.





## **Agency Commentary**

### **Vocational Rehabilitation Services**

The Rehabilitation Act of 1973 requires state rehabilitation agencies to provide a coordinated set of activities designed to help persons with physical or mental impairments prepare for and achieve gainful employment. These activities are designed to meet RSA standards and indicators of achievement and are outcome-oriented in collaboration with other agencies such as the Arkansas Departments of Education and Higher Education, local workforce centers, and local school districts. These activities can consist of postsecondary education, vocational training, integrated employment, continuing employment, continuing and adult education, adult services, and independent living.

Arkansas Rehabilitation Services (ARS) receives a federal grant from the Rehabilitation Services Administration to operate a comprehensive, coordinated, effective, efficient and accountable program designed to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their priorities, abilities, through informed choice, in order to engage in gainful employment.

### **Goals**

The agency has established three priority objectives for the upcoming year. First, in order to be efficient with data processing controls, data integrity and timeliness of reporting, ARS has purchased a new case management system from Libera, Inc. This case management system is a web based solution developed specifically for the vocational rehabilitation program. We expect this system to be operational by October. Secondly, the Agency is enhancing its data processing infrastructure in order to implement the new system. Our final goal is to increase our successful closures by 8 percent. Last year the field program closed a total of 2,361 successful closures. Our target number this year is 2,549. In order to help secure this goal the agency has reallocated 8 positions to the field program, four counselor positions and four placement positions.

### **General Field Program**

There are currently 90 VR counselors in the general field program servicing 18,000 - 20,000 clients annually in all 75 counties. The Field Program is divided into 8 districts with a manager assigned to each district. There are 19 offices located throughout the state. The Chief of Field Services oversees the program with the guidance and approval of the Commissioner. The Vocational Rehabilitation Program is eligibility based and all applicants are assigned a rehabilitation counselor after the referral process. The counselor is responsible for interviewing and assessing disabilities as they relate to functional limitations. The determination of eligibility is required by federal law within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, and a realistic time frame for goal accomplishment. Once the client has completed all

assigned tasks, goals and objectives, the client is placed with an employment provider and after 90 days of employment the case will be closed as rehabilitated. This is considered a successful closure.

## **Partnerships**

First, Arkansas Rehabilitation Services is involved in developing new partnerships with other agencies to increase our service to people with disabilities. The Agency is very pleased to collaborate on a new pilot project with Public Employee Claims Division called RAVE. ARS is coordinating efforts to assist early return to work for individuals on medical or disability leave whose job performance has been affected by physical or mental conditions or who have sustained on the job injuries. ARS may provide assessment, counseling or specific accommodation. The benefits to employers are retaining productive workers, providing access to technical expertise and customized accommodation cost, and reducing recruiting cost. Additionally, ARS is partnering with Jefferson Comprehensive Care System Inc., a non-profit community health care provider with clinics located in rural Arkansas. The mission is to provide primary health care and related health education and social services to designated service areas to improve the health of those living in medically underserved areas. The outreach counties are: Arkansas, Ashley, Chicot, Desha, Drew, Jefferson, Lincoln, Prairie, Lonoke and Pulaski. ARS has assigned vocational counselors to each county to provide information about VR services, assessment and job placement. JCCSI will host several training sessions at the annual Arkansas Rehabilitation Association Conference covering AIDS Awareness and Chronic Diseases. The agency has secured an additional pilot project with The Work Number, an employment verification service used to determine eligibility for the TANF, Food Stamps, and Medicaid programs. The Work Number provides current wages, income history, name of employer and resident. This service is an asset to our program and will help field staff locate our clients and increase successful outcomes. In an effort to support the Governor's initiative for state agencies to work together on providing services to Arkansans, the agency adopted a cooperative agreement with the Division of Behavioral Health Services. The objective is to care for and improve the health of citizens of Arkansas through an integrated system of prevention and treatment for mental health and substance abuse. ARS will accept referrals for individuals with mental illness, provide counseling services and refer clients to supportive employment vendors to provide training, job coaching, and placement.

## **General Revenue Request Summary**

### **VR General Revenue Request**

The General Field Program requests a total of \$400,000 (SFY 2012) and \$600,000 (SFY 2013) for the Vocational Rehabilitation Program purchase of services line item. The rehabilitation counselors will use this funding to provide direct services to individuals with disabilities on a statewide basis. We estimate that the funding will provide services to 230 and 345 additional individuals respectively. The funding will be used in the following major categories:

Major Service	FY12	Clients	FY13	Clients
Assessment Services	15,000	40	20,000	55
Diagnosis & Treatment/Restoration	55,000	30	80,000	45
Training & College/University	280,000	130	450,000	210
Other: Rehab Technology & Engineering, Placement, Etc.	50,000	50	50,000	50
Totals	400,000	230	600,000	345

These individuals will be assigned a vocational rehabilitation counselor who is responsible for interviewing and assessing disability and functional limitations, and exploring the background, abilities, interests, and barriers to employment. The determination of eligibility is required within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, a realistic time frame for goal accomplishment, and the assignment of responsibilities. Eligible persons may receive one or more of the services provided/purchased by the program.

General Revenue; \$400,000 \$600,000

### **Independent Living General Revenue Request**

The Independent Living Program provides services to eligible severely disabled persons. Services may include counseling (psychological, psychotherapeutic, and guidance), physical restoration services such as braces, housing modifications, wheelchairs, prosthesis, and transportation. Funding has remained the same for many years in spite of increasing costs. The Field Program is requesting \$100,000 for each year of the biennium to meet the increasing need for services. If granted, the Independent Living Program should be able to serve an additional 60 to 70 individuals.

General Revenue; \$100,000 \$100,000

### **Telecommunication Access Program (TAP)**

The Telecommunications Access Program (TAP) was established by the General Assembly of the State of Arkansas through Act 501 of 1995 as a service to Arkansans who are deaf, hard of hearing, deaf blind, or speech impaired to provide access to the telecommunications system. The Act also authorized the Public Service Commission to fund the equipment distribution program with a \$.03 surcharge per line.

TAP distributes many different types of telecommunication equipment such as amplified phones, talking phones, TTYs, photo phones, hands free phones, and loud ringers, to name a few, and the cost of this equipment continues to rise yearly. TAP promulgated their program rules July 26, 2007 and now allows each applicant to be eligible for up to two primary devices, instead of one, that provide access to telecommunication service. This has resulted in an increase in the number of devices provided by about 400 per year.

## **Stimulus Funding**

### U.S.D.O.E. REHABILITATION SERVICES

#### Vocational Rehabilitation Services

Total: \$500,000 (Appropriation Only)

The Department of Education Rehabilitation Services Administration (RSA), awarded Stimulus Funding to assist States in operating programs of vocational rehabilitation; to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities. The grant provides vocational rehabilitation services including: assessment, counseling, vocational and other training, job placement, interpreter services for the deaf, medical and related services and prosthetic and orthotic devices, rehabilitation technology, transportation to secure voc rehab services, maintenance during rehabilitation, and other goods and services necessary to achieve an employment outcome. Since this Stimulus funding is a supplement to the regular grant, the purchase of services may be used to purchase the same types of services. ARS has also used this funding to purchase major software systems for the HSRC Hospital and for the Field Program. In addition, the agency has upgraded its data processing infrastructure in order to accommodate the advanced processing requirements of the respective software systems. The agency is also using this funding source in conjunction with the Stabilization Funding for renovations at the ACTI.

## **GOVERNOR'S STABILIZATION FUNDING**

#### ARS Allocation

Total: \$500,000 (Appropriation Only)

Governor Beebe allotted a total of \$3,640,000 from Stimulus Stabilization Funding to assist the Arkansas Career Training Institute located at Hot Springs with major repair and renovations to the facilities. The projects involve repairing and replacing boilers and hot water systems, electrical rewiring, replacing electrical panels, switches and controls, and roof repairs with down spouts and gutters. The Center will also replace major system components of its air conditioning and heating systems, enhance lighting with energy saving fixtures, replace old leaking windows, upgrade plumbing fixtures and water supply and waste pipes, and repair and upgrade the kitchen facility. The Agency engaged a general contractor to complete the work effort. Most of the work is scheduled for completion on or before June 30, 2011. This request is to provide for any uncompleted work and project completion.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF CAREER EDUCATION-  
ARKANSAS REHABILITATION SERVICES  
FOR THE YEAR ENDED JUNE 30, 2008

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### Findings

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The Agency did not properly backup client case service information. The Agency should perform daily and weekly backups of important information and store these in a secure off-site location. Additionally, the Agency did not document changes to their disaster recovery plan for their computer systems at the central office. The last revision for this location was done in 2004.

The Agency billed patients for medical services provided by the Hot Springs Rehabilitation Center. Our review of accounts receivable totaling \$369,689 and the corresponding allowance accounts revealed that \$195,804 was not properly recorded. Further review of these accounts disclosed the following:

- An accounts receivable subsidiary was not maintained for all patient transactions.
- The Agency did not follow procedures required by the Department of Finance and Administration for abatement of accounts receivable.

In order to ensure that compensation expense represents payment for time worked and that it is accurately calculated and recorded, Agency supervisors are required to review and approve timesheets before payment is made. Ten (10) employees of forty (40) reviewed, had timesheets or leave forms that were not properly reviewed and authorized.

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### Recommendations

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Update their disaster recovery plan for their computer systems and implement procedures for backups to ensure that interruptions in the provision of services to Arkansas citizens will be minimal.

Follow procedures required by the Department of Finance and Administration to properly account for patient receivables.

Agency supervisors properly review and authorize all timesheets and leave forms.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF CAREER EDUCATION-  
 ARKANSAS REHABILITATION SERVICES  
 SINGLE AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

U.S. DEPARTMENT OF EDUCATION

**Finding Number:** 09-520-01  
**State/Educational Agency:** Arkansas Department of Workforce  
 Education - Arkansas  
**CFDA Number(s) and Program Title(s):** Rehabilitation Services  
 84.126 - Rehabilitation Services\_Vocational  
 Rehabilitation  
**Federal Award Number(s):** Grants to States  
**Federal Award Year(s):** (Vocational Rehabilitation Cluster)  
 2009  
**Compliance Requirement Affected:** H126A090003  
 Reporting  
**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:**  
 Federal regulations at 34 CFR 361.5(b)(16), 361.38 and 361.40 require the Agency to submit financial and client service data to the U.S. Department of Education - Rehabilitation Services Administration (USDOE - RSA). Management is responsible for reviewing and approving the data for accuracy and completeness prior to submission to RSA. The data contains key program measurements used by RSA to obtain a general assessment of the state-federal Vocational Rehabilitation program and its accomplishments.

The Quarterly Cumulative Caseload Reports (RSA-113) and the Quarterly Financial Reports (SF-269) are due 30 days after the end of the quarter for the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> quarters and 60 days after the end of the 4<sup>th</sup> quarter. The Annual Case Service Report (RSA-911) is due on November 30 after the federal fiscal year end.

**Condition**  
 Our review of 312 active case files in the Agency's case management system, Arkansas Rehabilitation Integrated Management Information System (ARIMIS), revealed 128 files had not been updated to reflect the appropriate status of each of the cases and 9 files could not be located in the field offices.

The RSA-113 reports for September 2008, June 2009 and September 2009 and the RSA-

We recommend the Agency develop procedures to ensure client information in the case management system is accurate and complete. Calculations should be monitored and supporting documentation should be reviewed and approved. All required reports should be submitted to RSA by applicable due dates.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF CAREER EDUCATION-  
 ARKANSAS REHABILITATION SERVICES  
 SINGLE AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2009

Findings

911 report for September 2009 were not submitted in accordance with applicable federal due dates.

**Questioned Costs:**

None

**Cause:**

ARIMIS did not have proper internal controls to ensure information entered and retrieved from the system was accurate and complete. Counselors did not update client status information in ARIMIS and District Managers did not properly review files for correct status. Manual corrections to information obtained from the case management system resulted in delays in reporting.

**Effect:**

Inaccurate and incomplete information submitted to RSA may prevent the identification of deficiencies in the program and Agency operations that could affect the provision of services to clients.

Recommendations

**Employment Summary**

	Male	Female	Total	%
White Employees	122	230	352	74 %
Black Employees	37	81	118	25 %
Other Racial Minorities	3	4	7	1 %
Total Minorities			125	26 %
Total Employees			477	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AKDC Annual Report	Act 450 of 1971	Y	Y	75	Annual report providing results of Arkansas Kidney Disease services.
Counselor	None	N	N	2,000	Agency newsletter providing information to the public regarding rehabilitation services and activities.
Rehab Connection	None	N	N	2,500	HSRC Newsletter



# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
128 Rehab Services - Operations	52,009,950	516	64,967,241	527	58,309,312	527	56,320,748	527	58,070,748	527	58,049,001	527	56,320,748	527	57,270,748	527	57,249,001	527
1VB Increase Capabilities Access Network	51,453	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0
374 Statewide Disability Telecomm	413,016	3	502,763	3	507,061	3	507,805	3	507,805	3	507,805	3	507,805	3	507,805	3	507,805	3
743 People w/Disabilities	19,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0
902 Tech Equipment - Treasury	88,477	0	1,580,000	0	80,000	0	80,000	0	1,580,000	0	1,580,000	0	80,000	0	1,580,000	0	1,580,000	0
903 Rehab Services - Treasury Pay	60,115	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0
<b>Total</b>	<b>52,642,011</b>	<b>519</b>	<b>68,257,094</b>	<b>530</b>	<b>60,103,463</b>	<b>530</b>	<b>58,115,643</b>	<b>530</b>	<b>61,365,643</b>	<b>530</b>	<b>61,343,896</b>	<b>530</b>	<b>58,115,643</b>	<b>530</b>	<b>60,565,643</b>	<b>530</b>	<b>60,543,896</b>	<b>530</b>

Funding Sources		%		%		%		%		%		%		%		%			
Fund Balance	4000005	1,937,458	3.5	2,447,221	3.5			2,183,821	3.5	2,183,821	3.5	2,183,821	3.5	3,420,421	5.4	1,920,421	3.1	1,442,168	2.4
General Revenue	4000010	12,477,076	22.6	12,920,501	18.3			12,953,772	21.1	13,453,772	21.3	12,953,772	20.6	12,953,772	20.6	13,653,772	21.9	12,953,772	21.2
Federal Revenue	4000020	37,118,913	67.4	43,055,430	61.1			43,102,459	70.0	43,352,459	68.5	43,352,459	69.0	43,102,459	68.7	43,352,459	69.7	43,352,459	71.0
Special Revenue	4000030	400,353	0.7	547,763	0.8			552,805	0.9	552,805	0.9	552,805	0.9	552,805	0.9	552,805	0.9	552,805	0.9
Cash Fund	4000045	681,739	1.2	2,180,000	3.1			2,180,000	3.5	2,180,000	3.4	2,180,000	3.5	2,180,000	3.5	2,180,000	3.5	2,180,000	3.6
Federal Funds-ARRA	4000244	1,931,140	3.5	8,690,000	12.3			0	0.0	1,000,000	1.6	1,000,000	1.6	0	0.0	0	0.0	0	0.0
Program Income	4000385	542,553	1.0	600,000	0.9			563,207	0.9	563,207	0.9	563,207	0.9	563,207	0.9	563,207	0.9	563,207	0.9
<b>Total Funds</b>		<b>55,089,232</b>	<b>100.0</b>	<b>70,440,915</b>	<b>100.0</b>			<b>61,536,064</b>	<b>100.0</b>	<b>63,286,064</b>	<b>100.0</b>	<b>62,786,064</b>	<b>100.0</b>	<b>62,772,664</b>	<b>100.0</b>	<b>62,222,664</b>	<b>100.0</b>	<b>61,044,411</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(2,447,221)		(2,183,821)				(3,420,421)		(1,920,421)		(1,442,168)		(4,657,021)		(1,657,021)		(500,515)	
<b>Grand Total</b>		<b>52,642,011</b>		<b>68,257,094</b>				<b>58,115,643</b>		<b>61,365,643</b>		<b>61,343,896</b>		<b>58,115,643</b>		<b>60,565,643</b>		<b>60,543,896</b>	

Budget exceeds Authorized Appropriation in Rehab Services-Operations due to a transfer from the Miscellaneous Federal Grant Holding Account.  
 Budget exceeds Authorized Appropriation in Tech Equipment-Treasury due to a transfer from the Cash Fund Holding Account.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
530	480	50	530	0	9.43 %	530	475	55	530	0	10.38 %	530	478	52	530	0	9.81 %

## **Analysis of Budget Request**

**Appropriation:** 128 - Rehab Services - Operations

**Funding Sources:** PER - Educational Rehabilitation Pay - Admin

The Office of Rehabilitation Services (ARS) carries out its responsibilities through a field program that reaches all 75 counties from 19 field offices across the state. They also operate the Hot Springs Rehabilitation Center (HSRC), a comprehensive, state-owned rehabilitation facility - one of only nine in the country and the only one in the country west of the Mississippi River. The center is comprised of a medical unit providing traumatic care and comprehensive physical and occupational therapy. ARS also includes the Arkansas Career Training Institute (ACTI), which provides vocational training and support in a number of training programs. Funding for this appropriation is a combination of general revenue, federal funding, and program income. Federal funds account for 75% of the total funding.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency is requesting:

- \$250,000 of appropriation in Capital Outlay each year to purchase equipment for the Arkansas Career Training Institute. Equipment includes heavy shop equipment, welding and metal working machines, industrial automobile repair equipment and wood working equipment. No general revenue is requested with this change level.
- Consolidation of the Sheltered Workshops and Deaf-Blind programs to the Contract Services program. Due to changes in payments of the Community Rehabilitation Programs, the Sheltered Workshops line item is no longer needed. These services will be authorized by the rehab counselors. The Deaf-Blind line item, responsible for providing interpreter services, will also be continued under the case management system. The consolidation will simplify the appropriation structure.
- An increase in Contract Services appropriation above the consolidation is also request. The increase is \$500,000 for FY2012 and \$700,000 for FY2013. Of these amounts, \$400,000 for FY2012 and \$600,000 for FY2013 is requested to allow the rehabilitation program purchase of services to provide services to an additional 230 to 345 individuals. Also, \$100,000 is requested for each fiscal year for home modifications to bathrooms, kitchens and access ramps. This will assist individuals to continue to live in their homes and avoid having to be place in an institution.
- \$1,000,000 is requested in the ARRA of 2009 line item. This is needed to allow Rehabilitation Services to complete projects funded from the federal stimulus grants.

Reclassification of a Quality Assurance Coordinator to a Rehab Program Manager and a Administrative Specialist III to a Human Resource Specialist. These reclassification will not require any additional appropriation or funding.

The total general revenue requested for FY12 is \$500,000 and for FY13 \$700,000 is requested.

The Executive Recommendation provides for the Agency Request in appropriation without the increase in general revenue. Additionally, the Executive Recommendation does not provide for the requested reclassifications, but does recommend reclassification of one General Physician position to a ACE Rehab Operations Director. This will properly align the position with it's job duties.

# Appropriation Summary

**Appropriation:** 128 - Rehab Services - Operations  
**Funding Sources:** PER - Educational Rehabilitation Pay - Admin

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	17,823,263	19,362,567	20,655,155	19,582,431	19,582,431	19,564,223	19,582,431	19,582,431	19,564,223
<b>#Positions</b>		<b>516</b>	<b>527</b>	<b>527</b>	<b>527</b>	<b>527</b>	<b>527</b>	<b>527</b>	<b>527</b>	<b>527</b>
Extra Help	5010001	102,493	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000
<b>#Extra Help</b>		<b>14</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
Personal Services Matching	5010003	6,088,420	6,491,866	7,301,349	6,815,509	6,815,509	6,811,970	6,815,509	6,815,509	6,811,970
Extra Salaries	5010008	0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Operating Expenses	5020002	6,381,403	7,513,280	7,513,280	7,513,280	7,513,280	7,513,280	7,513,280	7,513,280	7,513,280
Conference & Travel Expenses	5050009	70,199	155,506	155,506	155,506	155,506	155,506	155,506	155,506	155,506
Professional Fees	5060010	238,888	882,029	882,029	882,029	882,029	882,029	882,029	882,029	882,029
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,089,207	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Capital Outlay	5120011	173,738	300,000	0	0	250,000	250,000	0	250,000	250,000
Contract Services	5900043	16,454,979	17,250,000	17,050,000	17,050,000	18,741,993	18,741,993	17,050,000	18,941,993	18,941,993
Data Processing Services	5900044	29,330	100,000	530,000	100,000	100,000	100,000	100,000	100,000	100,000
AR Kidney Disease Comm	5900046	903,641	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000
Sheltered Workshops	5900047	688,533	1,156,993	1,156,993	1,156,993	0	0	1,156,993	0	0
Deaf-Blind Project	5900048	34,707	35,000	35,000	35,000	0	0	35,000	0	0
ARRA of 2009	5900052	1,931,149	8,690,000	0	0	1,000,000	1,000,000	0	0	0
<b>Total</b>		<b>52,009,950</b>	<b>64,967,241</b>	<b>58,309,312</b>	<b>56,320,748</b>	<b>58,070,748</b>	<b>58,049,001</b>	<b>56,320,748</b>	<b>57,270,748</b>	<b>57,249,001</b>

Funding Sources										
Fund Balance	4000005	1,309,501	1,317,780		1,317,780	1,317,780	1,317,780	1,317,780	1,317,780	839,527
General Revenue	4000010	12,477,076	12,920,501		12,953,772	13,453,772	12,953,772	12,953,772	13,653,772	12,953,772
Federal Revenue	4000020	37,067,460	42,756,740		42,803,769	43,053,769	43,053,769	42,803,769	43,053,769	43,053,769
Federal Funds-ARRA	4000244	1,931,140	8,690,000		0	1,000,000	1,000,000	0	0	0
Program Income	4000385	542,553	600,000		563,207	563,207	563,207	563,207	563,207	563,207
<b>Total Funding</b>		<b>53,327,730</b>	<b>66,285,021</b>		<b>57,638,528</b>	<b>59,388,528</b>	<b>58,888,528</b>	<b>57,638,528</b>	<b>58,588,528</b>	<b>57,410,275</b>
Excess Appropriation/(Funding)		(1,317,780)	(1,317,780)		(1,317,780)	(1,317,780)	(839,527)	(1,317,780)	(1,317,780)	(161,274)
<b>Grand Total</b>		<b>52,009,950</b>	<b>64,967,241</b>		<b>56,320,748</b>	<b>58,070,748</b>	<b>58,049,001</b>	<b>56,320,748</b>	<b>57,270,748</b>	<b>57,249,001</b>

Budget exceeds Authorized Appropriation in Contract Services and Capital Outlay due to a transfer from the Miscellaneous Federal Grant Holding Account.  
 Budget exceeds Authorized Appropriation in ARRA of 2009 due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 128 - Rehab Services - Operations  
**Funding Sources:** PER - Educational Rehabilitation Pay - Admin

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	56,320,748	527	56,320,748	100.0	56,320,748	527	56,320,748	100.0
C01	Existing Program	750,000	0	57,070,748	101.3	950,000	0	57,270,748	101.7
C04	Reallocation	0	0	57,070,748	101.3	0	0	57,270,748	101.7
C10	Reclass	0	0	57,070,748	101.3	0	0	57,270,748	101.7
C16	ARRA	1,000,000	0	58,070,748	103.1	0	0	57,270,748	101.7

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	56,321,247	527	56,321,247	100.0	56,321,247	527	56,321,247	100.0
C01	Existing Program	750,000	0	57,071,247	101.3	950,000	0	57,271,247	101.7
C04	Reallocation	0	0	57,071,247	101.3	0	0	57,271,247	101.7
C10	Reclass	(22,246)	0	57,049,001	101.3	(22,246)	0	57,249,001	101.6
C16	ARRA	1,000,000	0	58,049,001	103.1	0	0	57,249,001	101.6

### Justification

C01	The General Field Program requests a total of \$400,000 (SFY 2012) and \$600,000 (SFY 2013) for the Vocational Rehabilitation Program purchase of services line item. The rehabilitation counselors will use this request to provide direct services to individuals with disabilities on a statewide basis. We estimate that the funding will provide services to an additional 230 to 345 individuals respectively. These individuals will be assigned a counselor who is responsible for interviewing and assessing disability and functional limitations, and exploring the background, abilities, interests, and barriers to employment. The determination of eligibility normally occurs within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, a realistic time frame for goal accomplishment, and the assignment of responsibilities. Eligible persons may receive one or more of the services provided/purchased by the program. The General Field Program also requests a total of \$100,000 (SFY 2012) and \$100,000 (SFY 2013) for the Independent Living Program purchase of services line item. We estimate that the funding will provide services to an additional 20 individuals each year. The funding will be used for home modifications (bathrooms, kitchens, access ramps) so the individuals may continue to live in their homes and avoid institutionalization. In some cases the counselor may authorize vehicle modifications including hand controls and wheelchair ramps. Other assistive devices include hearing aids and accessories. This is a general revenue request. Also, a capital outlay request of \$250,000 each year to purchase equipment items for the Arkansas Career Training Institute (ACTI). Equipment includes heavy shop equipment, welding and metal working machines, industrial automobile repair equipment and wood working equipment. The agency requests no general revenue for this change level.
C04	The agency is seeking to consolidate the Sheltered Workshop and Deaf-Blind line items into the purchase of services line item. The Sheltered Workshop line item was used by the Facility Section to pay Community Rehabilitation Programs (CRPs) for adjustment services using a point system. The Facility Section has eliminated the point system rendering the special line item obsolete. The services are now authorized directly by the rehab counselors. In addition, this will simplify the agency structure for the implementation of its new case management system currently under development. Services provided by CRPs will be tracked by the new system. The agency will continue to maintain its services relationship with the community rehabilitation program system. The Deaf-Blind program provides interpreter services to individuals who are both deaf and blind. The Deaf-Blind line item currently does not use the case management system. The new system will include these services as a distinct program. The consolidation of the line items will simplify the appropriation structure.
C10	The agency is requesting reclassification of a Quality Assurance Coordinator to a Rehab Program Manager. The duties of this position have changed which require a higher level of education and expertise involving statewide coordination of a program that is essential to serve ARS clients. Additionally, a reclass of an Administrative Specialist III to a Human Resources Specialist is requested. This reclass is necessary to properly identify this position with the current job duties assigned.

## Change Level by Appropriation

<b>Justification</b>	
C16	The agency requests \$500,000 for the Vocational Rehabilitation Stimulus supplement. The program assists States in operating programs of vocational rehabilitation; to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, and capabilities so they may prepare for and engage in competitive employment. This request is to carry forward the ARRA award for the estimated remaining grant amount. The agency also requests \$500,000 for the Fiscal Stabilization Funding used to upgrade: boiler/hot water systems, electrical, roof and safety/security, HVAC Replacement at the Arkansas Career Training Institute. This request is a continuation of the funding and projects previously awarded and approved by Governor's Office. This request will finalize any outstanding renovation projects.

## **Analysis of Budget Request**

**Appropriation:** 1VB - Increase Capabilities Access Network

**Funding Sources:** PER - Educational Rehabilitation Pay - Admin

Increasing Capabilities Access Network, a federally funded program of Arkansas Rehabilitation Services, is designed to make technology available and accessible for all who need it. ICAN is a funding information resource and provides information on new and existing technology free to any person regardless of age or disability.

ICAN supports several service programs under one umbrella that target different areas of need for assistive technology. These specific strategies assist individuals in locating and/or receiving assistive devices or services. ICAN maintains an equipment AT4ALL database which list hundreds of items available for loan, demonstration, or giveaway.

ICAN sponsors many training events, conferences and networking events year-round. ICAN is committed to researching all funding sources and to overcoming obstacles that prevent people from getting the technology they need. ICAN keeps up to date on the newest advances in technology and provides information to anyone requesting assistance.

The Agency Request for this program is Base Level for the 2011-2013 Biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 1VB - Increase Capabilities Access Network  
**Funding Sources:** PER - Educational Rehabilitation Pay - Admin

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	51,453	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500
Conference & Travel Expenses	5050009	0	7,190	7,190	7,190	7,190	7,190	7,190	7,190	7,190
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
<b>Total</b>		<b>51,453</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	51,453	298,690		298,690	298,690	298,690	298,690	298,690	298,690
<b>Total Funding</b>		<b>51,453</b>	<b>298,690</b>		<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>51,453</b>	<b>298,690</b>		<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>

## **Analysis of Budget Request**

**Appropriation:** 374 - Statewide Disability Telecomm

**Funding Sources:** STC - Telecommunications Equipment

The Statewide Disability Telecommunications Equipment Program is authorized to provide telecommunication devices for persons who are deaf, hard of hearing, blind, or speech impaired. Funding for this appropriation is provided through the Arkansas Public Service Commission, which is authorized to increase existing local exchange carrier tariffs, surcharges or other funding mechanisms.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency is requesting Base Level for the 2011-2013 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 374 - Statewide Disability Telecomm  
**Funding Sources:** STC - Telecommunications Equipment

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	106,136	129,289	125,940	127,489	127,489	127,489	127,489	127,489	127,489
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	25,331	35,474	43,121	42,316	42,316	42,316	42,316	42,316	42,316
Operating Expenses	5020002	51,364	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Conference & Travel Expenses	5050009	3,135	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	227,050	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>413,016</b>	<b>502,763</b>	<b>507,061</b>	<b>507,805</b>	<b>507,805</b>	<b>507,805</b>	<b>507,805</b>	<b>507,805</b>	<b>507,805</b>
<b>Funding Sources</b>										
Fund Balance	4000005	162,762	121,824		121,824	121,824	121,824	121,824	121,824	121,824
Special Revenue	4000030	372,078	502,763		507,805	507,805	507,805	507,805	507,805	507,805
<b>Total Funding</b>		<b>534,840</b>	<b>624,587</b>		<b>629,629</b>	<b>629,629</b>	<b>629,629</b>	<b>629,629</b>	<b>629,629</b>	<b>629,629</b>
Excess Appropriation/(Funding)		(121,824)	(121,824)		(121,824)	(121,824)	(121,824)	(121,824)	(121,824)	(121,824)
<b>Grand Total</b>		<b>413,016</b>	<b>502,763</b>		<b>507,805</b>	<b>507,805</b>	<b>507,805</b>	<b>507,805</b>	<b>507,805</b>	<b>507,805</b>

The FY11 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments made during the 2009-2011 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 743 - People w/Disabilities

**Funding Sources:** SPD - People with Disabilities

The Governor's Commission on People with Disabilities provides scholarships to students with disabilities. Thirty percent of parking violation fines; specifically, fines for illegally parking in handicapped parking spaces, fund this program.

The Agency Request is the Base Level of \$45,000 for each fiscal year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 743 - People w/Disabilities

**Funding Sources:** SPD - People with Disabilities

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	19,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
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
<b>Total</b>		<b>19,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	40,680	49,955		49,955	49,955	49,955	49,955	49,955	49,955
Special Revenue	4000030	28,275	45,000		45,000	45,000	45,000	45,000	45,000	45,000
<b>Total Funding</b>		<b>68,955</b>	<b>94,955</b>		<b>94,955</b>	<b>94,955</b>	<b>94,955</b>	<b>94,955</b>	<b>94,955</b>	<b>94,955</b>
Excess Appropriation/(Funding)		(49,955)	(49,955)		(49,955)	(49,955)	(49,955)	(49,955)	(49,955)	(49,955)
<b>Grand Total</b>		<b>19,000</b>	<b>45,000</b>		<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>

## **Analysis of Budget Request**

**Appropriation:** 902 - Tech Equipment - Treasury

**Funding Sources:** NRS - Cash in Treasury

The purpose of this program is to provide loans to individuals with disabilities for essential assistive technology, adaptive equipment, and for loan administration by the Office of Rehabilitation Services. The principal amount was transferred from the original treasury loan fund. Additional funding is earned from interest on the loans.

The Agency is requesting an increase of \$1,500,000 for both fiscal years. This increase was also requested for FY2011 by a Cash Fund Holding Account request. This increase is necessary due to the administration of the Arkansas Assistive Technology Alternative Financing program moving from the Arkansas Development Finance Authority to the Arkansas Rehabilitation Division.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 902 - Tech Equipment - Treasury

**Funding Sources:** NRS - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	88,477	1,580,000	80,000	80,000	1,580,000	1,580,000	80,000	1,580,000	1,580,000
<b>Total</b>	<b>88,477</b>	<b>1,580,000</b>	<b>80,000</b>	<b>80,000</b>	<b>1,580,000</b>	<b>1,580,000</b>	<b>80,000</b>	<b>1,580,000</b>	<b>1,580,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	98,154	86,631		86,631	86,631	86,631	1,586,631	86,631	86,631
Cash Fund 4000045	76,954	1,580,000		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
<b>Total Funding</b>	<b>175,108</b>	<b>1,666,631</b>		<b>1,666,631</b>	<b>1,666,631</b>	<b>1,666,631</b>	<b>3,166,631</b>	<b>1,666,631</b>	<b>1,666,631</b>
Excess Appropriation/(Funding)	(86,631)	(86,631)		(1,586,631)	(86,631)	(86,631)	(3,086,631)	(86,631)	(86,631)
<b>Grand Total</b>	<b>88,477</b>	<b>1,580,000</b>		<b>80,000</b>	<b>1,580,000</b>	<b>1,580,000</b>	<b>80,000</b>	<b>1,580,000</b>	<b>1,580,000</b>

Budget exceeds Authorized Appropriation due to a transfer from the Cash Fund Holding Account.

## Change Level by Appropriation

**Appropriation:** 902 - Tech Equipment - Treasury  
**Funding Sources:** NRS - Cash in Treasury

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>80,000</b>	<b>0</b>	<b>80,000</b>	<b>100.0</b>	<b>80,000</b>	<b>0</b>	<b>80,000</b>	<b>100.0</b>
C01	Existing Program	1,500,000	0	1,580,000	1,975.0	1,500,000	0	1,580,000	1,975.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>80,000</b>	<b>0</b>	<b>80,000</b>	<b>100.0</b>	<b>80,000</b>	<b>0</b>	<b>80,000</b>	<b>100.0</b>
C01	Existing Program	1,500,000	0	1,580,000	1,975.0	1,500,000	0	1,580,000	1,975.0

### Justification

C01	The agency requests an increase in the cash fund appropriation for the Arkansas Assistive Technology Alternative Financing Program by \$1,500,000. This request is to continue the cash fund increase approved for during SFY 2011 for the following reason: The original funding was held in trust by the Arkansas Development Finance Authority. On August 15, 2008, ADFA notified the ARS that it would no longer administer the Arkansas Assistive Technology Alternative Financing Program. The ADFA had entered into an interagency agreement to credit underwrite loan applications, invest and account for the loan fund, service the loans and provide monthly reporting. The money was deposited in a Federated Treasury money market mutual fund. When Regions Bank decided to no longer offer this account ADFA decided to return the money to ARS. The ARS moved the funds to the Treasury Money Management Trust Fund. This request seeks to increase the appropriation to reflect the actual cash resources available for the loan program.
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## **Analysis of Budget Request**

**Appropriation:** 903 - Rehab Services - Treasury Pay

**Funding Sources:** NRS - Cash in Treasury

The Rehabilitation Cash Fund receives revenues from various sources including cafeteria fees, contributions, reimbursement fees, hospital medical fees, interest income, and institutional services. These revenues are defined as program income and are governed by Vocational Rehabilitation Program regulations.

The Agency is requesting Base Level for the 2011-2013 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 903 - Rehab Services - Treasury Pay

**Funding Sources:** NRS - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	58,839	741,400	741,400	741,400	741,400	741,400	741,400	741,400	741,400
Conference & Travel Expenses	5050009	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	1,276	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>60,115</b>	<b>863,400</b>	<b>863,400</b>	<b>863,400</b>	<b>863,400</b>	<b>863,400</b>	<b>863,400</b>	<b>863,400</b>	<b>863,400</b>
<b>Funding Sources</b>										
Fund Balance	4000005	326,361	871,031		607,631	607,631	607,631	344,231	344,231	344,231
Cash Fund	4000045	604,785	600,000		600,000	600,000	600,000	600,000	600,000	600,000
<b>Total Funding</b>		<b>931,146</b>	<b>1,471,031</b>		<b>1,207,631</b>	<b>1,207,631</b>	<b>1,207,631</b>	<b>944,231</b>	<b>944,231</b>	<b>944,231</b>
Excess Appropriation/(Funding)		(871,031)	(607,631)		(344,231)	(344,231)	(344,231)	(80,831)	(80,831)	(80,831)
<b>Grand Total</b>		<b>60,115</b>	<b>863,400</b>		<b>863,400</b>	<b>863,400</b>	<b>863,400</b>	<b>863,400</b>	<b>863,400</b>	<b>863,400</b>

# CROWLEY'S RIDGE TECHNICAL INSTITUTE

## Enabling Laws

Act 68 of 2010  
A.C.A. § 6-51-901 et.al.

## History and Organization

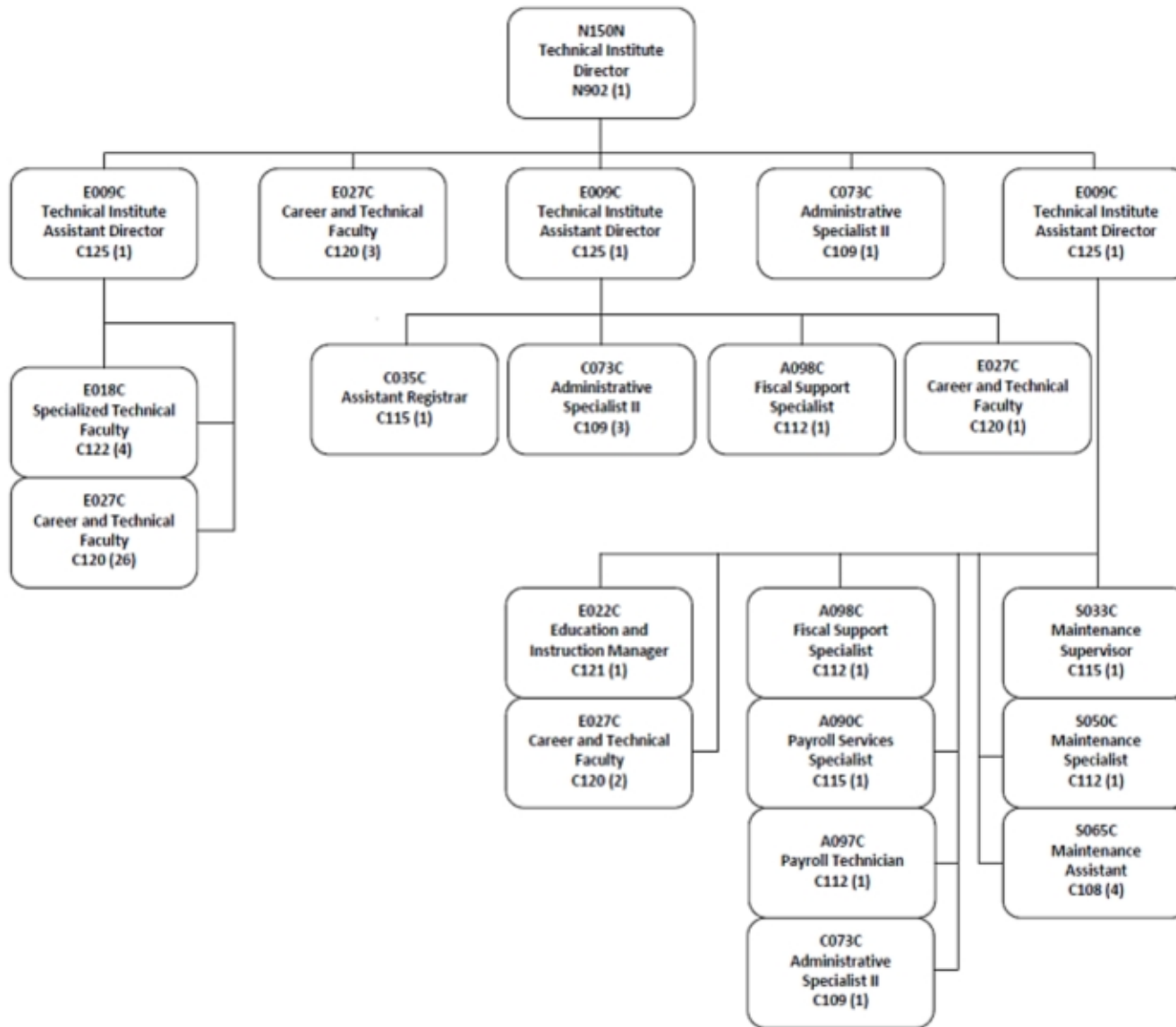
**History** - Act 328 of 1957 established vocational technical schools. Crowley's Ridge Vocational Technical School was approved for construction by the State Board of Vocational Education in 1966, and students were accepted in September 1967. The building site was donated by the Forrest City Chamber of Commerce. Six programs were offered the first year. The program offerings were expanded in 1971, 1972, and 1973, as a result of the expansions of the training facilities. Crowley's Ridge Vocational Technical School was approved in March 1992, by the State Board of Workforce Education to become a technical institute. At the present time, programs being offered are: Auto Body Repair, Automotive Service Technology, Basic Drafting Technology, Business Technology, Child Care Specialist, Computer Repair and Networking, Cosmetology, Industrial Equipment Technology, Practical Nursing, Major Appliance Service, Residential Construction-Carpentry, Residential Heat & Air Conditioning and Welding. There are three short-term programs: Basic Emergency Medical Technician, Certified Nursing Assistant, and Truck Driving. Each program has its own advisory committee consisting of local business and industry leaders.

**Mission Statement** - Our mission is to provide a competently trained, educated, and retrainable workforce to support agriculture, business, health services, industry, and government.

**Role** - Crowley's Ridge Technical Institute (CRTI) strives to cooperate with industries and businesses in an effort to secure and maintain programs which supplement each individual's training. Adult education classes are taught at several locations throughout the school's service delivery area. CRTI also operates an Automated Learning Laboratory which provides workplace literacy training and welfare reform. Training has been expanded by placing mobile units equipped with computers at workplace sites to provide specific training needs as requested by business and industry.

**Accreditation** - Crowley's Ridge Technical Institute has been approved for accreditation by the Commission of the Council on Occupational Education.

**Certifications and Approvals** - The Practical Nursing program is certified by the Arkansas State Board of Nursing. The Automotive Service Technology program is certified by the National Automotive Technicians Education Foundation (NATEF). The Residential Construction - Carpentry program is certified by the Associated General Contractors of America. The Cosmetology program is approved by the Arkansas State Board of Cosmetology. The Child Care Specialist program meets the requirements for the Child Development Associate credential. The Emergency Medical Technician program is certified by the Arkansas Office of Emergency Medical Services.



## Agency Commentary

Crowley's Ridge Technical Institute requests the restoration of the authorized level for Capital Outlay in the Cash Appropriation as per Act 68 of 2010, Fiscal Session. The restoration of the capital outlay would allow for the replacement of obsolete training equipment with tuition and resale income.

The Agency requests the restoration of \$3,000 in each year for operating expenses appropriation in the Federal Appropriation. The restoration would allow for flexibility in budgeting the federal funding.

The Agency is not making any additional requests for the State funded programs.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
CROWLEY'S RIDGE TECHNICAL INSTITUTE  
FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	21	19	40	73 %
Black Employees	8	7	15	27 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			15	27 %
Total Employees			55	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1830100	\$952,668	Checking, Savings, and Investments	Forrest City Bk; First Nat'l Bk of Eastern Ar; First Nat'l Bk of Wynne, Forrest City

### Statutory/Other Restrictions on use:

A.C.A. 6-51-901 et.al. Local Board has authority to acquire, hold, and transfer real and personal property as necessary.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 6-51-904 Authorizes the agency to collect student tuition and fees.

### Revenue Receipts Cycle:

Student tuition, fees, and bookstore receipts are collected throughout the year.

### Fund Balance Utilization:

Funds are utilized to purchase books and supplies for the institute's bookstore; for construction projects; equipment purchases; and emergency purchases when General Revenue is unavailable.

## 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	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
709 Crowley's Ridge - State	3,646,161	52	3,766,908	51	4,041,168	54	3,768,134	51	3,768,134	51	3,768,134	51	3,768,134	51	3,768,134	51	3,768,134	51
710 Crowley's Ridge - Federal	94,157	2	96,564	2	193,095	3	101,915	2	104,915	2	104,915	2	101,915	2	104,915	2	104,915	2
B54 Crowley's Ridge - Cash	627,030	3	1,315,677	4	1,336,475	4	1,015,887	4	1,315,887	4	1,315,887	4	1,015,887	4	1,315,887	4	1,315,887	4
<b>Total</b>	<b>4,367,348</b>	<b>57</b>	<b>5,179,149</b>	<b>57</b>	<b>5,570,738</b>	<b>61</b>	<b>4,885,936</b>	<b>57</b>	<b>5,188,936</b>	<b>57</b>	<b>5,188,936</b>	<b>57</b>	<b>4,885,936</b>	<b>57</b>	<b>5,188,936</b>	<b>57</b>	<b>5,188,936</b>	<b>57</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,084,902	20.4	952,668	18.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
General Revenue	4000010	2,410,011	45.3	2,584,450	49.9	2,498,384	59.0	2,498,384	55.0	2,498,384	55.0	2,498,384	59.0	2,498,384	55.0	2,498,384	55.0	2,498,384	55.0
Federal Revenue	4000020	94,157	1.8	96,564	1.9	101,915	2.4	104,915	2.3	104,915	2.3	101,915	2.4	104,915	2.3	104,915	2.3	104,915	2.3
Cash Fund	4000045	494,796	9.3	363,009	7.0	365,887	8.6	665,887	14.7	665,887	14.7	365,887	8.6	665,887	14.7	665,887	14.7	665,887	14.7
Merit Adjustment Fund	4000055	25,426	0.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Adult Basic/General	4000065	536,165	10.1	518,246	10.0	518,246	12.2	518,246	11.4	518,246	11.4	518,246	12.2	518,246	11.4	518,246	11.4	518,246	11.4
Workforce 2000	4000740	674,559	12.7	664,212	12.8	751,504	17.7	751,504	16.6	751,504	16.6	751,504	17.7	751,504	16.6	751,504	16.6	751,504	16.6
<b>Total Funds</b>		<b>5,320,016</b>	<b>100.0</b>	<b>5,179,149</b>	<b>100.0</b>	<b>4,235,936</b>	<b>100.0</b>	<b>4,538,936</b>	<b>100.0</b>	<b>4,538,936</b>	<b>100.0</b>	<b>4,235,936</b>	<b>100.0</b>	<b>4,538,936</b>	<b>100.0</b>	<b>4,538,936</b>	<b>100.0</b>	<b>4,538,936</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(952,668)		0		650,000		650,000		650,000		650,000		650,000		650,000		650,000	
<b>Grand Total</b>		<b>4,367,348</b>		<b>5,179,149</b>		<b>4,885,936</b>		<b>5,188,936</b>		<b>5,188,936</b>		<b>4,885,936</b>		<b>5,188,936</b>		<b>5,188,936</b>		<b>5,188,936</b>	

Excess appropriation is due to unfunded appropriation in (B54) Crowley's Ridge - Cash.



## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
61	55	6	61	0	9.84 %	61	52	6	58	3	14.75 %	61	55	2	57	4	9.84 %

## **Analysis of Budget Request**

**Appropriation:** 709 - Crowley's Ridge - State

**Funding Sources:** ETC - General Revenue - Crowley's Ridge Technical Institute

A major focus of Crowley's Ridge Technical Institute (CRTI) is the enhancement of capabilities to respond to the business and industry needs in Forrest City, West Memphis and surrounding areas within Arkansas. Program objectives of CRTI focus on providing a competently trained, educated, and retrainable workforce to support agriculture, business, industry, health services, etc. Funding for this appropriation is provided by General Revenue, Adult Education funds received from the Department of Workforce Education, and funds transferred from the Work Force 2000 Development Fund.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

CRTI requests Base Level for each year of the 2011-2013 biennium.

The Executive Recommendation provides for Agency Request.

## Appropriation Summary

**Appropriation:** 709 - Crowley's Ridge - State

**Funding Sources:** ETC - General Revenue - Crowley's Ridge Technical Institute

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,080,874	2,125,288	2,267,690	2,108,888	2,108,888	2,108,888	2,108,888	2,108,888	2,108,888
<b>#Positions</b>		<b>52</b>	<b>51</b>	<b>54</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>
Extra Help	5010001	201,017	226,379	233,400	226,379	226,379	226,379	226,379	226,379	226,379
<b>#Extra Help</b>		<b>26</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
Personal Services Matching	5010003	697,647	696,346	785,711	713,972	713,972	713,972	713,972	713,972	713,972
Operating Expenses	5020002	666,623	713,895	748,867	713,895	713,895	713,895	713,895	713,895	713,895
Conference & Travel Expenses	5050009	0	5,000	5,500	5,000	5,000	5,000	5,000	5,000	5,000
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
<b>Total</b>		<b>3,646,161</b>	<b>3,766,908</b>	<b>4,041,168</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>

Funding Sources										
General Revenue	4000010	2,410,011	2,584,450		2,498,384	2,498,384	2,498,384	2,498,384	2,498,384	2,498,384
Merit Adjustment Fund	4000055	25,426	0		0	0	0	0	0	0
Adult Basic/General	4000065	536,165	518,246		518,246	518,246	518,246	518,246	518,246	518,246
Workforce 2000	4000740	674,559	664,212		751,504	751,504	751,504	751,504	751,504	751,504
<b>Total Funding</b>		<b>3,646,161</b>	<b>3,766,908</b>		<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>3,646,161</b>	<b>3,766,908</b>		<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,768,134</b>

## **Analysis of Budget Request**

**Appropriation:** 710 - Crowley's Ridge - Federal

**Funding Sources:** FTC - Federal Operations - CRTI

This federally funded appropriation receives primary funding from the U.S. Department of Education (Carl D. Perkins Vocational and Applied Technology Education Act, P.L. 101-392) and such reimbursement programs as the Jobs Training Partnership Act. A major emphasis of this program is to provide competent training programs for business and industry.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

For the 2011-2013 biennium, CRTI requests Base Level and Change Level request totaling \$3,000 in appropriation only each year for Operating Expenses. The additional appropriation will be utilized upon receipt of anticipated increases in federal funding.

The Executive Recommendation provides for Agency Request.

## Appropriation Summary

**Appropriation:** 710 - Crowley's Ridge - Federal

**Funding Sources:** FTC - Federal Operations - CRTI

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	70,004	75,223	114,570	75,223	75,223	75,223	75,223	75,223	75,223
<b>#Positions</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Extra Help 5010001	0	0	24,000	0	0	0	0	0	0
<b>#Extra Help</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	23,957	20,341	42,025	25,692	25,692	25,692	25,692	25,692	25,692
Operating Expenses 5020002	196	1,000	12,000	1,000	4,000	4,000	1,000	4,000	4,000
Conference & Travel Expenses 5050009	0	0	500	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
<b>Total</b>	<b>94,157</b>	<b>96,564</b>	<b>193,095</b>	<b>101,915</b>	<b>104,915</b>	<b>104,915</b>	<b>101,915</b>	<b>104,915</b>	<b>104,915</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	94,157	96,564		101,915	104,915	104,915	101,915	104,915	104,915
<b>Total Funding</b>	<b>94,157</b>	<b>96,564</b>		<b>101,915</b>	<b>104,915</b>	<b>104,915</b>	<b>101,915</b>	<b>104,915</b>	<b>104,915</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>94,157</b>	<b>96,564</b>		<b>101,915</b>	<b>104,915</b>	<b>104,915</b>	<b>101,915</b>	<b>104,915</b>	<b>104,915</b>

## Change Level by Appropriation

**Appropriation:** 710 - Crowley's Ridge - Federal  
**Funding Sources:** FTC - Federal Operations - CRTI

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>101,915</b>	<b>2</b>	<b>101,915</b>	<b>100.0</b>	<b>101,915</b>	<b>2</b>	<b>101,915</b>	<b>100.0</b>
C01	Existing Program	3,000	0	104,915	102.9	3,000	0	104,915	102.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>101,915</b>	<b>2</b>	<b>101,915</b>	<b>100.0</b>	<b>101,915</b>	<b>2</b>	<b>101,915</b>	<b>100.0</b>
C01	Existing Program	3,000	0	104,915	102.9	3,000	0	104,915	102.9

### Justification

C01	Agency requests additional Operating Expenses appropriation due to anticipated increase in federal funding.								
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## **Analysis of Budget Request**

**Appropriation:** B54 - Crowley's Ridge - Cash

**Funding Sources:** 183 - Cash Operations - CRTI

Funds for this appropriation are received from tuition, resale from the bookstore, contracted programs such as Apprenticeship and classes contracted with the federal prison. Cash funds are used to supplement the operations of the Agency.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Capital Outlay in the amount of \$300,000 each year is requested to provide authority for the purchase of replacement equipment that is beyond repair, obsolete or too expensive to maintain.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** B54 - Crowley's Ridge - Cash

**Funding Sources:** 183 - Cash Operations - CRTI

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	130,856	188,150	203,685	188,150	188,150	188,150	188,150	188,150	188,150
<b>#Positions</b>		<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	73,244	162,631	162,631	162,631	162,631	162,631	162,631	162,631	162,631
<b>#Extra Help</b>		<b>21</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>
Personal Services Matching	5010003	70,906	71,896	77,159	72,106	72,106	72,106	72,106	72,106	72,106
Operating Expenses	5020002	169,365	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Conference & Travel Expenses	5050009	13,401	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Professional Fees	5060010	90	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	139,238	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Promotional Items	5090028	21,414	0	0	0	0	0	0	0	0
Capital Outlay	5120011	8,516	300,000	300,000	0	300,000	300,000	0	300,000	300,000
Debt Service	5120019	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Total</b>		<b>627,030</b>	<b>1,315,677</b>	<b>1,336,475</b>	<b>1,015,887</b>	<b>1,315,887</b>	<b>1,315,887</b>	<b>1,015,887</b>	<b>1,315,887</b>	<b>1,315,887</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,084,902	952,668		0	0	0	0	0	0
Cash Fund	4000045	494,796	363,009		365,887	665,887	665,887	365,887	665,887	665,887
Total Funding		1,579,698	1,315,677		365,887	665,887	665,887	365,887	665,887	665,887
Excess Appropriation/(Funding)		(952,668)	0		650,000	650,000	650,000	650,000	650,000	650,000
<b>Grand Total</b>		<b>627,030</b>	<b>1,315,677</b>		<b>1,015,887</b>	<b>1,315,887</b>	<b>1,315,887</b>	<b>1,015,887</b>	<b>1,315,887</b>	<b>1,315,887</b>



## Change Level by Appropriation

**Appropriation:** B54 - Crowley's Ridge - Cash  
**Funding Sources:** 183 - Cash Operations - CRTI

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,015,887</b>	<b>4</b>	<b>1,015,887</b>	<b>100.0</b>	<b>1,015,887</b>	<b>4</b>	<b>1,015,887</b>	<b>100.0</b>
C01	Existing Program	300,000	0	1,315,887	129.5	300,000	0	1,315,887	129.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,015,887</b>	<b>4</b>	<b>1,015,887</b>	<b>100.0</b>	<b>1,015,887</b>	<b>4</b>	<b>1,015,887</b>	<b>100.0</b>
C01	Existing Program	300,000	0	1,315,887	129.5	300,000	0	1,315,887	129.5

### Justification

C01	Agency request the restoration of Capital Outlay appropriation in the Cash Fund for the purchase of equipment as needed for the instructional programs and building and grounds maintenance.								
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# NORTHWEST TECHNICAL INSTITUTE

## Enabling Laws

Act 205 of 2010  
A.C.A. § 6-51-901 et seq.

## History and Organization

**History** - Northwest Vocational Technical School (NTI) was established in 1975 and became Northwest Technical Institute through legislation enacted in 1991. During the 1999 legislative session, NTI was authorized its own individual budget status providing more local control and flexibility in the budget process. NTI offers training in 15 programs: Adult Education (ABE/GED), Ammonia Refrigeration Maintenance Technology, Architectural Drafting Technology, Automotive Service Technology, Business, Computer Information Systems, Diesel & Truck Technology, Electronics Technology, Industrial Maintenance Technology, Machine Tool Technology, Math & Communications, Practical Nursing, Surgical Technology, Truck Driving and Workforce Development.

**Plant and Location** - Northwest Technical Institute is located in Springdale in Washington County, on Highway 265 in the Industrial Park area. The site consists of 38.5 acres of choice land dedicated by the Springdale Industrial Commission and gifted to the State of Arkansas to be used for a vocational-technical school. The original building of 25,000 square feet was completed in 1975. Two additional expansions to the main building of 3,000 square feet and 8,147 square feet followed. Separate expansions followed including the GED building of 3,100 square feet, the Diesel building of 5,600 square feet, the Automotive/Diesel/Library building of 6,200 square feet and the Collegiate Center of 18,585 square feet. A Business & Industry Training facility and Ammonia Refrigeration Training building located on a ten-acre site dedicated to industry training are now completed and adds 9,332 sq. ft. to our instructional facilities. The buildings and contents have a total insured value of \$12,525,387 and consist of a total of 86,176 sq. ft. of floor space, including the maintenance shop, storage facilities, and mobile classrooms.

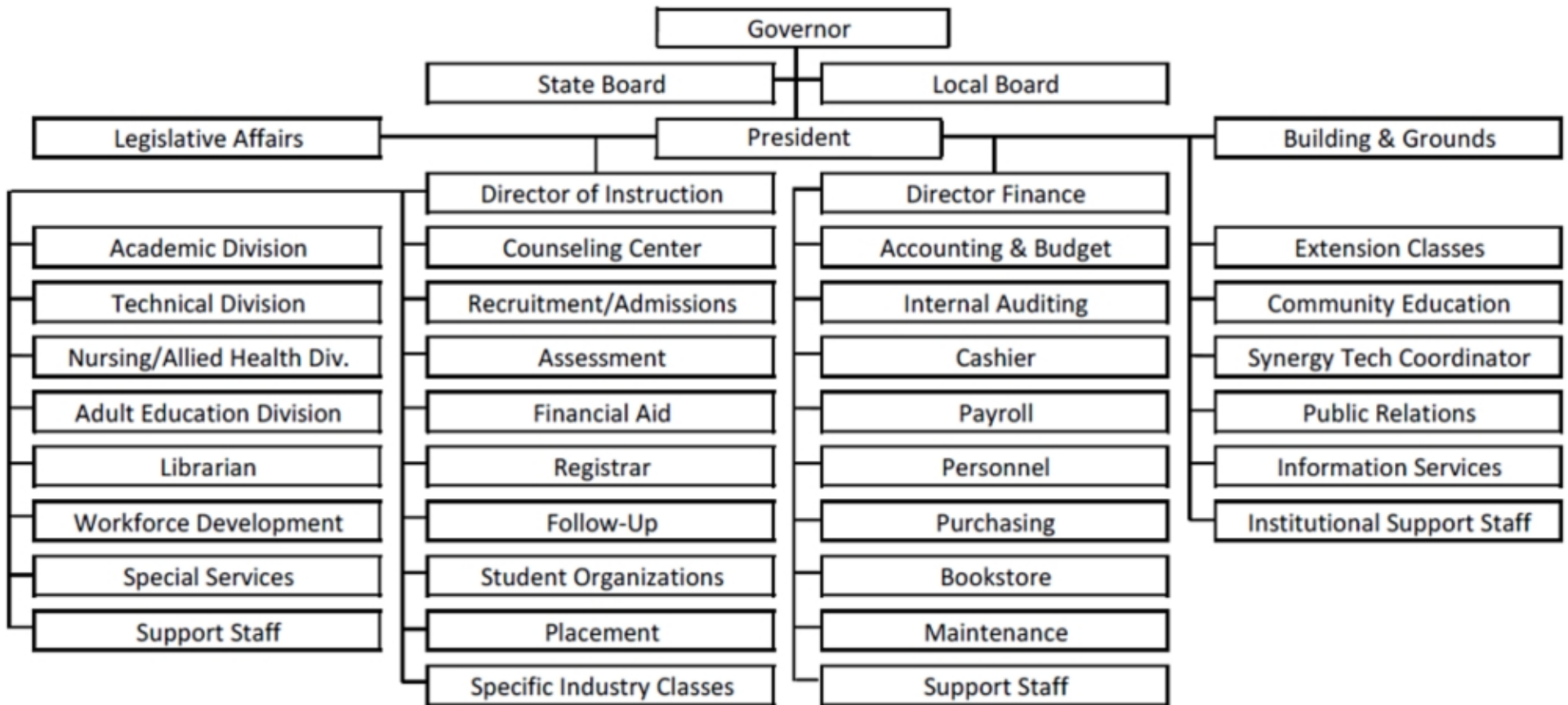
**Mission Statement** - "Changing lives through education, training, and skill development."

**Role** - Northwest Technical Institute has developed courses intended to strengthen basic, occupational, and technical skills necessary for adults to become economically self-sufficient and provide agriculture, business, health services, industry, and government with skilled employees to support their respective ventures. Most importantly, NTI exists so individuals may attain advancement or create a better life for themselves. In addition to diploma programs, training is available in Business & Industry Training (BIT) and Community Education and extension classes. NTI is united in its commitment with business and industry, secondary and postsecondary educators, and regional

employers to providing educational programs to serve the training/re-training needs of its students. NTI is a member of SynergyTech, an organization of approximately 25 business/industry entities dedicated to developing the existing workforce by coordinating and maximizing the training assets available in Northwest Arkansas. SynergyTech is housed in the Business & Industry Training Center on a 10 acre tract of land of the NTI campus dedicated specifically by the NTI Board of Directors for the development of business & industry training opportunities.

**Administration** - Dr. George Burch currently serves as President for Northwest Technical Institute. He holds a B.S. degree in Agriculture, a M.S. in General Agriculture and an Ed.D. in Agriculture Education. Mike Hamley serves as the Director of Finance and holds a B.S. in Accounting. Eddie Guinn serves as the Director of Instruction and holds a B.S.B.A., MED in Vocational Education.

**Governance** - Northwest Technical Institute is a post-secondary educational institution operating under the governance of the Arkansas Department of Career Education. A five-member Board of Directors, appointed by the Governor, provide local control for the institute. In addition, an Advisory Council consisting of approximately 200 business and industry leaders from various occupational fields and levels of specialization and expertise provide curriculum oversight, needs analysis, and recommendations for modification and improvement for the fifteen different programs offered at NTI. In addition, an "All School Advisory Council" required by the school's accrediting agency brings the various program recommendations to the administration and Board of Directors for official implementation. Northwest Technical Institute is nationally accredited by the Council on Occupation Education (COE).



## Agency Commentary

For State Operations, the administration of Northwest Technical Institute (NTI) requests general revenue funds and appropriation for three additional Career & Technical Faculty positions. Two of these positions will allow the continuation of our secondary programs, which are partnered with NWACC. The third position is for our post-secondary Collision Repair Program. This program will fill a critical need by providing education and training for repair technicians in NW Arkansas.

When the new pay plan was implemented, NTI working with OPM determined that adjustments needed to be made to four positions. These four "pool" positions were approved by OPM and the Personnel Committee. NTI surrendered the same number of positions. The positions are currently occupied with full-time employees. We are requesting that these positions be in our base level.

Additionally, NTI is requesting general revenue funds and appropriation for operations. The increases that are requested will cover the costs of our student database maintenance agreement. This database will be purchased in FY-11. Also, the other increases will allow us to upgrade software for our students and faculty and allow us to purchase Educational Supplies & Materials. The supplies are needed to cover the costs of instruction for our students. All of these increases would still be short of our FY-2002 level for operations.

For Federal Operations, the administration of NTI requests \$80,008 in Federal appropriation. \$60,000 in extra help and \$5,856 for the personnel service matching. The extra help is needed for the instruction of English as a Second Language (ESL) classes. These short term classes will enable the best use of the programs funding. Additionally, \$14,152 of appropriation is requested to purchase Educational Supplies & Materials for the classroom.

For Cash Operations, restoration of the FY-11 Authorized Level for capital outlay is requested for each year and will be used to purchase instructional equipment. Additionally, NTI requests \$100,000 of cash appropriation. \$50,000 is for resale in our bookstore and \$50,000 for operations. With the increases in our enrollment, we have an additional need for the resale of books and for operating supplies.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
NORTHWEST TECHNICAL INSTITUTE  
FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	25	29	54	93 %
Black Employees	0	1	1	2 %
Other Racial Minorities	1	2	3	5 %
Total Minorities			4	7 %
Total Employees			58	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1730100	\$665,934	Checking and CD's	1st Security Bank, Arvest, and Legacy National Bank

Statutory/Other Restrictions on use:  
N/A

Statutory Provisions for Fees, Fines, Penalties:  
N/A

Revenue Receipts Cycle:  
Revenue deposited daily

Fund Balance Utilization:  
Cash funds are used for operations

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
721 Northwest TI-State	3,856,099	53	4,117,645	52	4,299,707	54	4,095,680	52	4,353,326	55	4,196,562	53	4,095,680	52	4,353,326	55	4,196,562	53
722 Northwest TI-Federal	155,872	1	89,793	1	149,271	1	89,363	1	169,371	1	169,371	1	89,363	1	169,371	1	169,371	1
B60 Northwest TI-Cash	1,279,930	9	2,216,789	10	2,203,261	11	2,016,286	10	2,316,286	10	2,316,286	10	2,016,286	10	2,316,286	10	2,316,286	10
<b>Total</b>	<b>5,291,901</b>	<b>62</b>	<b>6,424,227</b>	<b>62</b>	<b>6,652,239</b>	<b>66</b>	<b>6,201,329</b>	<b>62</b>	<b>6,838,983</b>	<b>65</b>	<b>6,682,219</b>	<b>63</b>	<b>6,201,329</b>	<b>62</b>	<b>6,838,983</b>	<b>65</b>	<b>6,682,219</b>	<b>63</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	528,978	8.9	665,934	9.5		585,508	8.8	585,508	8.0	585,508	8.2	486,011	7.4	486,011	6.7	486,011	6.9
General Revenue	4000010	2,661,017	44.7	2,970,331	42.4		2,849,929	42.6	3,107,575	42.4	2,899,929	40.7	2,849,929	43.3	3,107,575	43.0	2,899,929	41.3
Federal Revenue	4000020	155,872	2.6	89,793	1.3		89,363	1.3	169,371	2.3	169,371	2.4	89,363	1.4	169,371	2.3	169,371	2.4
Cash Fund	4000045	1,416,886	23.8	2,136,363	30.5		1,916,789	28.7	2,216,789	30.3	2,216,789	31.1	1,916,789	29.1	2,216,789	30.7	2,216,789	31.6
Merit Adjustment Fund	4000055	45,585	0.8	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Adult Basic/General	4000065	375,348	6.3	398,310	5.7		398,310	6.0	398,310	5.4	398,310	5.6	398,310	6.0	398,310	5.5	398,310	5.7
DFA Motor Vehicle Acquisition	4000184	13,476	0.2	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Workforce 2000	4000740	760,673	12.8	749,004	10.7		847,441	12.7	847,441	11.6	847,441	11.9	847,441	12.9	847,441	11.7	847,441	12.1
<b>Total Funds</b>		<b>5,957,835</b>	<b>100.0</b>	<b>7,009,735</b>	<b>100.0</b>		<b>6,687,340</b>	<b>100.0</b>	<b>7,324,994</b>	<b>100.0</b>	<b>7,117,348</b>	<b>100.0</b>	<b>6,587,843</b>	<b>100.0</b>	<b>7,225,497</b>	<b>100.0</b>	<b>7,017,851</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(665,934)		(585,508)			(486,011)		(486,011)		(435,129)		(386,514)		(386,514)		(335,632)	
<b>Grand Total</b>		<b>5,291,901</b>		<b>6,424,227</b>			<b>6,201,329</b>		<b>6,838,983</b>		<b>6,682,219</b>		<b>6,201,329</b>		<b>6,838,983</b>		<b>6,682,219</b>	

Variances in fund balance due to unfunded appropriation in appropriation (721) General Revenue - Northwest Technical Institute.

The FY11 Budget amount in (B60) Cash Operations - NTI exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
69	58	8	66	3	15.94 %	66	59	5	64	2	10.61 %	66	57	5	62	4	13.64 %



## **Analysis of Budget Request**

**Appropriation:** 721 - Northwest TI-State

**Funding Sources:** ETN - General Revenue - Northwest Technical Institute

Northwest Technical Institute (NTI), in partnership with the community, provides educational programs to serve the training/re-training needs of students who wish to enter a recognized occupation or improve their occupational skills and knowledge so that they may achieve stability or advancement in a technological society. NTI also responds to business and industry needs and initiatives. This appropriation is funded by general revenue, Adult Education grants received from the Department of Workforce Education and transfers from the Work Force 2000 Development Fund.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Base Level request for NTI totals \$4,095,680 for both FY2012 and FY2013.

Northwest Technical Institute has the following Change Level requests totaling \$257,646 in general revenue funding and appropriation each year of the 2011-2013 biennium:

- \$152,646 in Salary and Personal Services matching for three (3) new C120 Career and Tech faculty positions:
  - One position would be devoted to the Secondary Collision Repair Program, which is taught by NTI but is currently employed by Northwest Arkansas Community College (NWACC) through a partnership between the two institutions. NTI requests for this employee to be moved to NTI's payroll. This program is currently designed to serve forty (40) enrollees, twenty (20) high school juniors and twenty (20) high school seniors.
  - The second position would be devoted to NTI's new Post-Secondary Collision Repair Program, which is designed to complement the current Secondary Collision Repair Program by offering more classes to complete requirements necessary for an Auto Service Excellence certification. This program is designed to serve forty (40) post-high school enrollees.
  - The third position would be devoted to NTI's Secondary Welding Program, which had been another partnership with NWACC. NWACC suspended and dropped the program in FY2010 due to the lack of availability of facilities. NTI expects to have adequate facilities in place by Fall 2011, and requests this position to restart the program that serves both NTI, NWACC, and twelve (12) area high schools. The program will serve twenty (20) high school juniors in year one, then twenty (20) high school juniors and twenty (20) high school seniors thereafter.

- \$105,000 in Operating Expenses for additional educational supplies and materials, electricity costs, and costs associated with a new student tracking database, annual software licensing agreements, and in-class software upgrades. NTI has experienced a 40% increase in enrollment during the 2009-2011 biennium, and needs the additional funding and appropriation to support its elevated student population. Also, area employers require their employees to be trained in the most up-to-date software possible, causing NTI increased costs associated with keeping their software-training classes upgraded in both software and associated teaching materials.

The Executive Recommendation provides for the requested Career and Tech Faculty position and \$50,882 in appropriation only each year for Salary and Personal Services Matching associated with NTI's new Secondary Welding Program. Also, \$50,000 in general revenue funding and appropriation in Operating Expenses is provided to support the Agency's requests for additional support in that line item. Reclassification on one position has been recommended. No other funding or appropriation above Base Level is recommended.

# Appropriation Summary

**Appropriation:** 721 - Northwest TI-State

**Funding Sources:** ETN - General Revenue - Northwest Technical Institute

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,371,773	2,403,221	2,504,000	2,387,369	2,499,365	2,424,701	2,387,369	2,499,365	2,424,701
<b>#Positions</b>		<b>53</b>	<b>52</b>	<b>54</b>	<b>52</b>	<b>55</b>	<b>53</b>	<b>52</b>	<b>55</b>	<b>53</b>
Extra Help	5010001	101,540	250,000	314,400	250,000	250,000	250,000	250,000	250,000	250,000
<b>#Extra Help</b>		<b>20</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
Personal Services Matching	5010003	773,937	838,777	848,359	832,664	873,314	846,214	832,664	873,314	846,214
Operating Expenses	5020002	574,164	614,147	621,448	614,147	719,147	664,147	614,147	719,147	664,147
Conference & Travel Expenses	5050009	11,885	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	9,324	0	0	0	0	0	0	0	0
Capital Outlay	5120011	13,476	0	0	0	0	0	0	0	0
<b>Total</b>		<b>3,856,099</b>	<b>4,117,645</b>	<b>4,299,707</b>	<b>4,095,680</b>	<b>4,353,326</b>	<b>4,196,562</b>	<b>4,095,680</b>	<b>4,353,326</b>	<b>4,196,562</b>

Funding Sources										
General Revenue	4000010	2,661,017	2,970,331		2,849,929	3,107,575	2,899,929	2,849,929	3,107,575	2,899,929
Merit Adjustment Fund	4000055	45,585	0		0	0	0	0	0	0
Adult Basic/General	4000065	375,348	398,310		398,310	398,310	398,310	398,310	398,310	398,310
DFA Motor Vehicle Acquisition	4000184	13,476	0		0	0	0	0	0	0
Workforce 2000	4000740	760,673	749,004		847,441	847,441	847,441	847,441	847,441	847,441
<b>Total Funding</b>		<b>3,856,099</b>	<b>4,117,645</b>		<b>4,095,680</b>	<b>4,353,326</b>	<b>4,145,680</b>	<b>4,095,680</b>	<b>4,353,326</b>	<b>4,145,680</b>
Excess Appropriation/(Funding)		0	0		0	0	50,882	0	0	50,882
<b>Grand Total</b>		<b>3,856,099</b>	<b>4,117,645</b>		<b>4,095,680</b>	<b>4,353,326</b>	<b>4,196,562</b>	<b>4,095,680</b>	<b>4,353,326</b>	<b>4,196,562</b>

## Change Level by Appropriation

**Appropriation:** 721 - Northwest TI-State  
**Funding Sources:** ETN - General Revenue - Northwest Technical Institute

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,095,680</b>	<b>52</b>	<b>4,095,680</b>	<b>100.0</b>	<b>4,095,680</b>	<b>52</b>	<b>4,095,680</b>	<b>100.0</b>
C01	Existing Program	60,000	0	4,155,680	101.5	60,000	0	4,155,680	101.5
C02	New Program	152,646	3	4,308,326	105.2	152,646	3	4,308,326	105.2
C08	Technology	45,000	0	4,353,326	106.3	45,000	0	4,353,326	106.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,095,680</b>	<b>52</b>	<b>4,095,680</b>	<b>100.0</b>	<b>4,095,680</b>	<b>52</b>	<b>4,095,680</b>	<b>100.0</b>
C01	Existing Program	20,000	0	4,115,680	100.5	20,000	0	4,115,680	100.5
C02	New Program	50,882	1	4,166,562	101.7	50,882	1	4,166,562	101.7
C08	Technology	30,000	0	4,196,562	102.5	30,000	0	4,196,562	102.5
C10	Reclass	0	0	4,196,562	102.5	0	0	4,196,562	102.5

### Justification

C01	The administration at NTI requests General Revenue funds and appropriation in the amount of \$60,000 for operations. \$40,000 is requested for Educational Supplies & Materials cover the costs of instruction for our students. Additionally, \$20,000 is requested for Electricity. Without having any increases in our General Revenue funding in the last 10 years for operations, our operations levels are at a minimum. All of these increases would still be short of our FY-2002 level for operations.
C02	General revenue funds and appropriation are requested for three additional Career & Technical Faculty. One position is for our secondary Collision Repair Program. The second position is for our Welding Program. These two positions will allow NTI to continue our secondary programs, which are partnered with NWACC. The third position is for our post-secondary Collision Repair Program. This program will fill a critical need by providing education and training for repair technicians in NW Arkansas.
C08	General revenue funds and appropriation are requested in the amount of \$45,000 for technology related initiatives. The increases are for a new student database that will require NTI to pay \$30,000 annually for software maintenance agreements. The Institute also needs to upgrade software that is being used for our classroom programs in the amount of \$15,000.
C10	The Executive Recommendation reclassifies a position due to duties and responsibilities changing since the payplan study.

## **Analysis of Budget Request**

**Appropriation:** 722 - Northwest TI-Federal

**Funding Sources:** FTN - Federal Operations - NTI

This federal appropriation is administered by Northwest Technical Institute (NTI) and federal funds for its support are received from the Carl D. Perkins Vocational & Applied Technology Education Act (P.L. 101-392), and reimbursement programs such as the Jobs Training Partnership Act.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency requests Base Level of \$89,363 for each year of the 2011-2013 biennium, and Change Level of \$80,008 in federal appropriation for the following:

- \$65,856 in Extra Help and associated Personal Services Matching for NTI's Adult Basic Education program. Most of NTI's Adult Education students are 'English as a Second Language' (ESL) students. This appropriation would be used for extra-help instructors that teach the additional ESL classes necessary to educate these students. In FY2010, NTI requested miscellaneous federal grants (MFG) to increase appropriation in these areas to accommodate increased federal funding. This request will increase appropriation to the levels achieved with the processing of those MFGs.
- \$14,152 in Operating Expenses, specifically for educational supplies and materials to support NTI's 40% increase in enrollment during the 2009-2011 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 722 - Northwest TI-Federal

**Funding Sources:** FTN - Federal Operations - NTI

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	45,500	39,250	71,435	38,901	38,901	38,901	38,901	38,901	38,901
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Extra Help	5010001	86,820	27,680	27,680	27,680	87,680	87,680	27,680	87,680	87,680
<b>#Extra Help</b>		<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
Personal Services Matching	5010003	21,827	16,702	27,843	16,621	22,477	22,477	16,621	22,477	22,477
Operating Expenses	5020002	1,725	6,161	20,313	6,161	20,313	20,313	6,161	20,313	20,313
Conference & Travel Expenses	5050009	0	0	2,000	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
<b>Total</b>		<b>155,872</b>	<b>89,793</b>	<b>149,271</b>	<b>89,363</b>	<b>169,371</b>	<b>169,371</b>	<b>89,363</b>	<b>169,371</b>	<b>169,371</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	155,872	89,793		89,363	169,371	169,371	89,363	169,371	169,371
Total Funding		155,872	89,793		89,363	169,371	169,371	89,363	169,371	169,371
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>155,872</b>	<b>89,793</b>		<b>89,363</b>	<b>169,371</b>	<b>169,371</b>	<b>89,363</b>	<b>169,371</b>	<b>169,371</b>

## Change Level by Appropriation

**Appropriation:** 722 - Northwest TI-Federal  
**Funding Sources:** FTN - Federal Operations - NTI

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>89,363</b>	<b>1</b>	<b>89,363</b>	<b>100.0</b>	<b>89,363</b>	<b>1</b>	<b>89,363</b>	<b>100.0</b>
C01	Existing Program	80,008	0	169,371	189.5	80,008	0	169,371	189.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>89,363</b>	<b>1</b>	<b>89,363</b>	<b>100.0</b>	<b>89,363</b>	<b>1</b>	<b>89,363</b>	<b>100.0</b>
C01	Existing Program	80,008	0	169,371	189.5	80,008	0	169,371	189.5

### Justification

C01	The agency requests \$80,008 in additional federal appropriation. \$60,000 in additional extra help and \$5,856 in personal service matching. This is needed for instruction of English as a Second Language (ESL) classes. The best use of our federal funds is to teach these short term classes. Also, \$14,152 of appropriation is requested to purchase educational supplies & materials for the classroom.
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## **Analysis of Budget Request**

**Appropriation:** B60 - Northwest TI-Cash

**Funding Sources:** 173 - Cash Operations - NTI

Funding for this cash appropriation is received from tuition (\$36 to \$100 per hour), resale from the bookstore, and reimbursement programs such as Apprenticeship. These funds supplement and enhance general revenue funding.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Northwest Technical Institute (NTI) requests Base Level appropriation of \$2,016,286 and Change Level appropriation of \$300,000 for both years of the 2011-2013 biennium. Change Level request breaks down as follows:

- \$50,000 in Operating Expenses for educational supplies and materials to support NTI's 40% increase in enrollment.
- \$50,000 in Resale (Cost of Good Sold) to support increased sales activity resulting from NTI's Book Store operations.
- \$200,000 in Capital Outlay to restore the previous biennium's authorized level and to permit the purchase of equipment as necessary.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.



## Appropriation Summary

**Appropriation:** B60 - Northwest TI-Cash

**Funding Sources:** 173 - Cash Operations - NTI

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	174,793	299,300	299,489	297,001	297,001	297,001	297,001	297,001	297,001
<b>#Positions</b>		<b>9</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Extra Help	5010001	386,244	556,450	556,450	556,450	556,450	556,450	556,450	556,450	556,450
<b>#Extra Help</b>		<b>44</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>
Personal Services Matching	5010003	116,159	167,539	153,822	169,335	169,335	169,335	169,335	169,335	169,335
Operating Expenses	5020002	127,747	353,500	353,500	353,500	403,500	403,500	353,500	403,500	403,500
Conference & Travel Expenses	5050009	12,905	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	154,700	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	248,125	275,000	275,000	275,000	325,000	325,000	275,000	325,000	325,000
Capital Outlay	5120011	59,257	200,000	200,000	0	200,000	200,000	0	200,000	200,000
<b>Total</b>		<b>1,279,930</b>	<b>2,216,789</b>	<b>2,203,261</b>	<b>2,016,286</b>	<b>2,316,286</b>	<b>2,316,286</b>	<b>2,016,286</b>	<b>2,316,286</b>	<b>2,316,286</b>

Funding Sources										
Fund Balance	4000005	528,978	665,934		585,508	585,508	585,508	486,011	486,011	486,011
Cash Fund	4000045	1,416,886	2,136,363		1,916,789	2,216,789	2,216,789	1,916,789	2,216,789	2,216,789
<b>Total Funding</b>		<b>1,945,864</b>	<b>2,802,297</b>		<b>2,502,297</b>	<b>2,802,297</b>	<b>2,802,297</b>	<b>2,402,800</b>	<b>2,702,800</b>	<b>2,702,800</b>
Excess Appropriation/(Funding)		(665,934)	(585,508)		(486,011)	(486,011)	(486,011)	(386,514)	(386,514)	(386,514)
<b>Grand Total</b>		<b>1,279,930</b>	<b>2,216,789</b>		<b>2,016,286</b>	<b>2,316,286</b>	<b>2,316,286</b>	<b>2,016,286</b>	<b>2,316,286</b>	<b>2,316,286</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** B60 - Northwest TI-Cash

**Funding Sources:** 173 - Cash Operations - NTI

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,016,286</b>	<b>10</b>	<b>2,016,286</b>	<b>100.0</b>	<b>2,016,286</b>	<b>10</b>	<b>2,016,286</b>	<b>100.0</b>
C01	Existing Program	300,000	0	2,316,286	114.9	300,000	0	2,316,286	114.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,016,286</b>	<b>10</b>	<b>2,016,286</b>	<b>100.0</b>	<b>2,016,286</b>	<b>10</b>	<b>2,016,286</b>	<b>100.0</b>
C01	Existing Program	300,000	0	2,316,286	114.9	300,000	0	2,316,286	114.9

### Justification

C01	Cash appropriation is requested to restore Equipment Expense in the amount of \$200,000. This will allow the procurement of equipment for instructional purposes. Also we are requesting additional cash appropriation for Resale in the amount of \$50,000 and additional appropriation of \$50,000 for Operations. With an increase in our post-secondary enrollment, the additional resale is needed for textbook sales to students. Also we have two new secondary programs that has caused an increase in Educational Supplies & Materials.
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# RIVERSIDE VOCATIONAL TECHNICAL SCHOOL

## Enabling Laws

Act 61 of 2010

A.C.A. §12-29-306 - §12-29-310

## History and Organization

Vocational Education Programs began at the Tucker Unit, Arkansas Department of Correction in May, 1970 and at the Cummins Unit in August, 1970. Buildings were constructed utilizing funds from the Law Enforcement Assistance Administration. Funding for staff, equipment and supplies was provided by the Manpower Development Training Act. These funds were later supplanted by the Comprehensive Employment Training Act. The guidelines established by Congress for participation in the Job Training Partnership Act ended federal funding on October 1, 1984.

In 1985, Act 288 of the legislature (A.C.A. § 12-29-306) created Riverside Vocational Technical School effective July 1, 1985. Funding from October 1, 1984 to July 1, 1985 was provided on an interim basis by the Vocational Education Division, the Arkansas Department of Correction and the Employment Security Division.

Legislative action, Act 496 of 2005 was passed placing Riverside Vocational Technical School and the Arkansas Department of Correction School District under the same umbrella, resulting in what is now known as the Arkansas Correctional School System.

Riverside Vocational Technical School is regulated by the State Board of Workforce Education and Career Opportunities and is governed by the Corrections Board of Education. Riverside Vocational Technical School is responsible for all Vocational Education Programs provided within the Arkansas Department of Correction and the Department of Community Corrections.

CORRECTIONS SCHOOL SYSTEM  
CHIEF ADMINISTRATION OFFICER

**Riverside Vocational Technical School**

**DIRECTOR**

Human Resources A.A.

Accountant

Office Manager

Post Secondary Coordinator

2Yr & Community Colleges

**Newport**  
Asst. Director

**Varner**  
Asst. Director

**Tucker**  
Asst. Director

**Community Corrections and ACI Co-op Programs**

Employment/Rehab Counselor

Workplace Readiness  
Employability

Office Technology

Horticulture

Computer Accounting

Grimes Program

Cosmetology

Career Counselor

Records/Testing  
Tech

Auto Body

Automotive /Diesel  
Mechanics

Computer Repair  
Technology

Combination Welding

Food Service

Heat Ventilation  
and Air

Plumbing

Residential  
Carpentry

Residential  
Electricity

Power Equipment  
Technology

Employability  
Skills

Developmental  
Reading /ESL

Coordinator

Building & Grounds  
Maintenance

CAT- Computer  
Applications Tech

Welding

Landscape Design  
& Construction

Horticulture

Cabinetry &  
Finish Carpentry

Developmental Reading  
/ESL/ Employability  
Skills

SEACCC  
CAT

CACCC  
Home Electrical

CACCC  
Horticulture

NEACCC  
CAT

Co-op  
Tucker

SWACCC  
Welding

Co-ops  
Wrightsville

## Agency Commentary

The mission of Riverside Vocational Technical School is to provide quality vocational training to all qualified inmates incarcerated within the Arkansas Departments of Correction and Community Corrections. Successful completion of any program will allow the inmate to re-enter society with a marketable skill upon release from prison.

Studies have shown that inmates who participate in Vocational Technical programs have a lower recidivism rate than those who do not participate. Those who receive a G.E.D. and complete a technical program have a lower recidivism rate than those who receive a G.E.D. or Vocational Technical certificate only. There is a direct correlation between the length of time before release and the participation in a vocational technical program when applied to recidivism.

Programs at the Arkansas Department of Correction are 1440 to 1500 contact hours in length and enrollment is open entry/open exit to better utilize training slots. Currently, there are 9 programs offered at the Varner Unit, 5 programs and 2 Co-Op programs at the Tucker Unit, 3 Co-Op programs at the Wrightsville Unit, 5 programs at the McPherson Unit for female offenders at Newport and 1 Co-Op program at the Hawkins Unit for Women at Wrightsville. Programs have been added to the Ouachita Unit at Malvern and the Pine Bluff Complex at Pine Bluff. Related study, employability, workplace and career readiness programs are provided to aid in the re-entry and transition process. Short term or part-time programs are available at facilities of the Department of Community Corrections. There are 2 short term programs available at the Little Rock Unit, 1 program at the Pine Bluff Unit and 1 program at the Osceola Unit.

The federally funded Workplace Transition appropriation, is currently authorized through a Miscellaneous Federal Grant from the U.S. Department of Education Office of Vocational and Adult Education. This program offers post-secondary training to incarcerated offenders with a high school diploma or GED who are under the age of 36, within 7 years of release and have not been convicted of murder or sex related crimes as defined by prescribed federal legislation.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
RIVERSIDE VOCATIONAL TECHNICAL SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2009

Findings

None

Recommendations

None

## Employment Summary

	Male	Female	Total	%
White Employees	17	13	30	83 %
Black Employees	3	3	6	17 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			6	17 %
Total Employees			36	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
4GY Workplace Training	354,384	1	265,000	0	317,556	1	265,000	0	265,000	0	265,000	0	265,000	0	265,000	0	265,000	0
732 Riverside VT-State Operations	2,000,614	35	2,144,776	35	2,312,471	36	2,155,416	35	2,155,416	35	2,155,416	35	2,155,416	35	2,155,416	35	2,155,416	35
750 Plumbing Apprenticeship Program	70,664	1	72,583	1	73,986	1	71,491	1	71,491	1	71,491	1	71,491	1	71,491	1	71,491	1
<b>Total</b>	<b>2,425,662</b>	<b>37</b>	<b>2,482,359</b>	<b>36</b>	<b>2,704,013</b>	<b>38</b>	<b>2,491,907</b>	<b>36</b>	<b>2,491,907</b>	<b>36</b>	<b>2,491,907</b>	<b>36</b>	<b>2,491,907</b>	<b>36</b>	<b>2,491,907</b>	<b>36</b>	<b>2,491,907</b>	<b>36</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
General Revenue	4000010	2,071,278	85.4	2,217,359	89.3	2,226,907	89.4	2,226,907	89.4	2,226,907	89.4	2,226,907	89.4	2,226,907	89.4	2,226,907	89.4	2,226,907	89.4
Federal Revenue	4000020	354,384	14.6	265,000	10.7	265,000	10.6	265,000	10.6	265,000	10.6	265,000	10.6	265,000	10.6	265,000	10.6	265,000	10.6
Total Funds		2,425,662	100.0	2,482,359	100.0	2,491,907	100.0	2,491,907	100.0	2,491,907	100.0	2,491,907	100.0	2,491,907	100.0	2,491,907	100.0	2,491,907	100.0
Excess Appropriation/(Funding)		0		0		0		0		0		0		0		0		0	
Grand Total		2,425,662		2,482,359		2,491,907		2,491,907		2,491,907		2,491,907		2,491,907		2,491,907		2,491,907	

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
38	37	1	38	0	2.63 %	38	33	4	37	1	13.16 %	38	33	3	36	2	13.16 %



## **Analysis of Budget Request**

**Appropriation:** 4GY - Workplace Training

**Funding Sources:** FTR - Workplace Training - Federal - RVTS

Riverside Vocational Technical School administers a federally funded program entitled Workplace & Community Transition Training. Funding is provided through a grant from the U.S. Department of Education. The program offers vocational training to incarcerated youth offenders of the Department of Community Correction through working partnerships with applicable institutions of higher education.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Riverside Vocational Technical School requests Base Level for each year of the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 4GY - Workplace Training

**Funding Sources:** FTR - Workplace Training - Federal - RVTS

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	36,400	0	38,990	0	0	0	0	0	0
<b>#Positions</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	13,084	0	13,566	0	0	0	0	0	0
Operating Expenses 5020002	1,152	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
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
Grants and Aid 5100004	303,748	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>354,384</b>	<b>265,000</b>	<b>317,556</b>	<b>265,000</b>	<b>265,000</b>	<b>265,000</b>	<b>265,000</b>	<b>265,000</b>	<b>265,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	354,384	265,000		265,000	265,000	265,000	265,000	265,000	265,000
Total Funding	354,384	265,000		265,000	265,000	265,000	265,000	265,000	265,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	354,384	265,000		265,000	265,000	265,000	265,000	265,000	265,000

## **Analysis of Budget Request**

**Appropriation:** 732 - Riverside VT-State Operations

**Funding Sources:** ETR - General Revenue - Riverside Voc-Tech School

Riverside Vocational Technical School operates five (5) campuses within the Department of Community Correction. These are the Varner Unit, Tucker Unit, Wrightsville Unit, Grimes Unit, and the McPherson Unit for female offenders. Short term or part-time programs are available at the Little Rock, Pine Bluff, and Osceola facilities of the Department of Community Corrections. Emphasis is placed on education and skill development which will result in lower recidivism rate and employment upon release. This appropriation is funded by general revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Riverside Vocational Technical School requests Base Level for each year of the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 732 - Riverside VT-State Operations

**Funding Sources:** ETR - General Revenue - Riverside Voc-Tech School

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,460,695	1,455,085	1,568,950	1,459,125	1,459,125	1,459,125	1,459,125	1,459,125	1,459,125
<b>#Positions</b>		<b>35</b>	<b>35</b>	<b>36</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
Personal Services Matching	5010003	477,475	493,384	524,219	499,984	499,984	499,984	499,984	499,984	499,984
Operating Expenses	5020002	58,444	190,807	213,102	190,807	190,807	190,807	190,807	190,807	190,807
Conference & Travel Expenses	5050009	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	0	1,500	2,200	1,500	1,500	1,500	1,500	1,500	1,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>2,000,614</b>	<b>2,144,776</b>	<b>2,312,471</b>	<b>2,155,416</b>	<b>2,155,416</b>	<b>2,155,416</b>	<b>2,155,416</b>	<b>2,155,416</b>	<b>2,155,416</b>
<b>Funding Sources</b>										
General Revenue	4000010	2,000,614	2,144,776		2,155,416	2,155,416	2,155,416	2,155,416	2,155,416	2,155,416
Total Funding		2,000,614	2,144,776		2,155,416	2,155,416	2,155,416	2,155,416	2,155,416	2,155,416
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>2,000,614</b>	<b>2,144,776</b>		<b>2,155,416</b>	<b>2,155,416</b>	<b>2,155,416</b>	<b>2,155,416</b>	<b>2,155,416</b>	<b>2,155,416</b>

## **Analysis of Budget Request**

**Appropriation:** 750 - Plumbing Apprenticeship Program

**Funding Sources:** ETR - General Revenue - Riverside Voc-Tech School

The Plumbing Apprenticeship Program is administered by Riverside Vocational Technical School. Program costs consists of personal services for one (1) faculty member and provides technical training in the area of plumbing to qualified persons incarcerated in facilities of the Department of Community Correction. The goal is to provide individuals with marketable skills to re-enter the workplace upon release from prison. This appropriation is funded by general revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Riverside Vocational Technical School requests Base Level for each year of the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 750 - Plumbing Apprenticeship Program

**Funding Sources:** ETR - General Revenue - Riverside Voc-Tech School

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	54,882	55,201	56,598	54,301	54,301	54,301	54,301	54,301	54,301
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	15,782	17,382	17,388	17,190	17,190	17,190	17,190	17,190	17,190
<b>Total</b>	<b>70,664</b>	<b>72,583</b>	<b>73,986</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>
<b>Funding Sources</b>									
General Revenue 4000010	70,664	72,583		71,491	71,491	71,491	71,491	71,491	71,491
<b>Total Funding</b>	<b>70,664</b>	<b>72,583</b>		<b>71,491</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>70,664</b>	<b>72,583</b>		<b>71,491</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>	<b>71,491</b>

# AR ECONOMIC DEVELOPMENT COMMISSION

## Enabling Laws

Act 122 of 2010  
Act 273 of 2010  
A.C.A. § 15-4-205 through § 15-4-219

## History and Organization

The Arkansas General Assembly established the Arkansas Industrial Development Commission (AIDC) by Act 404 of 1955, as amended, for the purpose of building the Arkansas economy. The immediate task of the Commission was to unite labor, industry, and agriculture in a coordinated effort to attract new industry to the State, to expand industry, and to develop the State's natural resources. In keeping with an evolving economy, by Act 540 of 1997, the General Assembly changed the name of the Commission to the Arkansas Economic Development Commission to demonstrate an expanded focus. By statutory authority (A.C.A. § 15-4-205 to §15-4-219), the Department of Economic Development (Agency) is the "official state agency" responsible for the programs established for the purpose of building and expanding Arkansas' economy. Since 1955, the emphasis, methods and strategies for this purpose have evolved with the changing global economy. The overall goal of partnering with business and industry to diversify and expand the State's economy, to stimulate job creation and retention, and to enhance the quality of life for current and future Arkansans remains the primary focus of the Agency. Act 1602 of 2007 renamed the agency as the Arkansas Economic Development Commission.

## AGENCY MISSION STATEMENT

To lead statewide economic development, create targeted strategies which produce better paying jobs, promote communities and support the training and growth of a 21<sup>st</sup> century skilled workforce

## ORGANIZATIONAL STRUCTURE

The Agency consists of four primary divisions: Global Business Division; Administration and Finance, the Marketing and Communications Division, and the Arkansas Energy Office.

The Global Business Division has primary responsibility for interacting with customers, partners and interested parties external to the agency's operations. The Business Development program generates economic opportunity through strategic partnerships. It assists existing business

and industry with their needs and actively recruits new business and industry development to Arkansas. The Community Development program works with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges. The following divisions reside within the Global Business Division:

- Business Development
- Community Development
- Business Retention and Expansion
- International Relations
- Film
- Small and Minority Business
- Technology Development
- Special Events

The Administration and Finance Division has responsibility for most of the support functions that assist the Global Business Division. The Administrative and Support Program provides the ancillary services necessary for the Business Development and Community Development programs to achieve their goals and objectives as well as planning, technology programs. The following divisions reside within the Administration and Finance Division:

- Budget
- Human Resources
- Information Technology
- Training and Quality Management
- Strategic Planning/Legislative Liaison
- Business Finance
- Incentives
- Energy
- Grants

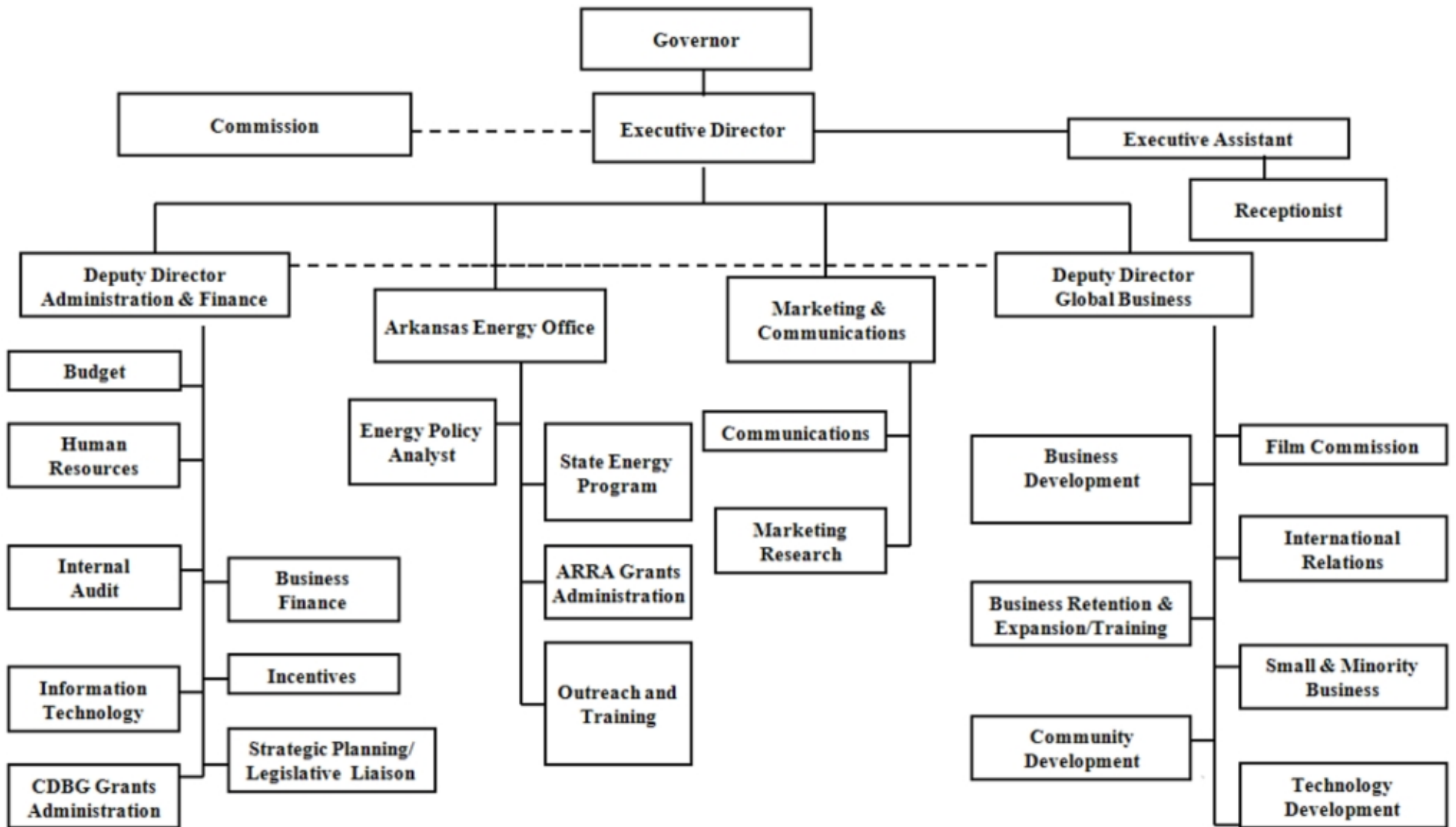
The Marketing and Communications Division has responsibility for all formal communications emanating from the agency. This program includes market research, marketing and communication services. The following divisions reside within the Marketing and Communications Division:

- Communications
- Marketing Research
- Website



The Arkansas Energy Office has responsibility for the development and implementation of programs and policies aimed at making energy efficiency improvements and the deployment of renewable energy technologies. The following divisions reside within the Arkansas Energy Office:

- State Energy Plan (SEP)
- Grants
- Outreach and Training
- State Buildings
- Energy Codes
- Emergency Response
- Industrial
- Renewable Energy
- Sustainability
- Energy Efficiency Arkansas



## **Agency Commentary**

The Commission is requesting a continuation of the Base Level budget for all major programs which includes: General revenues of \$10,311,798 each year of the biennium for various program operations; Federal Grants of \$30,549,274 each year of the biennium for the Community Development Block Grant (CDBG) program funded from the Department of Housing and Urban Development (HUD) and \$833,877 each year of the biennium for the programs funded by the U.S. Department of Energy; Cash-in-Treasury of \$2,304,027 each year of the biennium to carry on the Energy Efficiency Arkansas program funded by utility assessments, and Cash-in-Bank funded operations of \$472,039 each year of the biennium for various programs. The Federal CDBG program noted includes \$30,000,000 each year for grants to carry out the mandates of the HUD CDBG program. These are not operational funds of the Commission, but are passed through directly to the grant recipients. In addition, the Base Level includes a continuation of the appropriation for the Super Projects Fund of \$200 million each year as was authorized in the 2009-11 biennium and \$30 million each year for the Technology Acceleration Program as was also authorized in the 2009-11 biennium.

In addition to Base Level, the Commission is requesting:

(1) **State Operations:** Business Development Division - \$1 million for an unfunded appropriation for grants for economic development projects within the state that can benefit from immediate, short term funding that the Commission can fund with savings in other program areas and/or salary savings. Information Technology - reclassification of one (1) position from a Grade C118, Network Support Analyst to a Grade C126, State Systems Administrator, and an unfunded appropriation of \$100,000 each year for Capital Outlay to allow purchase of equipment for emergency backup systems and replacement of aging equipment on a pre-determined schedule as savings from other programs allow. Business Finance - reclassification of two (2) positions from a Grade C122, AEDC Area/Program Representative to a Grade C127, AEDC Program Officer. Human Resources - reclassification of one (1) position from a Grade C115, Benefits Analyst to a Grade C118, Assistant Personal Manager.

(2) **Community Assistance-Federal:** Grants Division - reclassification of one (1) position from a Grade C125, AEDC Project/Regional Manager to a Grade C128, AEDC Director Grants Management to be funded by the HUD Federal CDBG grant plus the addition of six (6) positions (Grade C117, Grants Analyst) previously authorized by a miscellaneous federal grant to administer the HUD CDBG Disaster grants. Appropriation is also requested in the amount of \$90,475,898 each year for the Storm Recovery Grants, \$4,747,501 each year for Flood Recovery Grants, and \$4,632,783 each year for the American Recovery and Re-investment Act grant from HUD.

(3) **State Energy Plan - Federal:** Energy Office - \$50,470,424, including thirteen (13) positions, for the State Energy Plan, the Energy Assurance Planning (Smart Grid), the Energy Efficient Appliance Rebate Program, and the Energy Efficiency and Conservation Block Grant program, all funded by the American Recovery and Re-investment Act.

## **Performance Audit Findings**

Selected Programs of the Consolidated Incentive Act (CIA) of 2003  
Arkansas Economic Development Commission (AEDC)  
(July 1, 2006 – June 30, 2008) - Issued 10-08-2009

### Findings and Conclusions:

- With the passage of Act 437 of 2007, AEDC has access to audited data from DFA and project data which can be used to perform post-analysis reviews.
- The list of approved projects provided by AEDC for the audit period was incomplete. The omissions were discovered during incentive review procedures conducted at DFA and the Arkansas Science and Technology Authority (ASTA).
- AEDC does not have written policies or criteria for determining when businesses will be offered the opportunity to apply for one of the discretionary incentive programs.
- We were unable to complete our analysis of direct cash flows resulting from incentives because of insufficient data.
- Analysis of the CIA on a program basis necessitates assumptions that may not fit all projects covered by the analysis. The impact of the assumptions could be decreased and a more accurate assessment provided by requiring additional data be provided by the businesses receiving incentives.

### Recommendations:

- AEDC conduct post project cost-benefit analysis in order to monitor, track, and evaluate program performance.
- AEDC, DFA, and ASTA work together to develop procedures to ensure all agencies are provided with necessary incentive information in a format that can be easily and accurately queried, compiled, and presented in a timely manner.
- Develop written policies and criteria to provide guidance and consistency in offering discretionary incentives.
- DFA and AEDC work together to determine data requirements and collection procedures to allow for an analysis of program direct cash flows.

## **Employment Summary**

	Male	Female	Total	%
White Employees	45	39	84	84 %
Black Employees	3	10	13	13 %
Other Racial Minorities	0	3	3	3 %
Total Minorities			16	16 %
Total Employees			100	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1130100	\$345	Checking	Regions Bank, Little Rock, AR

### Statutory/Other Restrictions on use:

These funds are used for advertising purposes as defined by AR Code 19-4-801.

### Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission has the authority to set fee amounts.

### Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

### Fund Balance Utilization:

Funds are used for Small Business University seminar related expenses.

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Fund Account	Balance	Type	Location
1130300	\$9,669	Checking	Regions Bank, Little Rock, AR

### Statutory/Other Restrictions on use:

These funds are used for marketing purposes as defined in AR Code 19-4-801.

### Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission has the authority to set fee amounts.

### Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

### Fund Balance Utilization:

Funds are used to pay for Commission marketing expenses.

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Fund Account	Balance	Type	Location
1130400	\$8,610	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used to pay for administrative and legal costs associated with preparation of financial incentive plans as defined in AR Code 15-4-1901.

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission is authorized to collect fees pertaining to financial incentive plans by AR Code 15-4-1901.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

Fund Balance Utilization:

Funds are used to defray the Commission's administrative and legal costs associated with the preparation of financial incentive plans.

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Fund Account	Balance	Type	Location
1270600	\$101	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for operating expenses and grants as defined by AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

Fees are set by the U.S. Department of Energy. Interest is earned throughout the year.

Revenue Receipts Cycle:

The fund was established by multiple disbursements from the U.S. Department of Energy. Interest is earned throughout the year.

Fund Balance Utilization:

Funds are used for operating expenses and grants for qualified energy programs. CD's are purchased in various terms to allow redemption at the most effective time for payments of operating expenses and grants.

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Fund Account	Balance	Type	Location
1270800	\$399,747	Checking	Regions Bank and Bank of the Ozarks, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for operating expenses and grants as defined by AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

Fees are set by the U.S. Department of Energy. Interest is earned throughout the year.

Revenue Receipts Cycle:

The fund was established by multiple disbursements from the U.S. Department of Energy. Interest is earned throughout the year.

Fund Balance Utilization:

Funds are used for operating expenses and grants for qualified energy projects. CD's are purchased in various terms to allow redemption at the most effective time for payment of operating expenses and grants.

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Fund Account	Balance	Type	Location
1271200	\$32,349	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used to pay for quality management related expenses and for other industrial training expenses as defined by AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission has the authority to set fee amounts.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

Fund Balance Utilization:

Funds are used for quality management and other industrial training related expenses.

## 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	None	N	N	0	None



# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1MZ Super Projects	0	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
2SK State Operations	9,635,583	77	10,269,822	80	11,744,285	80	10,311,798	80	11,440,248	80	11,411,798	80	10,311,798	80	11,440,248	80	11,411,798	80
2SQ Community Assistance-Federal	28,006,748	9	130,404,800	10	30,555,312	7	30,549,274	7	130,409,765	13	130,405,456	13	30,549,274	7	130,409,765	13	130,405,456	13
2ST State Energy Plan-Federal	7,440,019	18	51,298,581	22	1,397,573	12	833,877	9	51,304,301	22	51,304,301	22	833,877	9	51,304,301	22	51,304,301	22
55L Technology Development	0	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
56N Energy Efficiency Arkansas-Cash	1,219,941	1	2,304,014	1	2,312,452	1	2,304,027	1	2,304,027	1	2,304,027	1	2,304,027	1	2,304,027	1	2,304,027	1
C32 Incentive Plans-Cash	0	0	8,620	0	11,100	0	8,620	0	8,620	0	8,620	0	8,620	0	8,620	0	8,620	0
C34 Trade & International Investment-Cash	0	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0
C35 Existing Business Resource Program - Cash	0	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0
C36 Petroleum Violation Escrow-Cash	22,166	0	404,489	0	543,000	0	404,489	0	404,489	0	404,489	0	404,489	0	404,489	0	404,489	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
C38 Small Business University-Cash	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>46,324,457</b>	<b>105</b>	<b>424,730,101</b>	<b>113</b>	<b>276,613,497</b>	<b>100</b>	<b>274,451,860</b>	<b>97</b>	<b>425,911,225</b>	<b>116</b>	<b>425,878,466</b>	<b>116</b>	<b>274,451,860</b>	<b>97</b>	<b>425,911,225</b>	<b>116</b>	<b>425,878,466</b>	<b>116</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,223,779	4.7	1,014,617	0.2	839,045	0.3	839,045	0.2	839,045	0.2	907,745	0.3	907,745	0.2	907,745	0.2	
General Revenue	4000010	9,635,583	20.4	10,269,822	2.4	10,311,798	3.8	10,340,248	2.4	10,311,798	2.4	10,311,798	3.7	10,340,248	2.4	10,311,798	2.4	
Federal Revenue	4000020	27,318,382	57.7	156,600,174	36.8	61,383,151	22.3	156,610,859	36.7	156,606,550	36.7	61,383,151	22.3	156,610,859	36.7	156,606,550	36.7	
Cash Fund	4000045	32,945	0.1	2,581,671	0.6	2,383,620	0.9	2,383,620	0.6	2,383,620	0.6	2,383,620	0.9	2,383,620	0.6	2,383,620	0.6	
Bond Proceeds	4000125	0	0.0	200,000,000	47.0	200,000,000	72.7	200,000,000	46.9	200,000,000	46.9	200,000,000	72.7	200,000,000	46.9	200,000,000	46.9	
Federal Funds-ARRA	4000244	8,128,385	17.2	55,103,207	12.9	0	0.0	55,103,207	12.9	55,103,207	12.9	0	0.0	55,103,207	12.9	55,103,207	12.9	
Unfunded Appropriation	4000715	0	0.0	0	0.0	0	0.0	1,100,000	0.3	1,100,000	0.3	0	0.0	1,100,000	0.3	1,100,000	0.3	
<b>Total Funds</b>		<b>47,339,074</b>	<b>100.0</b>	<b>425,569,491</b>	<b>100.0</b>	<b>274,917,614</b>	<b>100.0</b>	<b>426,376,979</b>	<b>100.0</b>	<b>426,344,220</b>	<b>100.0</b>	<b>274,986,314</b>	<b>100.0</b>	<b>426,445,679</b>	<b>100.0</b>	<b>426,412,920</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(1,014,617)		(839,390)		(465,754)		(465,754)		(465,754)		(534,454)		(534,454)		(534,454)		
<b>Grand Total</b>		<b>46,324,457</b>		<b>424,730,101</b>		<b>274,451,860</b>		<b>425,911,225</b>		<b>425,878,466</b>		<b>274,451,860</b>		<b>425,911,225</b>		<b>425,878,466</b>		

Variances in fund balances are due to unfunded appropriation in Trade & International Investment - Cash (C34), Existing Business Resource - Cash (C35), and Petroleum Violation Escrow - Cash (C36).

Budget exceeds Authorized Appropriation in Community Assistance - Federal (2SQ) and State Energy Plan - Federal (2ST) due to transfers from the Miscellaneous Federal Grant Holding Account.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
102	92	8	100	2	9.80 %	100	110	0	110	-10	-10.00 %	100	111	2	113	-13	-11.00 %

Total Budgeted positions in FY2009-2010 include 10 ARRA of 2009 positions established through the authority of the Miscellaneous Federal Program Act.

Total Budgeted positions in FY2010-2011 include 13 ARRA of 2009 positions established through the authority of the Miscellaneous Federal Program Act.

## **Analysis of Budget Request**

**Appropriation:** 1MZ - Super Projects

**Funding Sources:** TSP - Department of Economic Development Super Projects Fund

The Super Projects Program was established by the 84<sup>th</sup> General Assembly to provide resources in support of industries that indicate the intention to invest in the State of Arkansas at least \$500 million and hire at least 500 employees. The Agency is requesting continuation of the current appropriated amount of \$200,000,000 each year.

The second of two proposals to amend the State Constitution referred by the 84th General Assembly to the people and approved by vote in the General Election on November 2, 2004, authorizes this program with funding from bond proceeds. This is now Amendment 82 to the current State Constitution which also authorizes up to 5% of general revenues to be applied toward amortization of bonded indebtedness.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 1MZ - Super Projects

**Funding Sources:** TSP - Department of Economic Development Super Projects Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Super Projects 5900046	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
<b>Funding Sources</b>									
Bond Proceeds 4000125	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

## **Analysis of Budget Request**

**Appropriation:** 2SK - State Operations

**Funding Sources:** HOA - Department of Economic Development Fund

This is the primary operating appropriation for the Arkansas Economic Development Commission and is funded by general revenues. In addition to the Director's Office, there are four functional groups within the Agency that utilize this State Operations appropriation. They are: (1) Administration and Finance, (2) Global Business, (3) Marketing and Communications, and (4) Energy Office. Base Level is \$10,311,798 each year, with 80 positions budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum.

Changes are requested as follows:

Reclassification of 2 AEDC AREA Program Representative positions, Grade C122, to AEDC Program Officer, Grade C127, is requested; along with a Network Support Analyst, Grade C118, to State Systems Administrator, Grade C126. Also requested is the reclassification of a Benefits Analyst, Grade C115, to Assistant Personnel Manager, Grade C118. Total salary and matching costs to adjust up to entry level in the higher grades are \$28,450 each year.

Capital Outlay of \$100,000 in unfunded appropriation each year is requested for replacement of IT hardware. The Agency plans to assign funding from any savings that may be realized in other line items to support any replacement purchases.

Also requested is \$1,000,000 in unfunded appropriation each year for the Grants line item to make grants to cities and counties to support public works projects or job training efforts designed to contribute to the enhancement of the State's economy. The Agency plans to assign funding from any savings that may be realized to support grants made from this account.

The Executive Recommendation provides for the Agency Request, with position reclassifications requested by the Commission not recommended. However, the Executive Recommendation does provide for two other position reclassifications. These are an AEDC International Relations Manager, Grade N908, to an Energy Office Deputy Director, Grade N903, and an AEDC Director of Business Retention and Expansion, Grade C128, to an Administrative Services Manager, Grade C124.

## Appropriation Summary

**Appropriation:** 2SK - State Operations

**Funding Sources:** HOA - Department of Economic Development Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,240,249	4,593,716	4,704,700	4,555,906	4,579,570	4,555,906	4,555,906	4,579,570	4,555,906
<b>#Positions</b>		<b>77</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>
Extra Help	5010001	0	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>#Extra Help</b>		<b>0</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
Personal Services Matching	5010003	1,102,416	1,214,594	1,303,326	1,294,380	1,299,166	1,294,380	1,294,380	1,299,166	1,294,380
Operating Expenses	5020002	1,325,650	1,641,526	1,875,003	1,641,526	1,641,526	1,641,526	1,641,526	1,641,526	1,641,526
Conference & Travel Expenses	5050009	109,545	141,486	141,486	141,486	141,486	141,486	141,486	141,486	141,486
Professional Fees	5060010	1,097,962	1,280,000	1,291,500	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	448,580	0	1,000,000	0	1,000,000	1,000,000	0	1,000,000	1,000,000
Capital Outlay	5120011	54,536	0	25,000	0	100,000	100,000	0	100,000	100,000
Far East Trade/Ind Recruitment	5900046	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Latin American Office	5900047	0	0	4,770	0	0	0	0	0	0
Industry Training Program	5900049	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
State Match for Grants	5900050	106,645	228,500	228,500	228,500	228,500	228,500	228,500	228,500	228,500
<b>Total</b>		<b>9,635,583</b>	<b>10,269,822</b>	<b>11,744,285</b>	<b>10,311,798</b>	<b>11,440,248</b>	<b>11,411,798</b>	<b>10,311,798</b>	<b>11,440,248</b>	<b>11,411,798</b>
<b>Funding Sources</b>										
General Revenue	4000010	9,635,583	10,269,822		10,311,798	10,340,248	10,311,798	10,311,798	10,340,248	10,311,798
Unfunded Appropriation	4000715	0	0		0	1,100,000	1,100,000	0	1,100,000	1,100,000
<b>Total Funding</b>		<b>9,635,583</b>	<b>10,269,822</b>		<b>10,311,798</b>	<b>11,440,248</b>	<b>11,411,798</b>	<b>10,311,798</b>	<b>11,440,248</b>	<b>11,411,798</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>9,635,583</b>	<b>10,269,822</b>		<b>10,311,798</b>	<b>11,440,248</b>	<b>11,411,798</b>	<b>10,311,798</b>	<b>11,440,248</b>	<b>11,411,798</b>

## Change Level by Appropriation

**Appropriation:** 2SK - State Operations  
**Funding Sources:** HOA - Department of Economic Development Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>10,311,798</b>	<b>80</b>	<b>10,311,798</b>	<b>100.0</b>	<b>10,311,798</b>	<b>80</b>	<b>10,311,798</b>	<b>100.0</b>
C05	Unfunded Appropriation	1,100,000	0	11,411,798	110.7	1,100,000	0	11,411,798	110.7
C10	Reclass	28,450	0	11,440,248	110.9	28,450	0	11,440,248	110.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>10,311,798</b>	<b>80</b>	<b>10,311,798</b>	<b>100.0</b>	<b>10,311,798</b>	<b>80</b>	<b>10,311,798</b>	<b>100.0</b>
C05	Unfunded Appropriation	1,100,000	0	11,411,798	110.7	1,100,000	0	11,411,798	110.7
C10	Reclass	0	0	11,411,798	110.7	0	0	11,411,798	110.7

### Justification

C05	A request for \$1 million in unfunded appropriation to use in the event the Commission identifies savings in other program areas to be utilized to help fund economic development projects that can benefit from immediate short term funding assistance. Also requested is unfunded Capital Outlay of \$100,000 each year to allow any savings realized in other programs to be used for purchase of emergency backup IT systems and replacement of aging IT equipment.
C10	Reclassification of two positions from AEDC Area/Program Representative, Grade C122, to AEDC Program Officer, Grade C127, is requested, along with a NetworkSupport Analyst, Grade C118, to State Systems Administrator, Grade C126. Also requested is reclassification of one position from Benefits Analyst, Grade C115, to Assistant Personnel Manager, Grade C118. The additional costs for these changes reflect the adjustment up to entry level in the higher Grades requested.

## **Analysis of Budget Request**

**Appropriation:** 2SQ - Community Assistance-Federal

**Funding Sources:** FAK - Economic Development - Federal

This is a federally funded appropriation used to operate the Community Development Block Grant Program at the Arkansas Economic Development Commission. Funding is provided by grants from the Department of Housing and Urban Development and through repayments of previous loans. Base Level is \$30,549,274 each year, with 7 authorized positions budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum.

Changes are requested as follows:

Reclassification of one position from AEDC Project/Regional Manager, Grade C125, to AEDC Director Grants Management, Grade C128. The additional salary and matching costs, \$4,309 each year, reflect the adjustment up to entry level in the higher grade requested.

Continuation of \$4,632,783 in appropriation using ARRA federal funding for recovery grants associated with the Community Development Block Grant Program. Initial approval of this appropriation was by miscellaneous federal grant in November, 2009.

Continuation of 2 other programs authorized by miscellaneous federal grants in July, 2009: The Flood Recovery Grants Program in the amount of \$4,747,501 and the Storm Recovery Grants Program with 6 Grants Analyst positions and appropriation of \$90,475,898. The purpose of each of these programs is to provide assistance with economic recovery from flood and storm damage experienced in the fall and winter of 2008-2009.

The Executive Recommendation provides for the Agency Request, with the position reclassification not recommended.



## Appropriation Summary

**Appropriation:** 2SQ - Community Assistance-Federal  
**Funding Sources:** FAK - Economic Development - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	293,671	304,112	306,614	300,212	303,796	300,212	300,212	303,796	300,212
<b>#Positions</b>		<b>9</b>	<b>10</b>	<b>7</b>	<b>7</b>	<b>13</b>	<b>13</b>	<b>7</b>	<b>13</b>	<b>13</b>
Personal Services Matching	5010003	83,948	88,906	93,098	93,462	94,187	93,462	93,462	94,187	93,462
Operating Expenses	5020002	58,451	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
Conference & Travel Expenses	5050009	16,587	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	61,178	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	26,298,429	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Storm Recovery Grants	5900046	2,648	90,475,898	0	0	90,475,898	90,475,898	0	90,475,898	90,475,898
Flood Recovery Grants	5900047	0	4,747,501	0	0	4,747,501	4,747,501	0	4,747,501	4,747,501
ARRA of 2009	5900052	1,191,836	4,632,783	0	0	4,632,783	4,632,783	0	4,632,783	4,632,783
<b>Total</b>		<b>28,006,748</b>	<b>130,404,800</b>	<b>30,555,312</b>	<b>30,549,274</b>	<b>130,409,765</b>	<b>130,405,456</b>	<b>30,549,274</b>	<b>130,409,765</b>	<b>130,405,456</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	26,814,912	125,772,017		30,549,274	125,776,982	125,772,673	30,549,274	125,776,982	125,772,673
Federal Funds-ARRA	4000244	1,191,836	4,632,783		0	4,632,783	4,632,783	0	4,632,783	4,632,783
<b>Total Funding</b>		<b>28,006,748</b>	<b>130,404,800</b>		<b>30,549,274</b>	<b>130,409,765</b>	<b>130,405,456</b>	<b>30,549,274</b>	<b>130,409,765</b>	<b>130,405,456</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>28,006,748</b>	<b>130,404,800</b>		<b>30,549,274</b>	<b>130,409,765</b>	<b>130,405,456</b>	<b>30,549,274</b>	<b>130,409,765</b>	<b>130,405,456</b>

Appropriations for Storm Recovery Grants, Flood Recovery Grants, and ARRA of 2009 were established through the authority of the Miscellaneous Federal Program Act.  
 Budget Number of positions exceeds Authorized due to transfers from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 2SQ - Community Assistance-Federal  
**Funding Sources:** FAK - Economic Development - Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>30,549,274</b>	<b>7</b>	<b>30,549,274</b>	<b>100.0</b>	<b>30,549,274</b>	<b>7</b>	<b>30,549,274</b>	<b>100.0</b>
C06	Restore Position/Approp	95,223,399	6	125,772,673	411.7	95,223,399	6	125,772,673	411.7
C10	Reclass	4,309	0	125,776,982	411.7	4,309	0	125,776,982	411.7
C16	ARRA	4,632,783	0	130,409,765	426.9	4,632,783	0	130,409,765	426.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>30,549,274</b>	<b>7</b>	<b>30,549,274</b>	<b>100.0</b>	<b>30,549,274</b>	<b>7</b>	<b>30,549,274</b>	<b>100.0</b>
C06	Restore Position/Approp	95,223,399	6	125,772,673	411.7	95,223,399	6	125,772,673	411.7
C10	Reclass	0	0	125,772,673	411.7	0	0	125,772,673	411.7
C16	ARRA	4,632,783	0	130,405,456	426.9	4,632,783	0	130,405,456	426.9

### Justification

C06	This request is for continuation of two programs that are currently authorized by miscellaneous federal grants. \$4,747,501 is for the Flood Recovery Grant Program that provides assistance to 71 eligible counties affected by flooding in 2008 and 2009. \$90,475,898 is for the Storm Recovery Grant Program that also provides assistance for storm damage caused by Hurricane Ike and other weather events in the fall of 2008 and the the winter of 2009. Continuation of 6 Grants Analyst positions is also requested as part of this program. Both of these programs were originally approved in July, 2009, with grant awards that provide funding through June 30, 2012.
C10	Reclassification of one position from AEDC Project/Regional Manager, Grade C125, to AEDC Director Grants Management, Grade C128, is requested. The additional cost for this change reflects the adjustment up to entry level in the higher Grade requested.
C16	This request is for continuation of appropriation to employ ARRA funding of recovery grants associated with the Community Development Block Grant Program. Initial approval of this program was by micellaneous federal grant in November, 2009. The original grant award provides funding through June 30, 2012.

## **Analysis of Budget Request**

**Appropriation:** 2ST - State Energy Plan-Federal

**Funding Sources:** FKE - Department of Energy - Federal

This is one of the major federal programs administered by the Arkansas Economic Development Commission. Federal funding for the State Energy Plan is received from the U.S. Department of Energy and is directed at projects that address the State's needs in energy conservation. This appropriation is also used to expend indirect cost obligations for all federal programs administered by the Department. Base Level is \$833,877 each year, with 9 authorized positions budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Commission is requesting Base Level plus continuation of 4 miscellaneous federal grants, with 13 positions, that are supported by ARRA funds. \$50,470,424 in appropriation is designated as follows: \$38,078,751 is for assistance with the State Energy Plan, using 11 of the positions; \$9,563,900 is for the Energy Efficiency and Conservation Block Grant Program that uses the other 2 positions; \$2,377,321 is for the Energy Efficient Appliance Rebate Program; and \$450,452 is for the Smart Grid Program.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2ST - State Energy Plan-Federal

**Funding Sources:** FKE - Department of Energy - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	263,635	359,134	356,784	354,900	354,900	354,900	354,900	354,900	354,900
<b>#Positions</b>		<b>18</b>	<b>22</b>	<b>12</b>	<b>9</b>	<b>22</b>	<b>22</b>	<b>9</b>	<b>22</b>	<b>22</b>
Personal Services Matching	5010003	82,129	103,925	112,689	113,879	113,879	113,879	113,879	113,879	113,879
Operating Expenses	5020002	13,337	93,273	166,675	93,273	93,273	93,273	93,273	93,273	93,273
Conference & Travel Expenses	5050009	7,533	11,788	39,573	11,788	11,788	11,788	11,788	11,788	11,788
Professional Fees	5060010	136,836	108,085	204,001	108,085	108,085	108,085	108,085	108,085	108,085
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	151,952	517,851	151,952	151,952	151,952	151,952	151,952	151,952
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
ARRA of 2009	5900052	6,936,549	50,470,424	0	0	50,470,424	50,470,424	0	50,470,424	50,470,424
<b>Total</b>		<b>7,440,019</b>	<b>51,298,581</b>	<b>1,397,573</b>	<b>833,877</b>	<b>51,304,301</b>	<b>51,304,301</b>	<b>833,877</b>	<b>51,304,301</b>	<b>51,304,301</b>

Funding Sources										
Federal Revenue	4000020	503,470	828,157		833,877	833,877	833,877	833,877	833,877	833,877
Federal Funds-ARRA	4000244	6,936,549	50,470,424		0	50,470,424	50,470,424	0	50,470,424	50,470,424
<b>Total Funding</b>		<b>7,440,019</b>	<b>51,298,581</b>		<b>833,877</b>	<b>51,304,301</b>	<b>51,304,301</b>	<b>833,877</b>	<b>51,304,301</b>	<b>51,304,301</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>7,440,019</b>	<b>51,298,581</b>		<b>833,877</b>	<b>51,304,301</b>	<b>51,304,301</b>	<b>833,877</b>	<b>51,304,301</b>	<b>51,304,301</b>

The FY11 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2009-2011 Biennium.

Budget exceeds Authorized Appropriation in the ARRA of 2009 line item due to transfers from the Miscellaneous Federal Grant Holding Account.

Budget Number of positions exceeds Authorized due to transfers from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 2ST - State Energy Plan-Federal  
**Funding Sources:** FKE - Department of Energy - Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>833,877</b>	<b>9</b>	<b>833,877</b>	<b>100.0</b>	<b>833,877</b>	<b>9</b>	<b>833,877</b>	<b>100.0</b>
C16	ARRA	50,470,424	13	51,304,301	6,152.5	50,470,424	13	51,304,301	6,152.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>833,877</b>	<b>9</b>	<b>833,877</b>	<b>100.0</b>	<b>833,877</b>	<b>9</b>	<b>833,877</b>	<b>100.0</b>
C16	ARRA	50,470,424	13	51,304,301	6,152.5	50,470,424	13	51,304,301	6,152.5

### Justification

C16	This request is for continuation of 4 miscellaneous federal grants, including 13 positions, that employ ARRA federal funds. \$38,078,751 is for assistance with the State Energy Plan, using 11 of the positions. \$9,563,900 is for the Energy Efficiency and Conservation Block Grant Program that uses the other 2 positions, \$2,377,321 is for the Energy Efficient Appliance Rebate Program, and \$450,452 is for the Smart Grid Program. Grant awards for these programs will extend funding respectively until April, September, February, and August of 2012.
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## **Analysis of Budget Request**

**Appropriation:** 55L - Technology Development

**Funding Sources:** MTL - Technology Acceleration Fund

The Technology Development Program was established by Act 806 of 2009 to provide a means to deliver investment incentives to attract and retain development in the State by high technology-centered businesses. Any use of this program requires a proposal made by this agency, the Arkansas Science and Technology Authority, and the Arkansas Development Finance Authority, that is approved by the Governor. Funding may be received from several sources, such as gifts, bequests, grants, emergency funds, bond proceeds, service charges, or interagency transfers, but centers on the probability of federal funding from the U.S. Department of Commerce.

Base Level for this program is \$30,000,000 each year and is the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 55L - Technology Development

**Funding Sources:** MTL - Technology Acceleration Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Technology Acceleration Prgm 5900046	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Funding Sources									
Federal Revenue 4000020	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total Funding	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000

## **Analysis of Budget Request**

**Appropriation:** 56N - Energy Efficiency Arkansas-Cash

**Funding Sources:** NDE - Energy Efficiency - Cash in Treasury

The Energy Efficiency Arkansas - Cash in Treasury appropriation was originally authorized by request from the Cash Fund Holding Account in January, 2008. Funding for this program is received from various energy companies operating within the State for the Quick Start Statewide Energy Efficiency Program mandated by the Public Service Commission. Base Level for this program is \$2,304,027, with one position budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payment. The Agency Request is for continuation at Base Level for the 2011-2013 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.



## Appropriation Summary

**Appropriation:** 56N - Energy Efficiency Arkansas-Cash

**Funding Sources:** NDE - Energy Efficiency - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	31,327	41,999	49,273	41,999	41,999	41,999	41,999	41,999	41,999
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	10,525	13,160	14,324	13,173	13,173	13,173	13,173	13,173	13,173
Operating Expenses	5020002	43,169	43,900	43,900	43,900	43,900	43,900	43,900	43,900	43,900
Conference & Travel Expenses	5050009	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	1,107,980	2,102,955	2,102,955	2,102,955	2,102,955	2,102,955	2,102,955	2,102,955	2,102,955
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	26,940	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,219,941</b>	<b>2,304,014</b>	<b>2,312,452</b>	<b>2,304,027</b>	<b>2,304,027</b>	<b>2,304,027</b>	<b>2,304,027</b>	<b>2,304,027</b>	<b>2,304,027</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,757,802	563,796		836,772	836,772	836,772	907,745	907,745	907,745
Cash Fund	4000045	25,935	2,576,990		2,375,000	2,375,000	2,375,000	2,375,000	2,375,000	2,375,000
<b>Total Funding</b>		<b>1,783,737</b>	<b>3,140,786</b>		<b>3,211,772</b>	<b>3,211,772</b>	<b>3,211,772</b>	<b>3,282,745</b>	<b>3,282,745</b>	<b>3,282,745</b>
Excess Appropriation/(Funding)		(563,796)	(836,772)		(907,745)	(907,745)	(907,745)	(978,718)	(978,718)	(978,718)
<b>Grand Total</b>		<b>1,219,941</b>	<b>2,304,014</b>		<b>2,304,027</b>	<b>2,304,027</b>	<b>2,304,027</b>	<b>2,304,027</b>	<b>2,304,027</b>	<b>2,304,027</b>

## **Analysis of Budget Request**

**Appropriation:** C32 - Incentive Plans-Cash

**Funding Sources:** 113 - Arkansas Industrial Development - Cash in Bank

The Arkansas Economic Development Commission's cash appropriation for Incentive Plans provides resources with which to work with industries to develop financial incentive plans that will attract them to locate or expand in a particular area. The Department is authorized to collect a one-time fee of \$2,500 from businesses to offset administrative and legal expenses incurred in the preparation of these plans.

Base Level for this program is \$8,620 each year and is the Commission's request.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** C32 - Incentive Plans-Cash

**Funding Sources:** 113 - Arkansas Industrial Development - Cash in Bank

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Incentive Plans 5900046	0	8,620	11,100	8,620	8,620	8,620	8,620	8,620	8,620
<b>Total</b>	<b>0</b>	<b>8,620</b>	<b>11,100</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>
<b>Funding Sources</b>									
Fund Balance 4000005	8,606	8,610		0	0	0	0	0	0
Cash Fund 4000045	4	10		8,620	8,620	8,620	8,620	8,620	8,620
<b>Total Funding</b>	<b>8,610</b>	<b>8,620</b>		<b>8,620</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>
Excess Appropriation/(Funding)	(8,610)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>8,620</b>		<b>8,620</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>	<b>8,620</b>

## **Analysis of Budget Request**

**Appropriation:** C34 - Trade & International Investment-Cash

**Funding Sources:** 113 - Arkansas Industrial Development - Cash in Bank

This cash appropriation is utilized by the Arkansas Economic Development Commission to disburse funds collected from participating companies for various promotional events. This appropriation is used to pay for expenses such as booth rental and display costs that are shared on a pro-rated basis among participating companies. Base Level is \$9,625 each year. No additional appropriation is being requested for the 2011-2013 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** C34 - Trade & International Investment-Cash  
**Funding Sources:** 113 - Arkansas Industrial Development - Cash in Bank

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Trade & Inter Invest Exp 5900046	0	9,625	9,625	9,625	9,625	9,625	9,625	9,625	9,625
<b>Total</b>	0	9,625	9,625	9,625	9,625	9,625	9,625	9,625	9,625
<b>Funding Sources</b>									
Fund Balance 4000005	9,618	9,669		54	54	54	0	0	0
Cash Fund 4000045	51	10		0	0	0	0	0	0
<b>Total Funding</b>	9,669	9,679		54	54	54	0	0	0
Excess Appropriation/(Funding)	(9,669)	(54)		9,571	9,571	9,571	9,625	9,625	9,625
<b>Grand Total</b>	0	9,625		9,625	9,625	9,625	9,625	9,625	9,625

## **Analysis of Budget Request**

**Appropriation:** C35 - Existing Business Resource Program - Cash

**Funding Sources:** 127 - Department of Energy - Cash in Bank

This is a cash appropriation used by the Arkansas Economic Development Commission to organize and conduct quality management training seminars for industry personnel. Funding for this program comes from the various participating companies and is used to cover the expenses of providing newsletters, speakers, and materials for program sessions. Base Level is \$30,150 each year. No changes are requested for the 2011-2013 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** C35 - Existing Business Resource Program - Cash

**Funding Sources:** 127 - Department of Energy - Cash in Bank

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Existing Business 5900046	0	30,150	30,150	30,150	30,150	30,150	30,150	30,150	30,150
<b>Total</b>	<b>0</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>
<b>Funding Sources</b>									
Fund Balance 4000005	32,332	32,349		2,219	2,219	2,219	0	0	0
Cash Fund 4000045	17	20		0	0	0	0	0	0
<b>Total Funding</b>	<b>32,349</b>	<b>32,369</b>		<b>2,219</b>	<b>2,219</b>	<b>2,219</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	(32,349)	(2,219)		27,931	27,931	27,931	30,150	30,150	30,150
<b>Grand Total</b>	<b>0</b>	<b>30,150</b>		<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>

## **Analysis of Budget Request**

**Appropriation:** C36 - Petroleum Violation Escrow-Cash

**Funding Sources:** 127 - Department of Energy - Cash in Bank

The Arkansas Economic Development Commission's Petroleum Violation Escrow cash appropriation is used to disburse the State's share of federal court-ordered settlement dollars received from oil companies. Funding is provided by interest earned on current deposits and any future oil company refunds.

Base Level is \$404,489 each year and is the Commission's request.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.



## Appropriation Summary

**Appropriation:** C36 - Petroleum Violation Escrow-Cash

**Funding Sources:** 127 - Department of Energy - Cash in Bank

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	22,166	404,489	543,000	404,489	404,489	404,489	404,489	404,489	404,489
Total		22,166	404,489	543,000	404,489	404,489	404,489	404,489	404,489	404,489
<b>Funding Sources</b>										
Fund Balance	4000005	415,076	399,848		0	0	0	0	0	0
Cash Fund	4000045	6,938	4,641		0	0	0	0	0	0
Total Funding		422,014	404,489		0	0	0	0	0	0
Excess Appropriation/(Funding)		(399,848)	0		404,489	404,489	404,489	404,489	404,489	404,489
Grand Total		22,166	404,489		404,489	404,489	404,489	404,489	404,489	404,489

## Appropriation Summary

**Appropriation:** C38 - Small Business University-Cash

**Funding Sources:** 113 - Arkansas Industrial Development - Cash in Bank

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	10,000	0	0	0	0	0	0
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Fund Balance 4000005	345	345		0	0	0	0	0	0
Total Funding	345	345		0	0	0	0	0	0
Excess Appropriation/(Funding)	(345)	(345)		0	0	0	0	0	0
Grand Total	0	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM

# ARKANSAS DEPARTMENT OF HEALTH

## **Enabling Laws**

Act 239 of 2010  
Act 243 of 2010  
Act 4 of 2009  
Act 393 of 2009  
Act 384 of 2007  
EO 07-05, PROCLAMATION of Governor Mike Beebe, May 2, 2007  
Act 2306 of 2005  
Act 2310 of 2005  
Act 1954 of 2005

A.C.A 20-7-101 et seq. (Act 96 of 1913), 20-13-201 et seq., 20-15-101 et seq., 20-16-101 et seq., 20-30-101 et seq., 20-56-200 et seq., 20-57-101 et seq., 20-59-101 et seq., 20-60-101 et seq., 20-64-101 et seq., 20-76-101 et seq., 25-9-101 et seq., 27-101-102 et seq., 5-64-101 et seq., 5-65-101 et seq., 5-75-101 et seq., 5-76-101 et seq., 11-5-201 et seq., 14-236-101 et seq., 14-262-101 et seq., 17-33-101 et seq., 17-38-101 et seq., 17-92-101 et seq., 17-104-101 et seq., 17-106-101 et seq., 19-12-101 et seq., 20-8-101 et seq., 20-9-101 et seq., 20-10-801 et seq., 20-27-201 et seq., 20-27-1501 et seq., 20-28-101 et seq., 20-30-101 et seq., 23-85-137 et seq., 23-86-118 et seq., 23-99-701 et seq., and 27-23-112 et seq.

## **History and Organization**

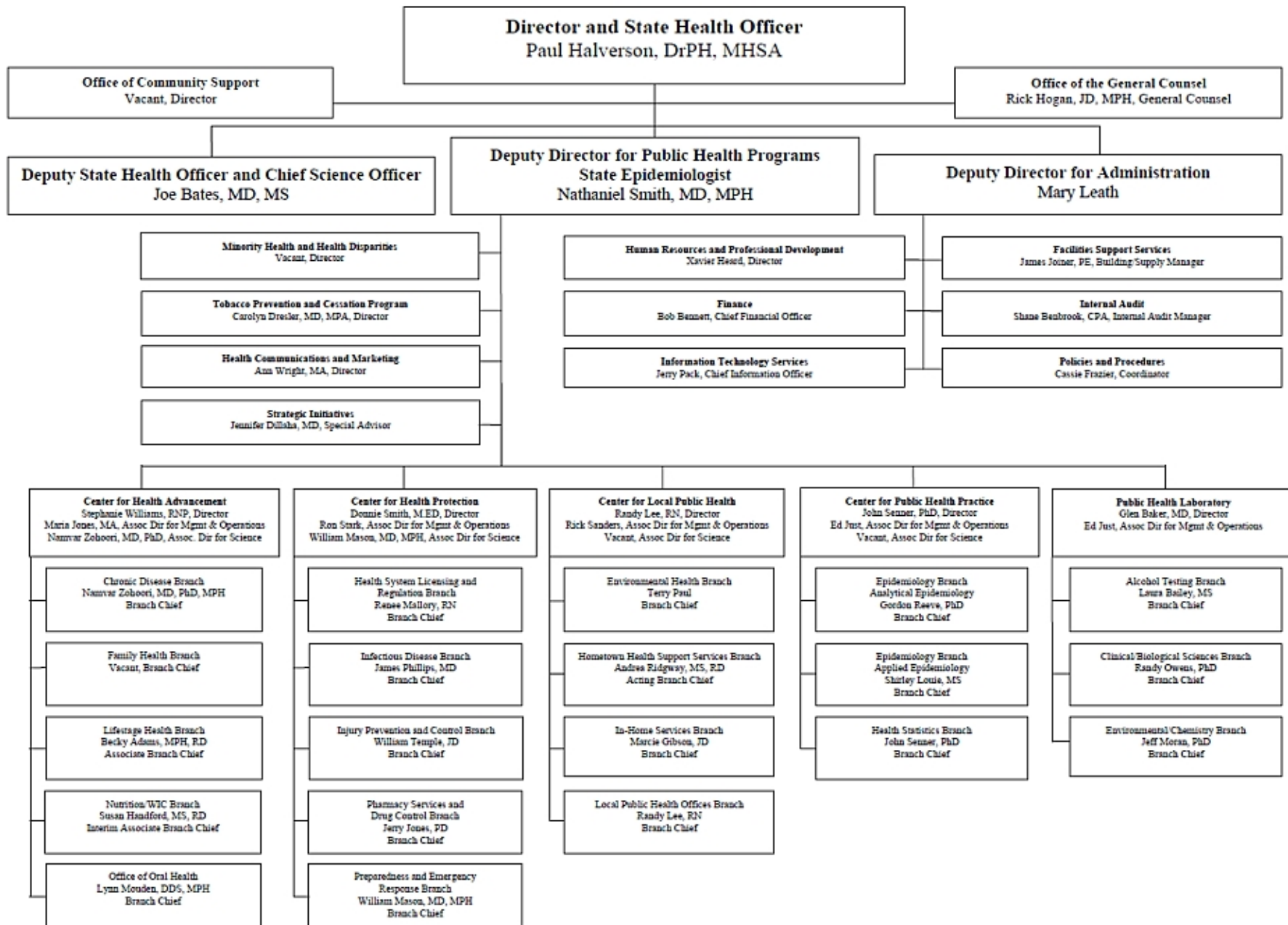
Act 38 of 1971 created the Arkansas Department of Health as a cabinet level agency. Act 1954 of 2005 merged the Arkansas Department of Health into the Department of Human Services and renamed the Agency the Department of Health and Human Services. Act 384 of 2007 gave the Governor the authority to separate the Division of Health out of the Arkansas Department of Health and Human Services and reestablish an Arkansas Department of Health [Department]. The Governor executed the final separation in Executive Order 07-05 on May 2, 2007. The Arkansas Board of Health[Board] was created in 1913, the State Board of Health serves as the rulemaking authority for the Department and policy advisory body, and has specific statutory authority in issues related to public health. The Director of the Department of Health serves at the pleasure of the Governor and acts as the Secretary of the Board and State Health Officer. With the approval of the Board, the Governor may appoint a Surgeon General who shall serve as a cabinet level advisor to the Governor.

The Arkansas Department of Health provides core public health functions for the state: policy development, assessment and assurance. The Department delivers a broad range of public health preventive and regulatory services statewide. Approximately 3,000 public health workers across Arkansas are employed by the Department to provide these services.

In addition to two central office locations, the agency has 94 Local Health Units. Local Health Units are established and maintained through joint efforts of state, county and local governments. The Department is organized into five organization units called Centers: Center for Health Advancement, Center for Health Protection, Center for Local Public Health, Center for Public Health Practice and the Public Health laboratory.

In Act 4 of 2009 the Arkansas Legislature added the regulation of the art of cosmetology to the Department and Board of Health responsibilities. Additionally, in Act 393 of 2009 the legislature created a comprehensive trauma care system under the auspices of the Department and Board of Health. This system provides guidelines for the care of trauma victims and is fully integrated with all available resources, including, but not limited to, existing emergency medical services providers, hospitals, or other health care providers that would like to participate in the program.

The mission of the Arkansas Department of Health is to protect and improve the health and well-being of all Arkansans.



## Agency Commentary

Health is frequently cited as one of the cornerstones of the quality of life for an individual and considered an elementary building block in a vibrant economic development strategy. Healthy workers have substantially greater productivity and cost business less money in health care costs, lost work-time and industrial accidents. Further, we know that healthier children are able to learn more effectively and consistently score better on academic achievement tests. The health status of Arkansas has lagged most other states including most southern states, recently ranking 40<sup>th</sup> in the comparative statistics compiled by the United Health Foundation-improved from 48<sup>th</sup> reported in 2005. Specific areas of concern for Arkansas health include:

1. Injury rates and death and disability far above the national average without a statewide trauma system (death rate is 40% higher than national average)
2. Infant mortality well above national average with increasing low-birth weight babies and teen birth rates 50% higher than the national average.
3. Obesity rates for adults and children in the upper quartile of the nation owing largely to poor diet and lack of physical activity.
4. The highest death rate from stroke in the nation.
5. The highest rate of deaths from burns in the country.
6. Substantial disparities in health status based on race and ethnicity. Over 10 years difference in life expectancy between the highest and lowest county in Arkansas.

The Department is in the second half of its three year focused efforts to **Improve Health Outcomes and Reduce Disparities** in four important areas:

- Strengthening Injury Prevention and Control
- Reducing Infant Mortality
- Increasing Physical Activity
- Improving Oral Health

In order to Improve Health Outcomes and Reduce Disparities, the Department has made major strides in the following objectives-all critical to making population based improvements:

## Strengthening the Focus of Clinical and Other Public Health Services

### Communicating Public Health Value and Contribution

### Securing Adequate Human and Financial Resources

### Increasing Department Effectiveness and Accountability

These efforts also require a strengthened and integrated health literacy strategy, strengthened community engagement, expanded health partnerships, and strengthened capacity for developing policy and transforming the systems that impact public health.

The Department's budget request for the 2011-2013 biennium continued to use this strategic map to guide the changes that are being presented for consideration.

ADH delivers on its mission through both assessment and policy level activities and programs coordinated through its offices in Little Rock and through a network of 94 local health units in each of Arkansas's 75 counties. Services provided within local health units include for example:

- Immunizations for children and adults (50-60% of all childhood immunizations)
- Maternity care (including pregnancy testing and routine prenatal care in select locations) Last year we provided prenatal care for over 6,000 women.
- Family planning services (last year we served over 76,000 women)
- Breast and cervical cancer screening and referral services (over 50,000 women screened last year)
- Communicable disease screening and treatment for conditions like sexually transmitted diseases as well as tuberculosis and other infectious disease agents
- Work as a referral system for community members in need of services not provided by the local health unit
- Tobacco prevention and cessation programs (last year we had 92,400 fewer adult smokers than in 2002)
- WIC (women infant and children) federal nutrition and supplemental food program (last year over 99,000 participants with food assistance over \$67,000,000 to Arkansas food stores)

- Environmental health services including inspecting over 14,000 restaurants, investigation of food borne outbreaks, septic tank permits, protecting the state's public drinking water system through oversight and technical assistance to over 1,100 public water systems, and a host of other issues.
- Hometown health community coalitions
- County health registrar services for certification of birth and death
- Public health emergency preparedness and response (including bioterrorism and nuclear health effects)

In addition, ADH operates the state's largest home health agency providing vital access to health care services (including hospice and homemaker services) coordinated through offices co-located with local health units and 15 other individual home health offices located throughout the state. Our In-Home Service include over 2,500 dedicated contract and state employed professionals who travel throughout the primarily rural parts of the state providing critical services in the homes of patients who without their help would most likely require nursing home or other skilled institutional care.

During the 2009 General Assembly, support was provided for a multitude of healthcare initiatives, with the funding provided through an increase of 59 cents per pack of cigarettes sold in Arkansas. Public Health programs greatly benefited from this increased tobacco tax, realizing approximately \$30 Million in new sources for the establishment of a Trauma System; grants to charitable clinics, community health clinics, cancer coalition partners; and flu vaccine for every man, woman and child that desired immunization. As FY11 begins, the Arkansas Department of Health has dedicated tobacco tax derived general revenues for the following initiatives:

TRAUMA SYSTEM	\$19,739,000 FY11 Funding
	\$13,235,872 FY10 Carry Forward
FLU VACCINE	\$2,871,000
COMMUNITY HEALTH CENTER GRANTS	\$9,900,000
CHARITABLE CLINIC GRANTS	\$990,000
CANCER COALITION	\$1,800,000
STROKE	\$180,000
INFANT DEATH REVIEW	\$150,000
<b>TOTAL</b>	\$35,630,000 FY11 Funding
	\$13,235,872 FY10 Carry Forward
	\$48,865,872



Funding for the Department is provided through federal funds 34%; state general revenue funding 24%; reimbursement and fees (primarily for patient services provided through the Medicaid and Medicare program 32%; special revenues such as plumbing and cosmetology fees 6%; and from the proceeds of the Master Tobacco Settlement funds 4%. Financial and human resource allocation continues to be one of the major challenges to the Department as programs work to protect and improve the health of Arkansans throughout the state.

The following represents the Department's General Revenue funding requests:

<b>INITIATIVES CHANGES TO BASE LEVEL:</b>	<b>FY12 REQ</b>	<b>FY13 REQ</b>	<b># OF POS</b>
Health Literacy	\$57,739	\$57,739	1
HR Assistant Director	\$67,420	\$67,420	1
Chronic Disease Self Management	\$164,482	\$164,482	1
Delta STAR Health Initiative Expansion	\$1,089,907	\$1,037,369	35
Environmental Health Director	\$149,069	\$149,069	1
Departmental Equipment Needs	\$1,500,000	\$1,500,000	
Reclass/Upgrade/Downgrade	\$237,615	\$237,615	
Trauma System	\$138,509	\$138,509	1
<b>TOTAL GENERAL REVENUE</b>	<b>\$3,404,741</b>	<b>\$3,352,203</b>	<b>40</b>

The Department has also requested additional appropriation to support federal grants that may become available to Arkansas - especially a Home Visiting Program that is exciting to the Department as another major initiative that will help in our efforts to reduce infant deaths and teen pregnancies. Twenty federally funded positions have been requested to support this program.

The Trauma System has requested an additional Section Chief position to head up efforts to reduce injury through outreach and education efforts, working with many partners statewide. Extra Help authorization is sought to have access to temporary staff for short term project accomplishments.

The Tobacco Prevention and Cessation Program is realigning appropriation as a result of a significant loss of Master Settlement Funding in April, 2010. The program has been using fund balances to complement an average of \$17M annually into the program, and was able to fund both youth and adult drug court activities in the current biennium. With the reduction to \$14M in Master Settlement Funds received in April, and a similar amount projected in FY11, neither fund balances nor new revenues exist to sustain Drug Court funding into the 2011-2013 biennium.

Additional appropriation has also been requested to support various appropriations as found in the following pages-generally to provide for available funding and flexibility to address unforeseen public health issues that may arise. The authorization of unfunded appropriation by the 2009 General Assembly proved very effective as the Department was faced with preparing quickly to address H1N1 flu activities in the fall of 2009. Appropriation authorized to provide for federally provided stimulus monies was also utilized, though at a reduced level than originally planned.

Special language has been requested to be retained as enacted by the 2009 General Assembly except the language authorizing funding for Drug Courts. Reduced revenues and utilization of fund balances restricts the ability of providing for these programs. The Department has requested additional special language that would allow some extra help positions to exceed 1,000 hours in a year, particularly needed to address emerging health issues, such as H1N1 outbreaks.

The 2011-2013 biennial budget request submitted by the Arkansas Department of Health will provide resources needed to improve the health status of Arkansas. A healthier state benefits all Arkansans.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS DEPARTMENT OF HEALTH  
 SINGLE AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>	
<b>Finding Number:</b> 09-645-01  <b>State/Educational Agency:</b> Arkansas Department of Health <b>CFDA Number(s) and Program Title(s):</b> 10.557 - Special Supplemental Nutrition Program for <b>Program for</b> Women, Infants, and Children <b>Federal Award Number(s):</b> 6AR700501 <b>Federal Award Year(s):</b> 2008 and 2009 <b>Compliance Requirement(s) Affected:</b> Activities Allowed or Unallowed <b>Type of Finding:</b> Noncompliance and Significant Deficiency	

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS DEPARTMENT OF HEALTH  
 SINGLE AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

**Criteria:**

As required by 7 CFR 246.14(a), Special Supplement Nutrition Program for Women, Infants, and Children (WIC) funds must be used only for WIC related purposes.

We recommend the Agency strengthen internal controls related to activities allowed or unallowed by reviewing travel policy to ensure that it reflects the proper coding of travel activity and train agency staff to code travel related expenses to the appropriate program.

**Condition:**

A review of 60 administrative expenditures, of which 34 were travel related, revealed seven travel reimbursements totaling \$577 which benefited programs other than WIC.

**Questioned Costs:**

\$577

**Cause:**

The Agency's policies were designed in such a way that travel reimbursements were coded to programs based upon personnel positions rather than actual program activity.

**Effect:**

Inappropriate costs were charged to the WIC program and this could reduce the Agency's ability to provide services.

**Employment Summary**

	Male	Female	Total	%
White Employees	374	1774	2148	78 %
Black Employees	58	474	532	19 %
Other Racial Minorities	12	59	71	3 %
Total Minorities			603	22 %
Total Employees			2,751	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1632100	\$1,472	Checking	Bank of America; Security State Bank- Howard Lake

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Same day line of credit draws are made to expense instruments presented for payment.

Fund Balance Utilization:

Payment of negotiable food instruments.

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Fund Account	Balance	Type	Location
1632500	\$6,674	Checking	Bank of Ozark- Little Rock

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Sporadic contributions to the Breast Care Program.

Fund Balance Utilization:

Used for miscellaneous expenses of the Breast Care Program.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Alcohol Test Log	A.C.A. 5-65-204(b)	N	N	300	Provides logbook for law enforcement to document breath tests as is required in Operator and Senior Operator Training Manuals by the Office of Alcohol Testing.
Annual Report State Board of Health	A.C.A. 20-7-121	N	Y	1,000	A.C.A. 20-7-121 requires publication and is distributed to the State Library, State Board of Health members, internally, DHHS Region 6 states (LA,OK,NM, and TX), Arkansas' Congressional delegation, other State agencies, and partner organizations (AE Med. Soc., AR Children's Hosp., AR Hosp. Assn.).
Arkansas Regulations for alcohol Testing	A.C.A. 5-65-201	N	N	300	Provide regulatory information to law enforcement, the judicial system and the public.
Arkansas Regulations for Breath Alcohol Ignition Interlock Devices	A.C.A. 5-65-118(j)(1)	N	N	100	Provide regulatory information to law enforcement, the judicial system and the public.
BAC DataMaster Operator Training Manual	A.C.A. 5-65-204(b)	N	N	750	Provides course book for Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public.
BAC DataMaster Senior Operator Training Manual	A.C.A. 5-65-204(b)	N	N	300	Provides course book for Senior Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public.

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Blood Alcohol Report Forms	A.C.A. 5-65-204	N	N	5,000	Provides the required form for submission of a blood or other bodily fluid sample for alcohol analysis. These require two pressure sensitive copies of the form attached to the official document.
Induced Abortions Data	A.C.A. 20-16-904	N	Y	0	A.C.A. 20-16-904 requires data be provided on agency website and paper copies upon request.
Mechanical Codes	A.C.A. 17-38-101	N	N	1,000	To adopt, publish and revise rules and regulations and to provide the heating and air conditioning industry with code books which outline the minimum standards for HVAC installations.
Plumbing & Fuel Gas Codes	A.C.A. 17-31-101	N	N	1,000	To adopt, publish and revise rules and regulations and to provide the plumbing industry with code books which outline the minimum standards for plumbing/gas installations.
Rules and Regulations for Control of Sources of ionizing Radiation	A.C.A. 20-21-207 Item 3	N	N	3,000	Formulate, adopt, promulgate, and repeal codes, rules, and regulations which may provide for licensing or registration.
Rules and Regulations Pertaining to Radiologic Technology Licensure	A.C.A. 17-106-105 Item (a)(1) (D)	N	N	5,000	Adopt, publish, and revise such rules and regulations.
State Controlled Substances List	A.C.A. 5-64-216	N	Y	45	List is required by A.C.A. 5-64-216, printed copies are provided upon request and is available on the agency web site.
Urine Adulterant List	A.C.A. 20-7-309	N	Y	12	List is required by A.C.A. 20-7-309 and is available on the agency web site.
Women's Right to Receive Adequate Information before Terminating a Pregnancy	Act 353 of 2001	N	Y	1,000	Materials designed to inform the woman of public and private agencies, including adoption agencies, and services available to assist a woman through pregnancy, upon childbirth, and while the child is dependent.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
106 Emergency Medical Services & Trauma	0	0	9,728	0	9,728	0	9,728	0	9,728	0	9,728	0	9,728	0	9,728	0	9,728	0
167 Information Technology Initiatives	45,255	0	774,287	0	1,196,640	0	774,287	0	984,287	0	984,287	0	774,287	0	984,287	0	984,287	0
34C Rural Health Facilities	0	0	187,000	0	1,551,558	0	187,000	0	1,087,000	0	1,087,000	0	187,000	0	1,087,000	0	1,087,000	0
34D Emergency Medical Services	38,775	0	42,000	0	42,000	0	42,000	0	42,000	0	42,000	0	42,000	0	42,000	0	42,000	0
34E Rural Physician Incentives	0	0	40,000	0	990,000	0	40,000	0	990,000	0	990,000	0	40,000	0	990,000	0	990,000	0
34P Health Operations Paying	244,735,648	2,914	273,700,123	2,905	413,893,789	3,128	269,979,303	2,901	348,250,384	3,138	346,549,805	3,100	269,979,303	2,901	348,269,411	3,138	346,621,370	3,100
38C Grants to Service Providers	17,854,663	0	19,791,897	0	63,295,984	0	19,791,897	0	0	0	0	0	19,791,897	0	0	0	0	0
38D Nuclear Planning Grants	325,000	0	340,000	0	375,000	0	340,000	0	375,000	0	375,000	0	340,000	0	375,000	0	375,000	0
59T Trauma System	6,505,701	7	29,930,670	18	30,040,440	18	29,902,773	18	33,141,282	19	33,117,520	18	29,902,773	18	33,141,282	19	33,084,262	18
604 Tobacco Prevention & Cessation Programs	15,259,470	40	16,413,565	40	23,542,774	47	16,392,563	40	17,454,071	47	17,454,071	47	16,392,563	40	17,454,071	47	17,454,071	47
803 Health Building & Local Health Grant Trust	968,250	0	2,318,000	0	2,318,000	0	2,318,000	0	2,318,000	0	2,318,000	0	2,318,000	0	2,318,000	0	2,318,000	0
B72 WIC Food Instruments - Cash	67,479,550	0	76,098,998	0	120,774,497	0	76,098,998	0	100,774,497	0	100,774,497	0	76,098,998	0	100,774,497	0	100,774,497	0
B74 Breast Cancer - Cash	0	0	6,872	0	50,000	0	6,872	0	25,000	0	25,000	0	6,872	0	25,000	0	25,000	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
58H Birth Certificate Expenses	0	0	0	0	30,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>353,212,312</b>	<b>2,961</b>	<b>419,653,140</b>	<b>2,963</b>	<b>658,110,410</b>	<b>3,193</b>	<b>415,883,421</b>	<b>2,959</b>	<b>505,451,249</b>	<b>3,204</b>	<b>503,726,908</b>	<b>3,165</b>	<b>415,883,421</b>	<b>2,959</b>	<b>505,470,276</b>	<b>3,204</b>	<b>503,765,215</b>	<b>3,165</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	17,014,038	4.5	24,147,897	5.6	8,536,703	2.1	8,536,703	2.0	8,536,703	2.0	1,825,534	0.5	1,824,482	0.4	1,727,098	0.4	
General Revenue	4000010	86,647,400	23.0	90,966,527	21.2	90,838,467	22.2	94,243,208	21.8	90,979,120	21.3	90,838,467	22.6	94,190,670	22.2	90,979,120	21.6	
Federal Revenue	4000020	124,642,888	33.0	147,233,947	34.4	147,233,947	36.0	156,422,724	36.2	156,422,724	36.5	147,233,947	36.6	156,494,289	36.8	156,494,289	37.2	
Special Revenue	4000030	1,991,110	0.5	3,998,716	0.9	3,998,716	1.0	3,998,716	0.9	3,998,716	0.9	3,998,716	1.0	3,998,716	0.9	3,998,716	0.9	
Special Revenue Restricted	4000031	14,342,060	3.8	15,481,193	3.6	15,481,193	3.8	15,481,193	3.6	15,481,193	3.6	15,481,193	3.8	15,481,193	3.6	15,481,193	3.7	
Cash Fund	4000045	206	0.0	200	0.0	200	0.0	6,870	0.0	6,870	0.0	200	0.0	6,872	0.0	6,872	0.0	
Federal Funds-ARRA	4000244	1,133,190	0.3	2,152,723	0.5	0	0.0	7,257,978	1.7	7,257,978	1.7	0	0.0	7,257,978	1.7	7,257,978	1.7	
General Improvement Fund	4000265	0	0.0	0	0.0	0	0.0	1,850,000	0.4	1,500,000	0.4	0	0.0	1,850,000	0.4	1,500,000	0.4	
Manufacturer Rebate	4000341	24,916,751	6.6	24,079,635	5.6	24,079,635	5.9	24,079,635	5.6	24,079,635	5.6	24,079,635	6.0	24,079,635	5.7	24,079,635	5.7	
Refunds	4000415	7,187	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Third Party Reimbursement	4000490	84,430,736	22.4	90,067,022	21.0	90,067,022	22.0	90,067,022	20.9	90,067,022	21.0	90,067,022	22.4	90,067,022	21.2	90,067,022	21.4	
Tobacco Settlement	4000495	13,106,079	3.5	14,220,000	3.3	14,220,000	3.5	15,281,508	3.5	15,281,508	3.6	14,220,000	3.5	15,281,508	3.6	15,281,508	3.6	
Transfer from Cash Fund	4000555	0	0.0	0	0.0	0	0.0	0	0.0	33,258	0.0	0	0.0	0	0.0	0	0.0	
Transfer to Medicaid Match	4000660	(605,888)	(0.2)	(721,376)	(0.2)	(721,376)	(0.2)	(721,376)	(0.2)	(721,376)	(0.2)	(721,376)	(0.2)	(721,376)	(0.2)	(721,376)	(0.2)	
Transfer to Operations	4000670	(102,836)	0.0	(109,917)	0.0	(109,917)	0.0	(109,917)	0.0	(109,917)	0.0	(109,917)	0.0	(109,917)	0.0	(109,917)	0.0	

Funding Sources			%		%		%		%		%		%		%
Transfers / Adjustments	4000683	(2,444,868)	(0.6)	(500,000)	(0.1)	(500,000)	(0.1)	(500,000)	(0.1)	(500,000)	(0.1)	(500,000)	(0.1)	(500,000)	(0.1)
Various Program Support	4000730	12,282,156	3.3	17,173,276	4.0	15,706,242	3.8	15,706,242	3.6	15,706,242	3.7	15,706,242	3.9	15,706,242	3.7
Total Funds		377,360,209	100.0	428,189,843	100.0	408,830,832	100.0	431,600,506	100.0	428,019,676	100.0	402,119,663	100.0	424,907,314	100.0
Excess Appropriation/(Funding)		(24,147,897)		(8,536,703)		7,052,589		73,850,743		75,707,232		13,763,758		80,562,962	
Grand Total		353,212,312		419,653,140		415,883,421		505,451,249		503,726,908		415,883,421		505,470,276	

Transfer to Operations by authority of A.C.A. 19-5-106 for accounting correction FC 167. Transfers include \$500,000 to the Breast Cancer Control Fund per Act 1384 of 2009, \$1,500,000 to the Department of Community Correction for the Drug Court Substance Abuse Treatment per A.C.A. 19-5-106 and \$500,000 to the Department of Human Services for the Juvenile Drug Court Treatment Program FC 604 and transfer by authority of A.C.A. 20-7-127 FC803.

Variations in fund balances are due to unfunded appropriation.



## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
3,100	2899	171	3070	30	6.48 %	3,193	2741	251	2992	201	14.16 %	3,193	2733	230	2963	230	14.41 %

## **Analysis of Budget Request**

**Appropriation:** 106 - Emergency Medical Services & Trauma

**Funding Sources:** MES - EMS Enhancement Revolving Fund

The Department of Health's Emergency Medical Services (EMS) and Trauma appropriation provides grants and funding for the following, as delineated in A.C.A. 19-5-1078:

- Training and equipment for staff proficiency and improvement in EMS services and testing support
- Instituting and maintaining a trauma registry
- Inspecting, licensing, and registering EMS vehicles

Funding for this appropriation consists of revenues as may be provided by law and that are held in a revolving fund (A.C.A. 19-5-1078 MES - EMS Enhancement Revolving Fund).

The Agency Request is Base Level for each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 106 - Emergency Medical Services & Trauma

**Funding Sources:** MES - EMS Enhancement Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Emerg Medical Svcs/Trauma Sys I 5900046	0	9,728	9,728	9,728	9,728	9,728	9,728	9,728	9,728
<b>Total</b>	0	9,728	9,728	9,728	9,728	9,728	9,728	9,728	9,728
<b>Funding Sources</b>									
Various Program Support 4000730	0	9,728		9,728	9,728	9,728	9,728	9,728	9,728
<b>Total Funding</b>	0	9,728		9,728	9,728	9,728	9,728	9,728	9,728
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	0	9,728		9,728	9,728	9,728	9,728	9,728	9,728

## **Analysis of Budget Request**

**Appropriation:** 167 - Information Technology Initiatives

**Funding Sources:** SHT - Health Department Technology Fund

The Department of Health's Information Technology Initiatives appropriation provides for the purchase of computer hardware and software, the conversion cost of scanning data into the computer system, and related activities as described in A.C.A. 19-6-485.

Funding for this appropriation consists of Special Revenue fees generated from temporary vital statistics applications and certificates (A.C.A. 19-6-485 SHT - Health Department Technology Fund).

The Agency's Base Level request is \$774,287 each year of the biennium.

The Agency's Change Level request is \$210,000 in appropriation only for each year of the biennium. The appropriation will be used to spend any fund balance that remains at the end of each fiscal year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 167 - Information Technology Initiatives

**Funding Sources:** SHT - Health Department Technology Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Information Technology Initiative 5900046	45,255	774,287	1,196,640	774,287	984,287	984,287	774,287	984,287	984,287
<b>Total</b>	45,255	774,287	1,196,640	774,287	984,287	984,287	774,287	984,287	984,287
<b>Funding Sources</b>									
Fund Balance 4000005	924,039	983,784		209,497	209,497	209,497	0	0	0
Transfers / Adjustments 4000683	105,000	0		0	0	0	0	0	0
<b>Total Funding</b>	1,029,039	983,784		209,497	209,497	209,497	0	0	0
Excess Appropriation/(Funding)	(983,784)	(209,497)		564,790	774,790	774,790	774,287	984,287	984,287
<b>Grand Total</b>	45,255	774,287		774,287	984,287	984,287	774,287	984,287	984,287

Transfer by authority of A.C.A. 19-5-106 for accounting correction.

FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances.

## Change Level by Appropriation

**Appropriation:** 167 - Information Technology Initiatives  
**Funding Sources:** SHT - Health Department Technology Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>774,287</b>	<b>0</b>	<b>774,287</b>	<b>100.0</b>	<b>774,287</b>	<b>0</b>	<b>774,287</b>	<b>100.0</b>
C08	Technology	210,000	0	984,287	127.1	210,000	0	984,287	127.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>774,287</b>	<b>0</b>	<b>774,287</b>	<b>100.0</b>	<b>774,287</b>	<b>0</b>	<b>774,287</b>	<b>100.0</b>
C08	Technology	210,000	0	984,287	127.1	210,000	0	984,287	127.1

### Justification

C08	Appropriation is needed for the Vital Records Information Technology Project to restore appropriation to funding level. Found in I.T. plan under Vital Records section.
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## **Analysis of Budget Request**

**Appropriation:** 34C - Rural Health Facilities

**Funding Sources:** MRH - Rural Health Services Revolving Fund

The Department of Health's Rural Health Facilities appropriation, in accordance with A.C.A. 20-12-401 et seq., provides matching funds for applicants on a fifty/fifty basis for assisting the stabilization of necessary medical services provided by county, local, commercial or nonprofit organizations. If the applicant completes a community health needs assessment, the applicant shall be eligible to match funds on a 25/75 basis. The state portion shall at no time exceed two hundred thousand dollars (\$200,000) per county, local, commercial, or nonprofit operation.

Funding for this appropriation consists of General Improvement Fund transfers or other funds made available by the General Assembly and held in a revolving fund (A.C.A. 19-5-1039 MRH - Rural Health Services Revolving Fund).

The Agency's Base Level request is \$187,000 each year of the biennium.

The Agency's Change Level request is \$900,000 in both funding and appropriation to be granted to rural communities in line with the goals of the program.

The Executive Recommendation provides for the Agency Request in appropriation only pending decision on the General Improvement funding for 2011-2013.

## Appropriation Summary

**Appropriation:** 34C - Rural Health Facilities  
**Funding Sources:** MRH - Rural Health Services Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	187,000	1,551,558	187,000	1,087,000	1,087,000	187,000	1,087,000	1,087,000
Total		0	187,000	1,551,558	187,000	1,087,000	1,087,000	187,000	1,087,000	1,087,000
Funding Sources										
Fund Balance	4000005	426,681	433,868		246,868	246,868	246,868	59,868	59,868	0
General Improvement Fund	4000265	0	0		0	900,000	0	0	900,000	0
Refunds	4000415	7,187	0		0	0	0	0	0	0
Total Funding		433,868	433,868		246,868	1,146,868	246,868	59,868	959,868	0
Excess Appropriation/(Funding)		(433,868)	(246,868)		(59,868)	(59,868)	840,132	127,132	127,132	1,087,000
Grand Total		0	187,000		187,000	1,087,000	1,087,000	187,000	1,087,000	1,087,000

FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances.



## Change Level by Appropriation

**Appropriation:** 34C - Rural Health Facilities  
**Funding Sources:** MRH - Rural Health Services Revolving Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>187,000</b>	<b>0</b>	<b>187,000</b>	<b>100.0</b>	<b>187,000</b>	<b>0</b>	<b>187,000</b>	<b>100.0</b>
C01	Existing Program	900,000	0	1,087,000	581.3	900,000	0	1,087,000	581.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>187,000</b>	<b>0</b>	<b>187,000</b>	<b>100.0</b>	<b>187,000</b>	<b>0</b>	<b>187,000</b>	<b>100.0</b>
C01	Existing Program	900,000	0	1,087,000	581.3	900,000	0	1,087,000	581.3

### Justification

C01	This request is to restore appropriation allowing flexibility for additional funding.
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## **Analysis of Budget Request**

**Appropriation:** 34D - Emergency Medical Services

**Funding Sources:** MEM - Emergency Medical Services Revolving Fund

The Department of Health's Emergency Medical Services appropriation will provide for certification processing and expenses of onsite examinations for Emergency Medical Technicians (EMTs), maintenance of certification software, educational programs, maintenance of EMT-Instructor certification for agency personnel, and other purposes consistent with A.C.A. 20-13-101 et seq.

Funding for this appropriation consists of certification and renewal fees held in the MEM - Emergency Medical Services Revolving Fund.

The Agency's Request is for Base Level each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 34D - Emergency Medical Services  
**Funding Sources:** MEM - Emergency Medical Services Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	38,775	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
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
<b>Total</b>	<b>38,775</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>
<b>Funding Sources</b>									
Various Program Support 4000730	38,775	42,000		42,000	42,000	42,000	42,000	42,000	42,000
<b>Total Funding</b>	<b>38,775</b>	<b>42,000</b>		<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>38,775</b>	<b>42,000</b>		<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>

## **Analysis of Budget Request**

**Appropriation:** 34E - Rural Physician Incentives

**Funding Sources:** MRI - Rural Physician Incentives Revolving Fund

The Department of Health's Rural Physician Incentives program, A.C.A. 20-12-501 et seq., provides grants as financial assistance to encourage physicians to locate and remain in the practice of primary care medicine in communities of the State with populations of not more than fifteen thousand (15,000) persons. The physicians must locate for a minimum of four (4) years and carry on a full-time practice of family medicine in a priority medically underserved area as defined by the Department of Health.

Funding for this appropriation consists of General Improvement Fund transfers or other funds made available by the General Assembly, and held in a revolving fund (A.C.A. 19-5-1209 MRI - Rural Physician Incentive Revolving Fund).

The Agency's Base Level request is \$40,000 each year of the biennium.

The Agency's Change Level request is \$950,000 in both funding and appropriation to continue the program through biennium.

The Executive Recommendation provides for the Agency Request in appropriation only pending decision on the General Improvement funding for 2011-2013.

## Appropriation Summary

**Appropriation:** 34E - Rural Physician Incentives

**Funding Sources:** MRI - Rural Physician Incentives Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	40,000	990,000	40,000	990,000	990,000	40,000	990,000	990,000
Total	0	40,000	990,000	40,000	990,000	990,000	40,000	990,000	990,000
<b>Funding Sources</b>									
Fund Balance 4000005	117,516	117,516		77,516	77,516	77,516	37,516	37,516	0
General Improvement Fund 4000265	0	0		0	950,000	0	0	950,000	0
Total Funding	117,516	117,516		77,516	1,027,516	77,516	37,516	987,516	0
Excess Appropriation/(Funding)	(117,516)	(77,516)		(37,516)	(37,516)	912,484	2,484	2,484	990,000
Grand Total	0	40,000		40,000	990,000	990,000	40,000	990,000	990,000

FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances.

## Change Level by Appropriation

**Appropriation:** 34E - Rural Physician Incentives  
**Funding Sources:** MRI - Rural Physician Incentives Revolving Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>
C01	Existing Program	950,000	0	990,000	2,475.0	950,000	0	990,000	2,475.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>
C01	Existing Program	950,000	0	990,000	2,475.0	950,000	0	990,000	2,475.0

### Justification

C01	This request is to restore appropriation allowing flexibility for additional funding.
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## **Analysis of Budget Request**

**Appropriation:** 34P - Health Operations Paying

**Funding Sources:** PHD - Administration Paying

The Department of Health is comprised of the Center for Health Protection, the Center for Health Advancement, the Center for Local Public Health, the Center for Public Health Practice, the Office of Minority Health and Health Disparities, the Arkansas Public Health Laboratory and Health Administration, which includes the Offices of the Director and Chief Financial Officer and the Office of System Technology. The Department has 2 central office locations and 94 Local Health Units located throughout the State. This organizational structure enables the Department to provide public health policy and assessment, as well as preventive and regulatory services for the State's citizens.

This appropriation provides for the operations of the Department of Health. Duties include the operation of the Breast and Cervical Cancer Control programs; the collection, analysis, and communication of data regarding health events, disease incidence, the healthcare system, and health status indicators; the protection of the public's health by ensuring safe food and drinking water and maintaining the quality of health facilities and services through monitoring, laboratory testing, and evaluation; educating the public concerning healthy behavior and providing accessible personal health services; and providing in-home services to individuals so they may remain at home instead of receiving extended hospitalization or nursing home placement.

Funding for this appropriation consists of general revenue (BAA - Public Health Fund), federal funding, special revenues, Third Party Reimbursement, Tobacco Settlement Funding and other funding. Federal revenues include Immunization and Vaccines for Children, Ryan White Care Act Title II, Public Health Preparedness and Response/BIO, Bioterrorism Hospital Preparedness Program, Epidemiology and Laboratory Capacity for Infectious Diseases, Title X Family Planning Services Program, National Cancer Prevention and Control Program, Chronic Disease Prevention and Health Promotion Programs, Maternal and Child Health, and Women Infants and Children (WIC). Special revenues include the Cigarette Tax; licensing fees for Radiology, Plumbing, Pharmacy, HVAC, Health Facilities and Waterworks; Milk Inspection and Marine Sanitation Fees; and Nuclear Planning and Response Funds. Third Party Reimbursement funding includes Medicaid and Insurance funding. Other Funding, as indicated as Various Program Support, includes fees related to Vital Records, Immunization, Rabies, Swimming Pools, etc.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency's Base Level request is \$269,979,303 each year of the biennium with 2,901 positions.

The Agency's Change Level requests for appropriation is \$78,271,081 in FY12 and \$78,290,108 in FY13, with additional general revenue funding of \$15,221,232 in FY12 and \$15,168,694 in FY13 and consists of the following:

- \$7,516,759 increase each year in Regular Salaries that consist of 57 new positions (22 L038C Registered nurse, 32 L053C Nursing Aide/Nursing Asst I, 1 L053C Health Program Specialist I, 1 R006C Human Resources Administrator, and 1 035X Director of Environmental Services), decrease 1 U106U ADH Deputy Director/Chief Oper Officer, restoration of 170 various positions and classification changes to address agency needs. Programs for the increase include Health Literacy, Human Resources Assistant Director, Chronic Disease Self Management and various federal programs. Also, 11 ARRA federally funded positions are included in the total position count with appropriation being provided on the ARRA 2009 Commitment Item
- Additional Extra Help appropriation is requested of \$310,679 each year of the biennium of which \$80,623 is requested in general revenue to support this increase for the Chronic Disease Self Management program. The Agency also requests the transfer of two Extra Help positions to the Tobacco Prevention & Cessation Program (604) and two positions to the Trauma System (59T)
- Total Personal Service Matching required for the request is \$2,719,178 each year of the biennium and covers all positions related increases matching portion
- \$241,000 in each year is requested in Overtime in unfunded appropriation to allow flexibility to any program that needs to respond to unanticipated program changes or increases in funding
- \$10,393,440 in FY12 and \$10,410,917 in FY13 is requested in Operating Expenses of which \$9,974,321 is requested in unfunded appropriation to allow flexibility to any program that needs to respond to unanticipated program changes or increases in funding. The remaining will be used for programs including Health Literacy, Human Resources Assistant Director, Chronic Disease Self Management and various federal programs
- \$540,150 in FY12 and \$541,700 in FY13 is requested in Conference & Travel Expenses of which \$500,000 is requested each year in unfunded appropriation to allow flexibility to any program that needs to respond to unanticipated program changes or increase in funding. \$40,150 in FY12 and \$41,700 in FY13 is associated with the requested increase in positions
- \$20,000,000 in each year is requested in Professional Fees and Services in unfunded appropriation to allow flexibility to any program that needs to respond to unanticipated program changes or increases in funding
- \$19,791,897 in Grants and Aid to consolidate the entire Grants to Service Providers (38C) to Health Operations Paying fund center (34P). This request keeps all appropriation payable from the Grants and Aid commitment item and allows the Agency to handle transactions more efficiently. In addition to the transfer the agency is requesting \$8,000,000 in unfunded appropriation to allow flexibility to any program that needs to respond to unanticipated program changes or increases in funding
- \$1,500,000 increase each year in Capital Outlay in appropriation and general revenue funding of which \$1,350,000 is for the normal replacement of equipment such as medical test equipment, refrigerators, and various other equipment Agency wide, and \$150,000 is for replacement of Agency servers
- \$7,257,978 in each year is requested in ARRA appropriation to be supported by ARRA federal funds and includes 11 positions which support the following programs; Epidemiology (Healthcare Associated Infections), Immunization & Vaccines of Children, Recruitment and Retention of Primary Care Professionals, Empowering Older Adults, Women Infant and Children information technology, Enhance Tobacco Cessation Services through Health Surveillance and Communities Putting Prevention to Work.



The Executive Recommendation Provides for Base Level and the following:

- Restoration 1 position for the use of the Health Literacy program, restoration of 168 various positions, 20 new L038C Registered nurses for the federal Home Visiting Program, decrease 1 U106U ADH Deputy Director/Chief Oper Officer, and 11 ARRA Federal positions with the associated Regular Salaries and Personal Services and Matching each year of the biennium.
- \$230,056 each year for Extra Help appropriation and associated Personal Services Matching as well as the transfer of two Extra Help positions to the Tobacco Prevention & Cessation Program (604) and two positions to the Trauma System (59T).
- \$241,000 each year in unfunded Overtime appropriation and associated Personal Services Matching.
- \$10,258,392 in FY12 and \$10,328,407 FY13 in Operating Expenses
- 19,791,897 in Grants and Aid to consolidate the entire Grants to Service Providers (38C) to Health Operations Paying (34P) of which \$11,955,000 is Base Level general revenue funded appropriation in (38C) and an additional \$8,000,000 in unfunded appropriation to allow flexibility to any program that needs to respond to unanticipated program changes or increases in funding
- \$1,500,000 increase each year in Capital Outlay in appropriation to be funded by the General Improvement Fund
- \$530,050 in FY12 and \$531,600 in Conference & Travel Expenses of which \$500,000 each year is unfunded appropriation
- \$20,000,000 in each year in Professional Fees and Services in unfunded appropriation
- \$7,257,978 each year in ARRA appropriation which includes the Salaries and Personal Services Matching for the 11 approved positions

In Summary, the Executive Recommendation provides for new general revenue above the Base Level in the following amounts:

- \$57,739 each year for the restoration of 1 position and associated costs of the Health Literacy Program
- \$7,914 each year for approved reclass costs

# Appropriation Summary

**Appropriation:** 34P - Health Operations Paying

**Funding Sources:** PHD - Administration Paying

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	116,337,020	121,530,935	139,103,475	119,671,607	127,188,366	126,131,167	119,671,607	127,188,366	126,131,167
<b>#Positions</b>		<b>2,914</b>	<b>2,905</b>	<b>3,128</b>	<b>2,901</b>	<b>3,138</b>	<b>3,100</b>	<b>2,901</b>	<b>3,138</b>	<b>3,100</b>
Extra Help	5010001	1,360,723	1,316,681	1,546,737	1,316,681	1,627,360	1,546,737	1,316,681	1,627,360	1,546,737
<b>#Extra Help</b>		<b>146</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>229</b>	<b>229</b>	<b>233</b>	<b>229</b>	<b>229</b>
Personal Services Matching	5010003	35,701,206	38,100,832	43,764,780	38,894,772	41,613,950	41,196,341	38,894,772	41,613,950	41,196,341
Overtime	5010006	114,158	9,000	225,400	9,000	250,000	250,000	9,000	250,000	250,000
Operating Expenses	5020002	54,955,566	72,031,235	82,005,556	72,031,235	82,424,675	82,289,627	72,031,235	82,442,152	82,359,642
Conference & Travel Expenses	5050009	338,054	974,235	1,558,189	974,235	1,514,385	1,504,285	974,235	1,515,935	1,505,835
Professional Fees	5060010	33,083,390	37,070,160	84,468,039	37,070,160	57,070,160	57,070,160	37,070,160	57,070,160	57,070,160
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	0	0	0	27,791,897	27,791,897	0	27,791,897	27,791,897
Refunds/Reimbursements	5110014	5,935	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613
Claims	5110015	11,830	0	0	0	0	0	0	0	0
Capital Outlay	5120011	1,694,576	502,709	21,210,000	0	1,500,000	1,500,000	0	1,500,000	1,500,000
ARRA 2009	5900052	1,133,190	2,152,723	40,000,000	0	7,257,978	7,257,978	0	7,257,978	7,257,978
<b>Total</b>		<b>244,735,648</b>	<b>273,700,123</b>	<b>413,893,789</b>	<b>269,979,303</b>	<b>348,250,384</b>	<b>346,549,805</b>	<b>269,979,303</b>	<b>348,269,411</b>	<b>346,621,370</b>

Funding Sources										
General Revenue	4000010	56,397,552	59,272,527		59,171,464	74,392,696	71,192,117	59,171,464	74,340,158	71,192,117
Federal Revenue	4000020	76,161,647	87,811,737		87,811,737	104,403,361	104,403,361	87,811,737	104,474,926	104,474,926
Special Revenue	4000030	963,273	2,948,799		2,948,799	2,948,799	2,948,799	2,948,799	2,948,799	2,948,799
Special Revenue Restricted	4000031	14,342,060	15,481,193		15,481,193	15,481,193	15,481,193	15,481,193	15,481,193	15,481,193
Federal Funds-ARRA	4000244	1,133,190	2,152,723		0	7,257,978	7,257,978	0	7,257,978	7,257,978
General Improvement Fund	4000265	0	0		0	0	1,500,000	0	0	1,500,000
Third Party Reimbursement	4000490	84,430,736	90,067,022		90,067,022	90,067,022	90,067,022	90,067,022	90,067,022	90,067,022
Transfer to Medicaid Match	4000660	(605,888)	(721,376)		(721,376)	(721,376)	(721,376)	(721,376)	(721,376)	(721,376)
Various Program Support	4000730	11,913,078	16,687,498		15,220,464	15,654,514	15,654,514	15,220,464	15,654,514	15,654,514
<b>Total Funding</b>		<b>244,735,648</b>	<b>273,700,123</b>		<b>269,979,303</b>	<b>309,484,187</b>	<b>307,783,608</b>	<b>269,979,303</b>	<b>309,503,214</b>	<b>307,855,173</b>
Excess Appropriation/(Funding)		0	0		0	38,766,197	38,766,197	0	38,766,197	38,766,197
<b>Grand Total</b>		<b>244,735,648</b>	<b>273,700,123</b>		<b>269,979,303</b>	<b>348,250,384</b>	<b>346,549,805</b>	<b>269,979,303</b>	<b>348,269,411</b>	<b>346,621,370</b>

## Change Level by Appropriation

**Appropriation:** 34P - Health Operations Paying  
**Funding Sources:** PHD - Administration Paying

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	269,979,303	2,901	269,979,303	100.0	269,979,303	2,901	269,979,303	100.0
C01	Existing Program	9,825,428	172	279,804,731	103.6	9,825,428	172	279,804,731	103.6
C02	New Program	2,314,878	55	282,119,609	104.5	2,386,443	55	282,191,174	104.5
C03	Discontinue Program	(149,917)	(1)	281,969,692	104.4	(149,917)	(1)	282,041,257	104.5
C04	Reallocation	19,791,897	0	301,761,589	111.8	19,791,897	0	301,833,154	111.8
C05	Unfunded Appropriation	38,766,197	0	340,527,786	126.1	38,766,197	0	340,599,351	126.2
C07	Agency Transfer	0	0	340,527,786	126.1	0	0	340,599,351	126.2
C08	Technology	227,005	0	340,754,791	126.2	174,467	0	340,773,818	126.2
C10	Reclass	419,538	0	341,174,329	126.4	419,538	0	341,193,356	126.4
C11	Upgrade/Downgrade	(181,923)	0	340,992,406	126.3	(181,923)	0	341,011,433	126.3
C16	ARRA	7,257,978	11	348,250,384	129.0	7,257,978	11	348,269,411	129.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	269,979,303	2,901	269,979,303	100.0	269,979,303	2,901	269,979,303	100.0
C01	Existing Program	9,444,457	169	279,423,760	103.5	9,444,457	169	279,423,760	103.5
C02	New Program	1,277,509	20	280,701,269	104.0	1,349,074	20	280,772,834	104.0
C03	Discontinue Program	(149,917)	(1)	280,551,352	103.9	(149,917)	(1)	280,622,917	103.9
C04	Reallocation	19,791,897	0	300,343,249	111.2	19,791,897	0	300,414,814	111.3
C05	Unfunded Appropriation	38,766,197	0	339,109,446	125.6	38,766,197	0	339,181,011	125.6
C07	Agency Transfer	0	0	339,109,446	125.6	0	0	339,181,011	125.6
C08	Technology	174,467	0	339,283,913	125.7	174,467	0	339,355,478	125.7
C10	Reclass	7,914	0	339,291,827	125.7	7,914	0	339,363,392	125.7
C11	Upgrade/Downgrade	0	0	339,291,827	125.7	0	0	339,363,392	125.7
C14	Title Change	0	0	339,291,827	125.7	0	0	339,363,392	125.7
C16	ARRA	7,257,978	11	346,549,805	128.4	7,257,978	11	346,621,370	128.4

## Change Level by Appropriation

<b>Justification</b>	
C01	This request is for two (2) new positions including one (1) Human Resource Administrator and one (1) Director of Environmental Services position. This request also restores one hundred sixty-eight (168) currently authorized positions. Appropriation and funding is requested for an additional Human Resources Administrator position due to increased workload within the Human Resources section. Environmental Health in Arkansas has evolved to become very broad, complex and technical in nature. The demands of this ever-changing profession are great. This request is for a new classification--Director of Environmental Health. The Environmental Health Branch at the Arkansas Department of Health is responsible for food services, septic tanks, public water systems, source water protection, water security systems, Arkansas Milk Program, complaint investigation, plan reviews, plumbing, heating, ventilation and air systems. The technical expertise needed to manage these diverse professions continues to grow. Appropriation and funding are also requested for the necessary maintenance and operating expenses associated with the new positions. Appropriation and funding is requested in Capital Outlay for the normal replacement of necessary equipment (refrigerators, medical test equipment, IT equipment, etc.) for the Local Public Health Units, and other necessary needs for operation of the Public Health Lab and other branch operations of the Agency. Appropriation and funding is requested for a position for Health Literacy with the goal of improving the knowledge and skills in health literacy of low-income Arkansans and increasing their ability to manage their personal health, particularly those living in rural areas with shortages in health care providers. Activities are related to work that is already taking place to build partnerships and collaboration among health care providers and educators, state agencies and non-profit organizations, and other entities committed to improving health literacy in Arkansas. Appropriation and funding is requested to expand the evidence-based Chronic Disease Self-Management Program across the state. The request includes one full time position and 5 extra help positions across the state for training and the subsequent training of additional agency staff and partners.
C02	This request includes fifty-five (55) new positions broken out as follows: twenty-two (22) Registered Nurses, one (1) Health Program Specialist I, and thirty-two (32) Nursing Aide positions. The Arkansas Department of Health is requesting funding to expand the STAR.Health Program from its current 3 counties (Desha, Chicot, Lincoln), to 9 additional counties. The new counties are Arkansas, Ashley, Drew, Jefferson, Lee, St. Francis, Phillips, Monroe and Bradley. These counties are selected due to their high mortality and morbidity statistics as well as their high poverty and low education status. Health disparities involving race and economic status are also large. The Southeast Targeted Area Resources for Health, or STAR.Health, involves all aspects of the community that effect health such as economic, education, and health care access. By linking an array of ADH and other organizational and state agency resources with leadership that already exists in these local communities, STAR.Health will maximize efforts toward its goal of health improvement. The specific initiatives undertaken differ from county to county based upon the priorities and concerns of the local communities. ADH priorities focus on improving health disparities specifically in regards to maternal and child health outcomes, lowering the impact of chronic disease that already exists and reducing the number of dental caries. An essential aspect of the initiative involves lay community health workers (CHW) who are used to expand the reach of educational and service activities to local citizens in need of assistance to navigate the intricacies of the health care system. This request focuses on the cost of adding Nursing Aide positions to the current 5 located in Chicot, Desha and Lincoln Counties. The Arkansas Department of Health is requesting for expansion the Arkansas Home Visiting Program Grant from its current 2 Pods. One additional pod will be added in both year 2 and year 3. A Pod is one or more counties within a specified geographical location. The Pods will be designated based on a Needs Assessment Survey. The counties are selected due to their concentrations of premature birth, low-birth weight infants, and infant mortality, and at-risk prenatal, maternal, newborn. New families will be admitted into these new Pods. The Nurse Family Visiting Program. is an "evidence-based" home visiting program to promote: improvements in maternal and prenatal health, infant health and child health and development; Increased school readiness; reductions in the incidence of child maltreatment; Improved parenting related to child development outcomes; improved family socio-economic status; greater coordination of referrals to community resources and supports; and reductions in crime and domestic violence.
C03	This request is to discontinue position #22105153 to have a better realignment of positions.
C04	This request is to reallocate Fund Center 38C to 34P within commitment item 510:00:04.
C05	This request includes restoration of appropriation in the Overtime, Operating Expenses, Travel, and Professional Fees line items allowing flexibility for additional funding. A request for contingency appropriation in the Grants and Aid line item is needed to support flexibility to any program that needs to respond to unanticipated and unknown program changes, rules, regulations, state and federal mandates.
C07	This request is to transfer four (4) Extra Help positions from Fund Center 34P to two other Fund centers within the Department (two (2) positions to 59T and two (2) positions to 604).
C08	Appropriation and funding is requested in Capital Outlay for replacement of servers for Agency operations. Found in the Agency I.T. plan under the Future Hardware Purchases section.
C10	This request is for reclassifications to better align the positions to the job duties.
C11	This request is to upgrade all of the Microbiologist (B077C) positions from C117 to C120, the Chemist (B081C) positions from C117 to C120, the Local Health Unit Administrator I (G143C) and II (G116C) positions from C120 and C121 to C121 and C122 to better align the positions with the job duties, and downgrade Health Records Specialist (C030C) from C115 to C112 to better align job functions with the classification description.
C16	This request is to restore eleven (11) ARRA funded positions for the biennium and restore appropriation for the necessary Maintenance and Operations line items. The funding for this request is ARRA and supports programs such as: Epidemiology (Healthcare Associated Infections), Immunization & Vaccines of Children, recruitment and retention of Primary Care Professionals in shortage areas, empowering older adults through chronic disease self-management, Women Infant and Children (WIC) information technology, enhance tobacco cessation services through health surveillance programs, and Communities Putting Prevention to work for policy change as related to nutrition and physical activity. This request is also for contingency appropriation to allow flexibility for additional ARRA funding.

**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: AR Department of Health

Program: Health Operations Paying

Act #: 239 Section(s) #: 4 & 18

Estimated Carry Forward Amount \$ 636,879.00 Funding Source: Medicaid

**Accounting Information:**

Business Area: 0645 Funds Center: 34P Fund: PHD Functional Area: HHS

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

To ensure the agency has sufficient funding for the Home Health SFY 2011 operating budget.

**Actual Funding Carry Forward Amount** \$ 2,004,946.03

**Current status of carry forward funding:**

The funds will be used for Salary and Operating Expenses for the In Home Service Program for FY2011

**Note from DFA – Office of Budget: The portion of Special Language that requires this report is no longer necessary.**

Dr. Paul Halverson

Director

08-26-2010

Date

## **Analysis of Budget Request**

**Appropriation:** 38C - Grants to Service Providers

**Funding Sources:** PHG - Grants Paying

This appropriation is used to administer programs such as Supplemental Nutrition Programs for Women, Infants, and Children, Maternal and Child Health Services Block Grants, Centers for Disease Control and Prevention Investigations and Technical Assistance, Family Planning Services, the Chemical Stockpile Emergency Preparedness program, Health Care Access for the Uninsured, Injury Prevention and Control, Tuberculosis Control, and Public Water Systems Supervision and Training.

This appropriation is funded from general revenue (BAA - Public Health Fund) and federal revenues including Immunization and Vaccines for Children, Ryan White Care Act Title II, Public Health Preparedness and Response/BIO, Bioterrorism Hospital Preparedness Program, Epidemiology and Laboratory Capacity for Infectious Diseases, Title X Family Planning Services Program, National Cancer Prevention and Control Program, Chronic Disease Prevention and Health Promotion Programs, Maternal and Child Health, and Women Infants and Children (WIC). Other funding, reflected as Various Program Support, includes fees related to Family Planning Reimbursements and TB Contracts.

The Agency's Base Level request is \$19,791,897 each year of the biennium.

The Agency's Change Level request is to consolidate the entire Grants to Service Providers to Health Operations Paying (34P). This request combines all appropriation payable from the Grants and Aid commitment item and allows the Agency to handle transactions more efficiently.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 38C - Grants to Service Providers

**Funding Sources:** PHG - Grants Paying

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	17,854,663	19,791,897	43,295,984	19,791,897	0	0	19,791,897	0	0
ARRA 2009	5900052	0	0	20,000,000	0	0	0	0	0	0
<b>Total</b>		<b>17,854,663</b>	<b>19,791,897</b>	<b>63,295,984</b>	<b>19,791,897</b>	<b>0</b>	<b>0</b>	<b>19,791,897</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>										
General Revenue	4000010	10,458,407	11,955,000		11,955,000	0	0	11,955,000	0	0
Federal Revenue	4000020	7,065,953	7,402,847		7,402,847	0	0	7,402,847	0	0
Various Program Support	4000730	330,303	434,050		434,050	0	0	434,050	0	0
<b>Total Funding</b>		<b>17,854,663</b>	<b>19,791,897</b>		<b>19,791,897</b>	<b>0</b>	<b>0</b>	<b>19,791,897</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>17,854,663</b>	<b>19,791,897</b>		<b>19,791,897</b>	<b>0</b>	<b>0</b>	<b>19,791,897</b>	<b>0</b>	<b>0</b>

## Change Level by Appropriation

**Appropriation:** 38C - Grants to Service Providers  
**Funding Sources:** PHG - Grants Paying

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>19,791,897</b>	<b>0</b>	<b>19,791,897</b>	<b>100.0</b>	<b>19,791,897</b>	<b>0</b>	<b>19,791,897</b>	<b>100.0</b>
C04	Reallocation	(19,791,897)	0	0	0.0	(19,791,897)	0	0	0.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>19,791,897</b>	<b>0</b>	<b>19,791,897</b>	<b>100.0</b>	<b>19,791,897</b>	<b>0</b>	<b>19,791,897</b>	<b>100.0</b>
C04	Reallocation	(19,791,897)	0	0	0.0	(19,791,897)	0	0	0.0

### Justification

C04	This request is to reallocate Fund Center 38C to 34P within commitment item 510:00:04.
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## **Analysis of Budget Request**

**Appropriation:** 38D - Nuclear Planning Grants

**Funding Sources:** SNP - Arkansas Nuclear Planning and Response Fund

The grants for Nuclear Planning appropriation provides grants to the Arkansas Department of Emergency Management for local governments located in close proximity to nuclear-powered electricity generating facilities in the State. These grants are used to maintain nuclear disaster response procedures and precautions as a part of the Division of Health's Nuclear Planning and Response Program, A.C.A. 20-21-401 et seq., which provides for the following:

- Continuous radiation surveillance
- Training and education of residents in the affected areas
- Protective measures/procedures/plans and such other actions to be taken in the event of a radiation incident or accident

Funding for this appropriation consists of Special Revenue (A.C.A. 19-6-435 SNP - Arkansas Nuclear Planning and Response Fund), including assessments against utilities operating nuclear generating facilities within the State.

The Agency's request is for a Base Level of \$340,000 with a Change Level of \$35,000 in unfunded appropriation each year of the biennium. This request would restore the appropriation to previously authorized levels and allow the Agency flexibility to make additional expenditures if additional funding is provided.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 38D - Nuclear Planning Grants

**Funding Sources:** SNP - Arkansas Nuclear Planning and Response Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	325,000	340,000	375,000	340,000	375,000	375,000	340,000	375,000	375,000
<b>Total</b>	<b>325,000</b>	<b>340,000</b>	<b>375,000</b>	<b>340,000</b>	<b>375,000</b>	<b>375,000</b>	<b>340,000</b>	<b>375,000</b>	<b>375,000</b>
<b>Funding Sources</b>									
Special Revenue 4000030	325,000	340,000		340,000	340,000	340,000	340,000	340,000	340,000
<b>Total Funding</b>	<b>325,000</b>	<b>340,000</b>		<b>340,000</b>	<b>340,000</b>	<b>340,000</b>	<b>340,000</b>	<b>340,000</b>	<b>340,000</b>
Excess Appropriation/(Funding)	0	0		0	35,000	35,000	0	35,000	35,000
<b>Grand Total</b>	<b>325,000</b>	<b>340,000</b>		<b>340,000</b>	<b>375,000</b>	<b>375,000</b>	<b>340,000</b>	<b>375,000</b>	<b>375,000</b>

## Change Level by Appropriation

**Appropriation:** 38D - Nuclear Planning Grants  
**Funding Sources:** SNP - Arkansas Nuclear Planning and Response Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>340,000</b>	<b>0</b>	<b>340,000</b>	<b>100.0</b>	<b>340,000</b>	<b>0</b>	<b>340,000</b>	<b>100.0</b>
C05	Unfunded Appropriation	35,000	0	375,000	110.3	35,000	0	375,000	110.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>340,000</b>	<b>0</b>	<b>340,000</b>	<b>100.0</b>	<b>340,000</b>	<b>0</b>	<b>340,000</b>	<b>100.0</b>
C05	Unfunded Appropriation	35,000	0	375,000	110.3	35,000	0	375,000	110.3

### Justification

C05	This request is to restore appropriation allowing flexibility for additional funding.
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## **Analysis of Budget Request**

**Appropriation:** 59T - Trauma System

**Funding Sources:** BAA - Public Health Fund

The Trauma System appropriation provides for operations as established by Act 393 of 2009 (A.C.A. 20-13-801 et. seq.) in which the legislature created a comprehensive trauma care system under the auspices of the Department and Board of Health. This system provides guidelines for the care of trauma victims and is fully integrated with all available resources, including, but not limited to, existing emergency medical services providers, hospitals, or other health care providers that would like to participate in the program. Funding for this appropriation is 100% General Revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Base Level request is \$29,902,733 each year of the biennium with 18 positions. This includes unfunded appropriation that will be used if fund balances are available.

The Agency's Change Level requests for appropriation is \$3,238,509 and general revenue funding of \$138,509 each year of the biennium include the following:

- Increase of \$43,217 in Regular Salaries each year for one Grade C123 ADH PUBLIC HEALTH SECTION CHIEF III
- Increase in Extra Help of \$75,000 each year to support the requested transfer of two Extra Help positions from Health Operations (34P)
- Increase in Personal Services Matching \$20,292 each year to support matching needs associated with the increase in Regular Salaries and Extra Help
- \$3,100,000 each year is requested in unfunded appropriation to allow for flexibility if additional funding is provided for the Trauma System Expenses commitment item.

The total additional General Revenue request is \$138,509 each year to support the increase in Regular Salaries and Extra Help along with the Personal Services Matching associated with each.

The Executive Recommendation provides for Base Level and the following:

- Increase in Extra Help \$75,000 each year and associated Personal Services Matching
- Transfer of two Extra Help positions from Health Operations (34P)
- \$3,133,258 in FY12 and \$3,100,000 in FY13 Trauma Systems Expenses of which \$3,100,000 each year is unfunded appropriation and \$33,258 in FY12 is funded by transfer from the Arkansas Department of Health Trauma System Cash Fund in accordance with recommended new special language
- General revenue funding above Base Level of \$75,000 each year to support the new Extra Help positions both Salaries and Matching

# Appropriation Summary

**Appropriation:** 59T - Trauma System

**Funding Sources:** BAA - Public Health Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	163,907	976,943	1,064,978	976,043	1,019,260	976,043	976,043	1,019,260	976,043
<b>#Positions</b>		<b>7</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>18</b>
Extra Help	5010001	0	0	0	0	75,000	75,000	0	75,000	75,000
<b>#Extra Help</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	112,068	277,182	298,917	286,185	306,477	292,674	286,185	306,477	292,674
Operating Expenses	5020002	180,433	355,545	355,545	355,545	355,545	355,545	355,545	355,545	355,545
Conference & Travel Expenses	5050009	14,068	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
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	18,455	36,000	36,000	0	0	0	0	0	0
Trauma System Expenses	5900046	6,016,770	28,235,000	28,235,000	28,235,000	31,335,000	31,368,258	28,235,000	31,335,000	31,335,000
<b>Total</b>		<b>6,505,701</b>	<b>29,930,670</b>	<b>30,040,440</b>	<b>29,902,773</b>	<b>33,141,282</b>	<b>33,117,520</b>	<b>29,902,773</b>	<b>33,141,282</b>	<b>33,084,262</b>

Funding Sources										
Fund Balance	4000005	0	13,235,872		3,044,202	3,044,202	3,044,202	0	0	0
General Revenue	4000010	19,791,441	19,739,000		19,712,003	19,850,512	19,787,003	19,712,003	19,850,512	19,787,003
Transfer from Cash Fund	4000555	0	0		0	0	33,258	0	0	0
Transfers / Adjustments	4000683	(49,868)	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>19,741,573</b>	<b>32,974,872</b>		<b>22,756,205</b>	<b>22,894,714</b>	<b>22,864,463</b>	<b>19,712,003</b>	<b>19,850,512</b>	<b>19,787,003</b>
Excess Appropriation/(Funding)		(13,235,872)	(3,044,202)		7,146,568	10,246,568	10,253,057	10,190,770	13,290,770	13,297,259
<b>Grand Total</b>		<b>6,505,701</b>	<b>29,930,670</b>		<b>29,902,773</b>	<b>33,141,282</b>	<b>33,117,520</b>	<b>29,902,773</b>	<b>33,141,282</b>	<b>33,084,262</b>

FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances. Fund transfers consist of Workers Comp transfer per A.C.A. 11-9-307 and transfers of General Revenue between appropriate funds per A.C.A. 19-5-106.

## Change Level by Appropriation

**Appropriation:** 59T - Trauma System  
**Funding Sources:** BAA - Public Health Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>29,902,773</b>	<b>18</b>	<b>29,902,773</b>	<b>100.0</b>	<b>29,902,773</b>	<b>18</b>	<b>29,902,773</b>	<b>100.0</b>
C01	Existing Program	138,509	1	30,041,282	100.5	138,509	1	30,041,282	100.5
C05	Unfunded Appropriation	3,100,000	0	33,141,282	110.8	3,100,000	0	33,141,282	110.8
C07	Agency Transfer	0	0	33,141,282	110.8	0	0	33,141,282	110.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>29,902,773</b>	<b>18</b>	<b>29,902,773</b>	<b>100.0</b>	<b>29,902,773</b>	<b>18</b>	<b>29,902,773</b>	<b>100.0</b>
C01	Existing Program	81,489	0	29,984,262	100.3	81,489	0	29,984,262	100.3
C05	Unfunded Appropriation	3,100,000	0	33,084,262	110.6	3,100,000	0	33,084,262	110.6
C07	Agency Transfer	0	0	33,084,262	110.6	0	0	33,084,262	110.6
C19	Executive Changes	33,258	0	33,117,520	110.8	0	0	33,084,262	110.6

### Justification

C01	This request is to support a new Injury Section Chief position to manage all Injury Prevention matters for the Arkansas Department of Health. It is essential to have a leadership position for this critical area. This individual will manage personnel, set goals/objectives and priorities for the program, and conduct liaison activities with physicians, educators, and other high-level officials both within and outside state government. This request is also for Extra Help appropriation.
C05	This request is to restore appropriation allowing flexibility for additional funding for the Trauma System Expenses.
C07	This request is to transfer two (2) Extra Help positions from 34P to 59T for the Trauma System.
C19	Additional appropriation provided to allow for expenditure of funds transferred from the Arkansas Department of Health Trauma System Cash Fund.

## **Analysis of Budget Request**

**Appropriation:** 604 - Tobacco Prevention & Cessation Programs

**Funding Sources:** TSD - Tobacco Prevention & Cessation Program Account

The Tobacco Prevention and Cessation program, created by Initiated Act 1 of 2000 (A.C.A. 19-12-101 et seq.), develops, integrates, and monitors tobacco prevention and cessation programs and provides administrative oversight and management of those programs. Program components approved by the Board of Health include community prevention youth programs, school education and prevention programs, enforcement of tobacco control laws, tobacco cessation programs, tobacco related disease prevention programs, public awareness and health promotion campaign, as well as grants and contracts for monitoring and evaluation. This appropriation is funded from Tobacco Settlement proceeds (TSD - Prevention and Cessation Program Account).

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

They Agency's Base Level request for this appropriation is \$16,392,563 each year of the biennium with 40 positions. The Agency's Change Level request reflects a total increase of \$1,061,508 each year of the biennium and includes:

- 7 restored positions totaling an increase of \$232,911 each year (1 Fiscal Support Analyst, 4 Health Program Specialist I, and 2 Registered Nurse) to cover anticipated increases in cessation surveys and contracts
- Reclassification of one Chief Physician Specialist to a Senior Physician Specialist
- Extra Help increase of two positions transferred from Health Operations (34P). Appropriation of \$25,000 each year restoring appropriation back to FY2011 authorized levels and to support the addition of the two transferred positions
- Personal Services Matching increase of \$84,090 each year associated with restoration of the seven positions and increase in Extra Help
- \$100,000 increase each year in Operating Expenses to cover anticipated increases in cessation surveys and contracts
- \$100,000 increase each year in Professional Fees to cover anticipated increases in cessation surveys and contracts
- \$3,000,000 increase each year in Tobacco Prevention & Cessation Expenses to cover anticipated increases in cessation surveys and contracts
- \$19,507 increase each year in Nutrition & Physical Activity Expenses to cover anticipated increases in cessation surveys and contracts
- Discontinue the Juvenile Drug Court Treatment Program (\$1,000,000 each year) and the Drug Court Substance Abuse Treatment Program (\$1,500,000 each year) due to available funding being needed to support regular operations of the Tobacco Prevention & Cessation Program

The Executive Recommendation provides for the Agency Request and a title change of Chief Physician Specialist to a Senior Physician Specialist to better align title and job duties.

# Appropriation Summary

**Appropriation:** 604 - Tobacco Prevention & Cessation Programs

**Funding Sources:** TSD - Tobacco Prevention & Cessation Program Account

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,721,872	1,804,150	2,269,792	1,777,382	2,010,293	2,010,293	1,777,382	2,010,293	2,010,293
<b>#Positions</b>		<b>40</b>	<b>40</b>	<b>47</b>	<b>40</b>	<b>47</b>	<b>47</b>	<b>40</b>	<b>47</b>	<b>47</b>
Extra Help	5010001	11,744	50,000	75,000	50,000	75,000	75,000	50,000	75,000	75,000
<b>#Extra Help</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	473,823	520,636	673,398	528,657	612,747	612,747	528,657	612,747	612,747
Operating Expenses	5020002	206,858	225,000	450,120	225,000	325,000	325,000	225,000	325,000	325,000
Conference & Travel Expenses	5050009	11,264	25,000	46,035	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	1,912,871	2,179,633	2,341,400	2,179,633	2,279,633	2,279,633	2,179,633	2,279,633	2,279,633
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Tobacco Prev & Cessation Exp	5900046	10,256,154	8,415,398	14,493,281	8,415,398	11,415,398	11,415,398	8,415,398	11,415,398	11,415,398
Exp Nutrition & Physical Activity	5900047	664,884	693,748	693,748	691,493	711,000	711,000	691,493	711,000	711,000
Juv Drug Crt Treatment Prg	5900048	0	1,000,000	1,000,000	1,000,000	0	0	1,000,000	0	0
Drug Crt Subst Abuse Treatment	5900049	0	1,500,000	1,500,000	1,500,000	0	0	1,500,000	0	0
<b>Total</b>		<b>15,259,470</b>	<b>16,413,565</b>	<b>23,542,774</b>	<b>16,392,563</b>	<b>17,454,071</b>	<b>17,454,071</b>	<b>16,392,563</b>	<b>17,454,071</b>	<b>17,454,071</b>
<b>Funding Sources</b>										
Fund Balance	4000005	11,746,617	7,093,226		4,399,661	4,399,661	4,399,661	1,727,098	1,727,098	1,727,098
Tobacco Settlement	4000495	13,106,079	14,220,000		14,220,000	15,281,508	15,281,508	14,220,000	15,281,508	15,281,508
Transfers / Adjustments	4000683	(2,500,000)	(500,000)		(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
<b>Total Funding</b>		<b>22,352,696</b>	<b>20,813,226</b>		<b>18,119,661</b>	<b>19,181,169</b>	<b>19,181,169</b>	<b>15,447,098</b>	<b>16,508,606</b>	<b>16,508,606</b>
Excess Appropriation/(Funding)		(7,093,226)	(4,399,661)		(1,727,098)	(1,727,098)	(1,727,098)	945,465	945,465	945,465
<b>Grand Total</b>		<b>15,259,470</b>	<b>16,413,565</b>		<b>16,392,563</b>	<b>17,454,071</b>	<b>17,454,071</b>	<b>16,392,563</b>	<b>17,454,071</b>	<b>17,454,071</b>

Transfers include \$500,000 to the Breast Cancer Control Fund per Act 1384 of 2009, \$1,500,000 to the Department of Community Correction for the Drug Court Substance Abuse Treatment per A.C.A. 19-5-106 and \$500,000 to the Department of Human Services for the Juvenile Drug Court Treatment Program. Commitment Item 5900047 includes appropriation for Salaries and Matching; Base Level is lower due to salaries and matching not including appropriation for a Cost of Living Adjustment and adjustment to bring salaries to entry level.



## Change Level by Appropriation

**Appropriation:** 604 - Tobacco Prevention & Cessation Programs  
**Funding Sources:** TSD - Tobacco Prevention & Cessation Program Account

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>16,392,563</b>	<b>40</b>	<b>16,392,563</b>	<b>100.0</b>	<b>16,392,563</b>	<b>40</b>	<b>16,392,563</b>	<b>100.0</b>
C01	Existing Program	3,561,508	7	19,954,071	121.7	3,561,508	7	19,954,071	121.7
C03	Discontinue Program	(2,500,000)	0	17,454,071	106.5	(2,500,000)	0	17,454,071	106.5
C07	Agency Transfer	0	0	17,454,071	106.5	0	0	17,454,071	106.5
C10	Reclass	0	0	17,454,071	106.5	0	0	17,454,071	106.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>16,392,563</b>	<b>40</b>	<b>16,392,563</b>	<b>100.0</b>	<b>16,392,563</b>	<b>40</b>	<b>16,392,563</b>	<b>100.0</b>
C01	Existing Program	3,561,508	7	19,954,071	121.7	3,561,508	7	19,954,071	121.7
C03	Discontinue Program	(2,500,000)	0	17,454,071	106.5	(2,500,000)	0	17,454,071	106.5
C07	Agency Transfer	0	0	17,454,071	106.5	0	0	17,454,071	106.5
C10	Reclass	0	0	17,454,071	106.5	0	0	17,454,071	106.5
C14	Title Change	0	0	17,454,071	106.5	0	0	17,454,071	106.5

### Justification

C01	A request is needed in commitment items 502:00:02, 506:00:10, 590:00:46, and 590:00:47 to cover the necessary operations of the Tobacco Prevention and Cessation Program in order to assure a continued decline in the use of tobacco. Increased costs in Cessation surveys and contracts are anticipated. A request is needed to restore seven (7) currently authorized positions. A request in Extra Help is needed to restore appropriation back to the authorized level.
C03	A decline in the Master Settlement payment is anticipated, therefore budget for commitment items 590:00:48 and 590:00:49 are requested for discontinuation. The funding is requested for redistribution to commitment item 590:00:46 to cover the necessary operations of the Tobacco Prevention and Cessation Program in order to assure a continued decline in the use of tobacco as reflected in Change Level 1.
C07	This request is to transfer two (2) Extra Help positions from Fund Center 34P to 604.
C10	This request is for a position reclassification of a Chief Physician Specialist to Senior Physician Specialist.
C14	Recommended title change of a Chief Physician Specialist to a Senior Physician Specialist to better align title and job duties.

## **Analysis of Budget Request**

**Appropriation:** 803 - Health Building & Local Health Grant Trust

**Funding Sources:** THL - Health Bldg and Local Grant Trust

The Department of Health's Health Building and Local Grant Trust appropriation is used for expansion, renovation, construction, or improvement to the State Health Building and for grants for construction, renovation, or other expansion of approved local health unit facilities in the State as proscribed by A.C.A. 20-7-201 et seq.

Funding for this appropriation consists of visit fees to local health units that are held in a trust fund (A.C.A. 19-5-962 THL - Health Building and Local Grant Trust fund).

The Agency's Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 803 - Health Building & Local Health Grant Trust

**Funding Sources:** THL - Health Bldg and Local Grant Trust

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	968,250	2,318,000	2,318,000	2,318,000	2,318,000	2,318,000	2,318,000	2,318,000	2,318,000
Total		968,250	2,318,000	2,318,000	2,318,000	2,318,000	2,318,000	2,318,000	2,318,000	2,318,000
Funding Sources										
Fund Balance	4000005	2,643,704	2,275,455		557,455	557,455	557,455	0	0	0
Special Revenue	4000030	702,837	709,917		709,917	709,917	709,917	709,917	709,917	709,917
Transfer to Operations	4000670	(102,836)	(109,917)		(109,917)	(109,917)	(109,917)	(109,917)	(109,917)	(109,917)
Total Funding		3,243,705	2,875,455		1,157,455	1,157,455	1,157,455	600,000	600,000	600,000
Excess Appropriation/(Funding)		(2,275,455)	(557,455)		1,160,545	1,160,545	1,160,545	1,718,000	1,718,000	1,718,000
Grand Total		968,250	2,318,000		2,318,000	2,318,000	2,318,000	2,318,000	2,318,000	2,318,000

Transfer by authority of A.C.A. 20-7-127.

FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances.

## **Analysis of Budget Request**

**Appropriation:** B72 - WIC Food Instruments - Cash

**Funding Sources:** 163 - Cash Funds

The Department of Health's Women Infants and Children (WIC) Food Instruments appropriation provides for the issuance of vouchers to at-risk persons to improve the nutrition of eligible pregnant, breastfeeding and postpartum women to provide for infants and young children during periods of critical growth. The food instruments are redeemable for specific foods at local grocery stores. The program also provides nutrition education and referral to other services.

Funding for this appropriation consists of funds from the United States Department of Agriculture that are held in a Cash fund to provide electronic benefits transfers to vendors and reimbursements from contracted formula companies.

The Agency's Base Level Request is \$76,098,998 each year of the biennium.

The Agency's Change Level Request is \$24,675,499 in unfunded appropriation each year of the biennium to allow for additional appropriation in the event that additional federal funding becomes available.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** B72 - WIC Food Instruments - Cash

**Funding Sources:** 163 - Cash Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
WIC Food Instruments	5900040	67,479,550	76,098,998	100,774,497	76,098,998	100,774,497	100,774,497	76,098,998	100,774,497	100,774,497
ARRA 2009	5900052	0	0	20,000,000	0	0	0	0	0	0
<b>Total</b>		<b>67,479,550</b>	<b>76,098,998</b>	<b>120,774,497</b>	<b>76,098,998</b>	<b>100,774,497</b>	<b>100,774,497</b>	<b>76,098,998</b>	<b>100,774,497</b>	<b>100,774,497</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,149,013	1,502		1,502	1,502	1,502	1,052	0	0
Federal Revenue	4000020	41,415,288	52,019,363		52,019,363	52,019,363	52,019,363	52,019,363	52,019,363	52,019,363
Manufacturer Rebate	4000341	24,916,751	24,079,635		24,079,635	24,079,635	24,079,635	24,079,635	24,079,635	24,079,635
<b>Total Funding</b>		<b>67,481,052</b>	<b>76,100,500</b>		<b>76,100,500</b>	<b>76,100,500</b>	<b>76,100,500</b>	<b>76,100,050</b>	<b>76,098,998</b>	<b>76,098,998</b>
Excess Appropriation/(Funding)		(1,502)	(1,502)		(1,502)	24,673,997	24,673,997	(1,052)	24,675,499	24,675,499
<b>Grand Total</b>		<b>67,479,550</b>	<b>76,098,998</b>		<b>76,098,998</b>	<b>100,774,497</b>	<b>100,774,497</b>	<b>76,098,998</b>	<b>100,774,497</b>	<b>100,774,497</b>

FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances.

## Change Level by Appropriation

**Appropriation:** B72 - WIC Food Instruments - Cash  
**Funding Sources:** 163 - Cash Funds

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>76,098,998</b>	<b>0</b>	<b>76,098,998</b>	<b>100.0</b>	<b>76,098,998</b>	<b>0</b>	<b>76,098,998</b>	<b>100.0</b>
C05	Unfunded Appropriation	24,675,499	0	100,774,497	132.4	24,675,499	0	100,774,497	132.4

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>76,098,998</b>	<b>0</b>	<b>76,098,998</b>	<b>100.0</b>	<b>76,098,998</b>	<b>0</b>	<b>76,098,998</b>	<b>100.0</b>
C05	Unfunded Appropriation	24,675,499	0	100,774,497	132.4	24,675,499	0	100,774,497	132.4

### Justification

C05	This request is to restore appropriation allowing flexibility for additional funding. The WIC Supplemental Food Program provides for vouchers and nutrition education to at-risk persons to improve the nutrition of eligible pregnant, breastfeeding, and postpartum women and to provide for infants and young children during periods of critical growth. Appropriation is requested for funds from the United States Department of Agriculture that are held in a cash fund. The WIC food grant is expected to increase to cover the increased cost of food for WIC participants.
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## **Analysis of Budget Request**

**Appropriation:** B74 - Breast Cancer - Cash

**Funding Sources:** 163 - Cash Funds

The Department of Health's Breast Cancer Cash appropriation provides assistance to the Breast Care program, which focuses on women at least 40 years of age who are uninsured or underinsured and have rarely or never been screened for breast or cervical cancer. This program provides free mammograms, breast exams, Pap tests, and follow-up cancer treatment if needed.

Funding for this appropriation includes Cash Funds consisting of donations.

The Base Level is \$6,872 each year of the biennium.

The Agency Request is for \$18,128 each year in unfunded appropriation to allow for flexibility if additional funding is received.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** B74 - Breast Cancer - Cash

**Funding Sources:** 163 - Cash Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ADH Breast Cancer 5900046	0	6,872	50,000	6,872	25,000	25,000	6,872	25,000	25,000
<b>Total</b>	<b>0</b>	<b>6,872</b>	<b>50,000</b>	<b>6,872</b>	<b>25,000</b>	<b>25,000</b>	<b>6,872</b>	<b>25,000</b>	<b>25,000</b>
Funding Sources									
Fund Balance 4000005	6,468	6,674		2	2	2	0	0	0
Cash Fund 4000045	206	200		200	6,870	6,870	200	6,872	6,872
<b>Total Funding</b>	<b>6,674</b>	<b>6,874</b>		<b>202</b>	<b>6,872</b>	<b>6,872</b>	<b>200</b>	<b>6,872</b>	<b>6,872</b>
Excess Appropriation/(Funding)	(6,674)	(2)		6,670	18,128	18,128	6,672	18,128	18,128
<b>Grand Total</b>	<b>0</b>	<b>6,872</b>		<b>6,872</b>	<b>25,000</b>	<b>25,000</b>	<b>6,872</b>	<b>25,000</b>	<b>25,000</b>

FY12 ending fund balances do not equal FY13 beginning fund balances due to unfunded Appropriation balances.



## Change Level by Appropriation

**Appropriation:** B74 - Breast Cancer - Cash  
**Funding Sources:** 163 - Cash Funds

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,872</b>	<b>0</b>	<b>6,872</b>	<b>100.0</b>	<b>6,872</b>	<b>0</b>	<b>6,872</b>	<b>100.0</b>
C05	Unfunded Appropriation	18,128	0	25,000	363.8	18,128	0	25,000	363.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,872</b>	<b>0</b>	<b>6,872</b>	<b>100.0</b>	<b>6,872</b>	<b>0</b>	<b>6,872</b>	<b>100.0</b>
C05	Unfunded Appropriation	18,128	0	25,000	363.8	18,128	0	25,000	363.8

### Justification

C05	This request is restore appropriation allowing flexibility for additional funding.
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## Appropriation Summary

**Appropriation:** 58H - Birth Certificate Expenses

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Birth Certificate Expenses 5900046	0	0	30,000	0	0	0	0	0	0
Total	0	0	30,000	0	0	0	0	0	0

NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

# DEPARTMENT OF HIGHER EDUCATION

## Enabling Laws

Act 286 of 2010

Higher Education financial aid programs as authorized by A.C.A., Title 6, et. al.

Higher Education financial aid program fund balances as authorized by A.C.A., Title 19, et. al.

## History and Organization

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The Arkansas Higher Education Coordinating Board (AHECB) was created by Act 1114 of 1997 which abolished the State Board of Higher Education and transferred its powers, duties and functions to the AHECB which now oversees the Department of Higher Education. The scope of the responsibilities of the ADHE has broadened over the years to include determining the role and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies-- the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid to over 50,000 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student at public or private colleges and universities and all faculty members at the public colleges and universities. ADHE also maintains data on all recipients of financial aid programs managed by ADHE, whether attendance is at a public or private institution.

The mission of the Arkansas Department of Higher Education is to advocate for higher education; to promote a coordinated system of higher education in the State; and to provide for the orderly and effective development of each of the publicly and locally supported institutions of higher education in the state - all geared toward improving the delivery of higher education services to the citizens of Arkansas.



## **Agency Commentary**

### **Agency Commentary**

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The scope of the responsibilities has broadened over the years to include determining the roles and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies- -the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid to over 50,000 Arkansas college students.

The Arkansas Department of Higher Education (ADHE) is responsible for carrying out the policy directives of the Arkansas Higher Education Coordinating Board (AHECB), approving and reviewing college and university academic programs and developing funding recommendations for the state's 11 public universities and 22 public two-year colleges as well as several other post-secondary entities. In addition, the agency is responsible for distributing approximately \$170 million annually from state revenues and lottery funds intended to ease the financial burden of students seeking an education beyond high school

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet these monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student and all faculty positions.

The following define the priorities for the 2011-2013 biennium. Each is designed to either restore or maintain capabilities of the agency to meet continuing mandates of the Governor and the Legislature for effective coordination of Arkansas higher education.

#### **I. Agency Operations/Provision of Basic Services to Governor, Legislature, and Higher Education Institutions**

##### **A. Personal Services Costs for Additional Requested Personnel**

The Arkansas Department of Higher Education (ADHE) is formally requesting to surrender four (4) current budgeted positions in order to obtain two (2) higher graded positions to correctly position the agency to meet the increased demands that have occurred within ADHE since July of 2009. The purpose of this reorganization is to gain two higher graded positions to recruit and retain employees with a broader skill set that will allow ADHE to be more productive than positions with narrowly define responsibilities.

ADHE is requesting to surrender position 22104438 D052C, Software Support Analyst, C121, last occupied 10/18/2008 and position 22125428 D052C, Software Support Analyst, C121, last occupied 2/6/2010 to obtain one (1) G102C, ADHE Program Specialist, C122, a current classification at ADHE. It has become more cost effective for ADHE to utilize outsourcing on many areas in Information Technology. ADHE primarily is using the services the Department of Information Services and Information Network of Arkansas.

ADHE is requesting to surrender position 22104465 C073C, Administrative Specialist II, C109, last occupied 7/4/2009 and position 22109049 R025C, Human Resource Analyst, C117, last occupied 3/15/2010 to obtain one (1) G071C, ADHE Program Coordinator, C124, a current classification at ADHE. This request would allow ADHE to utilize the position across multiple divisions encompassing the duties of the surrendered positions as well as bringing much needed finance and management level experience to the organization.

This request will allow ADHE to reduce cost by salary and benefits savings while at the same time increase productivity and service. **This request is for appropriation only.**

#### **B. Extra Help**

ADHE is requesting an increase in Extra Help of \$12,000 above base for a total of \$15,000 each fiscal year of the biennium. Because of the new Universal Scholarship Application the number of applications each semester for the Financial Aid programs separate from Academic Challenge has increased from around seven thousand (7,000) in 2009 to around seventy thousand (70,000) in 2010. These positions will be used to help assist the Financial Aid Staff during peak volumes times each semester to insure that the awards can go out in a timely manner. Extra Help is requested because it is more cost effective to utilize these positions on an as needed basis versus employment of full time employees. **This request is for appropriation only.**

#### **C. Operating Expenses**

The Arkansas Department of Higher Education is requesting Change Levels of \$517,025 for the first year and \$316,025 for the second year of the biennium. The building lease for ADHE expires June 30, 2011 and the current facility will not be an available option. ADHE has worked closely with Arkansas State Building Services (SBS) on available facility space. SBS has helped ADHE develop possible new space options and estimated costs including relocation costs. The first year increases are as follows: estimated new facility lease will be approximately \$513,414 which is an increase of \$292,025 over the current lease. It is important to note that our current lease price is figures' at \$11.00 per square foot compared with SBS stated current market rate of \$18.00 per square foot. SBS estimates that utilizing for modular or cubicle offices will cost about \$175,000 to purchase. Additional cost is approximately \$45,000 for relocation including Information Technology and telephone system. The second year increases are for \$292,025 for facility lease and \$24,000 for other facility expenses. **This request is for appropriation and funding.**

#### **D. Conference Fees & Travel**

ADHE requests change Levels in Conference Fees and Travel of \$4,730 each fiscal year for a total of \$25,000 each year. The increase is to fund two Institutional Finance Employees professional development at the College Business Institute. The increased cost related to all travel

related categories such as meals, lodging, airfare and ground transportation and tuition. The Department needs to be able to provide professional development for staff in order to insure the ability to provide continuing professional services in changing environments. **This request is for appropriation and funding.**

#### **E. Professional Fees**

Arkansas Code §6-61-214 and 6-61-208 requires ADHE to review new and existing academic degree programs for the public institutions of higher education in Arkansas. The agency requests Change Levels of five thousand (\$5,000) for a total of fifteen thousand (\$15,000) for each year of the biennium for authority to hire consultants for the review of doctoral, selected master's degree proposals, and some technical/professional baccalaureate programs that are highly specialized and beyond the general or specific expertise of the agency's Academic Affairs staff. **This request is for appropriation and funding.**

#### **F. Capital Outlay**

The Department is requesting restoration of the current FY2011 Authorized appropriation level of \$25,000. This appropriation is based on the increased requirements for the Department to purchase and maintain high end network server printers and other information technology related equipment. Information has become a key commodity used by ADHE to serve the needs of its constituencies. ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions. Additional hardware has been acquired to host web sites and student servers to comply with new State laws and programs. The Department now operates six student servers for such programs as well as the Academic Challenge, Governor's Scholar, and Credit Transfer Programs. The Department's Technology plan calls for the replacement of one server and one network printer each year. **This request is for appropriation and funding.**

### **II. Financial Aid Programs to Students**

ADHE Financial Aid Programs are funded through the Higher Education Grants Fund (HEG) which receives funding from General Revenue and the Education Excellence Fund. For the past several years the HEG Fund had revenues that exceeded expenses and built up a rather large fund balance. In Fiscal 2010 the HEG fund received due to revenue revision received two million (\$2,000,000) less than received in Fiscal 2009. Further, pursuant to Section 17 of Act 286 of 2010, twenty million (\$20,000,000) was transferred by warrant to the Scholarship Shortfall Reserve Fund of the Arkansas Lottery Commission. All of these events have reduced the HEG Fund balance to around twenty four million (\$24,000,000). The current revenue and HEG Fund Balance will not be sufficient to sustain the growth in all of the Financial Aid Programs. Therefore some Programs will not be able to be funded and most others will have to have funding reduced or held to Fiscal 2011 levels to insure that current students in the pipeline will be funded as well as maximizing utilization of available funding to other Financial Aid programs that will serve the largest number of students maximize the number of students served in need and achievement based programs. **This request is for appropriation only.**

#### **A. The Minority Masters Fellows (MMF) Program**

Act 1215 of 2009 repealed this and consolidated it with the State Teacher Education Program. The reduced request is to provide funding for those students in the pipeline.

**B. Arkansas Health Education Grant (ARHEG)**

The Arkansas Health Education Grant (ARHEG) Program was created to assist Arkansas residents who must attend certain professional schools not provided by the State of Arkansas in the areas of dentistry, optometry, podiatry, osteopathy, and veterinary. Arkansas contracts through the Southern Regional Education Board (SREB) to ensure that Arkansas residents can secure seats in participating institutions in the SREB Compact Program. The fee for each seat is established by SREB and the ARHEG grant or loan amount is typically an amount sufficient to help offset the difference in the resident and non-resident tuition amounts at participating institutions. The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. Due to the declining balance in the HEG Fund, ARHEG Programs are being reduced along with other Financial Aid Programs to insure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs that maximize the number of students served in need and achievement based programs. Change Levels for each program are as follows for each year:

Dental Aid	\$ 1,700,000
Dental Loans	\$ 987,370
Optometry	\$ 320,400
Veterinary Aid	\$ 1,050,000
Podiatry	\$ 20,000
Osteopathy	\$ 148,000

**This request is for appropriation only.**

**C. Arkansas Governor’s Scholars Program**

The Governor's Distinguished Scholars awards students with a 32 ACT or 1410 SAT and a 3.5 GPA in academic courses, or National Merit and National Achievement Finalists; and 75 Governor's Scholars (one from each Arkansas county) from those applicants that do not meet the Distinguished criteria. The program is in its second year of awarding 300 students instead of the previous 250 so the pipeline has grown and also more and more students are meeting the ACT and grade requirements. The estimated awards for Fiscal 2011 will be \$12, 700,000. It is being proposed to reduce the awards amounts to \$5,000 for Distinguished and make them eligible for the Academic Challenge and reduce the regular to \$2,000. ADHE requests an increase of \$1,375,000 for the first year and \$300,000 for the second year of the biennium. **This request is for appropriation only.**

**D. Dependents of Military**

This program is for full-time undergraduate students who are dependent children or spouses of persons who were declared killed in action, missing in action or service-connected 100% permanently & totally disabled. Due to the length of the Iraq war and the ongoing actions in Afghanistan the number of eligible students has increased and given the current conditions it is expected to continue to increase. Based on estimated awards of \$350,000 for fiscal 2011, we are requesting an increase of \$200,000 for a total of \$450,000 each year. **This request is for appropriation only.**



### **III. State Scholarship - Federal**

This program is Arkansas' participation in the federally funded "Leveraging Educational Assistance Partnership (LEAP)" Program. This is a need based grant for the non-traditional student or those at least 24 years old. The program's goal is to help those students returning to school who have financial need but may not be eligible for assistance from traditional state and federal programs. The award amount is expected to increase and the increase is for the authority to award scholarships. Change Levels for this program are \$250,000 each year, which would increase the total request to \$750,000 for each fiscal year of the biennium. **This is Federal Funding and request is for appropriation only.**

### **IV. Research Development Fund**

This Arkansas Research Development Program is for research grants to applicable institutions of higher education. Funding for this program is transferred from the Higher Education Building Maintenance Fund from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal lands in Arkansas. The Department is requesting restoration of the current biennial appropriation amount of \$2,000,000 and an additional \$2,000,000 for a total of \$4,000,000 for the Arkansas Research Development Program. The requested increase is to allow the increase in proceeds to be distributed. **This request is for appropriation only.**

### **V. Technical Education - Federal Programs (Perkins)**

The Carl D. Perkins Vocational and Technical Education Act require each state to "establish a state performance accountability system to assess the effectiveness of vocational and technical education." This request includes support for multiple model project/pilot projects to be implemented to meet state leadership requirements. The purpose of the model projects is to encourage the implementation of new and innovative programs for career and technical education. Perkins will request proposals from postsecondary institutions receiving Perkins funding so specific projects to be funded are unknown at this time. However, based upon the type projects Perkins will seek, it is likely that the projects will use consultants to develop a program or provide a service. Potential projects include implementation of learning communities, development of retention strategies, creation of an online resource center, process mapping to identify gaps in support services for technical students, development of a leadership academy for faculty, and creation of a performance-based instruction design model. The Department requests Change Levels of \$50,000 for Travel and Conference Fees to be used for the Perkins sponsored training seminars and \$15,000 for Capital Outlay related to relocation of offices to new building. The request is for each fiscal year of the biennium. **The Program is federally funded and this request is for appropriation only.**

### **VI. Career Pathways Program**

The Career Pathways Program operates under the State's Temporary Assistance to Needy Families (TANF) Block Grant. Under these guidelines, all recipients of TANF funds as approved by the Arkansas Transitional Employment Board (TEB) are eligible to receive "educational activities designed to increase self-sufficiency & job training skills". The Department works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients attending selected two-year institutions. The initiative began in March, 2005 and has since expanded to all 22 Two Year Colleges while serving more than 10,000 participants since implementation. More than 4,000 of

these participants have received certificates or degrees since entering the program. Due to this expansion the grant will increase from thirteen million (\$13,000,000) to fifteen million (\$15,000,000), the program is requesting Change Levels as follows: Reallocation of fifty five thousand (\$55,000) from Operating Expenses to Conference and Travel expenses for the training seminars sponsored by the Program, Reallocation of forty two thousand (\$42,000) from Operating Expenses to Professional Fee's for Information Network of Arkansas (INA) to continue to upgrade and maintain the CPI budget software and student tracking system, fifteen thousand (\$15,000) for Capital Outlay and two million four hundred thousand two hundred seven (\$2,455,207) for direct grants for the two year institutions. **The Program is federally funded and this request is for appropriation only.**

#### **VII. The College Access Challenge Grant Program (CACGP)**

The College Access Challenge Grant Program. (CACGP) is a Federal Program funded by the U. S. Department of Education. The project is designed to foster partnerships among government entities and philanthropic organizations to increase the number of underrepresented students who enter and remain in postsecondary education. The purpose of this project is to encourage students and families to learn about, prepare for, and finance a postsecondary education. The project includes a statewide outreach effort that will provide tools that can be used on a long-range basis to help tell the story of the importance of higher education. A training program will also be developed for high school guidance counselors who are located in the poorest counties of Arkansas as a means to assist them in reaching out to children from economically disadvantaged families. The new grant award has increased to one million five hundred thousand (\$1,500,000). ADHE is requesting an increase for each fiscal year in the following areas to administer the grant. Operating Expenses including advertising: Two hundred three thousand eight hundred and 71 (\$203,871) Professional Fees and Reimbursable Expense Professional Fees six hundred five thousand (\$605,000) **The Program is federally funded and this request is for appropriation only.**

#### **VIII. Scholarship Administration**

Act 605 of 2009 provides that the Arkansas Department of Higher Education shall administer the scholarships funded by the net proceeds of the Arkansas Lottery Commission, and that the Commission shall reimburse the department of the costs of administering the scholarship awards. ADHE is requesting a transfer from operating expenses to professional fees of \$150,000 each year and an additional \$250,000 each year for professional fees transferred from the Web Application Fund. This request is to make needed changes to the Universal Financial Aid System to accommodate the new Non-Traditional and Current Achiever class of awards, development of interface for uniform electronic transcript submission, modifications for program changes and annual maintenance of the programs and to provide changes to the system as program. With the changes in Academic Challenge by the Lottery Act applications increased from approximately eight thousand (8,000) to fifty four thousand (54,000). ADHE request \$30,000 each year in Extra Help to assist in the intake process of the transcripts for the new Academic Challenge program. **This request is for appropriation only.**

#### **IX. Scholarship Reserve**

Section 17 of Act 286 of 2010, required the twenty million (\$20,000,000) in set aside reserve be transferred by warrant to the Scholarship Shortfall Reserve Fund of the Arkansas Lottery Commission. This appropriation is no longer required.

## **X. Cash Operations**

ADHE receives grants from private foundations. The "Achieving the Dream: Community Colleges Count" national initiative is designed to help more community college students succeed. Achieving the Dream provides participating colleges with support to implement strategies designed to help more students-particularly students of color and low-income students-earn degrees, complete certificates. The Western Interstate Commission for Higher Education (WICHE) Non-traditional No More: Policy Solutions for Adult Learners grant will be used to stimulate and guide policy and practice changes that will create a more navigable path to degree attainment for adults. ADHE has been awarded a planning grant from the Lumina Foundation for Education, Inc. The grant will be used to conduct planning and implementation for a 2011 College Goal Sunday event in Arkansas. College Goal Sunday is a program that utilizes financial aid professionals in providing free assistance to potential college students completing the Free Application for Student Financial Aid (FASFA). Specifically, College Goal Sunday targets low income families. ADHE is requesting appropriation increase of four hundred twenty five thousand (\$285,000) each year for the administration of these programs. Also, appropriation totaling \$100,000 each year is requested for Mahlon Martin minority scholarships awards and \$40,000 each year is requested to support expenses of educational conferences hosted by ADHE. **This request is for appropriation only.**

## **XI. Explanations for Revisions to Special Language & New Special Language**

### **A. Scholarship Shortfall Reserve Transfer (Section 17)**

The deletion of the language is because the item has been completed. ADHE transferred the \$20,000,000 to the Scholarship Shortfall reserve Fund in July 2010 and completed the Fiscal year requirement..

### **B. College Savings Bonds (Section 25)**

This section was deleted because the Arkansas College Savings General Obligations Bonds Program has been completed and all funds expended.

### **C. Arkansas Geographical Needs Minority teacher Scholarship Program (Section 32)**

The Higher Education Grants (HEG) Fund funded with General Revenue. Due to the declining balance in the HEG Fund, Financial Aid Programs are being reduced to insure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs that maximize the number of students served in need and achievement based programs. This program is not being funded for the biennium.

### **D. Transfer Provision (Section 35)**

The Higher Education Grants (HEG) Fund funded with General Revenue. Due to the declining balance in the HEG Fund, Financial Aid Programs are being reduced to insure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs that maximize the number of students served in need and achievement based programs. Due to the reduced HEG Fund balance, transfers will not be needed.

**E. Transfer of Health Education Grants and Loans (Section 36)**

The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. Due to the declining balance in the HEG Fund, ARHEG Programs are being reduced along with other Financial Aid Programs to insure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs that maximize the number of students served in need and achievement based programs. Due to the limited funding, transfer cannot be funded and will not be required.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF HIGHER EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2008

Findings	Recommendations
None	None

**Performance Audit Findings**

Southeast Arkansas Education Cooperative – Arkansas Early College High School Program (AECHS)  
Arkansas Department of Education (ADE) and Arkansas Department of Higher Education (ADHE)  
(July 1, 2005 – June 30, 2008) - Issued 10-10-2008

Findings and Conclusions:

- Instructor qualification review were not adequately documented, putting the students and participating high schools at risk of not receiving credit for a course or meeting accreditation standards.
- Grading irregularities could not be adequately explained, however, the extent of the problem could not be determined due to lack of controls over progress reports and computerized grade books.
- Student and school district memorandums of understanding and the course syllabi did not always agree with regard to academic dishonesty or plagiarism. Further,

teacher turnover was high which created additional problems in areas such as instructor approval and credentialing.

- 5 of 9 instructors reviewed had exceptions relating to class size limits.
- AECHS did not provide all pertinent information in a review by ADE of a complaint regarding the hiring of the Cooperative Director's son.

#### Recommendations:

- To improve the instructor approval process: formalize the instructor approval process; maintain a master class schedule with appropriate addendums identifying changes of instructors; formally notify both college and high school officials of instructor changes; ADHE specifically address the issue of ownership of concurrent credit course at each participating institution; and partnering institutions provide the required training, orientation, and oversight to meet standards.
- ADE review its policy on the nontraditional licensure program and consider if modifications should be made for instructors in the AECHS Program.
- Create 1 standard syllabus for courses with more than 1 college granting credit and colleges be informed if a course is being taught to students enrolled in other colleges so that they may collaborate to meet State requirements.
- To address grade security issues: archive student progress reports in a central location; include documentation of archived grade changes with progress reports with approval signatures by the AECHS coordinator and the responsible instructor; provide for availability of records for review; and require a review each semester of a sample of grades for changes in each posted item.
- AECHS develop consistent policies addressing academic dishonesty and plagiarism.
- Adhere to required student to teacher ratios and ADE review the combined student enrollment numbers for all participating high schools in the individual AECHS classes to determine actual total class size.
- Contact ADE to determine if further action is required concerning the review of the hiring of the Cooperative Director's son.

#### Funding of Concurrent Credit Courses

Arkansas Department of Higher Education (ADHE)

(July 1, 2008 – December 31, 2008) - Issued 03-27-2009

#### Findings and Conclusions:

- In the absence of a uniform method of recording concurrent credit tuition and fees, some postsecondary institutions use scholarship monies which count against the 30% limitation on its unrestricted educational and general tuition and fee income while others do not.
- Both school districts and the State's institutions of higher education incur expenditures and receive funding related to concurrent credit students. However, due to complexities in the higher education funding formula, the amount of funding contributable to those students is undeterminable.

#### Recommendations:

- ADHE clarify the scholarship requirements and standardize the recording of concurrent credit tuition and fees.

## Employment Summary

	Male	Female	Total	%
White Employees	12	19	31	66 %
Black Employees	2	12	14	30 %
Other Racial Minorities	0	2	2	4 %
	Total Minorities		16	34 %
	Total Employees		47	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
A-Book Operating & Capital	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for each institution.
Agenda Books	A.C.A. 6-61-202	N	N	80	Provides notice of higher education issues to be addressed by AHECB.
AR Academic Cost Accounting	A.C.A. 6-61-222	N	Y	200	Reflects cost of each academic program provided to Board and ALC - Interim Committees.
AR Challenge Scholarships	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and, upon request, to students for informational purposes.
Atheltic Costs & Revenues	A.C.A. 6-62-106	N	Y	100	Presented to AHECB and Joint Audit Committee annually.
B-Book - Personal Services	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for institutional personal services & positions.
Degrees Awarded	A.C.A. 6-61-206	N	N	200	Available on web site - distributed for informational purposes upon request to higher educ community & others.

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Fact Book	A.C.A. 6-61-202	Y	Y	250	Historical reference - information also provided to institutions.
Financial Aid Guide	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and students and counselors and guidance officers.
Financial Prgms. Handbook	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Governor's Scholars	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Health Education Grants	Acts 1180 of 99 & 1612 of 01	N	Y	25	Provides student information for those receiving grants & their return rates.
Impact of Scholarship Prgms.	A.C.A. 6-82-104	N	Y	1	Assesses the impact of scholarship programs and reported to Council annually.
Legislative Summary	A.C.A. 6-61-202	Y	Y	50	Provides information on legislation affecting higher education
Minimum Core Curriculum	A.C.A. 6-53-205 & 6-61-218	N	N	256	For informational purposes, copies are distributed to each public institution of higher education.
Retention & Graduation	A.C.A. 6-61-220	N	N	0	Appears annually in AHECB agenda book published & distributed quarterly to Board, Governor, Institutions
Student Enrollments	A.C.A. 6-61-206	N	N	5	Available on web site - distributed for informational purposes to higher educ community & others.
Student Semester Credit & FTE	A.C.A. 6-61-206	N	N	5	On Web site - Distributed upon request for informational purposes to Higher Education community & others.
Type Amount Compensation for Monitary Losses of Students called into Military Service	A.C.A. 6-61-112	N	Y	100	Mandated for House Interim Committee on Aging, Children and Youth, Legislative and Military Affiars and Senate Interim Committee on Children and Youth beginning October 1, 2006

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	
135 Dental Aid Grant & Loans	2,652,568	0	3,121,270	0	3,121,270	0	3,121,270	0	2,687,370	0	2,687,370	0	3,121,270	0	2,687,370	0	2,687,370	0	
137 Optometry Aid Grants & Loans	470,300	0	550,000	0	550,000	0	550,000	0	320,400	0	320,400	0	550,000	0	320,400	0	320,400	0	
138 Veterinary Aid	1,039,287	0	1,100,000	0	1,100,000	0	1,100,000	0	1,050,000	0	929,000	0	1,100,000	0	1,050,000	0	929,000	0	
140 Chiropractic Aid	130,007	0	260,000	0	260,000	0	260,000	0	102,000	0	102,000	0	260,000	0	102,000	0	102,000	0	
153 General Operations	3,350,091	37	3,553,894	39	3,757,758	39	3,535,940	39	4,035,128	37	3,988,398	37	3,535,940	39	3,834,128	37	3,787,398	37	
156 Research Development Program Grants	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	2,000,000	0	5,000,000	0	1,000,000	0	2,000,000	0	5,000,000	0	
160 State Scholarship-Federal	411,857	0	500,000	0	500,000	0	500,000	0	750,000	0	750,000	0	500,000	0	750,000	0	750,000	0	
197 Student Asst Grants/Scholarships	49,710,623	0	61,311,860	0	74,311,860	0	61,311,860	0	47,104,000	0	46,774,000	0	61,311,860	0	45,690,000	0	43,625,000	0	
1GF Improving Teacher Quality	678,046	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	
2XK TANF	12,379,989	6	12,508,827	6	12,497,548	6	12,506,311	6	14,999,518	6	14,999,518	6	12,506,311	6	14,999,518	6	14,999,518	6	
58B College Access Challenge Grant	613,359	0	706,129	0	706,129	0	691,129	0	1,500,000	0	1,500,000	0	691,129	0	1,500,000	0	1,500,000	0	
59B ADHE-Scholarship Admn	216,849	6	695,842	6	732,666	6	673,356	6	953,356	6	953,356	6	673,356	6	953,356	6	953,356	6	
772 Technical Education-Federal Programs	403,203	3	467,408	3	455,910	3	466,691	3	531,691	3	531,691	3	466,691	3	531,691	3	531,691	3	
773 Osteopathy Aid	158,000	0	230,000	0	230,000	0	230,000	0	148,000	0	148,000	0	230,000	0	148,000	0	148,000	0	
783 Podiatry Aid	18,400	0	130,400	0	130,400	0	130,400	0	20,000	0	20,000	0	130,400	0	20,000	0	20,000	0	
921 Dept Higher Education - Cash in Treasury	184,350	0	520,000	0	520,000	0	520,000	0	945,000	0	945,000	0	520,000	0	945,000	0	945,000	0	
<b>NOT REQUESTED FOR THE BIENNIUM</b>																			
81R ARRA-SFSF-Educ Grnts	12,899,987	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
81Y ARRA-SFSF-GS Proj	4,404,193	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
83B Scholarship Reserve	0	0	20,000,000	0	20,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total</b>	<b>90,721,109</b>	<b>52</b>	<b>108,220,888</b>	<b>54</b>	<b>121,438,799</b>	<b>54</b>	<b>88,162,215</b>	<b>54</b>	<b>78,711,721</b>	<b>52</b>	<b>81,213,991</b>	<b>52</b>	<b>88,162,215</b>	<b>54</b>	<b>77,096,721</b>	<b>52</b>	<b>77,863,991</b>	<b>52</b>	

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	27,087,846	22.9	47,678,030	41.5	6,718,989	9.0	6,718,989	8.4	6,718,989	8.1	3,183,662	4.5	3,183,662	4.2	3,183,662	4.0	
General Revenue	4000010	3,123,491	2.6	3,309,762	2.9	3,291,808	4.4	3,790,996	4.7	3,100,000	3.7	3,291,808	4.6	3,589,996	4.7	3,100,000	3.9	
Federal Revenue	4000020	31,790,634	26.9	15,747,622	13.7	15,729,389	21.1	19,346,467	24.1	19,346,467	23.3	15,729,389	22.2	19,346,467	25.3	19,346,467	24.3	
Cash Fund	4000045	288,095	0.2	170,000	0.1	170,000	0.2	595,000	0.7	595,000	0.7	170,000	0.2	595,000	0.8	595,000	0.7	
Trust Fund	4000050	4,183,662	3.5	1,000,000	0.9	1,000,000	1.3	2,000,000	2.5	5,000,000	6.0	1,000,000	1.4	2,000,000	2.6	5,000,000	6.3	
Educational Excellence Fund	4000220	12,864,130	10.9	12,081,676	10.5	12,081,676	16.2	12,081,676	15.1	12,081,676	14.5	12,081,676	17.0	12,081,676	15.8	12,081,676	15.2	
Gen Rev Higher Ed Grants	4000258	38,834,681	32.8	34,491,806	30.0	34,491,806	46.4	34,491,806	43.0	34,491,806	41.5	34,491,806	48.7	34,491,806	45.1	34,491,806	43.4	
HEG Fund Transfers/Adjust.	4000280	98,600	0.1	99,132	0.1	99,132	0.1	99,132	0.1	99,132	0.1	99,132	0.1	99,132	0.1	99,132	0.1	
Institution Certification Fees	4000297	128,000	0.1	145,000	0.1	145,000	0.2	145,000	0.2	145,000	0.2	145,000	0.2	145,000	0.2	145,000	0.2	
Inter-agency Fund Transfer	4000316	0	0.0	216,849	0.2	673,356	0.9	953,356	1.2	1,512,808	1.8	673,356	1.0	953,356	1.2	1,512,808	1.9	
<b>Total Funds</b>		<b>118,399,139</b>	<b>100.0</b>	<b>114,939,877</b>	<b>100.0</b>	<b>74,401,156</b>	<b>100.0</b>	<b>80,222,422</b>	<b>100.0</b>	<b>83,090,878</b>	<b>100.0</b>	<b>70,865,829</b>	<b>100.0</b>	<b>76,486,095</b>	<b>100.0</b>	<b>79,555,551</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(27,678,030)		(6,718,989)		13,761,059		(1,510,701)		(1,876,887)		17,296,386		610,626		(1,691,560)		
<b>Grand Total</b>		<b>90,721,109</b>		<b>108,220,888</b>		<b>88,162,215</b>		<b>78,711,721</b>		<b>81,213,991</b>		<b>88,162,215</b>		<b>77,096,721</b>		<b>77,863,991</b>		

Variances in fund balance due to unfunded appropriation in (153) General Operations, (197) Student Assistance Grants and Scholarships, (921) Cash in Treasury, and (HEG) Health Education Grants and Loans. The FY11 Budget amounts in (2XK) TANF and (772) Technical Education - Federal Programs exceed the authorized amounts due to salary and matching rate adjustments during the 2009-2011 biennium.



## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
48	44	3	47	1	8.33 %	54	48	6	54	0	11.11 %	54	47	7	54	0	12.96 %

## **Analysis of Budget Request**

**Appropriation:** 153 - General Operations

**Funding Sources:** HQA - Dept. of Higher Education - State

The Arkansas Department of Higher Education utilizes this appropriation to meet costs associated with general administrative functions tied to the specific mission of the Agency. This appropriation is primarily funded by general revenue payable from the Department of Higher Education Fund Account (HQA). Funding is also provided by the Arkansas Lottery Commission with proceeds from the Arkansas Scholarship Lottery for costs associated with the administration of the Arkansas Academic Challenge Scholarship.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum.

The agency Base Level request for this appropriation is \$3,535,940 each year of the biennium with thirty-nine (39) budgeted base level positions.

The agency Change Level request for this appropriation and general revenue is \$499,188 for FY2012 and \$298,188 for FY2013, and are as follows:

- A total reduction of \$64,567 in both years of the 2011-2013 biennium in Salaries and Personal Services Matching associated with the relinquishing of four (4) positions and establishment of two (2) new positions. Two (2) Software Support Analyst (C121) positions, one (1) Administrative Specialist II (C109) position, and one (1) Human Resources Analyst (C117) position are being surrendered in exchange for the creation of one (1) DHE Program Specialist (C122) and one (1) DHE Program Coordinator (C124). Both higher graded positions' skill levels will be used across multiple divisions, with the DHE Program Coordinator adding needed finance and management experience.
- \$12,000 increase in both years of the biennium in Extra Help to help with the 700% increase in Arkansas Challenge Scholarship Applications.
- \$517,025 in FY2012 and \$316,025 in FY2013 in Operating Expenses for costs associated with the relocation of ADHE office facilities. The current lease will expire on 06/30/2011, and the property owner is not renewing due to proposed costs for renovation. The estimated need for space and costs associated with the relocation were provided by State Building Services and are as follows:
  - \$292,025 in both years of the biennium for Rent. ADHE is currently billed at \$11.00 per sq. ft. for its current space. Estimated rent at new facility is \$18.00 per sq. ft.

- \$175,000 in FY2012 for the purchase for forty-five (45) modular office units and \$24,000 in FY2013 for other office expenses relating to the move.
- \$40,000 in FY2012 only for relocation of phone and network systems.
- \$10,000 in FY2012 only for Hauling and Moving Expenses.
- \$4,730 increase in both years for Conference Fees and Travel to send two Institutional Finance employees to the College Business Institute for training and professional development.
- \$5,000 increase in both years for Professional Fees to hire outside consultants for the review of Advanced Degrees that are beyond the working knowledge of the Academic Affairs Staff.
- Restoration of \$25,000 in both years for Capital Outlay for costs associated with upgrading and maintaining the six (6) servers and high output printers servicing all scholarship programs. The IT Support Costs section of ADHE's IT plan calls for the replacement of one (1) server and one (1) printer, respectively.

The Executive Recommendation provides for Base Level. In addition, the Agency Request for Salaries, Personal Services Matching, and Operating Expenses is recommended. General Revenue funding of \$3,100,000 is recommended for both years of the biennium.

# Appropriation Summary

**Appropriation:** 153 - General Operations  
**Funding Sources:** HQA - Dept. of Higher Education - State

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,281,041	2,407,028	2,470,973	2,395,084	2,349,146	2,349,146	2,395,084	2,349,146	2,349,146
<b>#Positions</b>	<b>37</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>37</b>	<b>37</b>	<b>39</b>	<b>37</b>	<b>37</b>
Extra Help 5010001	4,562	3,000	10,000	3,000	15,000	3,000	3,000	15,000	3,000
<b>#Extra Help</b>	<b>1</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Personal Services Matching 5010003	590,375	653,866	689,954	657,856	639,227	639,227	657,856	639,227	639,227
Operating Expenses 5020002	430,976	449,730	481,831	449,730	966,755	966,755	449,730	765,755	765,755
Conference & Travel Expenses 5050009	17,493	20,270	25,000	20,270	25,000	20,270	20,270	25,000	20,270
Professional Fees 5060010	2,445	10,000	15,000	10,000	15,000	10,000	10,000	15,000	10,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	0	40,000	0	0	0	0	0	0
Capital Outlay 5120011	23,199	10,000	25,000	0	25,000	0	0	25,000	0
<b>Total</b>	<b>3,350,091</b>	<b>3,553,894</b>	<b>3,757,758</b>	<b>3,535,940</b>	<b>4,035,128</b>	<b>3,988,398</b>	<b>3,535,940</b>	<b>3,834,128</b>	<b>3,787,398</b>
<b>Funding Sources</b>									
General Revenue 4000010	3,123,491	3,309,762		3,291,808	3,790,996	3,100,000	3,291,808	3,589,996	3,100,000
HEG Fund Transfers/Adjust. 4000280	98,600	99,132		99,132	99,132	99,132	99,132	99,132	99,132
Institution Certification Fees 4000297	128,000	145,000		145,000	145,000	145,000	145,000	145,000	145,000
Inter-agency Fund Transfer 4000316	0	0		0	0	559,452	0	0	559,452
<b>Total Funding</b>	<b>3,350,091</b>	<b>3,553,894</b>		<b>3,535,940</b>	<b>4,035,128</b>	<b>3,903,584</b>	<b>3,535,940</b>	<b>3,834,128</b>	<b>3,903,584</b>
Excess Appropriation/(Funding)	0	0		0	0	84,814	0	0	(116,186)
<b>Grand Total</b>	<b>3,350,091</b>	<b>3,553,894</b>		<b>3,535,940</b>	<b>4,035,128</b>	<b>3,988,398</b>	<b>3,535,940</b>	<b>3,834,128</b>	<b>3,787,398</b>

## Change Level by Appropriation

**Appropriation:** 153 - General Operations  
**Funding Sources:** HQA - Dept. of Higher Education - State

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,535,940</b>	<b>39</b>	<b>3,535,940</b>	<b>100.0</b>	<b>3,535,940</b>	<b>39</b>	<b>3,535,940</b>	<b>100.0</b>
C01	Existing Program	652,105	2	4,188,045	118.4	451,105	2	3,987,045	112.8
C03	Discontinue Program	(177,917)	(4)	4,010,128	113.4	(177,917)	(4)	3,809,128	107.7
C08	Technology	25,000	0	4,035,128	114.1	25,000	0	3,834,128	108.4

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,535,940</b>	<b>39</b>	<b>3,535,940</b>	<b>100.0</b>	<b>3,535,940</b>	<b>39</b>	<b>3,535,940</b>	<b>100.0</b>
C01	Existing Program	630,375	2	4,166,315	117.8	429,375	2	3,965,315	112.1
C03	Discontinue Program	(177,917)	(4)	3,988,398	112.8	(177,917)	(4)	3,787,398	107.1
C08	Technology	0	0	3,988,398	112.8	0	0	3,787,398	107.1

### Justification

C01	ADHE must relocate when current lease expires on June 30 2011. ADHE has worked with State Building Services on all aspects of relocation. The first year increases are as follows: \$292,025 new facility increased lease rate. Current rate \$11.00 per sq. ft., current market rate \$18.00 per sq. ft. \$175,000 estimated cost of for modular or cubicle offices for new facility. \$50,000 for relocation including Information Technology and telephone system. The second year increases are for \$292,025 for facility lease and \$20,000 for other move related facility expenses. The Arkansas Department of Higher Education (ADHE) requesting to surrender four (4) currently budgeted positions in order to obtain two (2) higher graded positions. The purpose of this reorganization is to gain two higher graded positions with a broader skill set that will allow ADHE to be more productive than positions with narrowly defined responsibilities. Net savings around \$65,000. ADHE is requesting an increase in Extra Help of \$12,000 above base for a total of \$15,000 each fiscal year of the biennium. Because of the new Universal Scholarship Application, the number of applications each semester for the Financial Aid programs separate from Academic Challenge has increase from 7,000 in 2009 to 70,000 in 2010. These positions will be used to help assist the Financial Aid staff during peak volume times each semester to insure that the awards can go out in a timely manner.
C03	The Department requests to surrender four (4) currently budgeted positions in order to obtain two (2) higher graded positions.
C08	The Department is requesting restoration of the current FY2011 Authorized appropriation level of \$25,000. This appropriation is based on the increased requirements for the Department to purchase and maintain high end network server printers and other information technology related equipment as outlined in the "IT Support Costs" Section of the IT plan. Information has become a key commodity used by ADHE to serve the needs of its constituencies. In particular is the increased activity in the Financial Aid division and new reporting requirement due to the new Academic Challenge Lottery Scholarship.

## **Analysis of Budget Request**

**Appropriation:** 156 - Research Development Program Grants

**Funding Sources:** THD - Higher Education Research Development - Trust

The Arkansas Research Development Program provides grants to institutions of higher education for development of scientific research capability per Arkansas Code § 6-61-807. Funding for this program is required to be transferred from the Higher Education Building Maintenance Fund in accordance with Section 22 of Act 286 of 2010. Revenues in the Higher Education Building Maintenance Fund accumulate from the sale or lease of minerals, oil, gas, etc. on military and non-military federal lands located within the State of Arkansas.

The agency Base Level request for this appropriation is \$1,000,000 for each year of the biennium.

The agency Change Level request for this appropriation is \$1,000,000 for each year of the biennium. Recently, revenues have exceeded appropriation. This request will allow ADHE to better utilize the funding available.

Due to anticipated future revenues, the Executive Recommendation provides for \$5,000,000 in appropriation for each year of the biennium.

## Appropriation Summary

**Appropriation:** 156 - Research Development Program Grants

**Funding Sources:** THD - Higher Education Research Development - Trust

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,000,000	1,000,000	1,000,000	1,000,000	2,000,000	5,000,000	1,000,000	2,000,000	5,000,000
Total		1,000,000	1,000,000	1,000,000	1,000,000	2,000,000	5,000,000	1,000,000	2,000,000	5,000,000
<b>Funding Sources</b>										
Fund Balance	4000005	0	3,183,662		3,183,662	3,183,662	3,183,662	3,183,662	3,183,662	3,183,662
Trust Fund	4000050	4,183,662	1,000,000		1,000,000	2,000,000	5,000,000	1,000,000	2,000,000	5,000,000
Total Funding		4,183,662	4,183,662		4,183,662	5,183,662	8,183,662	4,183,662	5,183,662	8,183,662
Excess Appropriation/(Funding)		(3,183,662)	(3,183,662)		(3,183,662)	(3,183,662)	(3,183,662)	(3,183,662)	(3,183,662)	(3,183,662)
Grand Total		1,000,000	1,000,000		1,000,000	2,000,000	5,000,000	1,000,000	2,000,000	5,000,000

## Change Level by Appropriation

**Appropriation:** 156 - Research Development Program Grants  
**Funding Sources:** THD - Higher Education Research Development - Trust

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>	<b>100.0</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>	<b>100.0</b>
C01	Existing Program	1,000,000	0	2,000,000	200.0	1,000,000	0	2,000,000	200.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>	<b>100.0</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>	<b>100.0</b>
C01	Existing Program	4,000,000	0	5,000,000	500.0	4,000,000	0	5,000,000	500.0

### Justification

C01	This Arkansas Research Development Program is for research grants to applicable institutions of higher education. Funding for this program is transferred from the Higher Education Building Maintenance Fund from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal lands in Arkansas. The Department is requesting restoration of the current biennial appropriation amount of \$2,000,000 and an additional \$2,000,000 for a total of \$4,000,000 for the Arkansas Research Development Program. The requested increase is to allow the increase in proceeds to be distributed. This request is for appropriation only.								
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## **Analysis of Budget Request**

**Appropriation:** 160 - State Scholarship-Federal

**Funding Sources:** FCP - Dept. of Higher Education - Federal

This appropriation represents the federal share of the Workforce Improvement Grants Program, which is the State's only financial aid program based solely on financial need. The federal grant received is for Arkansas' participation in the "Leveraging Educational Assistance Partnership" (LEAP) Program. The goal is to help the non-traditional student (24 years old or older) returning to school who has financial need but may not be eligible for assistance from traditional state and federal programs. This appropriation is funded entirely from federal revenue received from the U.S. Department of Education.

The agency Base Level request for this appropriation is \$500,000 for each year of the biennium.

The agency Change Level request for appropriation is \$250,000 for each year of the biennium. The Department anticipates increased federal funding for this program.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 160 - State Scholarship-Federal  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	411,857	500,000	500,000	500,000	750,000	750,000	500,000	750,000	750,000
<b>Total</b>	411,857	500,000	500,000	500,000	750,000	750,000	500,000	750,000	750,000
<b>Funding Sources</b>									
Federal Revenue 4000020	411,857	500,000		500,000	750,000	750,000	500,000	750,000	750,000
<b>Total Funding</b>	411,857	500,000		500,000	750,000	750,000	500,000	750,000	750,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	411,857	500,000		500,000	750,000	750,000	500,000	750,000	750,000

## Change Level by Appropriation

**Appropriation:** 160 - State Scholarship-Federal  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>100.0</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>100.0</b>
C01	Existing Program	250,000	0	750,000	150.0	250,000	0	750,000	150.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>100.0</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>100.0</b>
C01	Existing Program	250,000	0	750,000	150.0	250,000	0	750,000	150.0

### Justification

C01	This program is Arkansas' participation in the federally funded "Leveraging Educational Assistance Partnership (LEAP)" Program. This is a need based grant for the non-traditional student or those at least 24 years old. The program's goal is to help those students returning to school who have financial need but may not be eligible for assistance from traditional state and federal programs. Change Levels for this program are \$250,000 each year, which would increase the total request to \$750,000 for each fiscal year of the biennium. This is Federal Funding and request is for appropriation only.
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## **Analysis of Budget Request**

**Appropriation:** 197 - Student Asst Grants/Scholarships

**Funding Sources:** HEG - Higher Education Grants

The Student Assistance Grants and Scholarships appropriation provides the Arkansas Department of Higher Education (ADHE) the authority to award the State's current and prospective college students with financial aid based upon academic performance and, in some programs, financial need. This appropriation is currently funded from a combination of general revenue, Higher Education Grants Fund balances, and Educational Excellence Trust Fund revenues, payable from the Higher Education Grants (HEG) Fund Account.

The agency Base Level request for appropriation is \$61,311,860 for each year of the biennium.

The agency Change Level request for a reduction in appropriation is \$14,207,860 in FY2012 and 15,621,860 in FY2013. No additional funding is requested beyond continuation of Base Level funding for each year of the biennium.

In FY2011, ADHE transferred by warrant \$20,000,000 in funding from the Higher Education Grants Fund Account (83B Appropriation established by Section 16 of Act 286 of 2010) to the Scholarship Shortfall Reserve Trust Account of the Arkansas Lottery Commission in accordance with Section 17 of Act 286 of 2010. As a result of this transfer, ADHE requests reduction of appropriation for the 2011 - 2013 Biennium to reflect the declining balance of the Higher Education Grants Fund. The Change Level reductions are summarized as follows:

- State Teacher Education Program (STEP) - \$3,200,000 in both years
- Teacher Opportunity Program - \$2,000,000 in both years, which discontinues program
- Workforce Improvement Grants - \$1,777,169 in both years
- Higher Education Opportunity Grants - \$4,000,000 in both years
- Second Effort Scholarships - \$20,000 in both years, which discontinues program
- Minority Masters Fellowship - \$176,250 in FY2012 and \$227,500 in FY2013
- Washington Center Scholarships - \$120,000 in both years, which discontinues program
- Dependents of Law Enforcement Officers - \$25,000 in both years
- AR Geographical Critical Needs - \$200,000 in both years, which discontinues program

- JR/SR Minority Teacher Scholarships - \$210,000 in FY2012 and \$255,000 in FY2013
- State Teacher Assistance Resource (STAR) Program - \$3,096,467 in FY2012 and \$3,339,217 in FY2013
- Student Undergraduate Research Fellowship (SURF) Program - \$157,974 in both years
- Web Based Applications - \$550,000 reduction in both years, as well as a reallocation of \$250,000 to ADHE's Scholarship Administration appropriation, which discontinues the program.

In addition to the Change Level reductions, the Agency requests Change Level increases in appropriation for two scholarship programs. Those increases are as follows:

- Arkansas Governor's Scholars - \$1,375,000 in FY2012 and \$300,000 in FY2013. This request will allow ADHE to fund current students currently receiving this scholarship, as well as the three hundred (300) new students that are to receive the award for FY2011.
- Dependents of POWs, MIAs, KIAs - Tuition Waiver Scholarships - \$200,000 in both years of the biennium. With the length of on-going military actions in the Middle East and Afghanistan, the number of eligible recipients of this award has continued to increase.

These adjustments will allow ADHE to best serve the students of the State while responsibly managing funding levels during the current economic situation.

The Executive Recommendation provides for the following adjustments:

- Workforce Improvement Grants - \$777,169 reduction in FY2012, \$2,277,169 reduction in FY2013.
- Higher Education Opportunities Grants - \$5,000,000 reduction in both years.
- Dependents of POWs, MIAs, KIAs Tuition Waiver Scholarships - \$105,000 increase in both years.
- Arkansas Governor's Scholars - \$1,140,000 increase in FY2012, \$170,000 reduction in FY2013.

The Executive Recommendation provides for Agency Request for all other Scholarship programs.

## Appropriation Summary

**Appropriation:** 197 - Student Asst Grants/Scholarships

**Funding Sources:** HEG - Higher Education Grants

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
St Teacher Educ Prgm	5100004	1,474,551	5,000,000	5,000,000	5,000,000	1,800,000	1,800,000	5,000,000	1,800,000	1,800,000
Teacher Opportunity Program	5100004	1,014,157	2,000,000	2,000,000	2,000,000	0	0	2,000,000	0	0
Workforce Improvement Grants	5100004	4,183,149	4,277,169	4,277,169	4,277,169	2,500,000	3,500,000	4,277,169	2,500,000	2,000,000
H E Opportunities Grant	5100004	5,640,718	11,000,000	11,000,000	11,000,000	7,000,000	6,000,000	11,000,000	7,000,000	6,000,000
National Guard Tuition Asst.	5100004	1,499,999	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Single Parent Scholarship Program	5100004	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Second Effort Scholarships	5100030	14,960	20,000	20,000	20,000	0	0	20,000	0	0
Minority Masters Fellows	5100030	220,864	280,000	280,000	280,000	103,750	103,750	280,000	52,500	52,500
Washington Center Scholarships	5100030	118,000	120,000	120,000	120,000	0	0	120,000	0	0
SREB Minority Doctoral Scholars	5100030	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Dependents-Law Enf. Off, etc	5100030	174,574	200,000	200,000	200,000	175,000	175,000	200,000	175,000	175,000
AR Geographical Critical Needs	5100030	0	200,000	200,000	200,000	0	0	200,000	0	0
Jr/Sr Minority Teacher Scholars	5100030	174,544	300,000	300,000	300,000	90,000	90,000	300,000	45,000	45,000
Dependents-POW'S, MIA'S, etc.	5100030	351,063	250,000	250,000	250,000	450,000	355,000	250,000	450,000	355,000
Tuition Adjustment	5110014	0	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Refunds/Reimbursements	5110014	0	0	5,000,000	0	0	0	0	0	0
St Teacher Asst. Resource Prgm	5120029	969,000	3,581,717	3,581,717	3,581,717	485,250	485,250	3,581,717	242,500	242,500
AR Academic Challenge Schship	5900046	22,127,947	20,000,000	28,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Arkansas Governor Sch	5900047	10,745,885	10,750,000	10,750,000	10,750,000	12,125,000	11,890,000	10,750,000	11,050,000	10,580,000
SURF	5900048	307,771	307,974	307,974	307,974	150,000	150,000	307,974	150,000	150,000
Web Based Applications	5900049	318,441	800,000	800,000	800,000	0	0	800,000	0	0
<b>Total</b>		<b>49,710,623</b>	<b>61,311,860</b>	<b>74,311,860</b>	<b>61,311,860</b>	<b>47,104,000</b>	<b>46,774,000</b>	<b>61,311,860</b>	<b>45,690,000</b>	<b>43,625,000</b>

Funding Sources										
Fund Balance	4000005	26,793,119	24,095,896		3,486,855	3,486,855	3,486,855	0	0	0
Educational Excellence Fund	4000220	12,864,130	12,081,676		12,081,676	12,081,676	12,081,676	12,081,676	12,081,676	12,081,676
Gen Rev Higher Ed Grants	4000258	34,149,270	28,621,143		30,164,036	30,164,036	30,285,036	30,164,036	30,164,036	30,285,036
<b>Total Funding</b>		<b>73,806,519</b>	<b>64,798,715</b>		<b>45,732,567</b>	<b>45,732,567</b>	<b>45,853,567</b>	<b>42,245,712</b>	<b>42,245,712</b>	<b>42,366,712</b>
Excess Appropriation/(Funding)		(24,095,896)	(3,486,855)		15,579,293	1,371,433	920,433	19,066,148	3,444,288	1,258,288
<b>Grand Total</b>		<b>49,710,623</b>	<b>61,311,860</b>		<b>61,311,860</b>	<b>47,104,000</b>	<b>46,774,000</b>	<b>61,311,860</b>	<b>45,690,000</b>	<b>43,625,000</b>

## Change Level by Appropriation

**Appropriation:** 197 - Student Asst Grants/Scholarships  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>61,311,860</b>	<b>0</b>	<b>61,311,860</b>	<b>100.0</b>	<b>61,311,860</b>	<b>0</b>	<b>61,311,860</b>	<b>100.0</b>
C01	Existing Program	1,575,000	0	62,886,860	102.6	500,000	0	61,811,860	100.8
C03	Discontinue Program	(15,532,860)	0	47,354,000	77.2	(15,871,860)	0	45,940,000	74.9
C04	Reallocation	(250,000)	0	47,104,000	76.8	(250,000)	0	45,690,000	74.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>61,311,860</b>	<b>0</b>	<b>61,311,860</b>	<b>100.0</b>	<b>61,311,860</b>	<b>0</b>	<b>61,311,860</b>	<b>100.0</b>
C01	Existing Program	1,245,000	0	62,556,860	102.0	105,000	0	61,416,860	100.2
C03	Discontinue Program	(15,532,860)	0	47,024,000	76.7	(17,541,860)	0	43,875,000	71.6
C04	Reallocation	(250,000)	0	46,774,000	76.3	(250,000)	0	43,625,000	71.2

### Justification

C01	The estimated awards for FY 2011 will be \$12,700,000. This request is to fund current students in pipeline and to be able to continue to award the FY 2011 level of 300 new students. ADHE requests an increase of \$1,375,000 for the first year and \$300,000 for the second year of the biennium. Due to the length of the Iraq war and the ongoing actions in Afghanistan the number of eligible students has continued to increase. Based on estimated awards of \$350,000 for fiscal 2011, we are requesting an increase of \$200,000 for a total of \$450,000 each year. These requests are for appropriation only.
C03	The Higher Education Grants (HEG) Fund is funded with General Revenue. Due to the declining balance in the HEG Fund, Financial Aid Programs are being reduced to insure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs that maximize the number of students served in need and achievement based programs.
C04	ADHE is requesting a transfer of \$250,000 each year from the Web Application Fund to the ADHE Scholarship Administration for professional fees. This request is to make needed changes to the Universal Financial Aid System to accommodate the new Non-Traditional and Current Achiever class of awards, development of interface for uniform electronic transcript submission, modifications for program changes and annual maintenance of the programs and to provide changes to the system as needed.

## **Analysis of Budget Request**

**Appropriation:** 1GF - Improving Teacher Quality

**Funding Sources:** FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education's (ADHE) Improving Teacher Quality appropriation represents the State's 'No Child Left Behind' program. The goals of this appropriation stress the importance of preparing, training and recruiting high quality teachers and principals through competitive grants to institutions of higher education. Major emphasis is placed upon teacher quality as being a factor in improving student achievement. This program is federally funded through the U.S. Department of Education.

The agency Base Level and total request for this appropriation is \$1,565,258 for each year of the biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 1GF - Improving Teacher Quality  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	2,588	26,856	26,856	26,856	26,856	26,856	26,856	26,856	26,856
Conference & Travel Expenses	5050009	700	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Professional Fees	5060010	3,600	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	671,158	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>678,046</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	678,046	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Total Funding		678,046	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>678,046</b>	<b>1,565,258</b>		<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>

## **Analysis of Budget Request**

**Appropriation:** 2XK - TANF

**Funding Sources:** FCP - Dept. of Higher Education - Federal

The Temporary Assistance to Needy Families (TANF) appropriation is a collaboration between the Arkansas Department of Higher Education (ADHE) and all twenty-two (22) two-year institutions of higher education. Known as the "Career Pathways" program, it provides educational and training services to recipients deemed eligible under the TANF Block Grant. ADHE works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients, and over 100,000 students have participated. The goal of this appropriation is to increase client self-sufficiency and job skills. This program is federally funded through the U.S. Department of Health and Human Services.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The agency Base Level request for this appropriation is \$12,506,311 each year of the biennium and six (6) base level positions.

The agency is requesting that \$97,000 in appropriation be reallocated from Operating Expenses to Conference Fees and Travel and Professional Fees for both years of the 2011-2013 biennium.

- \$55,000 in appropriation would shift to Conference Fees and Travel to cover the costs of training seminars sponsored by the Career Pathways Program.
- \$42,000 in appropriation would shift to Professional Fees to support ADHE's use of the Information Network of Arkansas (INA) and other upgrades required to maintain and update the scholastic records of those participating in the Career Pathways program.

The agency Change Level request for this appropriation is \$2,493,207 for each year the biennium, and are as follows:

- \$23,000 in appropriation for Professional Fees which, in conjunction with the aforementioned reallocation, would provide comparable levels made available in FY2010 by the use of a Budget Classification Transfer.
- \$12,000 in appropriation for Capital Outlay to upgrade hardware needed in student record keeping.
- \$2,455,207 in appropriation for Grants and Aid to allow for increases in the federally-awarded Career Pathways program.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2XK - TANF

**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	384,688	388,845	381,762	386,545	386,545	386,545	386,545	386,545	386,545
<b>#Positions</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Extra Help	5010001	148	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>#Extra Help</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	101,786	108,189	103,993	107,973	107,973	107,973	107,973	107,973	107,973
Operating Expenses	5020002	146,969	257,000	257,000	257,000	160,000	160,000	257,000	160,000	160,000
Conference & Travel Expenses	5050009	29,785	20,000	20,000	20,000	75,000	75,000	20,000	75,000	75,000
Professional Fees	5060010	149,509	65,000	65,000	65,000	130,000	130,000	65,000	130,000	130,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	11,554,311	11,644,793	11,644,793	11,644,793	14,100,000	14,100,000	11,644,793	14,100,000	14,100,000
Capital Outlay	5120011	12,793	0	0	0	15,000	15,000	0	15,000	15,000
<b>Total</b>		<b>12,379,989</b>	<b>12,508,827</b>	<b>12,497,548</b>	<b>12,506,311</b>	<b>14,999,518</b>	<b>14,999,518</b>	<b>12,506,311</b>	<b>14,999,518</b>	<b>14,999,518</b>

Funding Sources										
Federal Revenue	4000020	12,379,989	12,508,827		12,506,311	14,999,518	14,999,518	12,506,311	14,999,518	14,999,518
Total Funding		12,379,989	12,508,827		12,506,311	14,999,518	14,999,518	12,506,311	14,999,518	14,999,518
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		12,379,989	12,508,827		12,506,311	14,999,518	14,999,518	12,506,311	14,999,518	14,999,518

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 2XK - TANF  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,506,311</b>	<b>6</b>	<b>12,506,311</b>	<b>100.0</b>	<b>12,506,311</b>	<b>6</b>	<b>12,506,311</b>	<b>100.0</b>
C01	Existing Program	2,493,207	0	14,999,518	119.9	2,493,207	0	14,999,518	119.9
C04	Reallocation	0	0	14,999,518	119.9	0	0	14,999,518	119.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,506,311</b>	<b>6</b>	<b>12,506,311</b>	<b>100.0</b>	<b>12,506,311</b>	<b>6</b>	<b>12,506,311</b>	<b>100.0</b>
C01	Existing Program	2,493,207	0	14,999,518	119.9	2,493,207	0	14,999,518	119.9
C04	Reallocation	0	0	14,999,518	119.9	0	0	14,999,518	119.9

### Justification

C01	The Career Pathways Program operates under the State's Temporary Assistance to Needy Families (TANF) Block Grant. Career Pathways works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate educational activities designed to increase self-sufficiency & job training skills to eligible recipients attending selected two-year institutions. The grant will increase from thirteen million (\$13,000,000) to fifteen million (\$15,000,000), the program is requesting Change Levels for each fiscal year of the biennium as follows: \$15,000 for Capital Outlay, \$23,000 for Professional Fees, and \$2,455,207 for direct grants for the two year institutions. The Program is federally funded and this request is for appropriation only.
C04	Reallocation of fifty five thousand (\$55,000) from Operating Expenses to Conference and Travel expenses for the training seminars sponsored by the Career Pathways Program under the State's Temporary Assistance to Needy Families (TANF) Block Grant. Reallocation of forty two thousand (\$42,000) from Operating Expenses to Professional Fees for Information Network of Arkansas (INA) to continue to upgrade and maintain the CPI budget software and student tracking system,

## **Analysis of Budget Request**

**Appropriation:** 58B - College Access Challenge Grant

**Funding Sources:** FCP - Dept. of Higher Education - Federal

The College Access Challenge Grant Program (CACGP) is designed to foster partnerships among federal, state, and local governments and philanthropic organizations through matching challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education. Projects funded by the CACGP are designed to: provide information to students and families regarding postsecondary education and career preparation; promote financial literacy and debt management; conduct outreach activities; assist students in completing the Free Application for Federal Student Financial Aid (FAFSA); provide need-based grant aid; conduct professional development for guidance counselors at middle and secondary schools, financial aid administrators, and college admissions counselors; and offer student loan cancellation or repayment or interest rate reductions for borrowers who are employed in a high-need geographical area or a high need profession. This program is federally funded.

The agency Base Level request for this appropriation is \$691,129 each year of the biennium.

The agency Change Level request for appropriation is \$808,871 each year of the biennium. The total request for appropriation will allow ADHE to utilize the recent increase in grant award, which now totals \$1,500,000 annually. The request includes:

- \$203,871 in Operating Expenses for increased television, radio, and print advertising designed to inform more of the public of the available financial aid and other assistance that is provided by the CACGP.
- \$605,000 in Professional Fees directed at increased training seminars and materials for school counselors so as to better equip them with information concerning the CACGP and how it could assist their qualifying students.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 58B - College Access Challenge Grant  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	326,819	391,129	391,129	391,129	595,000	595,000	391,129	595,000	595,000
Conference & Travel Expenses 5050009	2,949	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees 5060010	275,000	275,000	275,000	275,000	880,000	880,000	275,000	880,000	880,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	8,591	15,000	15,000	0	0	0	0	0	0
<b>Total</b>	<b>613,359</b>	<b>706,129</b>	<b>706,129</b>	<b>691,129</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>691,129</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	613,359	706,129		691,129	1,500,000	1,500,000	691,129	1,500,000	1,500,000
<b>Total Funding</b>	<b>613,359</b>	<b>706,129</b>		<b>691,129</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>691,129</b>	<b>1,500,000</b>	<b>1,500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>613,359</b>	<b>706,129</b>		<b>691,129</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>691,129</b>	<b>1,500,000</b>	<b>1,500,000</b>

## Change Level by Appropriation

**Appropriation:** 58B - College Access Challenge Grant  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>691,129</b>	<b>0</b>	<b>691,129</b>	<b>100.0</b>	<b>691,129</b>	<b>0</b>	<b>691,129</b>	<b>100.0</b>
C01	Existing Program	808,871	0	1,500,000	217.0	808,871	0	1,500,000	217.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>691,129</b>	<b>0</b>	<b>691,129</b>	<b>100.0</b>	<b>691,129</b>	<b>0</b>	<b>691,129</b>	<b>100.0</b>
C01	Existing Program	808,871	0	1,500,000	217.0	808,871	0	1,500,000	217.0

### Justification

C01	The College Access Challenge Grant Program. (CACGP) is a Federal Program funded by the U. S. Department of Education. The project is designed to foster partnerships between government entities and philanthropic organizations to increase the number of underrepresented students who enter and remain in postsecondary education. The purpose of this project is to encourage students and families to learn about, prepare for, and finance a postsecondary education. The project includes a statewide outreach effort that will provide tools that can be used on a long-range basis to help tell the story of the importance of higher education. A training program will also be developed for high school guidance counselors who are located in the poorest counties of Arkansas as a means to assist them in reaching out to children from economically disadvantaged families. The new grant award has increased to \$1,500,000. ADHE is requesting an increase for each fiscal year in the following areas to administer the grant: \$203,871 for Operating Expenses including advertising; \$605,000 for Professional Fees and Reimbursable Expense Professional Fees. The Program is federally funded and this request is for appropriation only.
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## **Analysis of Budget Request**

**Appropriation:** 59B - ADHE-Scholarship Admn

**Funding Sources:** HEG - Higher Education Grants

The Arkansas Department of Higher Education (ADHE) provides for the administration of the Arkansas Academic Challenge Scholarship program through Scholarship Administration appropriation. The Arkansas Lottery Commission provides funding for this appropriation with proceeds from the Arkansas Scholarship Lottery.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The agency Base Level request for this appropriation is \$673,356 each year of the biennium and 6 budgeted base level positions.

The agency Change Level request for is \$280,000 each year of the biennium, and is as follows:

- \$30,000 increase in Extra Help appropriation and an additional eight (8) Extra Help positions to help process applications, monitor transcripts of both applicants and current recipients, and other administrative duties as needed. In FY11, expanded eligibility for the Arkansas Academic Challenge Scholarship caused a 700% increase in applications.
- \$150,000 reallocation from Operating Expenses to Professional Fees and an additional \$250,000 increase in Professional Fees to make necessary changes to the Universal Financial Aid Management System. Changes are necessary to accommodate the additional Non-Traditional and Current Achiever award recipients, to development a system of uniform transcript submission, and for changes to and for annual maintenance of programs as needed. The additional \$250,000 requested is a reallocation from the Web-Based Applications (197) appropriation.

The Executive Recommendation provides for Agency Request.



## Appropriation Summary

**Appropriation:** 59B - ADHE-Scholarship Admn

**Funding Sources:** HEG - Higher Education Grants

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	132,848	297,330	303,746	274,842	274,842	274,842	274,842	274,842	274,842
<b>#Positions</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Extra Help 5010001	0	0	0	0	30,000	30,000	0	30,000	30,000
<b>#Extra Help</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>8</b>
Personal Services Matching 5010003	52,931	83,512	113,920	83,514	83,514	83,514	83,514	83,514	83,514
Operating Expenses 5020002	31,070	315,000	315,000	315,000	165,000	165,000	315,000	165,000	165,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	400,000	400,000	0	400,000	400,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>216,849</b>	<b>695,842</b>	<b>732,666</b>	<b>673,356</b>	<b>953,356</b>	<b>953,356</b>	<b>673,356</b>	<b>953,356</b>	<b>953,356</b>
<b>Funding Sources</b>									
Gen Rev Higher Ed Grants 4000258	216,849	478,993		0	0	0	0	0	0
Inter-agency Fund Transfer 4000316	0	216,849		673,356	953,356	953,356	673,356	953,356	953,356
<b>Total Funding</b>	<b>216,849</b>	<b>695,842</b>		<b>673,356</b>	<b>953,356</b>	<b>953,356</b>	<b>673,356</b>	<b>953,356</b>	<b>953,356</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>216,849</b>	<b>695,842</b>		<b>673,356</b>	<b>953,356</b>	<b>953,356</b>	<b>673,356</b>	<b>953,356</b>	<b>953,356</b>

## Change Level by Appropriation

**Appropriation:** 59B - ADHE-Scholarship Admn  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>673,356</b>	<b>6</b>	<b>673,356</b>	<b>100.0</b>	<b>673,356</b>	<b>6</b>	<b>673,356</b>	<b>100.0</b>
C01	Existing Program	30,000	0	703,356	104.5	30,000	0	703,356	104.5
C04	Reallocation	250,000	0	953,356	141.6	250,000	0	953,356	141.6

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>673,356</b>	<b>6</b>	<b>673,356</b>	<b>100.0</b>	<b>673,356</b>	<b>6</b>	<b>673,356</b>	<b>100.0</b>
C01	Existing Program	30,000	0	703,356	104.5	30,000	0	703,356	104.5
C04	Reallocation	250,000	0	953,356	141.6	250,000	0	953,356	141.6

### Justification

C01	With the changes in Academic Challenge by the Lottery Act, applications have increased from approximately 8,000 to 54,000. ADHE requests \$30,000 each year in Extra Help to assist in the intake process of the transcripts for the new Academic Challenge program. This request is for appropriation only.
C04	ADHE is requesting a transfer from operating expenses to professional fees of \$150,000 each year and an additional \$250,000 each year for professional fees transferred from the Web Application Fund. This requested is to make needed changes to the Universal Financial Aid System to accommodate the new Non-Traditional and Current Achiever class of awards, development of interface for uniform electronic transcript submission, modifications for program changes and annual maintenance of the programs and to provide changes to the system as needed. This request is for appropriation only.

## **Analysis of Budget Request**

**Appropriation:** 772 - Technical Education-Federal Programs

**Funding Sources:** FCP - Dept. of Higher Education - Federal

The Teacher Education-Federal Programs appropriation is designed to utilize federal funding awarded by the Carl D. Perkins Vocational and Technical Act. This Act focuses on the academic achievement of career and technical education students, strengthening the connections between secondary and postsecondary education, and improving state and local accountability.

The Arkansas Department of Workforce Education has been designated as the agency eligible to receive federal Perkins funds from the Office of Vocational and Adult Education in the U.S. Department of Education. Through a Memorandum of Understanding, the Arkansas Department of Workforce Education makes funds available to the Arkansas Department of Higher Education (ADHE) to administer the postsecondary portion of the Perkins Act.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The agency Base Level request for this appropriation is \$466,691 each year of the biennium and three (3) budgeted base level positions.

The agency Change Level request for this appropriation is \$65,000 each year of the biennium. For Conference Fees and Travel, \$50,000 is requested to be used for Perkins-sponsored training seminars, while \$15,000 is requested in Capital Outlay related to ADHE's relocation to a new office building.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 772 - Technical Education-Federal Programs

**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	190,077	207,616	200,636	206,916	206,916	206,916	206,916	206,916	206,916
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	49,989	55,792	51,274	55,775	55,775	55,775	55,775	55,775	55,775
Operating Expenses	5020002	81,819	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Conference & Travel Expenses	5050009	10,497	19,000	19,000	19,000	69,000	69,000	19,000	69,000	69,000
Professional Fees	5060010	70,821	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	15,000	15,000	0	15,000	15,000
<b>Total</b>		<b>403,203</b>	<b>467,408</b>	<b>455,910</b>	<b>466,691</b>	<b>531,691</b>	<b>531,691</b>	<b>466,691</b>	<b>531,691</b>	<b>531,691</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	403,203	467,408		466,691	531,691	531,691	466,691	531,691	531,691
Total Funding		403,203	467,408		466,691	531,691	531,691	466,691	531,691	531,691
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>403,203</b>	<b>467,408</b>		<b>466,691</b>	<b>531,691</b>	<b>531,691</b>	<b>466,691</b>	<b>531,691</b>	<b>531,691</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 772 - Technical Education-Federal Programs  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>466,691</b>	<b>3</b>	<b>466,691</b>	<b>100.0</b>	<b>466,691</b>	<b>3</b>	<b>466,691</b>	<b>100.0</b>
C01	Existing Program	65,000	0	531,691	113.9	65,000	0	531,691	113.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>466,691</b>	<b>3</b>	<b>466,691</b>	<b>100.0</b>	<b>466,691</b>	<b>3</b>	<b>466,691</b>	<b>100.0</b>
C01	Existing Program	65,000	0	531,691	113.9	65,000	0	531,691	113.9

### Justification

C01	The Carl D. Perkins Vocational and Technical Education Act requires each state to "establish a state performance accountability system to assess the effectiveness of vocational and technical education." This request includes support for multiple model project/pilot projects to be implemented to meet state leadership requirements. The Department requests Change Levels of \$50,000 for Travel and Conference Fees to be used for the Perkins sponsored training seminars and \$15,000 for Capital Outlay related to relocation of offices to new building. The request is for each fiscal year of the biennium. The Program is federally funded and this request is for appropriation only.
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## **Analysis of Budget Request**

**Appropriation:** 921 - Dept Higher Education - Cash in Treasury

**Funding Sources:** NHE - Cash in Treasury

This appropriation is for Cash Operations of The Arkansas Department of Higher Education (ADHE) as defined by Arkansas Code §19-4-801.

The agency Base Level request for this appropriation is \$520,000 each year of the biennium.

The agency Change Level request for this appropriation is \$425,000 each year of the biennium. This request will allow ADHE to inform the public of program availability and provide financial aid professionals' assistance to potential applicants, and consists of the following components:

- \$285,000 each year for increases in grant awards related to the "Achieving the Dream", "Non-Traditional No More", and "College Goal Sunday" programs. "Achieving the Dream: Community Colleges Count" program receives private foundation funding to provide participating community colleges with resources to assist minority and low income students earn degrees and to facilitate transfers of credits to other institutions of higher education for continuing their studies. "Non-Traditional No More: Policy Solutions for Adult Learners" program is a Western Interstate Commission for Higher Education (WICHE) private foundation grant used to stimulate and guide policy changes to create a more navigable path to degree attainment for adults. "College Goal Sunday" uses funding provided via planning grant from the Lumina Foundation for Education, Inc. to provide low income families access to financial aid professionals and free assistance in completing the Free Application for Student Financial Aid (FAFSA), as well as helping those targeted students identify all financial aid available.
- \$100,000 each year for Mahlon Martin minority scholarship awards.
- \$40,000 each year to support agency costs associated with hosting educational conferences.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 921 - Dept Higher Education - Cash in Treasury

**Funding Sources:** NHE - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	47,992	178,070	178,070	178,070	378,070	378,070	178,070	378,070	378,070
Conference & Travel Expenses	5050009	10,364	60,620	60,620	60,620	60,620	60,620	60,620	60,620	60,620
Professional Fees	5060010	124,994	176,310	176,310	176,310	401,310	401,310	176,310	401,310	401,310
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Scholarships	5100030	1,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Refunds/Reimbursements	5110014	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>184,350</b>	<b>520,000</b>	<b>520,000</b>	<b>520,000</b>	<b>945,000</b>	<b>945,000</b>	<b>520,000</b>	<b>945,000</b>	<b>945,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	294,727	398,472		48,472	48,472	48,472	0	0	0
Cash Fund	4000045	288,095	170,000		170,000	595,000	595,000	170,000	595,000	595,000
<b>Total Funding</b>		<b>582,822</b>	<b>568,472</b>		<b>218,472</b>	<b>643,472</b>	<b>643,472</b>	<b>170,000</b>	<b>595,000</b>	<b>595,000</b>
Excess Appropriation/(Funding)		(398,472)	(48,472)		301,528	301,528	301,528	350,000	350,000	350,000
<b>Grand Total</b>		<b>184,350</b>	<b>520,000</b>		<b>520,000</b>	<b>945,000</b>	<b>945,000</b>	<b>520,000</b>	<b>945,000</b>	<b>945,000</b>

## Change Level by Appropriation

**Appropriation:** 921 - Dept Higher Education - Cash in Treasury  
**Funding Sources:** NHE - Cash in Treasury

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>520,000</b>	<b>0</b>	<b>520,000</b>	<b>100.0</b>	<b>520,000</b>	<b>0</b>	<b>520,000</b>	<b>100.0</b>
C01	Existing Program	425,000	0	945,000	181.7	425,000	0	945,000	181.7

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>520,000</b>	<b>0</b>	<b>520,000</b>	<b>100.0</b>	<b>520,000</b>	<b>0</b>	<b>520,000</b>	<b>100.0</b>
C01	Existing Program	425,000	0	945,000	181.7	425,000	0	945,000	181.7

### Justification

C01	ADHE receives grants from private foundations and funds for scholarships and conference fees. The "Achieving the Dream: Community Colleges Count" national initiative is designed to help more community college students succeed. "Achieving the Dream" provides participating colleges with support to implement strategies designed to help more students-particularly students of color and low-income students-earn degrees, complete certificates, or transfer to other institutions to continue their studies. The Western Interstate Commission for Higher Education (WICHE) "Non-Traditional No More: Policy Solutions for Adult Learners" grant will be used to stimulate and guide policy and practice changes that will create a more navigable path to degree attainment for adults. "Non-Traditional No More" will help states identify their "ready adult" population - those adults who are close to having enough credits to obtain a degree but have not yet returned to college. ADHE has been awarded a planning grant from the Lumina Foundation for Education, Inc. The grant will be used to conduct planning and implementation for a College Goal Sunday event in Arkansas. College Goal Sunday is a program that utilizes financial aid professionals in providing free assistance to potential college students completing the Free Application for Student Financial Aid (FASFA). Specifically, College Goal Sunday targets low income families. ADHE is requesting appropriation increase of \$285,000 each year for the administration of these programs. Also, appropriation totaling \$100,000 each year is requested for Mahlon Martin minority scholarships awards and \$40,000 each year is requested to support expenses of educational conferences hosted by ADHE. This request is for appropriation only.
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## **Analysis of Budget Request**

**Appropriation:** HEG - Health Education Grants & Loans

**Funding Sources:** HEG - Higher Education Grants

The Health Professions Financial Assistance Program of the Arkansas Department of Higher Education (ADHE) is responsible for developing rules and regulations for the Arkansas Health Education Grants (ARHEG) Program. ARHEG provides Arkansas residents financial assistance to attend certain out-of-state health and medical professional schools for graduate or professional programs not available in Arkansas. Education programs not offered in Arkansas are facilitated through contractual arrangements negotiated through the Southern Regional Education Board (SREB), of which Arkansas is a member. The State also contracts directly with out-of-state institutions for additional spaces or student slots at Non-SREB institutions. Such assistance is typically amounts sufficient to help offset the difference in the resident and non-resident tuition fees at participating institutions. Assistance is currently available for attendance at any accredited school of dentistry, veterinary medicine, optometry, osteopathy medicine, podiatric and chiropractic medicine. ARHEG is funded by general revenue payable from the Higher Education Grants (HEG) Fund.

ADHE's request for the various health education fields totals \$4,327,770 each year of the 2011 - 2013 biennium for all Health Education Grants and Loan Programs. In order to fully fund the pipeline of Arkansas students already enrolled and to address the declining balance of the HEG Fund, Change Level requests for appropriation only are requested as follows:

- Osteopathy Aid: Decrease of \$82,000 each year
- Podiatry Aid: Decrease of \$110,400 each year
- Veterinary Aid: Decrease of \$50,000 each year
- Chiropractic Aid: Decrease of \$158,000 each year
- Dental Aid Grants: Decrease of \$433,000 each year
- Optometry Aid Grants: Decrease of \$89,600 each year
- Optometry Aid Loans: Decrease of \$140,000 each year

The Executive Recommendation provides for the Agency Request with the exception of Veterinary Aid, where a decrease \$171,000 each year of the biennium is recommended.

## Appropriation Summary

**Appropriation:** HEG - Health Education Grants & Loans

**Funding Sources:** HEG - Higher Education Grants

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Osteopathy Aid	5100004	158,000	230,000	230,000	230,000	148,000	148,000	230,000	148,000	148,000
Podiatry Aid	5100004	18,400	130,400	130,400	130,400	20,000	20,000	130,400	20,000	20,000
Veterinary Aid	5100004	1,039,287	1,100,000	1,100,000	1,100,000	1,050,000	929,000	1,100,000	1,050,000	929,000
Chiropractic Aid	5100004	130,007	260,000	260,000	260,000	102,000	102,000	260,000	102,000	102,000
Dental Aid Grants	5100004	1,677,450	2,133,900	2,133,900	2,133,900	1,700,000	1,700,000	2,133,900	1,700,000	1,700,000
Optometry Aid Grants	5100004	375,300	410,000	410,000	410,000	320,400	320,400	410,000	320,400	320,400
Optometry Aid Loans	5120029	95,000	140,000	140,000	140,000	0	0	140,000	0	0
Dental Aid Loans	5120029	0	987,370	987,370	987,370	987,370	987,370	987,370	987,370	987,370
Dental Aid Grant & Loans	5120029	975,118	0	0	0	0	0	0	0	0
<b>Total</b>		<b>4,468,562</b>	<b>5,391,670</b>	<b>5,391,670</b>	<b>5,391,670</b>	<b>4,327,770</b>	<b>4,206,770</b>	<b>5,391,670</b>	<b>4,327,770</b>	<b>4,206,770</b>
<b>Funding Sources</b>										
Gen Rev Higher Ed Grants	4000258	4,468,562	5,391,670		4,327,770	4,327,770	4,206,770	4,327,770	4,327,770	4,206,770
Total Funding		4,468,562	5,391,670		4,327,770	4,327,770	4,206,770	4,327,770	4,327,770	4,206,770
Excess Appropriation/(Funding)		0	0		1,063,900	0	0	1,063,900	0	0
Grand Total		4,468,562	5,391,670		5,391,670	4,327,770	4,206,770	5,391,670	4,327,770	4,206,770

## Change Level by Appropriation

**Appropriation:** 135 - Dental Aid Grant & Loans  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,121,270</b>	<b>0</b>	<b>3,121,270</b>	<b>100.0</b>	<b>3,121,270</b>	<b>0</b>	<b>3,121,270</b>	<b>100.0</b>
C03	Discontinue Program	(433,900)	0	2,687,370	86.1	(433,900)	0	2,687,370	86.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,121,270</b>	<b>0</b>	<b>3,121,270</b>	<b>100.0</b>	<b>3,121,270</b>	<b>0</b>	<b>3,121,270</b>	<b>100.0</b>
C03	Discontinue Program	(433,900)	0	2,687,370	86.1	(433,900)	0	2,687,370	86.1

### Justification

C03	The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. Due to the declining balance in the HEG Fund, ARHEG Programs are being reduced along with other Financial Aid Programs to levels that can be funded with General revenue. This will help to ensure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs to maximize the number of students served in need- and achievement-based programs. This request will fund the program at the estimated fiscal 2011 level.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: Higher Education, Department of

Program: Dental Aid Grant & Loans

Act #: 286

Section(s) #: 9 & 27

Estimated Carry Forward Amount \$ 456,000.00 Funding Source: General Revenue

**Accounting Information:**

Business Area: 0700

Funds Center: 135

Fund: HEG

Functional Area: EDUC

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

Due to the fact that these grants and loans are provided to new students annually as well as to those existing medical education students already in the pipeline, carry forward of funds is requested to assure that continuity of educational services are fully maintained.

**Actual Funding Carry Forward Amount** \$ 477,489.89

**Current status of carry forward funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

**Note from DFA – Office of Budget: Funds remaining at the end of any fiscal year from this fund must, by law, remain in the fund regardless of the future status of any project, contract or purpose. The Special Language that requires this report is no longer necessary.**

Dr. Jim Purcell

Director

08-11-2010

Date

## Change Level by Appropriation

**Appropriation:** 137 - Optometry Aid Grants & Loans  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>550,000</b>	<b>0</b>	<b>550,000</b>	<b>100.0</b>	<b>550,000</b>	<b>0</b>	<b>550,000</b>	<b>100.0</b>
C03	Discontinue Program	(229,600)	0	320,400	58.3	(229,600)	0	320,400	58.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>550,000</b>	<b>0</b>	<b>550,000</b>	<b>100.0</b>	<b>550,000</b>	<b>0</b>	<b>550,000</b>	<b>100.0</b>
C03	Discontinue Program	(229,600)	0	320,400	58.3	(229,600)	0	320,400	58.3

### Justification

C03	The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. Due to the declining balance in the HEG Fund, ARHEG Programs are being reduced along with other Financial Aid Programs to insure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs to maximize the number of students served in need- and achievement-based programs.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: Higher Education, Department of

Program: Optometry Aid Grants & Loans

Act #: 286

Section(s) #: 9 & 27

Estimated Carry Forward Amount \$ 79,700.00 Funding Source: General Revenue

**Accounting Information:**

Business Area: 0700

Funds Center: 137

Fund: HEG

Functional Area: EDUC

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

Due to the fact that these grants and loans are provided to new students annually as well as to those existing medical education students already in the pipeline, carry forward of funds is requested to assure that continuity of educational services are fully maintained.

**Actual Funding Carry Forward Amount** \$ 79,700.00

**Current status of carry forward funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

**Note from DFA – Office of Budget: Funds remaining at the end of any fiscal year from this fund must, by law, remain in the fund regardless of the future status of any project, contract or purpose. The Special Language that requires this report is no longer necessary.**

Dr. Jim Purcell

Director

08-11-2010

Date

## Change Level by Appropriation

**Appropriation:** 138 - Veterinary Aid  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,100,000</b>	<b>0</b>	<b>1,100,000</b>	<b>100.0</b>	<b>1,100,000</b>	<b>0</b>	<b>1,100,000</b>	<b>100.0</b>
C03	Discontinue Program	(50,000)	0	1,050,000	95.5	(50,000)	0	1,050,000	95.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,100,000</b>	<b>0</b>	<b>1,100,000</b>	<b>100.0</b>	<b>1,100,000</b>	<b>0</b>	<b>1,100,000</b>	<b>100.0</b>
C03	Discontinue Program	(171,000)	0	929,000	84.5	(171,000)	0	929,000	84.5

### Justification

C03	The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. Due to the declining balance in the HEG Fund, ARHEG Programs are being reduced along with other Financial Aid Programs to levels that can be funded with General revenue. This will help to ensure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs to maximize the number of students served in need- and achievement-based programs. This request will fund the program at the estimated fiscal 2011 level.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: Higher Education, Department of

Program: Veterinary Aid

Act #: 286 Section(s) #: 9 & 27

Estimated Carry Forward Amount \$ 60,700.00 Funding Source: General Revenue

**Accounting Information:**

Business Area: 0700 Funds Center: 138 Fund: HEG Functional Area: EDUC

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

Due to the fact that these grants are provided to new students annually as well as to those existing medical education students already in the pipeline, carry forward of funds is requested to assure that continuity of educational services are fully maintained.

**Actual Funding Carry Forward Amount** \$ 60,713.30

**Current status of carry forward funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

**Note from DFA – Office of Budget: Funds remaining at the end of any fiscal year from this fund must, by law, remain in the fund regardless of the future status of any project, contract or purpose. The Special Language that requires this report is no longer necessary.**

Dr. Jim Purcell

Director

08-11-2010

Date



## Change Level by Appropriation

**Appropriation:** 140 - Chiropractic Aid  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>260,000</b>	<b>0</b>	<b>260,000</b>	<b>100.0</b>	<b>260,000</b>	<b>0</b>	<b>260,000</b>	<b>100.0</b>
C03	Discontinue Program	(158,000)	0	102,000	39.2	(158,000)	0	102,000	39.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>260,000</b>	<b>0</b>	<b>260,000</b>	<b>100.0</b>	<b>260,000</b>	<b>0</b>	<b>260,000</b>	<b>100.0</b>
C03	Discontinue Program	(158,000)	0	102,000	39.2	(158,000)	0	102,000	39.2

### Justification

C03	The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. Due to the declining balance in the HEG Fund, ARHEG Programs are being reduced along with other Financial Aid Programs to insure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs that maximize the number of students served in need and achievement based programs.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: Higher Education, Department of

Program: Chiropractic Aid

Act #: 286 Section(s) #: 9 & 27

Estimated Carry Forward Amount \$ 144,000.00 Funding Source: General Revenue

**Accounting Information:**

Business Area: 0700 Funds Center: 140 Fund: HEG Functional Area: EDUC

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

Due to the fact that these grants are provided to new students annually as well as to those existing medical education students already in the pipeline, carry forward of funds is requested to assure that continuity of educational services are fully maintained.

Actual Funding Carry Forward Amount \$ 129,993.00

**Current status of carry forward funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

**Note from DFA – Office of Budget: Funds remaining at the end of any fiscal year from this fund must, by law, remain in the fund regardless of the future status of any project, contract or purpose. The Special Language that requires this report is no longer necessary.**

Dr. Jim Purcell

Director

08-11-2010

Date

## Change Level by Appropriation

**Appropriation:** 773 - Osteopathy Aid  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>230,000</b>	<b>0</b>	<b>230,000</b>	<b>100.0</b>	<b>230,000</b>	<b>0</b>	<b>230,000</b>	<b>100.0</b>
C03	Discontinue Program	(82,000)	0	148,000	64.3	(82,000)	0	148,000	64.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>230,000</b>	<b>0</b>	<b>230,000</b>	<b>100.0</b>	<b>230,000</b>	<b>0</b>	<b>230,000</b>	<b>100.0</b>
C03	Discontinue Program	(82,000)	0	148,000	64.3	(82,000)	0	148,000	64.3

### Justification

C03	The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. Due to the declining balance in the HEG Fund, ARHEG Programs are being reduced along with other Financial Aid Programs to insure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs that maximize the number of students served in need- and achievement-based programs.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: Higher Education, Department of

Program: Osteopathy Aid

Act #: 286

Section(s) #: 9 & 27

Estimated Carry Forward Amount \$ 70,000.00 Funding Source: General Revenue

**Accounting Information:**

Business Area: 0700

Funds Center: 773

Fund: HEG

Functional Area: EDUC

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

Due to the fact that these grants are provided to new students annually as well as to those existing medical education students already in the pipeline, carry forward of funds is requested to assure that continuity of educational services are fully maintained.

Actual Funding Carry Forward Amount \$ 72,000.00

**Current status of carry forward funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

**Note from DFA – Office of Budget: Funds remaining at the end of any fiscal year from this fund must, by law, remain in the fund regardless of the future status of any project, contract or purpose. The Special Language that requires this report is no longer necessary.**

Dr. Jim Purcell

Director

08-11-2010

Date

## Change Level by Appropriation

**Appropriation:** 783 - Podiatry Aid  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>130,400</b>	<b>0</b>	<b>130,400</b>	<b>100.0</b>	<b>130,400</b>	<b>0</b>	<b>130,400</b>	<b>100.0</b>
C03	Discontinue Program	(110,400)	0	20,000	15.3	(110,400)	0	20,000	15.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>130,400</b>	<b>0</b>	<b>130,400</b>	<b>100.0</b>	<b>130,400</b>	<b>0</b>	<b>130,400</b>	<b>100.0</b>
C03	Discontinue Program	(110,400)	0	20,000	15.3	(110,400)	0	20,000	15.3

### Justification

C03	The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. Due to the declining balance in the HEG Fund, ARHEG Programs are being reduced along with other Financial Aid Programs to levels that can be funded with General revenue. This will help to ensure that current students in the pipeline will be funded as well as providing funding to other Financial Aid programs to maximize the number of students served in need- and achievement-based programs. This request will fund the program at the estimated fiscal 2011 level.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: Higher Education, Department of

Program: Podiatry Aid

Act #: 286

Section(s) #: 9 & 27

Estimated Carry Forward Amount \$ 112,000.00 Funding Source: General Revenue

**Accounting Information:**

Business Area: 0700

Funds Center: 783

Fund: HEG

Functional Area: EDUC

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

Due to the fact that these grants are provided to new students annually as well as to those existing medical education students already in the pipeline, carry forward of funds is requested to assure that continuity of educational services are fully maintained.

**Actual Funding Carry Forward Amount** \$ 112,000.00

**Current status of carry forward funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

**Note from DFA – Office of Budget: Funds remaining at the end of any fiscal year from this fund must, by law, remain in the fund regardless of the future status of any project, contract or purpose. The Special Language that requires this report is no longer necessary.**

Dr. Jim Purcell

Director

08-11-2010

Date

## Appropriation Summary

**Appropriation:** 81R - ARRA-SFSF-Educ Grnts

**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	12,899,987	0	0	0	0	0	0	0	0
Total	12,899,987	0	0	0	0	0	0	0	0
<b>Funding Sources</b>									
Federal Revenue 4000020	12,899,987	0		0	0	0	0	0	0
Total Funding	12,899,987	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	12,899,987	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

## Appropriation Summary

**Appropriation:** 81Y - ARRA-SFSF-GS Proj

**Funding Sources:** FCP - Dept of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	4,404,193	0	0	0	0	0	0	0	0
Total	4,404,193	0	0	0	0	0	0	0	0
<b>Funding Sources</b>									
Federal Revenue 4000020	4,404,193	0		0	0	0	0	0	0
Total Funding	4,404,193	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	4,404,193	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.



## Appropriation Summary

**Appropriation:** 83B - Scholarship Reserve

**Funding Sources:** HEG - Higher Education Grants

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Investments/Transfers 5110020	0	20,000,000	20,000,000	0	0	0	0	0	0
Total	0	20,000,000	20,000,000	0	0	0	0	0	0
<b>Funding Sources</b>									
Fund Balance 4000005	0	20,000,000		0	0	0	0	0	0
Total Funding	0	20,000,000		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	20,000,000		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM

This appropriation was for the one-time fund transfer (Section 17 of Act 246 of 2010) from the Higher Education Grants fund to the Scholarship Shortfall Reserve Trust Account of the Arkansas Lottery Commission, which was appropriated in Section 16 of Act 246 of 2010.

# DEPARTMENT OF LABOR

## Enabling Laws

Act 128 of 2010;

Ark. Code Ann. §§ 11-2-101 et. seq. 25-12-101. Ark. Code Ann. §§ 8-7-1001 et. seq. 11-2-201 et. seq. 11-7-414; 11-11-101 et. seq. 11-13-113; 15-59-111 et. seq.; 17-28-101 et. seq.; 20-20-301 et. seq.; 20-23-101 et. seq.; 20-24-101 et. seq.; 20-27-801 et. seq.; 20-27-1101 et. seq.; 20-27-1301 et. seq.; 20-31-101 et. seq.; 22-9-212; 22-9-301 et. seq.; 23-89-501 et. seq.

## History and Organization

The Arkansas Department of Labor's (ADL) predecessor was established in 1913. In 1937, the Agency received its current name and much of its current structure. Its statutory mission is "to promote and develop the welfare of the wage earners of Arkansas, to improve their working conditions, and to advance their opportunities for profitable employment" (A.C.A. § 11-2-101).

The following describes the Agency's four (4) major program areas which encompass 14 functional work units.

### OCCUPATIONAL SAFETY AND HEALTH:

This division is the largest within the Agency with four (4) functional units. In addition to ADL's regulatory authority, this division recognizes individuals and companies who have made outstanding strides in the field of industrial safety through its safety award program, and all units work collaboratively to present safety conferences and seminars throughout the state. OSHA Consultation is 90% federally funded and assists employers in complying with federal OSHA regulations. The primary role of this unit is to provide consultation and training to employers and industries, with preference given to small, high hazard businesses. The Arkansas Occupational Safety and Health (AOSH) unit is supported by general revenue and enforces the state's safety and health laws, primarily with respect to public employment, an area not covered by federal OSHA. AOSH employees provide a variety of safety training courses to general industry, civic, and employee groups, as well as blasting training and certification. Another major responsibility of this unit is the enforcement and regulation of state law regarding the operation of amusement rides. AOSH works in conjunction with the Amusement Ride Safety Advisory Board. Fees collected for amusement ride inspections and blasting certification provide additional revenue for the Agency. Mine Safety and Health (MSHA) is 80% federally funded and assists miners in complying with federal safety and health laws by providing free on-site consultation and training to Arkansas' mining industry. The Occupational Safety and Health/Census of Fatal Occupational Injuries (OSH/CFOI) unit is responsible for conducting surveys of businesses and compiling and reporting statistics related to occupational injuries, illnesses and fatalities to facilitate and focus services. Two grants from the U. S. Department of Labor, one funded by 50% federal funds and one by 100% federal funds, support these business functions. Funding the state matching portion for each of these federal grants is provided by general revenue.

#### LABOR STANDARDS:

The Labor Standards program is responsible for enforcement of the state's wage and hour laws, child labor laws, and for licensing private employment agencies. This program also provides dispute resolution services for certain small wage disputes.

The division is organized into four (4) work units: Wage and Hour provides enforcement of Arkansas law relating to minimum wage, overtime, child labor, equal pay, and wage collections. The Private Employment Agency unit licenses private employment agencies and otherwise administers and enforces the provisions of the Private Employment Agency Act. The Prevailing Wage unit is responsible for administering and enforcing the Arkansas Prevailing Wage Law. This unit works under advice of a 12-member Prevailing Wage Advisory Committee created by Executive Order in 1994. Mediation Services provides voluntary intervention in collective bargaining situations. This is strictly a mediatory or conciliatory service to assist in the resolution of a labor dispute in an effort to avoid lockouts, boycotts and strikes.

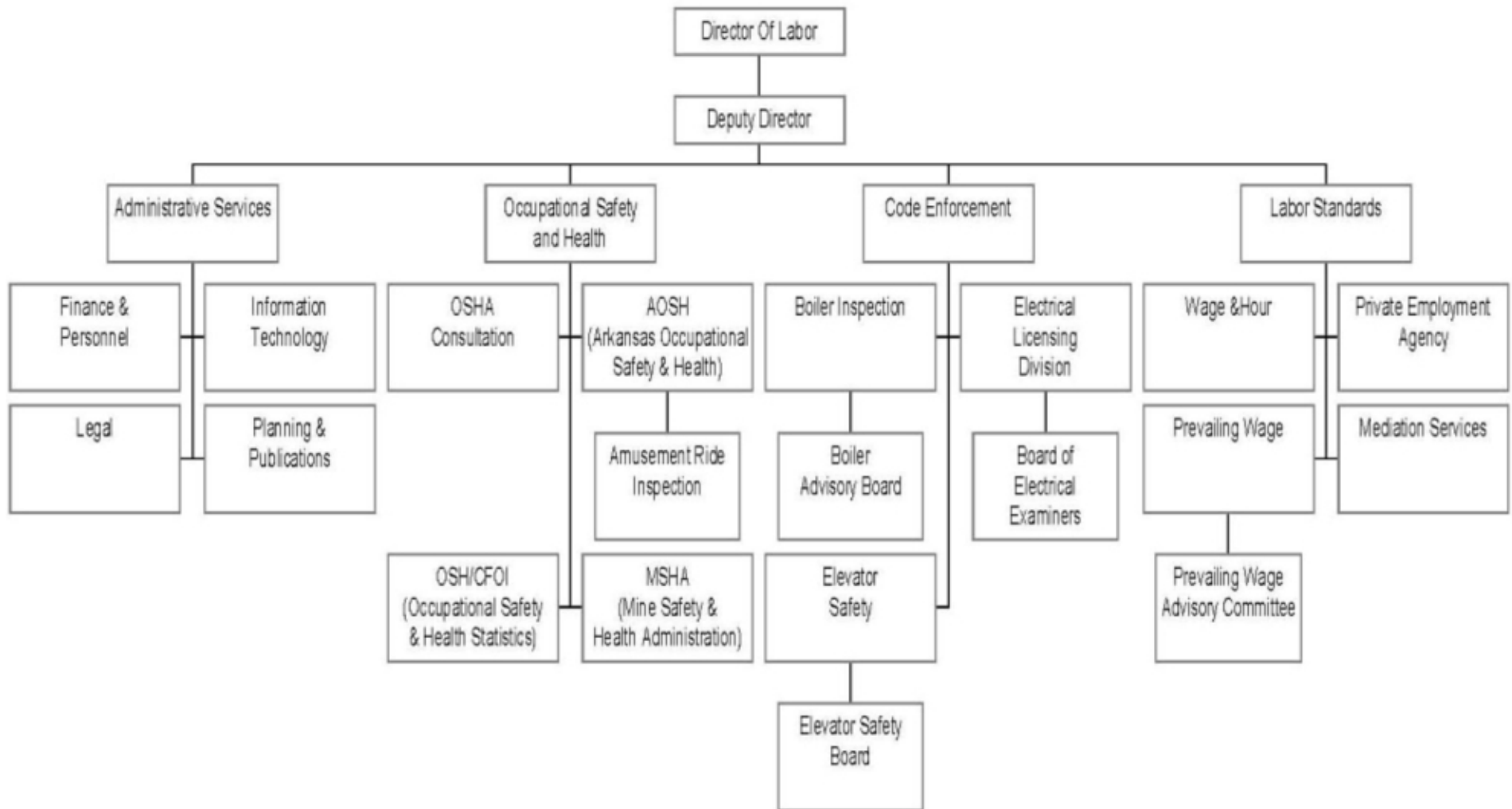
#### CODE ENFORCEMENT AND PUBLIC SAFETY:

Organizationally, there are three (3) functional work units within the Code Enforcement division. Their purpose is to protect the public from inherent dangers with respect to the installation, use and operation of certain specialized devices and functions. This is primarily accomplished through licensing, permitting and inspections.

Boiler Inspection is responsible for enforcement, administration and regulation of state law regarding the operation of boilers and pressure vessels. These responsibilities include inspections, permits, and licensing. This unit works cooperatively with the Boiler Safety Advisory Board, and is funded 100% by special revenue from collection of established fees. Elevator Safety is responsible for inspecting and permitting elevators and escalators, and it works with the Elevator Safety Board. Fees collected by this unit substantially subsidize the Agency's general revenue distribution. The Electrical Division works with the Board of Electrical Examiners and is responsible for licensing electricians and for enforcing the State Electrical Code. This unit is funded 100% by special revenue from collection of fees.

#### ADMINISTRATIVE SERVICES:

This division has four (4) functional work units: Finance & Personnel; Information Technology; Legal; and Planning and Publications. Each unit provides in-house support for all Agency programs and is primarily funded by general revenue with appropriate direct and indirect charges to the federal and special revenue funded programs. Planning and Publications also handles Agency press releases, board meeting announcements, publicity for Agency seminars, training programs and safety award presentations.



## **Agency Commentary**

The statutory mission of the Arkansas Department of Labor is “to promote and develop the welfare of the wage earners of Arkansas, to improve their working conditions, and to advance their opportunities for profitable employment.” (A.C.A. § 11-2-101).

In compliance with Governor Beebe's instructions, our Agency is making extreme efforts to be fiscally conservative, as we have over the past several years. While somewhat struggling under these economic conditions, the Agency is attempting to provide effective enforcement of the Arkansas labor laws, particularly those affecting the state's minimum wage earners and the safety of Arkansas' general public. Budget reductions, however, have resulted in not being able to fill vacated positions; therefore, inspectors have been accumulating significant overtime in order to get inspections and consultations done in a timely manner. This has been most critical in the Occupational Safety and Health Consultation Program which provides on-site consultation services and comprehensive training to Arkansas' industrial employers and employees, and in Elevator Safety which insures safe operation of the state's nearly 6,000 elevators. The Agency is requesting the retention of three (3) Labor Inspector positions for the OSHA Consultation program, which are 100% federally funded, and one (1) Labor Inspector position for the Elevator Safety program, which is supported by general revenue and fees collected for services. The Agency is also requesting retention of one (1) Labor Inspector position for the Arkansas Occupational Safety and Health program, which is supported by general revenue and fees collected for amusement ride inspections; one (1) Labor Standards Investigator position for the Labor Standards Division, which is supported by general revenue and civil money penalties; and one (1) Administrative Specialist III position for Boiler Inspection, which is funded 100% by Special Revenue. If sufficient revenue is available for the upcoming biennium, the Agency needs to fill these positions to insure services and compliance inspections are completed as needed.

The Boiler Inspection Division (FC 149) is a special revenue division. Actual expenditures for FY10 were \$964,022 and for FY11 will be approximately \$920,000. Annual revenue is approximately \$775,000. Expenditures have been exceeding receipts since FY08, but we have had an adequate fund balance and have thus avoided a fee increase. Unfortunately, our projections are that continued operation at current levels is not possible without fee increases. Without fee increases, we will have to lay-off boiler inspectors, as well as office staff.

In summary, the Agency is requesting an additional \$137,967 each year of the biennium to retain and fill three of the positions listed above in those programs supported by general revenue, Appropriation 148.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF LABOR  
 FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	39	34	73	80 %
Black Employees	8	10	18	20 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			18	20 %
Total Employees			91	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Department of Labor Annual Report	A.C.A. 11-2-120	Y	Y	300	Keeps citizens of the state, businesses, industries, trade associations, and the Governor aware of Department activities and Legislative and regulatory changes affecting business and labor conditions.

## Change in Fee Schedule

CURRENT FEE STRUCTURE				PROPOSED CHANGE			Reason for Change
Description	Fee Amount	Estimated Receipts 2010-2011	Authorizing Act or AR Code	Fee Amount	Estimated Receipts		
					2011-2012	2012-2013	
Special Inspection	\$100.00	\$1,100	ACA 20-23-305	\$200.00	\$2,200	\$2,200	To fund biennial budget
Permit, boilers	\$15.00	\$178,325	ACA 20-23-306(a)(2)	\$20.00	\$249,245	\$249,245	To fund biennial budget

Permit,unfired pressure vessels	\$30.00	\$355,000	ACA 20-23-306(a)(2)	\$40.00	\$496,840	\$496,840	To fund biennial budget
Installation permit, boilers (A) Up to 25 HP, incl	\$15.00	\$900	ACA 20-23-308(a)(1) (A)	\$20.00	\$1,200	\$1,200	To fund biennial budget
Installation permit, boilers (B) Over 25 HP to 50 HP, incl.	\$20.00	\$1,100	ACA 20-23-308(a)(1) (B)	\$25.00	\$1,375	\$1,375	To fund biennial budget
Installation permit, boilers (C) Over 50 HP to 100 HP, incl.	\$25.00	\$1,375	ACA 20-23-308(a)(1) (C)	\$30.00	\$1,650	\$1,650	To fund biennial budget
Installation permit, boilers (D) Over 100 HP to 200 HP, incl.	\$30.00	\$1,020	ACA 20-23-308(a)(1) (D)	\$35.00	\$1,190	\$1,190	To fund biennial budget
Installation permit, boilers (E) Over 200 HP to 300 HP, incl.	\$50.00	\$1,000	ACA 20-23-308(a)(1) (E)	\$55.00	\$1,100	\$1,100	To fund biennial budget
Installation permit, boilers (F) Over 300 HP to 400 HP, incl.	\$60.00	\$900	ACA 20-23-308(a)(1) (F)	\$65.00	\$975	\$975	To fund biennial budget
Installation permit, boilers (G) Over 400 HP to 500 HP, incl.	\$70.00	\$840	ACA 20-23-308(a)(1) (G)	\$75.00	\$900	\$900	To fund biennial budget
Installation permit, boilers (H) Over 500 HP	\$95.00	\$570	ACA 20-23-308(a)(1) (H)	\$100.00	\$600	\$600	To fund biennial budget
Installation permit, UF PV (A) 500 gallons or less	\$15.00	\$1,065	ACA 20-23-308(a)(2) (A)	\$20.00	\$1,420	\$1,420	To fund biennial budget
Installation permit, UF PV (B) 501 to 1000 gallons	\$20.00	\$600	ACA 20-23-308(a)(2) (B)	\$25.00	\$750	\$750	To fund biennial budget
Installation permit, UF PV (C) 1001 to 5000 gallons	\$40.00	\$400	ACA 20-23-308(a)(2) (C)	\$45.00	\$450	\$450	To fund biennial budget
Installation permit, UF PV (D) 5001 gallons & over	\$50.00	\$250	ACA 20-23-308(a)(2) (D)	\$55.00	\$275	\$275	To fund biennial budget
Inspection fees, boilers (A) Up to 15 HP incl.	\$10.00	\$9,000	ACA 20-23-311(a)(1) (A)	\$20.00	\$18,000	\$18,000	To fund biennial budget
Inspection fees, boilers (B) Over 15 HP to 50 HP incl.	\$13.00	\$13,500	ACA 20-23-311(a)(1) (B)	\$20.00	\$22,000	\$22,000	To fund biennial budget

Inspection fees, boilers (C) Over 50 HP to 100 HP incl.	\$18.00	\$40,500	ACA 20-23-311(a)(1) (C)	\$20.00	\$45,640	\$45,640	To fund biennial budget
Inspection fees, boilers (E) Over 150 HP to 250 HP incl.	\$23.00	\$2,555	ACA 20-23-311(a)(1) (E)	\$50.00	\$5,555	\$5,555	To fund biennial budget
Inspection fees, boilers (F) Over 250 HP to 500 HP incl.	\$35.00	\$4,667	ACA 20-23-311(a)(1) (F)	\$50.00	\$6,667	\$6,667	To fund biennial budget
Internal Inspection	\$0.00	\$0	NEW	\$50.00	\$2,500	\$2,500	To fund biennial budget
Inspection fees, UFPV (A) 150 gallons or less	\$9.00	\$11,000	ACA 20-23-311(a)(3) (A)	\$15.00	\$19,000	\$19,000	To fund biennial budget
Inspection fees, UFPV (B) 151 to 500 gallons	\$10.00	\$12,500	ACA 20-23-311(a)(3) (B)	\$15.00	\$19,500	\$19,500	To fund biennial budget
Inspection fees, UFPV (C) 501 to 1000 gallons	\$11.00	\$10,500	ACA 20-23-311(a)(3) (C)	\$15.00	\$14,500	\$14,500	To fund biennial budget
Inspection fees, UFPV (D) 1001 to 2000 gallons	\$12.00	\$3,000	ACA 20-23-311(a)(3) (D)	\$20.00	\$5,000	\$5,000	To fund biennial budget
Inspection fees, UFPV (E) 2001 to 3000 gallons	\$13.00	\$2,758	ACA 20-23-311(a)(3) (E)	\$20.00	\$4,243	\$4,243	To fund biennial budget
Inspection fees, UFPV (F) 3001 to 5000 gallons	\$14.00	\$2,800	ACA 20-23-311(a)(3) (F)	\$20.00	\$4,000	\$4,000	To fund biennial budget
Inspection fees, UFPV (G) 5001 & over	\$18.00	\$8,500	ACA 20-23-311(a)(3) (G)	\$20.00	\$9,500	\$9,500	To fund biennial budget
Shop Inspections-full day, plus expenses	\$440.00	\$2,750	ACA 20-23-311(a)(2)	\$600.00	\$3,750	\$3,750	To fund biennial budget
Shop Inspections-half day, plus expenses	\$220.00	\$1,650	ACA 20-23-311(a)(2)	\$300.00	\$2,250	\$2,250	To fund biennial budget
Inspector's commission (d) Initial license	\$25.00	\$500	ACA 20-23-401(d)	\$20.00	\$400	\$400	To fund biennial budget
Inspector's commission (e) Renewal annually	\$15.00	\$2,400	ACA 20-23-401(e)	\$20.00	\$3,200	\$3,200	To fund biennial budget
Operator license Initial w/exam	\$25.00	\$9,675	ACA 20-23-404(a)(3)	\$30.00	\$11,610	\$11,610	To fund biennial budget
Operator license Renewal annually	\$17.00	\$81,000	ACA 20-23-404(a)(4)	\$20.00	\$98,000	\$98,000	To fund biennial budget



License to sell or install	\$75.00	\$24,400	ACA 20-23-404(a)(2)	\$100.00	\$33,400	\$33,400	To fund biennial budget
License to repair	\$75.00	\$19,000	ACA 20-23-404(b)(2)	\$100.00	\$25,900	\$25,900	To fund biennial budget
Inspector's commission (f) (2) Duplicate license	\$15.00	\$150	ACA 20-23-401 (f)(2)	\$20.00	\$200	\$200	To fund biennial budget
Inspector's commission (g) Lapsed renewal	\$15.00	\$150	ACA 20-23-401 (g)	\$20.00	\$200	\$200	To fund biennial budget

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
148 State Operations	3,662,376	58	3,904,334	56	4,011,656	60	3,984,650	56	4,122,617	59	4,122,617	59	3,984,650	56	4,122,617	59	4,122,617	59
149 Boiler Inspection	964,022	14	1,023,920	14	1,133,263	16	1,029,930	14	1,065,363	15	1,065,363	15	1,029,930	14	1,065,363	15	1,065,363	15
151 Federal Programs	1,201,284	17	1,206,640	15	1,440,211	18	1,209,747	15	1,353,606	18	1,353,606	18	1,209,747	15	1,353,606	18	1,353,606	18
2CT Board of Electrical Examiners	604,426	10	679,052	10	667,165	10	679,873	10	679,873	10	679,873	10	679,873	10	679,873	10	679,873	10
940 Wage and Hour - Cash	44,827	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
942 Seminar & Conference Expenses - Cash	39,496	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0
<b>Total</b>	<b>6,516,431</b>	<b>99</b>	<b>7,066,946</b>	<b>95</b>	<b>7,505,295</b>	<b>104</b>	<b>7,157,200</b>	<b>95</b>	<b>7,474,459</b>	<b>102</b>	<b>7,474,459</b>	<b>102</b>	<b>7,157,200</b>	<b>95</b>	<b>7,474,459</b>	<b>102</b>	<b>7,474,459</b>	<b>102</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	3,135,571	34.9	2,472,648	26.7			2,180,433	24.1	2,180,433	23.4	2,180,433	23.7	1,886,387	21.5	1,844,976	20.5	1,839,754	20.8
General Revenue	4000010	2,683,042	29.8	2,925,091	31.6			3,005,407	33.2	3,137,396	33.7	3,005,407	32.7	3,005,407	34.3	3,137,396	34.9	3,005,407	34.0
Federal Revenue	4000020	1,251,284	13.9	1,256,640	13.6			1,259,747	13.9	1,403,606	15.1	1,403,606	15.3	1,259,747	14.4	1,403,606	15.6	1,403,606	15.9
Special Revenue	4000030	1,832,827	20.4	2,340,000	25.3			2,345,000	25.9	2,345,000	25.2	2,345,000	25.5	2,350,000	26.8	2,350,000	26.1	2,350,000	26.5
Cash Fund	4000045	86,355	1.0	253,000	2.7			253,000	2.8	253,000	2.7	253,000	2.8	253,000	2.9	253,000	2.8	253,000	2.9
Total Funds		8,989,079	100.0	9,247,379	100.0			9,043,587	100.0	9,319,435	100.0	9,187,446	100.0	8,754,541	100.0	8,988,978	100.0	8,851,767	100.0
Excess Appropriation/(Funding)		(2,472,648)		(2,180,433)				(1,886,387)		(1,844,976)		(1,712,987)		(1,597,341)		(1,514,519)		(1,377,308)	
Grand Total		6,516,431		7,066,946				7,157,200		7,474,459		7,474,459		7,157,200		7,474,459		7,474,459	

Variance in fund balance reflects unfunded appropriation in State Operations (148).

The FY11 Budget amount for the Board of Electrical Examiners (2CT) exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

WITHOUT FEE INCREASE

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
148 State Operations	3,662,376	58	3,904,334	56	4,011,656	60	3,984,650	56	4,122,617	59	4,122,617	59	3,984,650	56	4,122,617	59	4,122,617	59
149 Boiler Inspection	964,022	14	1,023,920	14	1,133,263	16	1,029,930	14	1,065,363	15	1,065,363	15	1,029,930	14	1,065,363	15	1,065,363	15
151 Federal Programs	1,201,284	17	1,206,640	15	1,440,211	18	1,209,747	15	1,353,606	18	1,353,606	18	1,209,747	15	1,353,606	18	1,353,606	18
2CT Board of Electrical Examiners	604,426	10	679,052	10	667,165	10	679,873	10	679,873	10	679,873	10	679,873	10	679,873	10	679,873	10
940 Wage and Hour - Cash	44,827	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
942 Seminar & Conference Expenses - Cash	39,496	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0
<b>Total</b>	<b>6,516,431</b>	<b>99</b>	<b>7,066,946</b>	<b>95</b>	<b>7,505,295</b>	<b>104</b>	<b>7,157,200</b>	<b>95</b>	<b>7,474,459</b>	<b>102</b>	<b>7,474,459</b>	<b>102</b>	<b>7,157,200</b>	<b>95</b>	<b>7,474,459</b>	<b>102</b>	<b>7,474,459</b>	<b>102</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	3,135,571	34.9	2,472,648	26.7			2,180,433	23.4	2,180,433	22.6	2,180,433	23.0	2,158,739	23.2	2,152,761	22.4	2,147,539	22.7
General Revenue	4000010	2,683,042	29.8	2,925,091	31.6			3,005,407	32.3	3,137,396	32.6	3,005,407	31.7	3,005,407	32.3	3,137,396	32.7	3,005,407	31.7
Federal Revenue	4000020	1,251,284	13.9	1,256,640	13.6			1,259,747	13.5	1,403,606	14.6	1,403,606	14.8	1,259,747	13.5	1,403,606	14.6	1,403,606	14.8
Special Revenue	4000030	1,832,827	20.4	2,340,000	25.3			2,617,352	28.1	2,652,785	27.6	2,652,785	27.9	2,622,352	28.2	2,657,785	27.7	2,657,785	28.1
Cash Fund	4000045	86,355	1.0	253,000	2.7			253,000	2.7	253,000	2.6	253,000	2.7	253,000	2.7	253,000	2.6	253,000	2.7
Total Funds		8,989,079	100.0	9,247,379	100.0			9,315,939	100.0	9,627,220	100.0	9,495,231	100.0	9,299,245	100.0	9,604,548	100.0	9,467,337	100.0
Excess Appropriation/(Funding)		(2,472,648)		(2,180,433)				(2,158,739)		(2,152,761)		(2,020,772)		(2,142,045)		(2,130,089)		(1,992,878)	
Grand Total		6,516,431		7,066,946				7,157,200		7,474,459		7,474,459		7,157,200		7,474,459		7,474,459	

Variance in fund balance reflects unfunded appropriation in State Operations (148).

The FY11 Budget amount for the Board of Electrical Examiners (2CT) exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

WITH FEE INCREASE

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
106	96	5	101	5	9.43 %	104	92	10	102	2	11.54 %	104	90	5	95	9	13.46 %

## **Analysis of Budget Request**

**Appropriation:** 148 - State Operations

**Funding Sources:** HSA - Dept. of Labor Fund Account

The Department of Labor was created by A.C.A. §11-2-106 under the supervision and direction of the Director of the Department of Labor. The Director is appointed by the Governor and is subject to confirmation by the Senate. The Director is authorized in A.C.A. §11-2-108 to enforce all labor laws, not otherwise specified in law; administer and enforce all laws, rules and regulations under the purview of the Department; ensure all inspections are conducted as required by rules and regulations of the Department; conduct investigations; and collect and compile statistical information regarding labor in the State.

This appropriation is utilized to support the State Operations of the Agency and to provide the matching requirements for the Federal Occupational Safety Health Administration (OSHA), Mine Safety Health and Administration (MSHA), Revised Occupational Safety and Health Statistics (ROSH), and Census of Fatal Occupational Injuries (CFOI) grants. Funding is derived from general revenue and special revenue from fees collected by the Elevator Inspection Program; as well as non-revenue receipts from blasting certification fees and amusement ride inspections.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency's Change Level Request totaling \$137,967 in appropriation and \$131,989 in general revenue funding in each year provides for an increase in Regular Salaries and Personal Services Matching for the restoration of two (2) Labor Inspectors and one (1) Labor Standards Investigator.

The Executive Recommendation provides for the Agency Request for appropriation with no additional general revenue funding.

## Appropriation Summary

**Appropriation:** 148 - State Operations  
**Funding Sources:** HSA - Dept. of Labor Fund Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,430,483	2,432,509	2,514,241	2,457,592	2,559,413	2,559,413	2,457,592	2,559,413	2,559,413
<b>#Positions</b>		<b>58</b>	<b>56</b>	<b>60</b>	<b>56</b>	<b>59</b>	<b>59</b>	<b>56</b>	<b>59</b>	<b>59</b>
Personal Services Matching	5010003	675,487	741,476	767,066	796,709	832,855	832,855	796,709	832,855	832,855
Operating Expenses	5020002	541,031	704,599	704,599	704,599	704,599	704,599	704,599	704,599	704,599
Conference & Travel Expenses	5050009	13,793	22,750	22,750	22,750	22,750	22,750	22,750	22,750	22,750
Professional Fees	5060010	1,582	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>3,662,376</b>	<b>3,904,334</b>	<b>4,011,656</b>	<b>3,984,650</b>	<b>4,122,617</b>	<b>4,122,617</b>	<b>3,984,650</b>	<b>4,122,617</b>	<b>4,122,617</b>
<b>Funding Sources</b>										
Fund Balance	4000005	9,020	9,686		10,443	10,443	10,443	11,200	5,222	0
General Revenue	4000010	2,683,042	2,925,091		3,005,407	3,137,396	3,005,407	3,005,407	3,137,396	3,005,407
Federal Revenue	4000020	50,000	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Special Revenue	4000030	930,000	930,000		930,000	930,000	930,000	930,000	930,000	930,000
<b>Total Funding</b>		<b>3,672,062</b>	<b>3,914,777</b>		<b>3,995,850</b>	<b>4,127,839</b>	<b>3,995,850</b>	<b>3,996,607</b>	<b>4,122,618</b>	<b>3,985,407</b>
Excess Appropriation/(Funding)		(9,686)	(10,443)		(11,200)	(5,222)	126,767	(11,957)	(1)	137,210
<b>Grand Total</b>		<b>3,662,376</b>	<b>3,904,334</b>		<b>3,984,650</b>	<b>4,122,617</b>	<b>4,122,617</b>	<b>3,984,650</b>	<b>4,122,617</b>	<b>4,122,617</b>

## Change Level by Appropriation

**Appropriation:** 148 - State Operations  
**Funding Sources:** HSA - Dept. of Labor Fund Account

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,984,650</b>	<b>56</b>	<b>3,984,650</b>	<b>100.0</b>	<b>3,984,650</b>	<b>56</b>	<b>3,984,650</b>	<b>100.0</b>
C01	Existing Program	137,967	3	4,122,617	103.5	137,967	3	4,122,617	103.5

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,984,650</b>	<b>56</b>	<b>3,984,650</b>	<b>100.0</b>	<b>3,984,650</b>	<b>56</b>	<b>3,984,650</b>	<b>100.0</b>
C01	Existing Program	137,967	3	4,122,617	103.5	137,967	3	4,122,617	103.5

### Justification

C01	The Agency is requesting appropriation and funds to retain and utilize three (3) currently authorized positions. One (1) is allocated to the Labor Standards Division; one (1) to the Elevator Safety Division; and one (1) to the Arkansas Safety and Health (AOSH) Division. All of these positions are supported by general revenue, however all three divisions bring in additional revenue through civil money penalties, inspections and permits. Due to the current workloads in each of the divisions, in addition to the fact that several current employees in both the Elevator and AOSH divisions are eligible for retirement either due to their age or years of state service, the Agency needs to hire and train others who can step into positions vacated due to retirement in order to sustain enforcement of labor laws and services at an acceptable level.
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## **Analysis of Budget Request**

**Appropriation:** 149 - Boiler Inspection

**Funding Sources:** MLS - Dept. of Labor Special Fund

The Boiler Inspection Program is established in ACA §20-23-101 et seq. and is funded by special revenue collected by the Agency from permits and inspection of all boilers used by private and public industries. In addition, fees are collected for annual and biennial inspections of all boilers and pressure vessels, the examination and licensing of boiler operators, quality control assurance surveys, ASME code shop service, licensing of firms to install and repair boilers and pressure vessels, consultation regarding boiler installation, maintenance, operation and repair.

Expenditures have been exceeding receipts since FY08 and the Agency has been using fund balances to avoid a fee increase. In 2013, fund balances will be exhausted and the Agency will have to lay-off boiler inspectors as well as office staff. The Agency will be submitting legislation during the 88th General Session to raise various fees to support this division.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level Request totaling \$35,433 in each year of the biennium is for the restoration of one (1) Administrative Specialist III. Several current employees in this division are eligible for retirement either due to their age or years of state service. In order to sustain Agency operations at an acceptable level when that time comes, the Agency needs to fill this position and have others trained to step into those positions vacated due to retirement.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 149 - Boiler Inspection

**Funding Sources:** MLS - Dept. of Labor Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	574,201	593,798	669,858	586,424	611,692	611,692	586,424	611,692	611,692
<b>#Positions</b>		<b>14</b>	<b>14</b>	<b>16</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>14</b>	<b>15</b>	<b>15</b>
Personal Services Matching	5010003	165,056	178,274	211,557	191,658	201,823	201,823	191,658	201,823	201,823
Operating Expenses	5020002	219,529	237,804	237,804	237,804	237,804	237,804	237,804	237,804	237,804
Conference & Travel Expenses	5050009	5,236	14,044	14,044	14,044	14,044	14,044	14,044	14,044	14,044
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
<b>Total</b>		<b>964,022</b>	<b>1,023,920</b>	<b>1,133,263</b>	<b>1,029,930</b>	<b>1,065,363</b>	<b>1,065,363</b>	<b>1,029,930</b>	<b>1,065,363</b>	<b>1,065,363</b>
<b>Funding Sources</b>										
Fund Balance	4000005	670,954	481,251		267,331	267,331	267,331	52,401	16,968	16,968
Special Revenue	4000030	774,319	810,000		815,000	815,000	815,000	820,000	820,000	820,000
<b>Total Funding</b>		<b>1,445,273</b>	<b>1,291,251</b>		<b>1,082,331</b>	<b>1,082,331</b>	<b>1,082,331</b>	<b>872,401</b>	<b>836,968</b>	<b>836,968</b>
Excess Appropriation/(Funding)		(481,251)	(267,331)		(52,401)	(16,968)	(16,968)	157,529	228,395	228,395
<b>Grand Total</b>		<b>964,022</b>	<b>1,023,920</b>		<b>1,029,930</b>	<b>1,065,363</b>	<b>1,065,363</b>	<b>1,029,930</b>	<b>1,065,363</b>	<b>1,065,363</b>

WITHOUT FEE INCREASE

## Appropriation Summary

**Appropriation:** 149 - Boiler Inspection

**Funding Sources:** MLS - Dept. of Labor Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	574,201	593,798	669,858	586,424	611,692	611,692	586,424	611,692	611,692
<b>#Positions</b>		<b>14</b>	<b>14</b>	<b>16</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>14</b>	<b>15</b>	<b>15</b>
Personal Services Matching	5010003	165,056	178,274	211,557	191,658	201,823	201,823	191,658	201,823	201,823
Operating Expenses	5020002	219,529	237,804	237,804	237,804	237,804	237,804	237,804	237,804	237,804
Conference & Travel Expenses	5050009	5,236	14,044	14,044	14,044	14,044	14,044	14,044	14,044	14,044
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
<b>Total</b>		<b>964,022</b>	<b>1,023,920</b>	<b>1,133,263</b>	<b>1,029,930</b>	<b>1,065,363</b>	<b>1,065,363</b>	<b>1,029,930</b>	<b>1,065,363</b>	<b>1,065,363</b>
<b>Funding Sources</b>										
Fund Balance	4000005	670,954	481,251		267,331	267,331	267,331	324,753	324,753	324,753
Special Revenue	4000030	774,319	810,000		1,087,352	1,122,785	1,122,785	1,092,352	1,127,785	1,127,785
<b>Total Funding</b>		<b>1,445,273</b>	<b>1,291,251</b>		<b>1,354,683</b>	<b>1,390,116</b>	<b>1,390,116</b>	<b>1,417,105</b>	<b>1,452,538</b>	<b>1,452,538</b>
Excess Appropriation/(Funding)		(481,251)	(267,331)		(324,753)	(324,753)	(324,753)	(387,175)	(387,175)	(387,175)
<b>Grand Total</b>		<b>964,022</b>	<b>1,023,920</b>		<b>1,029,930</b>	<b>1,065,363</b>	<b>1,065,363</b>	<b>1,029,930</b>	<b>1,065,363</b>	<b>1,065,363</b>

WITH FEE INCREASE

## Change Level by Appropriation

**Appropriation:** 149 - Boiler Inspection  
**Funding Sources:** MLS - Dept. of Labor Special Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,029,930</b>	<b>14</b>	<b>1,029,930</b>	<b>100.0</b>	<b>1,029,930</b>	<b>14</b>	<b>1,029,930</b>	<b>100.0</b>
C01	Existing Program	35,433	1	1,065,363	103.4	35,433	1	1,065,363	103.4

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,029,930</b>	<b>14</b>	<b>1,029,930</b>	<b>100.0</b>	<b>1,029,930</b>	<b>14</b>	<b>1,029,930</b>	<b>100.0</b>
C01	Existing Program	35,433	1	1,065,363	103.4	35,433	1	1,065,363	103.4

### Justification

C01	The Agency is requesting appropriation to retain one (1) currently authorized position which is funded 100% by Special Revenue and allocated to the Boiler Inspection Program. Several current employees in this division are eligible for retirement either due to their age or years of state service. In order to sustain Agency operations at an acceptable level when that time comes, the Agency needs to fill this position and have others trained to step into those positions vacated due to retirement. The Agency is requesting a new fee structure for this division which should provide sufficient funding.
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## **Analysis of Budget Request**

**Appropriation:** 151 - Federal Programs

**Funding Sources:** FNA - Dept. of Labor-Federal Programs

Arkansas Code Annotated §11-2-121 authorizes the Director of the Department of Labor to enter into agreements with the United States Government for assistance and cooperation in enforcing and implementing state and federal laws. This appropriation is 100% federally funded and is utilized for the receipt of grant funds for conducting OSHA Consultation, Mine Safety and Health Consultation and Training, and the Occupational Injuries and Fatalities Surveys.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Change Level Request totaling \$143,859 each year of the biennium restores three (3) Labor Inspectors that were not budgeted in FY11 due to funding constraints.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 151 - Federal Programs

**Funding Sources:** FNA - Dept. of Labor-Federal Programs

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	699,743	645,940	821,756	642,092	748,754	748,754	642,092	748,754	748,754
<b>#Positions</b>		<b>17</b>	<b>15</b>	<b>18</b>	<b>15</b>	<b>18</b>	<b>18</b>	<b>15</b>	<b>18</b>	<b>18</b>
Personal Services Matching	5010003	212,493	196,867	254,622	208,822	246,019	246,019	208,822	246,019	246,019
Operating Expenses	5020002	246,168	314,883	314,883	314,883	314,883	314,883	314,883	314,883	314,883
Conference & Travel Expenses	5050009	24,372	43,950	43,950	43,950	43,950	43,950	43,950	43,950	43,950
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	18,508	5,000	5,000	0	0	0	0	0	0
<b>Total</b>		<b>1,201,284</b>	<b>1,206,640</b>	<b>1,440,211</b>	<b>1,209,747</b>	<b>1,353,606</b>	<b>1,353,606</b>	<b>1,209,747</b>	<b>1,353,606</b>	<b>1,353,606</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	1,201,284	1,206,640		1,209,747	1,353,606	1,353,606	1,209,747	1,353,606	1,353,606
Total Funding		1,201,284	1,206,640		1,209,747	1,353,606	1,353,606	1,209,747	1,353,606	1,353,606
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,201,284</b>	<b>1,206,640</b>		<b>1,209,747</b>	<b>1,353,606</b>	<b>1,353,606</b>	<b>1,209,747</b>	<b>1,353,606</b>	<b>1,353,606</b>

## Change Level by Appropriation

**Appropriation:** 151 - Federal Programs  
**Funding Sources:** FNA - Dept. of Labor-Federal Programs

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,209,747</b>	<b>15</b>	<b>1,209,747</b>	<b>100.0</b>	<b>1,209,747</b>	<b>15</b>	<b>1,209,747</b>	<b>100.0</b>
C01	Existing Program	143,859	3	1,353,606	111.9	143,859	3	1,353,606	111.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,209,747</b>	<b>15</b>	<b>1,209,747</b>	<b>100.0</b>	<b>1,209,747</b>	<b>15</b>	<b>1,209,747</b>	<b>100.0</b>
C01	Existing Program	143,859	3	1,353,606	111.9	143,859	3	1,353,606	111.9

### Justification

C01	The Agency is requesting appropriation to retain three (3) currently authorized positions, all 100% federally funded and allocated to the OSHA Consultation Program. The positions are needed to meet the goals and objectives of the program; however, after the implementation of the new pay plan in FY2009, there were insufficient funds to fill the positions. We will be requesting and are anticipating additional federal funds in the coming years to allow the Agency to utilize these positions to meet the performance requirements of the federal grant. The three (3) positions are Labor Inspectors.
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## **Analysis of Budget Request**

**Appropriation:** 2CT - Board of Electrical Examiners

**Funding Sources:** MLS - Dept. of Labor Special Fund

Arkansas Code Annotated §17-28-201 created the Board of Electrical Examiners consisting of the Director of the Department of Labor and eight (8) other members appointed by the Governor with the advice and consent of the Senate. The Board is authorized to adopt rules and regulations; conduct examinations for licensure; register electrical apprentices and issue certificates; and revoke or suspend licenses or certificates. This appropriation is funded by special revenues from fees collected for license issuance and renewal of electrical contractors and the examination, licensure and renewal of master, journeyman, and industrial maintenance electricians as well as residential master and journeyman electricians and air conditioning electricians.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency Request provides for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2CT - Board of Electrical Examiners

**Funding Sources:** MLS - Dept. of Labor Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	358,258	380,371	372,421	377,619	377,619	377,619	377,619	377,619	377,619
<b>#Positions</b>		<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	110,533	124,513	120,576	128,086	128,086	128,086	128,086	128,086	128,086
Operating Expenses	5020002	134,860	167,738	167,738	167,738	167,738	167,738	167,738	167,738	167,738
Conference & Travel Expenses	5050009	775	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430
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
<b>Total</b>		<b>604,426</b>	<b>679,052</b>	<b>667,165</b>	<b>679,873</b>	<b>679,873</b>	<b>679,873</b>	<b>679,873</b>	<b>679,873</b>	<b>679,873</b>
<b>Funding Sources</b>										
Fund Balance	4000005	2,382,055	1,906,137		1,827,085	1,827,085	1,827,085	1,747,212	1,747,212	1,747,212
Special Revenue	4000030	128,508	600,000		600,000	600,000	600,000	600,000	600,000	600,000
<b>Total Funding</b>		<b>2,510,563</b>	<b>2,506,137</b>		<b>2,427,085</b>	<b>2,427,085</b>	<b>2,427,085</b>	<b>2,347,212</b>	<b>2,347,212</b>	<b>2,347,212</b>
Excess Appropriation/(Funding)		(1,906,137)	(1,827,085)		(1,747,212)	(1,747,212)	(1,747,212)	(1,667,339)	(1,667,339)	(1,667,339)
<b>Grand Total</b>		<b>604,426</b>	<b>679,052</b>		<b>679,873</b>	<b>679,873</b>	<b>679,873</b>	<b>679,873</b>	<b>679,873</b>	<b>679,873</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.



## **Analysis of Budget Request**

**Appropriation:** 940 - Wage and Hour - Cash

**Funding Sources:** NDW - Cash in Treasury

The Department of Labor utilizes this appropriation as a "pass through" account to disburse cash funds collected from employers when it is determined an employer owes compensation to an employee resulting from wage and hour investigations and legal actions pursued by the Agency. Payments made to the Department of Labor by employers for this purpose are then disbursed to the employee.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 940 - Wage and Hour - Cash

**Funding Sources:** NDW - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Wages Due	5900046	44,827	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total		44,827	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
<b>Funding Sources</b>										
Fund Balance	4000005	41,343	55,804		55,804	55,804	55,804	55,804	55,804	55,804
Cash Fund	4000045	59,288	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding		100,631	255,804		255,804	255,804	255,804	255,804	255,804	255,804
Excess Appropriation/(Funding)		(55,804)	(55,804)		(55,804)	(55,804)	(55,804)	(55,804)	(55,804)	(55,804)
Grand Total		44,827	200,000		200,000	200,000	200,000	200,000	200,000	200,000

## **Analysis of Budget Request**

**Appropriation:** 942 - Seminar & Conference Expenses - Cash

**Funding Sources:** NDW - Cash in Treasury

The Department utilizes this appropriation to cover seminar and conference related costs. Cash funds collected from participants attending safety seminars and conferences hosted by the Department fund this appropriation.

The Agency Request is for Base Level with an reallocation of \$10,000 from Conference and Travel Expenses to Operating Expenses to properly classify expenditures for supplies and materials necessary to host safety conferences and seminars.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 942 - Seminar & Conference Expenses - Cash

**Funding Sources:** NDW - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	0	0	0	10,000	10,000	0	10,000	10,000
Conference & Travel Expenses	5050009	39,496	53,000	53,000	53,000	43,000	43,000	53,000	43,000	43,000
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
<b>Total</b>		<b>39,496</b>	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	32,199	19,770		19,770	19,770	19,770	19,770	19,770	19,770
Cash Fund	4000045	27,067	53,000		53,000	53,000	53,000	53,000	53,000	53,000
<b>Total Funding</b>		<b>59,266</b>	<b>72,770</b>		<b>72,770</b>	<b>72,770</b>	<b>72,770</b>	<b>72,770</b>	<b>72,770</b>	<b>72,770</b>
Excess Appropriation/(Funding)		(19,770)	(19,770)		(19,770)	(19,770)	(19,770)	(19,770)	(19,770)	(19,770)
<b>Grand Total</b>		<b>39,496</b>	<b>53,000</b>		<b>53,000</b>	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>

## Change Level by Appropriation

**Appropriation:** 942 - Seminar & Conference Expenses - Cash  
**Funding Sources:** NDW - Cash in Treasury

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>53,000</b>	<b>0</b>	<b>53,000</b>	<b>100.0</b>	<b>53,000</b>	<b>0</b>	<b>53,000</b>	<b>100.0</b>
C04	Reallocation	0	0	53,000	100.0	0	0	53,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>53,000</b>	<b>0</b>	<b>53,000</b>	<b>100.0</b>	<b>53,000</b>	<b>0</b>	<b>53,000</b>	<b>100.0</b>
C04	Reallocation	0	0	53,000	100.0	0	0	53,000	100.0

### Justification

C04	Reallocation of expenses to reflect actual spending.
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# ARKANSAS NATURAL RESOURCES COMMISSION

## Enabling Laws

Act 35 of 2010

A.C.A. §14-230-101 et seq.

A.C.A. §15-20-201 et seq.

A.C.A. §15-20-801 - §15-20-1301

A.C.A. §15-22-201 - §15-22-1301

A.C.A. §15-24-102 et seq.

## History and Organization

The Mission of the Agency is to manage and protect our water and land resources for the health, safety, and economic benefit of the State of Arkansas.

Upon its formation in 1963 the Arkansas Natural Resources Commission (formerly the Soil and Water Conservation Commission) was assigned duties previously performed by the Water Conservation and Flood Control Commissions, in addition to those functions related to Soil and Water Conservation Districts formerly performed by the Geological Commission. Major duties of the Commission at that time included: water allocation, dam permitting, and interstate water rights.

In 1969 the Commission was assigned the task of developing the Arkansas State Water Plan and overseeing the State's flood plain management program. The Water Development Fund was created as a part of the water planning effort. In 1981 administration of the Water, Sewer and Solid Waste Management Fund was transferred from the Department of Local Services to the Commission. Also in 1981, the Water Resources Cost Share Program was created to provide funds to Arkansas' communities to help meet the local cost share of federal water projects.

The Commission operates the Water, Waste Disposal and Pollution Abatement Facilities General Obligation (GO) Bond Program to provide low interest rate loans to communities. These loans are used for water resources and waste disposal projects.

In 1991 the Governor delegated administration of the Non-point Source Pollution Abatement Program under the Federal Clean Water Act to the Commission. Primary funding to operate the program is from the US Environmental Protection Agency. In addition, Arkansas' General

Assembly created the Ground Water Protection and Management Act. Under this act the Commission received additional responsibility for ground water management, collection of water use information, and collection of an annual fee for reporting water use.

The Commission, in conjunction with the Department of Finance and Administration operates two Tax Credit programs to encourage water resources development, water conservation, and protection of wetlands and riparian zones.

The Commission operates a Wetland Mitigation Bank that provides a voluntary, cost effective and environmentally sound alternative for mitigation of unavoidable wetland losses caused by individual, corporate, or state agency projects.

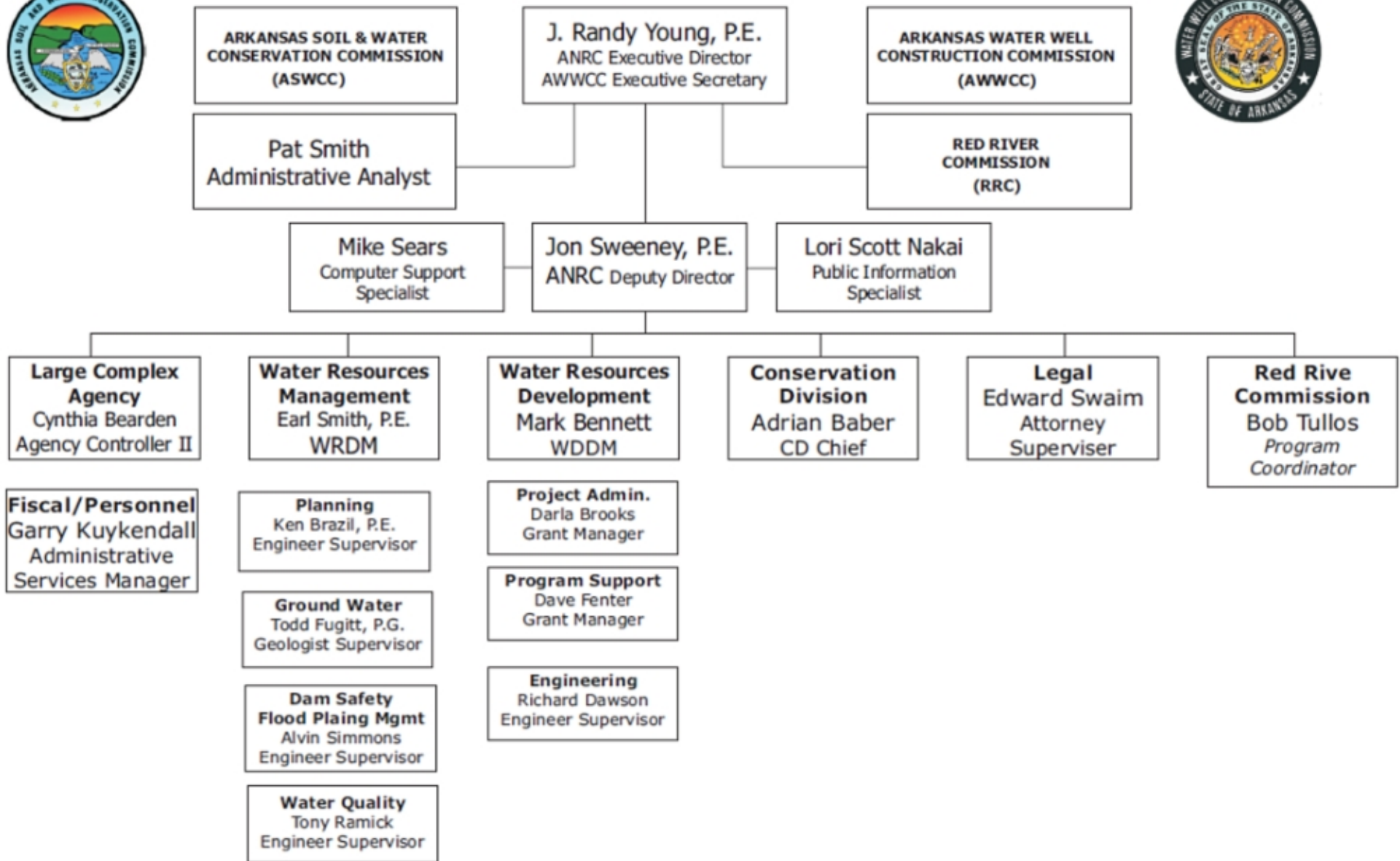
Since 1995 the Commission has provided administrative and field operations for the Water Well Construction Commission.

Act 1060 of 2003 directed the Commission to create and operate the Poultry Feeding Operation Registration Program. The purpose of this program is to assemble and maintain information on the number, composition, and practices of Poultry Feeding Operations in the state including the quantity of nutrients produced and used by those operations.

Act 1059 of 2003 authorized the Commission to institute a Nutrient Management Planner Certification Program for individuals who prepare Nutrient Management Plans. The purpose of this program is to establish criteria for planning and certify that planners have sufficient training to prepare adequate plans.

Act 1061 of 2003 authorized the Commission to institute a Nutrient Applicator Certification Program for individuals who apply agricultural nutrients in certain areas of the State. The purpose of this program is to certify that applicators have sufficient training to effectively apply nutrients in accord with applicable laws, regulations, and technical criteria.

The Arkansas Natural Resources Commission provides technical and financial support for both the Red River Commission and the Ouachita River Commission.





## **Agency Commentary**

The Arkansas Natural Resources Commission is organized in four divisions: Administrative, Water Resources Management, Water Resources Development, and Conservation.

### **Administrative Division**

The Administrative Division provides oversight and direction as well as personnel, purchasing, legal and information technology support for the entire agency.

Changes requested for this division include:

- Additional \$971,376 per year in unfunded appropriation in Funds Center 381 - Rural Fire Protection, which will restore this appropriation to the previously authorized level of \$1,100,000 each year. This unfunded appropriation is being requested in the event that savings from the Miscellaneous Agencies Fund Account becomes available.
- Additional \$686,414 each year of the biennium for the Study Expenses line item in Funds Center 475 - Red River Levee Rehabilitation Project. This request will restore the full amount of \$1,372,828 each year for the Study Expenses line item. This level is necessary to ensure that the agency has enough appropriation if the U. S. Army Corps of Engineers moves forward with the navigation feasibility study during any particular fiscal year.
- Additional appropriation of \$43,150 each year of the biennium for the Grants and Aid line item in Funds Center 659 - Ouachita River Waterways Projects. This request will ensure that the agency has enough appropriation to support these projects during any particular fiscal year and the agency has adequate cash to pay for this project.
- The two (2) ANRC Program Coordinator positions are requested to be crossgraded in Funds Center 527 - Construction Assistance Revolving Loan Program to ensure that the job titles accurately reflect the job duties.

### **Water Resources Management Division**

This division is responsible for statewide oversight and planning in the following areas: Water Systems, Water Supplies, Water Rights Allocation, Flood Plain management, Non-Point Source Pollution Abatement, Dam Safety, and Wetlands Mitigation banking.

Changes requested for this division include:

- Additional unfunded appropriation in the amount of \$400,000 each year of the biennium. This request will provide additional appropriation of \$200,000 to both the Grants and Aid Line Item and the Water Quality Technician Line Item in Funds Center 2RG - Water Quality Implementation. This request will enable the agency to utilize any funds carried forward to support the amount of obligated grants are certified for Water Match Grants and Water Quality Technician.
- Additional \$51,000 each year of the biennium for the Capital Outlay Line Item in Funds Center 997 - NonPoint Source Pollution Control Program. This request will enable the agency to replace existing field equipment for Water Quality Projects. This appropriation is 100 percent federally funded.
- Additional \$46,500 each year of the biennium for Grants and Aid Line Item in Funds Center 1AA - Dam Inventory Program. This appropriation is 100 percent federally funded.

### **Water Resources Development**

This division administers programs that provide funding to communities for local water supply and distribution; waste water collection, treatment and disposal; and collection and disposal of solid wastes.

Changes requested for this division include:

- Additional appropriation of \$45 million each year of the biennium for the Project Disbursements Line Item in Funds Center 1EE - Water, Waste Disposal, Pollution Abatement. During the previous budget session, the agency was authorized at a level of \$90 million for the first year and special language authorized any remaining balance for the Project Disbursement Line Item to be carried forward in the second year of the biennium. This level is necessary to ensure that the agency has enough appropriation if there is a large sale of Water, Water Disposal and Pollution Abatement General Obligation Bonds during any particular fiscal year.
- Additional \$611,219 per year in unfunded appropriation in Funds Center 2GE - Water/Sewer/Solid Waste - State, which will restore this appropriation to the previous authorized level of \$736,219 each year. This unfunded appropriation is being requested in the event that savings from Miscellaneous Agencies Fund Account become available.
- Additional \$2 million each year year of the biennium in Grants and Aid in Funds Center 924 - Waste/Sewer/Solid Waste. This level is necessary to provide for an increase of waste/sewer/solid water loans. This appropriation is 100 percent funded from loan repayments. The Waste/Sewer/Solid Waste fund has seen a dramatic increase in it use the last two biennial as a result of its increased use in funding

- emergency projects in the form of disaster recovery. This increased level of use means it is necessary to ensure all funds available in the fund can be spent at a moments notice. The new appropriation level is based on the amount of funds on hand plus the projected repayments of existing loans.
- Drinking Water Program for ARRA - Restoration of ARRA appropriation in the amount of \$10 million each year in Funds Center 420 - Natural Resources Commission Cash Appropriation because the Grant Agreement Budget Period is January 17, 2009 thru February 17, 2013.
- Clean Water Program for ARRA - Restoration of ARRA appropriation in the amount of \$12 million each year in Funds Center 527 - Construction Assistance Revolving Loan Program because the Grant Agreement Budget Period is August 19, 2009 thru June 30, 2013

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS NATURAL RESOURCES COMMISSION  
 FOR THE YEAR ENDED JUNE 30, 2007

Findings

Our review of internal controls revealed a weakness in maintaining supporting documentation as required by the State's Financial Management Guide. Employee travel reimbursements for 21 hotel charges totaling \$932 and credit card transactions totaling \$1,229 were not supported by adequate documentation. Failure to maintain supporting documentation could place assets at risk.

Recommendations

The Agency comply with policies and procedures set forth in the State's Financial Management Guide by maintaining supporting documentation for all travel reimbursements and credit card charges.

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS NATURAL RESOURCES COMMISSION  
ARKANSAS SAFE DRINKING WATER  
REVOLVING LOAN FUND PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

None

None

## **Performance Audit Findings**

Levee District Oversight  
Arkansas Natural Resources Commission (ANRC)  
(July 1, 2007 – June 30, 2008) - Issued 02-13-2009

### Findings and Conclusions:

- The number and location of levee districts with the State could not be determined. A central inventory of levees is not maintained, in part, because Ark. Code Ann. § 15-24-102(c) prohibits ANRC from requiring reports from levee districts.
- City/County officials have no authority over levee districts and the Arkansas Code expressly prohibits the ANRC from taking oversight of unmaintained levees.
- Although public funding is provided to levee districts, requirements for annual audits or accountability for the expenditures of funds vary or are nonexistent depending on the Acts under which the districts were created.
- 7 of 11 levees reviewed currently have proper accreditation and certification for national flood insurance participation. However, 1 of the 7 certified levees was rated by the Army Corps of Engineers as “unacceptable” and their continued certification is in jeopardy.

### Recommendations:

- The General Assembly consider revising Ark. Code Ann. § 15-24-102 to require ANRC to create and maintain a listing of all levees in the State, and develop procedures to approve the construction of and register new levees over a determined size.
- The General Assembly consider legislation designating a standard structure for levee district boards and uniform appointment or election of members; directing ANRC to develop standards for levee maintenance and inspection procedures; requiring levee districts to report to ANRC the maintenance and inspection status of all levees; and revising Ark. Code Ann. § 14-120-704 to authorize ANRC to notify the Arkansas Attorney General when levees are not properly maintained in accordance with prescribed standards.
- The General Assembly consider legislation authorizing ANRC to develop regulations specifying uniform financial reporting and audit requirements
- The General Assembly consider authorizing ANRC to develop rules and procedures prompting the annexation or merging of districts for noncompliance with accreditation requirements.

## Employment Summary

	Male	Female	Total	%
White Employees	45	26	71	90 %
Black Employees	3	5	8	10 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			8	10 %
Total Employees			79	100 %

## 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	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
129 Beaver Eradication Program	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0
1AA Dam Inventory	64,964	1	148,553	1	148,488	1	148,577	1	195,077	1	195,077	1	148,577	1	195,077	1	195,077	1
1EE Water, Waste Disposal, Pollution Abatement	45,290,821	5	45,302,792	5	45,293,194	5	45,301,130	5	90,301,130	5	90,301,130	5	45,301,130	5	90,301,130	5	90,301,130	5
262 Natural Resources Commission-Operations	3,278,925	27	3,363,831	27	3,357,151	27	3,355,842	27	3,355,842	27	3,355,842	27	3,355,842	27	3,355,842	27	3,355,842	27
263 Grants and Attorney Services	82,179	0	91,711	0	91,711	0	91,711	0	91,711	0	91,711	0	91,711	0	91,711	0	91,711	0
2BU Flood Insurance Program	207,014	2	350,638	2	338,553	2	349,850	2	349,850	2	349,850	2	349,850	2	349,850	2	349,850	2
2GE Water/Sewer/Solid Waste-State	89,415	0	125,000	0	736,219	0	125,000	0	736,219	0	736,219	0	125,000	0	736,219	0	736,219	0
2RG Water Quality Implementation	1,800,107	5	1,822,848	5	1,826,912	5	1,831,534	5	2,231,534	5	2,231,534	5	1,831,534	5	2,231,534	5	2,231,534	5
381 Rural Fire Protection Program	143,437	0	128,624	0	1,100,000	0	128,624	0	1,100,000	0	1,100,000	0	128,624	0	1,100,000	0	1,100,000	0
383 Conservation District Grants	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0
420 Natural Resources Comm-Cash	16,732,829	20	42,667,266	22	42,654,500	22	7,850,566	22	17,850,566	22	7,850,566	22	7,850,566	22	17,850,566	22	7,850,566	22
475 Red River Levee Rehabilitation Project	150,940	2	2,841,380	3	2,837,009	3	2,840,009	3	3,526,423	3	3,526,423	3	2,840,009	3	3,526,423	3	3,526,423	3
527 Construction Asst Revolving Loan Fund Program	13,699,877	15	26,978,361	15	26,923,069	15	1,138,174	15	13,138,174	15	1,138,174	15	1,138,174	15	13,138,174	15	1,138,174	15
659 Ouachita River Waterways Projects	0	0	81,525	0	81,525	0	81,525	0	124,675	0	124,675	0	81,525	0	124,675	0	124,675	0
808 Water Research	40,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0
822 Conservation District Clerks' Insurance	374,400	0	374,400	0	408,000	0	374,400	0	374,400	0	374,400	0	374,400	0	374,400	0	374,400	0
924 Water/Sewer/Solid Waste	231,750	0	5,000,000	0	5,000,000	0	5,000,000	0	7,000,000	0	5,000,000	0	5,000,000	0	7,000,000	0	5,000,000	0
997 NonPoint Source Pollution Control Program	3,704,973	9	6,856,336	14	6,983,488	15	6,803,387	14	6,854,387	14	6,854,387	14	6,803,387	14	6,854,387	14	6,854,387	14
<b>Total</b>	<b>86,292,431</b>	<b>86</b>	<b>136,576,065</b>	<b>93</b>	<b>138,222,619</b>	<b>94</b>	<b>75,863,129</b>	<b>93</b>	<b>147,672,788</b>	<b>93</b>	<b>123,672,788</b>	<b>93</b>	<b>75,863,129</b>	<b>93</b>	<b>147,672,788</b>	<b>93</b>	<b>123,672,788</b>	<b>93</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	53,068,077	31.5	81,979,047	37.0	85,225,484	51.1	85,225,484	35.8	85,225,484	39.8	91,010,629	52.7	90,324,215	37.2	90,324,215	41.2	
General Revenue	4000010	6,209,263	3.7	6,349,214	2.9	6,349,911	3.8	6,349,911	2.7	6,349,911	3.0	6,349,911	3.7	6,349,911	2.6	6,349,911	2.9	
Federal Revenue	4000020	4,945,353	2.9	8,497,888	3.8	8,439,988	5.1	8,537,488	3.6	8,537,488	4.0	8,439,988	4.9	8,537,488	3.5	8,537,488	3.9	
Cash Fund	4000045	4,701,153	2.8	5,500,000	2.5	8,000,000	4.8	8,000,000	3.4	8,000,000	3.7	8,000,000	4.6	8,000,000	3.3	8,000,000	3.7	
Bond Proceeds	4000125	57,328,733	34.1	45,000,000	20.3	45,000,000	27.0	90,000,000	37.8	90,000,000	42.1	45,000,000	26.1	90,000,000	37.0	90,000,000	41.1	
Federal Funds-ARRA	4000244	26,604,762	15.8	60,655,400	27.3	0	0.0	22,000,000	9.2	0	0.0	0	0.0	22,000,000	9.1	0	0.0	
Interest	4000300	172,654	0.1	170,000	0.1	170,000	0.1	170,000	0.1	170,000	0.1	170,000	0.1	170,000	0.1	170,000	0.1	
Loan Repayment	4000330	15,098,461	9.0	13,500,000	6.1	13,500,000	8.1	15,500,000	6.5	13,500,000	6.3	13,500,000	7.8	15,500,000	6.4	13,500,000	6.2	
Trust Fund Interest	4000705	143,022	0.1	150,000	0.1	150,000	0.1	150,000	0.1	150,000	0.1	150,000	0.1	150,000	0.1	150,000	0.1	
Unfunded Appropriation	4000715	0	0.0	0	0.0	0	0.0	1,982,595	0.8	1,982,595	0.9	0	0.0	1,982,595	0.8	1,982,595	0.9	
<b>Total Funds</b>		<b>168,271,478</b>	<b>100.0</b>	<b>221,801,549</b>	<b>100.0</b>	<b>166,835,383</b>	<b>100.0</b>	<b>237,915,478</b>	<b>100.0</b>	<b>213,915,478</b>	<b>100.0</b>	<b>172,620,528</b>	<b>100.0</b>	<b>243,014,209</b>	<b>100.0</b>	<b>219,014,209</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(81,979,047)		(85,225,484)		(90,972,254)		(90,242,690)		(90,242,690)		(96,757,399)		(95,341,421)		(95,341,421)		
<b>Grand Total</b>		<b>86,292,431</b>		<b>136,576,065</b>		<b>75,863,129</b>		<b>147,672,788</b>		<b>123,672,788</b>		<b>75,863,129</b>		<b>147,672,788</b>		<b>123,672,788</b>		

The FY11 Budget amount exceeds the Authorized amount in 1AA, 1EE, 262, 2BU, 420, 475 and 527 due to salary and/or matching rate adjustments during the 2009-11 biennium.  
 The FY12 ending fund balance does not equal the FY13 beginning fund balance due to unfunded appropriation in 659.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
93	82	11	93	0	11.83 %	94	79	14	93	1	15.96 %	94	79	14	93	1	15.96 %

## **Analysis of Budget Request**

**Appropriation:** 129 - Beaver Eradication Program

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The "Beaver Eradication Program" created under Act 630 of 1993 and coordinated by the Department of Finance and Administration and county governments is now called the "Conservation District Beaver Control Program," and is administered by the Arkansas Natural Resources Commission through Arkansas' conservation districts. This program reimburses conservation districts \$5 per beaver for payments they make to certified beaver harvesters. To receive grant funding through this program, conservation districts must submit a district beaver control plan to the Commission, who will allocate the available funding to districts according to their projected harvest, past participation, and other factors to ensure fairness. This program is funded entirely by general revenue.

The Agency Base Level request includes appropriation and general revenue funding of \$150,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 129 - Beaver Eradication Program

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
<b>Total</b>	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
<b>Funding Sources</b>									
General Revenue 4000010	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000
<b>Total Funding</b>	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000

## **Analysis of Budget Request**

**Appropriation:** 1AA - Dam Inventory

**Funding Sources:** FSC - Natural Resources Commission Federal

The Natural Resources Commission's Dam Inventory appropriation is used to conduct periodic inspections to determine the number and current condition of dams within the State's jurisdiction. The Commission maintains this information in a database and provides updated records to the Federal Emergency Management Agency. This appropriation is 100% federally funded.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Base Level request includes appropriation of \$148,577 each year of the biennium with one regular position.

The Agency Change Level request includes additional Grants and Aid appropriation of \$46,500 each year for Dam Safety Projects.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1AA - Dam Inventory

**Funding Sources:** FSC - Natural Resources Commission Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	39,348	39,264	39,199	39,264	39,264	39,264	39,264	39,264	39,264
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	12,044	12,576	12,576	12,600	12,600	12,600	12,600	12,600	12,600
Operating Expenses	5020002	9,271	49,216	49,216	49,216	49,216	49,216	49,216	49,216	49,216
Conference & Travel Expenses	5050009	4,301	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
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	0	30,497	30,497	30,497	76,997	76,997	30,497	76,997	76,997
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>64,964</b>	<b>148,553</b>	<b>148,488</b>	<b>148,577</b>	<b>195,077</b>	<b>195,077</b>	<b>148,577</b>	<b>195,077</b>	<b>195,077</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	64,964	148,553		148,577	195,077	195,077	148,577	195,077	195,077
Total Funding		64,964	148,553		148,577	195,077	195,077	148,577	195,077	195,077
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		64,964	148,553		148,577	195,077	195,077	148,577	195,077	195,077

The FY11 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 1AA - Dam Inventory  
**Funding Sources:** FSC - Natural Resources Commission Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>148,577</b>	<b>1</b>	<b>148,577</b>	<b>100.0</b>	<b>148,577</b>	<b>1</b>	<b>148,577</b>	<b>100.0</b>
C01	Existing Program	46,500	0	195,077	131.3	46,500	0	195,077	131.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>148,577</b>	<b>1</b>	<b>148,577</b>	<b>100.0</b>	<b>148,577</b>	<b>1</b>	<b>148,577</b>	<b>100.0</b>
C01	Existing Program	46,500	0	195,077	131.3	46,500	0	195,077	131.3

### Justification

C01	To cover expense for Grants and Aid for Dam Safety Grants
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## **Analysis of Budget Request**

**Appropriation:** 1EE - Water, Waste Disposal, Pollution Abatement

**Funding Sources:** TPW - Water, Waste Disposal and Pollution Abatement Construction Fund

The Water, Waste Disposal and Pollution Abatement Program provides low interest rate loans to communities for water resources and waste disposal projects. The program is funded from the sale of Water, Waste Disposal and Pollution Abatement General Obligation Bonds, loan repayments, and interest income.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Base Level request includes appropriation of \$45,301,130 in each year of the biennium with 5 regular positions. This Base Level request includes \$45 million authorized for Project Disbursements.

Prior to the 87th Regular Session of 2009, the Projects Disbursements line item was authorized at a level of \$90 million in the first year of the biennium, with special language that authorized any remaining balance be carried forward to the second year of the biennium and used for the same purpose. However, due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation during the 87th Regular Session of 2009 authorized one-half (1/2) of the total Projects Disbursements line item amount each fiscal year and discontinued the carry forward of appropriation provision.

The Agency Change Level Request includes an additional \$45 million each year of the biennium to restore the full \$90 million each year for the Project Disbursements line item. This level is necessary to ensure that the agency has sufficient appropriation in the event there is a large sale of Water, Waste Disposal and Pollution Abatement General Obligation Bonds during any particular fiscal year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1EE - Water, Waste Disposal, Pollution Abatement

**Funding Sources:** TPW - Water, Waste Disposal and Pollution Abatement Construction Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	227,198	228,951	221,127	227,451	227,451	227,451	227,451	227,451	227,451
<b>#Positions</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	66,013	69,441	67,667	69,279	69,279	69,279	69,279	69,279	69,279
Operating Expenses	5020002	741	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400
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
Project Disbursements	5900046	44,996,869	45,000,000	45,000,000	45,000,000	90,000,000	90,000,000	45,000,000	90,000,000	90,000,000
<b>Total</b>		<b>45,290,821</b>	<b>45,302,792</b>	<b>45,293,194</b>	<b>45,301,130</b>	<b>90,301,130</b>	<b>90,301,130</b>	<b>45,301,130</b>	<b>90,301,130</b>	<b>90,301,130</b>

Funding Sources										
Fund Balance	4000005	32,570,387	57,081,460		66,928,668	66,928,668	66,928,668	76,777,538	76,777,538	76,777,538
Bond Proceeds	4000125	57,328,733	45,000,000		45,000,000	90,000,000	90,000,000	45,000,000	90,000,000	90,000,000
Loan Repayment	4000330	12,330,139	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Trust Fund Interest	4000705	143,022	150,000		150,000	150,000	150,000	150,000	150,000	150,000
<b>Total Funding</b>		<b>102,372,281</b>	<b>112,231,460</b>		<b>122,078,668</b>	<b>167,078,668</b>	<b>167,078,668</b>	<b>131,927,538</b>	<b>176,927,538</b>	<b>176,927,538</b>
Excess Appropriation/(Funding)		(57,081,460)	(66,928,668)		(76,777,538)	(76,777,538)	(76,777,538)	(86,626,408)	(86,626,408)	(86,626,408)
<b>Grand Total</b>		<b>45,290,821</b>	<b>45,302,792</b>		<b>45,301,130</b>	<b>90,301,130</b>	<b>90,301,130</b>	<b>45,301,130</b>	<b>90,301,130</b>	<b>90,301,130</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 1EE - Water, Waste Disposal, Pollution Abatement

**Funding Sources:** TPW - Water, Waste Disposal and Pollution Abatement Construction Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>45,301,130</b>	<b>5</b>	<b>45,301,130</b>	<b>100.0</b>	<b>45,301,130</b>	<b>5</b>	<b>45,301,130</b>	<b>100.0</b>
C01	Existing Program	45,000,000	0	90,301,130	199.3	45,000,000	0	90,301,130	199.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>45,301,130</b>	<b>5</b>	<b>45,301,130</b>	<b>100.0</b>	<b>45,301,130</b>	<b>5</b>	<b>45,301,130</b>	<b>100.0</b>
C01	Existing Program	45,000,000	0	90,301,130	199.3	45,000,000	0	90,301,130	199.3

### Justification

C01	The Agency Request includes additional appropriation of \$45 million each year of the biennium for the Project Disbursements line item to ensure that the agency has enough appropriation if there is a large sale of Water, Waste Disposal and Pollution Abatement General Obligation Bonds during any particular fiscal year.
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## **Analysis of Budget Request**

**Appropriation:** 262 - Natural Resources Commission-Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The State Operations appropriation provides administrative support for the Arkansas Natural Resources Commission and is funded entirely by general revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency Base Level request includes appropriation and general revenue funding of \$3,355,842 in each year of the biennium with 27 regular positions.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 262 - Natural Resources Commission-Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,432,052	1,477,330	1,453,647	1,449,767	1,449,767	1,449,767	1,449,767	1,449,767	1,449,767
<b>#Positions</b>		<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
Extra Help	5010001	0	0	1,200	0	0	0	0	0	0
<b>#Extra Help</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching	5010003	371,862	399,204	415,007	418,778	418,778	418,778	418,778	418,778	418,778
Operating Expenses	5020002	396,171	400,379	400,379	400,379	400,379	400,379	400,379	400,379	400,379
Conference & Travel Expenses	5050009	8,387	10,165	10,165	10,165	10,165	10,165	10,165	10,165	10,165
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	939,990	939,990	939,990	939,990	939,990	939,990	939,990	939,990	939,990
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Surveys & Investigations	5900046	3,700	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900
Water Planning	5900047	124,981	130,981	130,981	130,981	130,981	130,981	130,981	130,981	130,981
Research Project	5900048	1,782	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882
<b>Total</b>		<b>3,278,925</b>	<b>3,363,831</b>	<b>3,357,151</b>	<b>3,355,842</b>	<b>3,355,842</b>	<b>3,355,842</b>	<b>3,355,842</b>	<b>3,355,842</b>	<b>3,355,842</b>
<b>Funding Sources</b>										
General Revenue	4000010	3,278,925	3,363,831		3,355,842	3,355,842	3,355,842	3,355,842	3,355,842	3,355,842
Total Funding		3,278,925	3,363,831		3,355,842	3,355,842	3,355,842	3,355,842	3,355,842	3,355,842
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>3,278,925</b>	<b>3,363,831</b>		<b>3,355,842</b>	<b>3,355,842</b>	<b>3,355,842</b>	<b>3,355,842</b>	<b>3,355,842</b>	<b>3,355,842</b>

The FY11 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2009-2011 biennium.

Due to the flexibility inherent in having one Extra Help Salary section in the Act, the Agency moved an Authorized Extra Help position from Funds Center 262 to Funds Center 420 during the FY11 Annual Budget.

## **Analysis of Budget Request**

**Appropriation:** 263 - Grants and Attorney Services

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Grants and Attorney Services appropriation provides for Arkansas' share of operating grants for three river and watershed compacts (the River Basin Compact, the Arkansas River Compact and the Red River Compact), provides for travel and stipend expenses for commission members, supports conservation projects, and provides for special legal assistance concerning water rights. This program is funded entirely by general revenue.

The Agency Base Level request includes appropriation and general revenue funding of \$91,711 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 263 - Grants and Attorney Services

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	40,820	42,820	42,820	42,820	42,820	42,820	42,820	42,820	42,820
Legal Counsel	5900040	5,028	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871
Committee/Commission Exp	5900041	4,521	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Conservation Projects	5900046	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Arkansas River Compact	5900047	17,100	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800
Red River Compact	5900048	11,210	11,720	11,720	11,720	11,720	11,720	11,720	11,720	11,720
<b>Total</b>		<b>82,179</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>
<b>Funding Sources</b>										
General Revenue	4000010	82,179	91,711		91,711	91,711	91,711	91,711	91,711	91,711
<b>Total Funding</b>		<b>82,179</b>	<b>91,711</b>		<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>82,179</b>	<b>91,711</b>		<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>	<b>91,711</b>

## **Analysis of Budget Request**

**Appropriation:** 2BU - Flood Insurance Program

**Funding Sources:** FSC - Natural Resources Commission Federal

The Natural Resources Commission's Flood Insurance Program is funded entirely by federal revenues granted to the Commission by the Federal Emergency Management Agency (FEMA) within the U.S. Department of Homeland Security. The Commission uses this appropriation to provide a community flood insurance assistance program and to provide grant funding to Arkansas Geographic Information Office (GIS) to support the FEMA Flood Map Modernization Program.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency's Base Level request includes appropriation in the amount of \$349,850 in each year of the biennium with 2 regular positions and 1 extra help position.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2BU - Flood Insurance Program

**Funding Sources:** FSC - Natural Resources Commission Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	74,260	76,516	66,294	75,816	75,816	75,816	75,816	75,816	75,816
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Extra Help	5010001	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	23,288	25,512	23,649	25,424	25,424	25,424	25,424	25,424	25,424
Operating Expenses	5020002	42,665	46,039	46,039	46,039	46,039	46,039	46,039	46,039	46,039
Conference & Travel Expenses	5050009	6,801	22,571	22,571	22,571	22,571	22,571	22,571	22,571	22,571
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	60,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>207,014</b>	<b>350,638</b>	<b>338,553</b>	<b>349,850</b>	<b>349,850</b>	<b>349,850</b>	<b>349,850</b>	<b>349,850</b>	<b>349,850</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	207,014	350,638		349,850	349,850	349,850	349,850	349,850	349,850
Total Funding		207,014	350,638		349,850	349,850	349,850	349,850	349,850	349,850
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>207,014</b>	<b>350,638</b>		<b>349,850</b>	<b>349,850</b>	<b>349,850</b>	<b>349,850</b>	<b>349,850</b>	<b>349,850</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceed the Authorized amount due to salary adjustments during the 2009-2011 biennium.

## **Analysis of Budget Request**

**Appropriation:** 2GE - Water/Sewer/Solid Waste-State

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Water, Sewer, and Solid Waste - State appropriation provides funding for water, sewer, and solid waste projects that improve or provide basic infrastructure for Arkansas' rural communities. Special language provides for any obligated funds in this account that are not expended by the close of each fiscal year to be transferred to the Commission's Water, Sewer, and Solid Waste Revolving Fund account for later expenditure toward obligated projects. This program is funded entirely by general revenue.

The Agency Base Level request includes Grants and Aid appropriation only of \$125,000 each year of the biennium.

The Agency Change Level request includes unfunded Grants and Aid appropriation of \$611,219 each year of the biennium to restore the Water, Sewer and Solid Waste Grants appropriation to its previously authorized level. This additional appropriation would be used in the event that savings from the Miscellaneous Agencies Fund Account become available.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2GE - Water/Sewer/Solid Waste-State

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	89,415	125,000	736,219	125,000	736,219	736,219	125,000	736,219	736,219
<b>Total</b>	<b>89,415</b>	<b>125,000</b>	<b>736,219</b>	<b>125,000</b>	<b>736,219</b>	<b>736,219</b>	<b>125,000</b>	<b>736,219</b>	<b>736,219</b>
<b>Funding Sources</b>									
General Revenue 4000010	89,415	125,000		125,000	125,000	125,000	125,000	125,000	125,000
Unfunded Appropriation 4000715	0	0		0	611,219	611,219	0	611,219	611,219
<b>Total Funding</b>	<b>89,415</b>	<b>125,000</b>		<b>125,000</b>	<b>736,219</b>	<b>736,219</b>	<b>125,000</b>	<b>736,219</b>	<b>736,219</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>89,415</b>	<b>125,000</b>		<b>125,000</b>	<b>736,219</b>	<b>736,219</b>	<b>125,000</b>	<b>736,219</b>	<b>736,219</b>

## Change Level by Appropriation

**Appropriation:** 2GE - Water/Sewer/Solid Waste-State  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>125,000</b>	<b>0</b>	<b>125,000</b>	<b>100.0</b>	<b>125,000</b>	<b>0</b>	<b>125,000</b>	<b>100.0</b>
C05	Unfunded Appropriation	611,219	0	736,219	589.0	611,219	0	736,219	589.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>125,000</b>	<b>0</b>	<b>125,000</b>	<b>100.0</b>	<b>125,000</b>	<b>0</b>	<b>125,000</b>	<b>100.0</b>
C05	Unfunded Appropriation	611,219	0	736,219	589.0	611,219	0	736,219	589.0

### Justification

C05	Grants and Aid: Unfunded appropriation of \$611,219 each year to use in the event that savings from the Miscellaneous Agencies fund Account become available.								
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## **Analysis of Budget Request**

**Appropriation:** 2RG - Water Quality Implementation

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Water Quality Plan Implementation Program provides matching for federal funds in the U.S. Environmental Protection Agency (EPA) Section 319 Nonpoint Source Pollution Abatement Program, as well as matching for the EPA Clean Lakes Program and Corps of Engineers projects. This program is funded entirely by general revenue.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Base Level request includes appropriation and general revenue funding of \$1,831,534 each year of the biennium with 5 regular positions. This Base Level request includes \$750,000 authorized for Water Quality Technician line item.

Prior to the 87th Regular Session of 2009, the Agency had special language that authorized the carry forward of appropriation and funds from the first fiscal year of the biennium to the second year of the biennium to support the amount of obligated grants that are certified for Water Quality Match Grants and Water Quality Technicians. However, due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation during the 87th Regular Session eliminated language that provided for the carry forward of appropriation.

The Agency Change Level Request includes unfunded appropriation of \$400,000 each year of the biennium. This will provide additional appropriation of \$200,000 each for the Grants and Aid line item and the Water Quality Technician line item. This request will enable the Agency to utilize any funds carried forward to support the amount of obligated grants that are certified for Water Quality Match Grants and Water Quality Technicians.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2RG - Water Quality Implementation

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	241,310	245,232	239,533	242,932	242,932	242,932	242,932	242,932	242,932
<b>#Positions</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching 5010003	65,108	61,416	71,179	72,402	72,402	72,402	72,402	72,402	72,402
Operating Expenses 5020002	1,689	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Conference & Travel Expenses 5050009	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
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	742,000	762,000	762,000	762,000	962,000	962,000	762,000	962,000	962,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Water Quality Technician 5900046	750,000	750,000	750,000	750,000	950,000	950,000	750,000	950,000	950,000
<b>Total</b>	<b>1,800,107</b>	<b>1,822,848</b>	<b>1,826,912</b>	<b>1,831,534</b>	<b>2,231,534</b>	<b>2,231,534</b>	<b>1,831,534</b>	<b>2,231,534</b>	<b>2,231,534</b>
<b>Funding Sources</b>									
General Revenue 4000010	1,800,107	1,822,848		1,831,534	1,831,534	1,831,534	1,831,534	1,831,534	1,831,534
Unfunded Appropriation 4000715	0	0		0	400,000	400,000	0	400,000	400,000
<b>Total Funding</b>	<b>1,800,107</b>	<b>1,822,848</b>		<b>1,831,534</b>	<b>2,231,534</b>	<b>2,231,534</b>	<b>1,831,534</b>	<b>2,231,534</b>	<b>2,231,534</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>1,800,107</b>	<b>1,822,848</b>		<b>1,831,534</b>	<b>2,231,534</b>	<b>2,231,534</b>	<b>1,831,534</b>	<b>2,231,534</b>	<b>2,231,534</b>

The FY11 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2009-2011 biennium.

Special Language (Sections 22 & 23 of Act 35 of 2010) provides for the carryforward of funds from the 1st year of the biennium to the 2nd year to support the amount of obligated grants certified for Matching grants and for Water Quality Technicians. No fund balance remained at the end of FY2010 for these grants.

## Change Level by Appropriation

**Appropriation:** 2RG - Water Quality Implementation  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,831,534</b>	<b>5</b>	<b>1,831,534</b>	<b>100.0</b>	<b>1,831,534</b>	<b>5</b>	<b>1,831,534</b>	<b>100.0</b>
C05	Unfunded Appropriation	400,000	0	2,231,534	121.8	400,000	0	2,231,534	121.8

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,831,534</b>	<b>5</b>	<b>1,831,534</b>	<b>100.0</b>	<b>1,831,534</b>	<b>5</b>	<b>1,831,534</b>	<b>100.0</b>
C05	Unfunded Appropriation	400,000	0	2,231,534	121.8	400,000	0	2,231,534	121.8

### Justification

C05	The Agency Request includes additional unfunded appropriation in the amount of \$400,000 each year of the biennium to enable the Agency to utilize any funds carried forward to support the amount of obligated grants that are certified for Water Quality Match Grants and Water Quality Technicians.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: Natural Resources Commission

Program: Water Quality Implementation

Act #: 35 Section(s) #: 7, 22 & 23

Estimated Carry Forward Amount \$ 0.00 Funding Source: Miscellaneous Agencies

**Accounting Information:**

Business Area: 0455 Funds Center: 2RG Fund: HUA Functional Area: COMM

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

Special Language authorizes the carryforward of funds to support the amount of obligated grants that are certified by the Natural Resources Commission for Matching Grants and Water Quality Technicians in the Water Quality Plan Implementation appropriation. The agency does not estimate that any funds will carryforward from FY2010 to FY2011.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward funding:**

All funding was expensed in FY2010.

**Note from DFA – Office of Budget: The portion of Special Language that requires this report is no longer necessary.**

Randy Young  
Director

08-26-2010  
Date

## **Analysis of Budget Request**

**Appropriation:** 381 - Rural Fire Protection Program

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Rural Fire Protection Program provides assistance to rural communities to develop rural water impoundments and to improve firefighting capabilities. The agency disburses the entire allotment to the Arkansas Association of Resource Conservation and Development Council (AARCDC) located in Roland, Arkansas, which is an organization designed to assist rural communities solve problems and develop new opportunities. The AARCDC determines which local fire departments and political subdivisions will be assisted. This program is funded entirely by general revenue.

The Agency Base Level request includes Grants and Aid appropriation for the Rural Fire Protection Program and general revenue funding of \$128,624 each year of the biennium.

The Agency Change Level request includes unfunded Grants and Aid appropriation of \$971,376 each year of the biennium to restore this appropriation to the 2011 authorized level. This unfunded appropriation would be used in the event that savings from the Miscellaneous Agencies Fund Account become available.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 381 - Rural Fire Protection Program

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	143,437	128,624	1,100,000	128,624	1,100,000	1,100,000	128,624	1,100,000	1,100,000
<b>Total</b>		<b>143,437</b>	<b>128,624</b>	<b>1,100,000</b>	<b>128,624</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>128,624</b>	<b>1,100,000</b>	<b>1,100,000</b>
<b>Funding Sources</b>										
General Revenue	4000010	143,437	128,624		128,624	128,624	128,624	128,624	128,624	128,624
Unfunded Appropriation	4000715	0	0		0	971,376	971,376	0	971,376	971,376
<b>Total Funding</b>		<b>143,437</b>	<b>128,624</b>		<b>128,624</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>128,624</b>	<b>1,100,000</b>	<b>1,100,000</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>143,437</b>	<b>128,624</b>		<b>128,624</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>128,624</b>	<b>1,100,000</b>	<b>1,100,000</b>

## Change Level by Appropriation

**Appropriation:** 381 - Rural Fire Protection Program  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>128,624</b>	<b>0</b>	<b>128,624</b>	<b>100.0</b>	<b>128,624</b>	<b>0</b>	<b>128,624</b>	<b>100.0</b>
C05	Unfunded Appropriation	971,376	0	1,100,000	855.2	971,376	0	1,100,000	855.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>128,624</b>	<b>0</b>	<b>128,624</b>	<b>100.0</b>	<b>128,624</b>	<b>0</b>	<b>128,624</b>	<b>100.0</b>
C05	Unfunded Appropriation	971,376	0	1,100,000	855.2	971,376	0	1,100,000	855.2

### Justification

C05	Grants and Aid: Unfunded appropriation of \$971,376 each year to use in the event that savings from the Miscellaneous Agencies fund Account become available.								
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## **Analysis of Budget Request**

**Appropriation:** 383 - Conservation District Grants

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Conservation District Program provides grants to conservation districts throughout the State for the purpose of enhancing the capability of conservation districts to carry out conservation within their respective district. Projects eligible for grant funds must carry out resource enhancement, restoration or protection and must be new or in addition to those projects in which a district is currently involved. Projects intended to replace existing programs are not eligible for grant funding. The maximum total grant per district is \$25,000 per year, and grant funds must be matched by local cash funds on a ratio of \$1 local to \$2 grant. This grant program is funded entirely from general revenue.

The Agency Base Level request includes appropriation for Grants and Aid and general revenue funding of \$250,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.



# Appropriation Summary

**Appropriation:** 383 - Conservation District Grants

**Funding Sources:** HUA - Miscellaneous Agencies Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
<b>Total</b>	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
<b>Funding Sources</b>									
General Revenue 4000010	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
<b>Total Funding</b>	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000

## **Analysis of Budget Request**

**Appropriation:** 420 - Natural Resources Comm-Cash

**Funding Sources:** NSW - Cash in Treasury

The Natural Resources Commission - Cash appropriation provides for the Safe Drinking Water Program and the Water Grants Program. These programs provide administration for safe drinking water projects that are funded through activities of the Arkansas Development Finance Authority. As authorized in Arkansas Code §15-22-1102, funds are transferred from Arkansas Development Finance Authority to the Natural Resources Commission Cash Account for maintenance and support of this program. Additional funding primarily consists of fees, principal and interest payments on previous loans and interest income earned on investments.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Base Level request includes appropriation of \$7,850,566 in each year of the biennium with 22 regular positions and 5 extra help positions.

The Agency Change Level request includes the following:

- American Recovery and Reinvestment Act: Additional appropriation of \$10 million each year to restore a portion of the ARRA appropriation authorized by the 87th Regular Session of 2009. This appropriation supports the Drinking Water Program.

The Executive Recommendation provides for Base Level. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 420 - Natural Resources Comm-Cash

**Funding Sources:** NSW - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	761,272	871,481	862,826	873,275	873,275	873,275	873,275	873,275	873,275
<b>#Positions</b>		<b>20</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>
Extra Help	5010001	6,362	30,800	30,800	30,800	30,800	30,800	30,800	30,800	30,800
<b>#Extra Help</b>		<b>1</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	243,414	278,235	274,124	279,141	279,141	279,141	279,141	279,141	279,141
Operating Expenses	5020002	246,250	333,331	333,331	333,331	333,331	333,331	333,331	333,331	333,331
Conference & Travel Expenses	5050009	8,727	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Professional Fees	5060010	11,956	110,002	110,002	110,002	110,002	110,002	110,002	110,002	110,002
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,476,561	6,097,017	6,097,017	6,097,017	6,097,017	6,097,017	6,097,017	6,097,017	6,097,017
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Training/Contract Services	5900043	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
ARRA 2009	5900052	13,873,287	34,819,400	34,819,400	0	10,000,000	0	0	10,000,000	0
<b>Total</b>		<b>16,732,829</b>	<b>42,667,266</b>	<b>42,654,500</b>	<b>7,850,566</b>	<b>17,850,566</b>	<b>7,850,566</b>	<b>7,850,566</b>	<b>17,850,566</b>	<b>7,850,566</b>
<b>Funding Sources</b>										
Fund Balance	4000005	4,812,854	6,654,465		4,306,599	4,306,599	4,306,599	4,456,033	4,456,033	4,456,033
Cash Fund	4000045	4,701,153	5,500,000		8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Federal Funds-ARRA	4000244	13,873,287	34,819,400		0	10,000,000	0	0	10,000,000	0
<b>Total Funding</b>		<b>23,387,294</b>	<b>46,973,865</b>		<b>12,306,599</b>	<b>22,306,599</b>	<b>12,306,599</b>	<b>12,456,033</b>	<b>22,456,033</b>	<b>12,456,033</b>
Excess Appropriation/(Funding)		(6,654,465)	(4,306,599)		(4,456,033)	(4,456,033)	(4,456,033)	(4,605,467)	(4,605,467)	(4,605,467)
<b>Grand Total</b>		<b>16,732,829</b>	<b>42,667,266</b>		<b>7,850,566</b>	<b>17,850,566</b>	<b>7,850,566</b>	<b>7,850,566</b>	<b>17,850,566</b>	<b>7,850,566</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 420 - Natural Resources Comm-Cash  
**Funding Sources:** NSW - Cash in Treasury

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>7,850,566</b>	<b>22</b>	<b>7,850,566</b>	<b>100.0</b>	<b>7,850,566</b>	<b>22</b>	<b>7,850,566</b>	<b>100.0</b>
C03	Discontinue Program	(24,819,400)	0	(16,968,834)	-216.1	(24,819,400)	0	(16,968,834)	-216.1
C16	ARRA	34,819,400	0	17,850,566	227.4	34,819,400	0	17,850,566	227.4

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>7,850,566</b>	<b>22</b>	<b>7,850,566</b>	<b>100.0</b>	<b>7,850,566</b>	<b>22</b>	<b>7,850,566</b>	<b>100.0</b>
C03	Discontinue Program	0	0	7,850,566	100.0	0	0	7,850,566	100.0
C16	ARRA	0	0	7,850,566	100.0	0	0	7,850,566	100.0

### Justification

C03	Discontinue portion of ARRA appropriation not needed next biennium for the Drinking Water Program.
C16	The Agency Requests includes the continuation of ARRA Appropriation in the amount of \$10 million each year to support the Drinking Water Program.

## **Analysis of Budget Request**

**Appropriation:** 475 - Red River Levee Rehabilitation Project

**Funding Sources:** TWP - Red River Waterways Project Trust Fund

The Red River Levee Rehabilitation Project appropriation is used for navigation feasibility study expenses and bank stabilization work on the Red River in Southwest Arkansas. The focus of this program is to determine the probable volume of commerce that would be conducted via the Red River as a navigable waterway. The study is performed in conjunction with the U.S. Army Corps of Engineers on a cost sharing basis. Funding for this program consists of interest income earned on trust funds that have accumulated in the Red River Waterways Project Trust Fund.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Base Level request includes appropriation in the amount of \$2,840,009 each year of the biennium with 3 regular positions.

Prior to the 87th Regular Session of 2009, the Study Expenses line item was authorized at a level of \$1,372,828 in the first year of the biennium, with special language that authorized any remaining balance be carried forward to the second year of the biennium and used for the same purpose. However, due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation during the 87th Regular Session of 2009 authorized one-half (1/2) of the total Study Expenses line item each fiscal year and discontinued the carry forward of appropriation provision.

The Agency Change Level Request includes additional appropriation of \$686,414 each year of the biennium to restore the Study Expenses line item to the 2009 authorized amount of \$1,372,828 each year. This level is necessary to ensure that the agency has sufficient appropriation should the U.S. Army Corps of Engineers move forward with the navigation feasibility study during a fiscal year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 475 - Red River Levee Rehabilitation Project  
**Funding Sources:** TWP - Red River Waterways Project Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	86,844	117,331	113,627	116,131	116,131	116,131	116,131	116,131	116,131
<b>#Positions</b>		<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	30,342	37,635	36,968	37,464	37,464	37,464	37,464	37,464	37,464
Grants and Aid	5100004	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Study Expenses	5900046	33,754	686,414	686,414	686,414	1,372,828	1,372,828	686,414	1,372,828	1,372,828
<b>Total</b>		<b>150,940</b>	<b>2,841,380</b>	<b>2,837,009</b>	<b>2,840,009</b>	<b>3,526,423</b>	<b>3,526,423</b>	<b>2,840,009</b>	<b>3,526,423</b>	<b>3,526,423</b>
<b>Funding Sources</b>										
Fund Balance	4000005	11,455,844	11,477,558		8,806,178	8,806,178	8,806,178	6,136,169	5,449,755	5,449,755
Interest	4000300	172,654	170,000		170,000	170,000	170,000	170,000	170,000	170,000
<b>Total Funding</b>		<b>11,628,498</b>	<b>11,647,558</b>		<b>8,976,178</b>	<b>8,976,178</b>	<b>8,976,178</b>	<b>6,306,169</b>	<b>5,619,755</b>	<b>5,619,755</b>
<b>Excess Appropriation/(Funding)</b>		<b>(11,477,558)</b>	<b>(8,806,178)</b>		<b>(6,136,169)</b>	<b>(5,449,755)</b>	<b>(5,449,755)</b>	<b>(3,466,160)</b>	<b>(2,093,332)</b>	<b>(2,093,332)</b>
<b>Grand Total</b>		<b>150,940</b>	<b>2,841,380</b>		<b>2,840,009</b>	<b>3,526,423</b>	<b>3,526,423</b>	<b>2,840,009</b>	<b>3,526,423</b>	<b>3,526,423</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 475 - Red River Levee Rehabilitation Project  
**Funding Sources:** TWP - Red River Waterways Project Trust Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,840,009</b>	<b>3</b>	<b>2,840,009</b>	<b>100.0</b>	<b>2,840,009</b>	<b>3</b>	<b>2,840,009</b>	<b>100.0</b>
C01	Existing Program	686,414	0	3,526,423	124.2	686,414	0	3,526,423	124.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,840,009</b>	<b>3</b>	<b>2,840,009</b>	<b>100.0</b>	<b>2,840,009</b>	<b>3</b>	<b>2,840,009</b>	<b>100.0</b>
C01	Existing Program	686,414	0	3,526,423	124.2	686,414	0	3,526,423	124.2

### Justification

C01	The Agency Request includes additional appropriation of \$686,414 each year of the biennium for the Study Expenses line item to ensure that the agency has enough appropriation if the U.S. Army Corps of Engineers moves forward with the navigation feasibility study during any particular fiscal year.
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## **Analysis of Budget Request**

**Appropriation:** 527 - Construction Asst Revolving Loan Fund Program

**Funding Sources:** FSC - Natural Resources Commission Federal

The Construction Assistance Revolving Loan Fund Program monitors and approves the progress of projects employing low interest loans from the Natural Resources Commission that are used to provide clean water by reducing or eliminating elements of water borne pollution. Funding for this appropriation is 100% federal.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Base Level request includes appropriation in the amount of \$1,138,174 in each year of the biennium with 15 regular positions.

The Agency Change Level requests include the following:

- **Position Reclassifications:** The Agency requests that two ANRC Program Coordinator positions (grade C119) be crossgraded to a Rural Construction Grant/Financial Officer position and a Grants Coordinator position. This request is necessary to ensure that the position job titles accurately reflect the job duties associated with the jobs.
- **American Recovery and Reinvestment Act:** Additional appropriation of \$12 million each year to restore a portion of the ARRA appropriation authorized by the 87th Regular Session of 2009. This appropriation supports the Clean Water Program.

The Executive Recommendation provides for Base Level as well as agency requested position reclassifications.



## Appropriation Summary

**Appropriation:** 527 - Construction Asst Revolving Loan Fund Program

**Funding Sources:** FSC - Natural Resources Commission Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	663,432	728,190	682,411	719,690	719,690	719,690	719,690	719,690	719,690
<b>#Positions</b>		<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Personal Services Matching	5010003	185,709	211,048	201,535	215,361	215,361	215,361	215,361	215,361	215,361
Operating Expenses	5020002	113,674	182,404	182,404	182,404	182,404	182,404	182,404	182,404	182,404
Conference & Travel Expenses	5050009	4,537	7,219	7,219	7,219	7,219	7,219	7,219	7,219	7,219
Professional Fees	5060010	1,050	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
ARRA 2009	5900052	12,731,475	25,836,000	25,836,000	0	12,000,000	0	0	12,000,000	0
<b>Total</b>		<b>13,699,877</b>	<b>26,978,361</b>	<b>26,923,069</b>	<b>1,138,174</b>	<b>13,138,174</b>	<b>1,138,174</b>	<b>1,138,174</b>	<b>13,138,174</b>	<b>1,138,174</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	968,402	1,142,361		1,138,174	1,138,174	1,138,174	1,138,174	1,138,174	1,138,174
Federal Funds-ARRA	4000244	12,731,475	25,836,000		0	12,000,000	0	0	12,000,000	0
<b>Total Funding</b>		<b>13,699,877</b>	<b>26,978,361</b>		<b>1,138,174</b>	<b>13,138,174</b>	<b>1,138,174</b>	<b>1,138,174</b>	<b>13,138,174</b>	<b>1,138,174</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>13,699,877</b>	<b>26,978,361</b>		<b>1,138,174</b>	<b>13,138,174</b>	<b>1,138,174</b>	<b>1,138,174</b>	<b>13,138,174</b>	<b>1,138,174</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 527 - Construction Asst Revolving Loan Fund Program  
**Funding Sources:** FSC - Natural Resources Commission Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,138,174</b>	<b>15</b>	<b>1,138,174</b>	<b>100.0</b>	<b>1,138,174</b>	<b>15</b>	<b>1,138,174</b>	<b>100.0</b>
C03	Discontinue Program	(13,836,000)	0	(12,697,826)	-1,115.6	(13,836,000)	0	(12,697,826)	-1,115.6
C10	Reclass	0	0	(12,697,826)	-1,115.6	0	0	(12,697,826)	-1,115.6
C16	ARRA	25,836,000	0	13,138,174	1,154.3	25,836,000	0	13,138,174	1,154.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,138,174</b>	<b>15</b>	<b>1,138,174</b>	<b>100.0</b>	<b>1,138,174</b>	<b>15</b>	<b>1,138,174</b>	<b>100.0</b>
C03	Discontinue Program	0	0	1,138,174	100.0	0	0	1,138,174	100.0
C10	Reclass	0	0	1,138,174	100.0	0	0	1,138,174	100.0
C16	ARRA	0	0	1,138,174	100.0	0	0	1,138,174	100.0

### Justification

C03	Discontinue portion of ARRA appropriation not needed next biennium for the Clean Water Program.
C10	The Agency Request includes the reclassification of two B059C ANRC Program Coordinator Positions (grade C119). One position is requested to be reclassified as a G145C Rural Construction Grant/Financial Officer (grade C119) and one position is requested to be reclassified as a G147C Grants Coordinator (grade C119). Because the position grades are not changing, no additional appropriation is necessary to implement these reclassifications. These reclassifications are necessary to ensure that the position job titles accurately reflect the job duties associated with the job.
C16	The Agency Request includes the continuation of ARRA Appropriation in the amount of \$12 million each year to support the Clean Water Program.

## **Analysis of Budget Request**

**Appropriation:** 659 - Ouachita River Waterways Projects

**Funding Sources:** TWO - Ouachita River Waterways Project Trust Fund

The Natural Resources Commission's Ouachita River Waterways Projects Program provides grant funding to the Ouachita River Park Commission to support the development of recreational facilities, parks, and services along the banks of the Ouachita River across South Arkansas. This appropriation is funded from the Ouachita River Waterways Project Trust Fund (A.C.A. 19-5-1109).

The Agency Base Level request includes grants and aid appropriation in the amount of \$81,525 for the 2011-2013 biennium.

Prior to the 87th Regular Session of 2009, this was a biennial appropriation authorized at \$163,050 for the biennium. Any remaining balance was carried forward from the first year of the biennium to the second year to be used for the same purpose. However, due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation during the 87th Regular Session of 2009 authorized one-half (1/2) of the total biennial appropriation each fiscal year.

The Agency Change Level Request includes additional grants and aid appropriation of \$43,150 each year of the biennium. This request will restore the total appropriation amount to a level that is equal to the total current funding level remaining for this project. This request will ensure that the agency has sufficient appropriation to support the Ouachita River Waterways Projects Program during a fiscal year. Expenditure of appropriation in Fiscal Years 2012 and 2013 is contingent upon the carry forward of available funding from the previous fiscal year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 659 - Ouachita River Waterways Projects

**Funding Sources:** TWO - Ouachita River Waterways Project Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	81,525	81,525	81,525	124,675	124,675	81,525	124,675	124,675
<b>Total</b>	<b>0</b>	<b>81,525</b>	<b>81,525</b>	<b>81,525</b>	<b>124,675</b>	<b>124,675</b>	<b>81,525</b>	<b>124,675</b>	<b>124,675</b>
<b>Funding Sources</b>									
Fund Balance 4000005	124,675	124,675		43,150	43,150	43,150	0	0	0
<b>Total Funding</b>	<b>124,675</b>	<b>124,675</b>		<b>43,150</b>	<b>43,150</b>	<b>43,150</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	(124,675)	(43,150)		38,375	81,525	81,525	81,525	124,675	124,675
<b>Grand Total</b>	<b>0</b>	<b>81,525</b>		<b>81,525</b>	<b>124,675</b>	<b>124,675</b>	<b>81,525</b>	<b>124,675</b>	<b>124,675</b>

This appropriation is funded from the current fund balance maintained in the Ouachita River Waterways Project Trust Fund (A.C.A. 19-5-1109). Expenditure of appropriation in FY12 and FY13 is contingent upon the carryforward of available funding each fiscal year.

## Change Level by Appropriation

**Appropriation:** 659 - Ouachita River Waterways Projects  
**Funding Sources:** TWO - Ouachita River Waterways Project Trust Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>81,525</b>	<b>0</b>	<b>81,525</b>	<b>100.0</b>	<b>81,525</b>	<b>0</b>	<b>81,525</b>	<b>100.0</b>
C01	Existing Program	43,150	0	124,675	152.9	43,150	0	124,675	152.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>81,525</b>	<b>0</b>	<b>81,525</b>	<b>100.0</b>	<b>81,525</b>	<b>0</b>	<b>81,525</b>	<b>100.0</b>
C01	Existing Program	43,150	0	124,675	152.9	43,150	0	124,675	152.9

### Justification

C01	The Agency Request includes additional appropriation of \$43,150 each year of the biennium for the Grants and Aid line item to ensure that the agency has enough appropriation to support the Ouachita River Waterways Projects Program during any particular fiscal year.
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## **Analysis of Budget Request**

**Appropriation:** 808 - Water Research

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's appropriation for Water Research is used to provide grant funding to the U.S. Geological Survey to enable research using data collected and compiled in the Commission's water management and water quality programs. The appropriation is funded entirely by general revenue.

The Agency Base Level request includes appropriation and general revenue funding of \$42,800 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 808 - Water Research

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	40,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800
<b>Total</b>	<b>40,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>
<b>Funding Sources</b>									
General Revenue 4000010	40,800	42,800		42,800	42,800	42,800	42,800	42,800	42,800
<b>Total Funding</b>	<b>40,800</b>	<b>42,800</b>		<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>40,800</b>	<b>42,800</b>		<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>	<b>42,800</b>

## **Analysis of Budget Request**

**Appropriation:** 822 - Conservation District Clerks' Insurance

**Funding Sources:** HUA - Miscellaneous Agencies Fund

Conservation district clerks are authorized by Arkansas Code Annotated §14-125-312 to take part in the State Employees Group Insurance Plan. This appropriation provides the State's matching portion of health insurance premiums and is funded entirely by general revenue.

The Agency Base Level request includes Personal Services Matching appropriation and general revenue funding of \$374,400 each year of the biennium. This amount is sufficient to provide the State's contribution of \$390 per month for the 80 eligible district clerks budgeted in FY2011.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 822 - Conservation District Clerks' Insurance

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services Matching 5010003	374,400	374,400	408,000	374,400	374,400	374,400	374,400	374,400	374,400
<b>Total</b>	<b>374,400</b>	<b>374,400</b>	<b>408,000</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>
<b>Funding Sources</b>									
General Revenue 4000010	374,400	374,400		374,400	374,400	374,400	374,400	374,400	374,400
<b>Total Funding</b>	<b>374,400</b>	<b>374,400</b>		<b>374,400</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>374,400</b>	<b>374,400</b>		<b>374,400</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>	<b>374,400</b>

## **Analysis of Budget Request**

**Appropriation:** 924 - Water/Sewer/Solid Waste

**Funding Sources:** MAC - Water, Sewer, and Solid Waste Revolving Fund

The Water, Sewer, and Solid Waste-Revolving appropriation is used to provide grants, low interest loans and deferred loans to eligible entities to use for water, sewer, or solid waste management (§14-230-105). Eligible entities include cities, towns, counties, regional water districts, special improvement districts, public facilities boards, rural development authorities, rural waterworks facilities boards, other public entities and nonprofit corporations which provide water, sewer, or solid waste services to one or more cities, towns, or counties. The Maximum assistance is 50% of the total project cost. Funding for this appropriation consists of loan principal and interest repayments that are deposited into the Water, Sewer and Solid Waste Revolving Fund (§19-5-310).

The Agency Base Level request includes Sewer and Solid Waste Grants and Aid appropriation of \$5 million each year of the biennium.

The Agency Change Level request includes additional Sewer and Solid Waste Grants and Aid appropriation of \$2 million each year of the biennium to provide for anticipated increases in the number of Water, Sewer and Solid Waste Projects.

The Executive Recommendation provides for Base Level.

## Appropriation Summary

**Appropriation:** 924 - Water/Sewer/Solid Waste

**Funding Sources:** MAC - Water, Sewer, and Solid Waste Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	231,750	5,000,000	5,000,000	5,000,000	7,000,000	5,000,000	5,000,000	7,000,000	5,000,000
Total		231,750	5,000,000	5,000,000	5,000,000	7,000,000	5,000,000	5,000,000	7,000,000	5,000,000
<b>Funding Sources</b>										
Fund Balance	4000005	4,104,317	6,640,889		5,140,889	5,140,889	5,140,889	3,640,889	3,640,889	3,640,889
Loan Repayment	4000330	2,768,322	3,500,000		3,500,000	5,500,000	3,500,000	3,500,000	5,500,000	3,500,000
Total Funding		6,872,639	10,140,889		8,640,889	10,640,889	8,640,889	7,140,889	9,140,889	7,140,889
Excess Appropriation/(Funding)		(6,640,889)	(5,140,889)		(3,640,889)	(3,640,889)	(3,640,889)	(2,140,889)	(2,140,889)	(2,140,889)
Grand Total		231,750	5,000,000		5,000,000	7,000,000	5,000,000	5,000,000	7,000,000	5,000,000

## Change Level by Appropriation

**Appropriation:** 924 - Water/Sewer/Solid Waste  
**Funding Sources:** MAC - Water, Sewer, and Solid Waste Revolving Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>5,000,000</b>	<b>0</b>	<b>5,000,000</b>	<b>100.0</b>	<b>5,000,000</b>	<b>0</b>	<b>5,000,000</b>	<b>100.0</b>
C01	Existing Program	2,000,000	0	7,000,000	140.0	2,000,000	0	7,000,000	140.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>5,000,000</b>	<b>0</b>	<b>5,000,000</b>	<b>100.0</b>	<b>5,000,000</b>	<b>0</b>	<b>5,000,000</b>	<b>100.0</b>
C01	Existing Program	0	0	5,000,000	100.0	0	0	5,000,000	100.0

### Justification

C01	The Agency Request provides for a potential increase in number of loan requests for Water, Sewer and Solid Waste projects .
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## **Analysis of Budget Request**

**Appropriation:** 997 - NonPoint Source Pollution Control Program

**Funding Sources:** FSC - Natural Resources Commission Federal

This program reflects the federal side of the Natural Resources Commission's role in conducting the U.S. Environmental Protection Agency (EPA) Section 319 grant program to fund nonpoint source pollution management strategies. This appropriation is funded from federal funding from the EPA (the state match portion of this program is expensed in the Water Quality Plan Implementation Appropriation-2RG). The Arkansas Natural Resources Commission administers this program with an emphasis on funding best management practices in priority watersheds.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Agency Base Level request includes appropriation in the amount of \$6,803,387 each year of the biennium with 14 regular positions and 2 extra help positions.

The Agency Change Level request restores the Capital Outlay appropriation to the FY11 authorized amount of \$51,000 each fiscal year to provide for new field equipment for Water Quality Projects.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 997 - NonPoint Source Pollution Control Program

**Funding Sources:** FSC - Natural Resources Commission Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	299,040	523,383	620,539	521,484	521,484	521,484	521,484	521,484	521,484
<b>#Positions</b>		<b>9</b>	<b>14</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
Extra Help	5010001	1,124	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>#Extra Help</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	122,274	170,343	200,339	170,293	170,293	170,293	170,293	170,293	170,293
Operating Expenses	5020002	160,744	294,334	294,334	294,334	294,334	294,334	294,334	294,334	294,334
Conference & Travel Expenses	5050009	19,969	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Fees	5060010	70,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	2,941,449	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276
Capital Outlay	5120011	90,373	51,000	51,000	0	51,000	51,000	0	51,000	51,000
<b>Total</b>		<b>3,704,973</b>	<b>6,856,336</b>	<b>6,983,488</b>	<b>6,803,387</b>	<b>6,854,387</b>	<b>6,854,387</b>	<b>6,803,387</b>	<b>6,854,387</b>	<b>6,854,387</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	3,704,973	6,856,336		6,803,387	6,854,387	6,854,387	6,803,387	6,854,387	6,854,387
<b>Total Funding</b>		<b>3,704,973</b>	<b>6,856,336</b>		<b>6,803,387</b>	<b>6,854,387</b>	<b>6,854,387</b>	<b>6,803,387</b>	<b>6,854,387</b>	<b>6,854,387</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>3,704,973</b>	<b>6,856,336</b>		<b>6,803,387</b>	<b>6,854,387</b>	<b>6,854,387</b>	<b>6,803,387</b>	<b>6,854,387</b>	<b>6,854,387</b>

## Change Level by Appropriation

**Appropriation:** 997 - NonPoint Source Pollution Control Program  
**Funding Sources:** FSC - Natural Resources Commission Federal

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,803,387</b>	<b>14</b>	<b>6,803,387</b>	<b>100.0</b>	<b>6,803,387</b>	<b>14</b>	<b>6,803,387</b>	<b>100.0</b>
C01	Existing Program	51,000	0	6,854,387	100.7	51,000	0	6,854,387	100.7

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,803,387</b>	<b>14</b>	<b>6,803,387</b>	<b>100.0</b>	<b>6,803,387</b>	<b>14</b>	<b>6,803,387</b>	<b>100.0</b>
C01	Existing Program	51,000	0	6,854,387	100.7	51,000	0	6,854,387	100.7

### Justification

C01	The Agency Request includes the restoration of Capital Outlay appropriation in the amount of \$51,000 each year to enable the agency to replace existing equipment.
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# AR PUBLIC EMPLOYEE RETIREMENT SYSTEM

## **Enabling Laws**

Act 16 of 2010

Public Employees Retirement System:

A.C.A. §24-1-101 through §24-2-704; §24-4-101 through §24-4-1109; §24-7-501; §24-7-1001 through §24-7-1101; §24-8-901 through §24-8-904; §24-12-126

State Police Retirement System:

A.C.A. §24-1-101 through §24-2-704; §24-2-401 through §24-2-704; §24-6-101 through §24-6-508

Judicial Retirement System:

A.C.A. §24-2-401 through §24-2-704; §24-8-201 through §24-8-228; §24-8-701 through §24-8-717

District Judges Retirement System:

A.C.A. §24-8-801 through §24-8-824 (Abolished and transferred to Public Employees Retirement System by Act 177 of 2007).

## **History and Organization**

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM:

General - The Arkansas Public Employees Retirement System (APERS) administers a statewide public employee retirement program for certain state (including members of the General Assembly and State Constitutional Officers), municipal, school district employees (cafeteria workers, bus drivers, and janitors enrolled before July 1, 1989) and all county employees (including county constitutional officers). A nine member Board of Trustees appointed by the Governor controls APERS.

The Executive Director also serves as State Social Security Administrator and is responsible for coverage-related issues for state and local government employers.

Mission Statement - The mission of the Agency is to play an integral role in the future financial security of the APERS, Arkansas State Police Retirement System (ASPRS), and Arkansas Judicial Retirement System (AJRS) members by promptly and courteously delivering quality benefits and information which members value and trust through professional plan administration and prudent management of System assets.



Retirement Programs - Retirement Programs provide coverage and benefits under both "contributory" and "non-contributory" provisions.

Act 177 of 1956, as amended, established APERS as a contributory plan.

Act 793 of 1977, as amended, established the "non-contributory" provisions for APERS. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 653 of 1989 places all newly hired after July 1, 1989, school district employees in the AR Teacher Retirement System.

Act 339 of 2003 allowed the Board of Trustees to consider implementation of a new contributory plan for covered employees hired after July 1, 2005.

Act 2084 of 2005 established a new contributory plan for all members first hired on or after July 1, 2005, or returning members with a break in service of over six months. Members are required to contribute 5% of pretax earnings.

#### ARKANSAS STATE POLICE RETIREMENT SYSTEM:

Act 311 of 1951, as amended, established the "contributory" provisions of the Arkansas State Police Retirement System and provides for the retirement of uniformed troopers of the Arkansas State Police. A seven member Board of Trustees elected by active and retired troopers controls ASPRS.

Act 647 of 1969 transferred the administration of the Arkansas State Police Retirement System (ASPRS) on July 1, 1969, to the Executive Director and staff of APERS.

Act 793 of 1977, as amended, established the "non-contributory" provisions for the State Police Retirement System. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 1071 of 1997 established a Tier II Plan for State Police Retirement.

#### ARKANSAS JUDICIAL RETIREMENT SYSTEM:

Act 365 of 1953 created the Arkansas Judicial Retirement System, which provides for the retirement of all Chancery, Circuit, Court of Appeals Judges and Supreme Court Justices. A five member Board of Trustees appointed by the Arkansas Judicial Council controls AJRS.

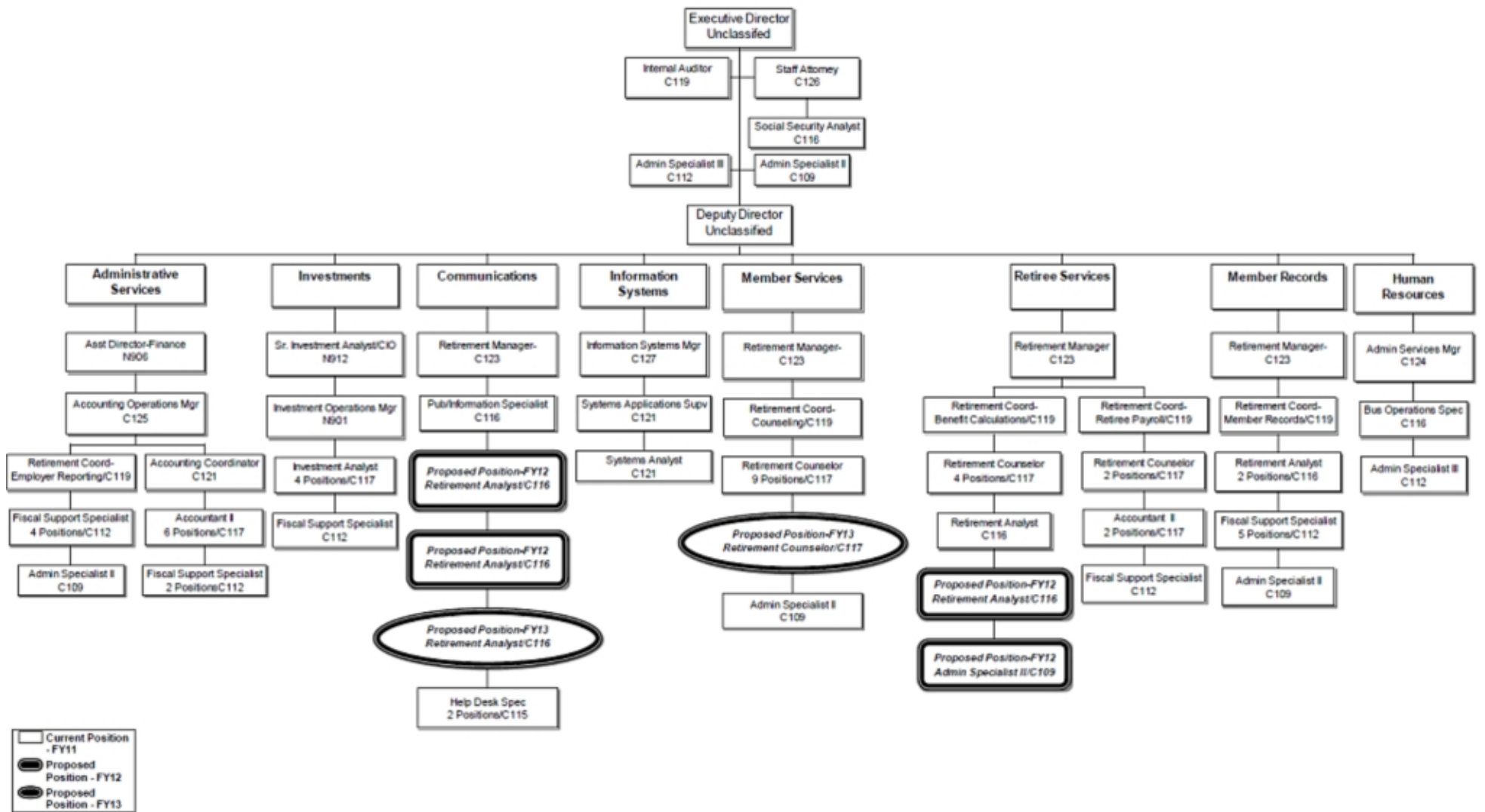
Act 922 of 1983 transferred the administration of the Arkansas Judicial Retirement System (AJRS) on July 1, 1983, to the Executive Director and staff of APERS.

Act 399 of 1999 established a Tier II Plan for Judicial Retirement.

#### ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM:

Act 1374 of 2003 created the Arkansas District Judge Retirement System, which provides for the retirement of all district judges. The same act closed the Municipal Judges and Clerks Retirement System. A five member Board of Trustees controls ADJRS. The trustees are appointed as follows: Two members are appointed by the Arkansas District Judges Council; Three members are appointed by the Governor, one of whom must not have previous service in the judicial system.

Act 177 of 2007 abolished the Arkansas District Judge Retirement System and transferred all powers, duties and plan liabilities to the Arkansas Public Employees Retirement System via a type 3 transfer as prescribed in A.C.A. §25-2-106.



## **Agency Commentary**

### **APERS Budget Requests (2012 - 2013 Biennium)**

As the retirement ranks swell in the coming years, it is incumbent upon us to be adequately staffed, trained and prepared to provide the high quality services that our membership has come to expect. When an individual requests a benefit estimate - a number upon which he or she will be depending on to determine the economic underpinnings of the second half of life - we must do everything possible to ensure that we are able to provide accurate and timely information to each individual to make the right choices for retirement.

Gabriel Roeder Smith & Company, our actuarial firm, prepared a 50-year projection from July 1, 2006 through June 30, 2056. In their report, the number of retirees will increase from the current 23,275 (as of June 1, 2010) to approximately 31,000 in 2012, to 36,000 in 2016 and to 40,000 in 2020. The demand for access to pre-retirement counseling will be at its peak during this period. Pushing information to the membership in the form of regional seminars, one-on-one counseling sessions, written responses to requested estimates and call center services will be front and center on the agenda for the agency.

The array of retirement options available to the membership (DROP, PAW, possible purchases of out-of-state or Federal service, and reciprocal provisions among Arkansas plans) mean that Member Services counselors must spend hours computing the various retirement possibilities for each member who inquires.

### **C01 Request - Regular Salaries and Staffing (2QR/CI 501:00:00 & CI 501:00:03):**

APERS requests six new positions for the 2012 - 2013 biennium: Four (4) new positions for FY12 and two (2) new positions for FY13. The FY12 request includes three (3) Retirement Analyst/Gr. C116 positions and one (1) Administrative Specialist II/Gr. C109 position (Regular Salaries \$113,966; Matching \$42,242). For FY13, we request one (1) Retirement Counselor/Gr. C117 position and one (1) Retirement Analyst/Gr. C116 position (Regular Salaries \$176,928; Matching \$64,598).

APERS also requests a reduction in Professional Fees & Services (506:00:10) by \$397,734 (\$156,208 for FY12; \$241,526 for FY13) to maintain a flat base level budget per the instructions from Governor Beebe.

## **FISCAL YEAR 2012 PERSONNEL REQUESTS**

### **Retirement Analyst (A083C/C116) - Retiree Services**

In preparation for the continually increasing volume of benefit calculations for new retirees, we are requesting one Retirement Analyst for the Retiree Services Section in FY12 to ensure that all new retirees will receive accurate and prompt annuity payments. For FY09 and YTD for FY10, the Benefits Unit calculated 6,134 annuities, responded to 10,232 telephone requests and saw 275 members in the office. The new

position would be used to process, log and route retirement applications, assist retirees with forms, contact employers regarding late wage verification forms, scan approved retiree set up sheets, and act as back up for data entry of retiree master data. Many of these functions are currently performed by the counselors so the addition of this position would allow the counselors more time to calculate and finalize benefits for new retirees.

### **Retirement Analyst (A083C/C116) - Call Center**

APERS established a small call center operation in 2005 with two call center agents. The call center staff respond to frequently asked general questions by members and retirees and requests for forms and basic retirement information so that the retirement counselors can concentrate on the more complex estimates and complete correspondence regarding members' inquiries. The number of calls received by the Member Services Section is increasing due in part to volume (baby boomers are retiring) and in part due to the complex and varied options offered to our members (DROP, PAW, etc.). The call center has proven to be a valuable asset by handling some of the increased volume of calls that otherwise would have been routed to the counseling staff.

The two Retirement Analyst positions requested for the call center in FY12 are one grade higher than the current Help Desk Specialist positions and one grade lower than the Retirement Counselor positions. The current Help Desk Specialist positions would continue to route calls and answer general questions for members and retirees. The new Retirement Analyst positions would be trained further in retirement policies and procedures, allowing them to absorb more phone calls from the counseling staff.

By increasing the capacity of the call center to field even more types of questions and provide lower level counseling information to members, the retirement counselors will have additional time available to compile the various combinations of estimates for members so that they will have adequate information to make their retirement-related decisions.

### **Administrative Specialist II (C073C/C109) - Retiree Services**

An additional administrative position is needed to scan documents into the imaging system, process incoming and outgoing mail, deliver/pick up documents/reports from the State Capitol complex, and to act as back up for other section administrative support staff. We are currently using an extra help position to perform these functions, but they are only allowed to work 1,000 hours per fiscal year and the functions need to be performed on a continuing full time basis. This arrangement is inefficient because it requires continual training of the new extra help person every time the 1,000 hour limit is reached. The position would be utilized by all sections, but would be housed within the Retiree Services Section. One position is requested for FY12.

## **FISCAL YEAR 2013 PERSONNEL REQUESTS**

### **Retirement Counselor/C117 (A078C) - Member Services**

A new Retirement Counselor position is needed in the second year of the biennium to provide adequate services to our membership. For FY09 and YTD for FY10, the Member Services Section responded to 8,263 requests via written correspondence, took 21,215 phone calls at an average of 15 minutes for each call and saw 2,918 members in the office for counseling. In addition, counselors held seminars around the state approximately every ten days. We mitigated the number of Retirement Counselor positions requested by expanding the call center with lower-graded positions, but an additional counselor will still be needed due to the larger numbers of members requiring retirement counseling assistance.

### **Retirement Analyst/C116 (A083C) - Call Center**

The additional Retirement Analyst position requested for FY13 in the call center is for the same purpose as the two requested for FY12. The additional position would further increase the volume of calls the Call Center staff would be able to defer from the counseling staff.

**C04 Request - Professional Fees & Services (2QR/CI 506:00:10):** APERS requests a decrease of \$156,208 in FY12 and \$241,526 in FY13 to offset the salary and personal services matching for the requested positions.

**C01 Request - Benefits/Refunds/Reimbursements Paid Via Warrant (2QR/CI 511:00:12 & 511:00:14):** APERS requests an increase of \$30,000,000 in each fiscal year of the biennium to accommodate retiree benefits (\$4,000,000), increased DROP and PAW payouts and refund of contributions to terminating active members (\$26,000,000).

**C01 Request - Cash Fund (Benefits) (C22/CI 510:00:23):** APERS requests an increase of \$65,000,000 in FY12 and \$90,000,000 in FY13 to accommodate payment of retiree benefits via direct deposit.

### **Existing Special Language:**

APERS requests that existing special language exempting APERS from prior review by the Arkansas Legislative Council with regard to transfers between the Benefits line item in the Cash Fund Appropriation and the Benefits/Refund line item in the Operational Appropriation which are specifically related to transfers necessitated by changes in retirees' selection of the method of payment of retirement benefits be continued.

APERS requests that existing special language allowing transfers to APERS from the Arkansas State Police and Arkansas Judicial Retirement Systems to cover administrative costs be continued.

APERS requests that existing special language regarding the exemption of prior review by the Arkansas Legislative Council with regard to Maintenance & General Operation appropriation classification transfers within appropriations in the Act, which are specifically related to

transfers necessitated by any contractual agreements entered into for electronic transfer of funds services, be continued.

### **ASPRS Budget Requests (2012 - 2013 Biennium)**

**C01 Request - Operational Appropriation (Benefits) (2QS/CI 511:00:14):** ASPRS requests an increase of \$10,000,000 for each fiscal year to accommodate payment of benefits and DROP payouts to retirees via warrant.

**C01 Request - Cash Fund Appropriation (Benefits) (C23/CI 510:00:23):** ASPRS requests an increase of \$5,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via direct deposit.

### **AJRS Budget Requests (2012 - 2013 Biennium)**

**C01 Request - Cash Fund Appropriation (Benefits) (C24/CI 510:00:23):** AJRS requests an increase of \$5,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via direct deposit.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2009

### Findings

We conducted an evaluation of internal controls over the Member Administration Retirement Support System (MARSS) application at Arkansas Public Employees Retirement System (APERS). Findings from this review are summarized below:

1. User access to the application is not adequately controlled. Examination of user IDs noted instances of excessive user access, user IDs belonging to former APERS and Department of Information Systems (DIS) employees, and unused active user IDs.
2. The Agency's Disaster Recovery plan is out of date and is not adequately tested. The Disaster Recover (DR) plan had individuals mentioned in key roles who no longer work at APERS. In addition, the disaster recovery test was inadequate to determine if the MARSS application was adequately restored.

### Recommendations

1. APERS and DIS perform a periodic review of all user and system accounts to ensure that a user's access ability is commensurate with their job duties. Additionally, we recommend that a review of controls be performed to determine if any additional procedures need to be implemented to ensure that terminated employees' access is removed in a timely manner.
2. The current APERS Disaster Recovery Plan be reviewed, updated and tested on a regular basis to ensure restoration of critical business processes. During the Disaster Recovery Exercise, APERS personnel should perform adequate testing and evaluation (such as reviewing and balancing reports) to ensure the significant applications were correctly restored.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
3. Inadequate segregation of duties was noted in the DIS' change management process for the MARSS application. Changes can be initiated, programmed, and implemented by the same individual.	3. DIS management establish a formal code change review process to review the code being implemented.
4. The MARSS application passwords are known and changed by the data security administrator.	4. Individuals be responsible for changing their own password. Management personnel responded that all APERS users are responsible for changing their own passwords in the MARSS application as of April 1, 2010.1.
5. APERS uses a company to search national databases to identify deceased members who were not residents of the State of Arkansas. This process should be performed on a timely basis to ensure benefits are not paid to deceased members. However, at the time of this audit, 13 months had elapsed since the last check of the national databases.	5. APERS management maintain the schedule of the national audit being performed every 6 months.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS JUDICIAL RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
None	None



## Employment Summary

	Male	Female	Total	%
White Employees	12	23	35	49 %
Black Employees	3	28	31	44 %
Other Racial Minorities	1	4	5	7 %
Total Minorities			36	51 %
Total Employees			71	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1310100	\$13,754	Checking/Direct Deposit Account (Trust fund revenue)	Bank of America - Little Rock, AR

### Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

### Statutory Provisions for Fees, Fines, Penalties:

None

### Revenue Receipts Cycle:

None

### Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

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Fund Account	Balance	Type	Location
1310200	\$21	Checking/Direct Deposit Account (Trust fund revenues)	Bank of America - Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

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Fund Account	Balance	Type	Location
1310300	\$7	Checking/Direct Deposit Account (Trust fund revenues)	Bank of America - Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AJRS Annual Financial Report	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
AJRS Member Handbook	N	N	N	275	Published when significant legislative changes to retirement statutes occur.
APERS Annual Financial Report	N	N	N	75	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
APERS Employer Guide/Pamphlets	N	N	N	750	Published when significant legislative changes to retirement statutes and/or procedures occur.
APERS Member Handbook/Pamphlets	N	N	N	10,000	Published when significant legislative changes to retirement statutes occur.
APERSpective Newsletter (Active/Retired)	N	N	N	65,000	Published and mailed quarterly to all active and retired members.
ASPRS Annual Financial Report	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
ASPRS Member Handbook	N	N	N	500	Published when significant legislative changes to retirement statutes occur.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QR Public Employee Retirement-Operations	67,607,761	73	96,817,011	76	96,846,918	76	96,802,939	76	126,802,939	80	126,802,939	80	96,802,939	76	126,802,939	82	126,802,939	82
2QS St Police Retirement-Operations	13,724,404	0	20,343,560	0	20,343,560	0	20,343,560	0	30,343,560	0	30,343,560	0	20,343,560	0	30,343,560	0	30,343,560	0
2QT Judicial Retirement-Operations	2,838,130	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0	9,163,389	0
C22 Public Employee Retirement-Cash	262,714,562	0	335,000,000	0	335,000,000	0	335,000,000	0	400,000,000	0	400,000,000	0	335,000,000	0	425,000,000	0	425,000,000	0
C23 St Police Retirement-Cash	13,444,364	0	25,000,000	0	25,000,000	0	25,000,000	0	30,000,000	0	30,000,000	0	25,000,000	0	30,000,000	0	30,000,000	0
C24 Judicial Retirement-Cash	8,777,614	0	15,000,000	0	15,000,000	0	15,000,000	0	20,000,000	0	20,000,000	0	15,000,000	0	20,000,000	0	20,000,000	0
<b>Total</b>	<b>369,106,835</b>	<b>73</b>	<b>501,323,960</b>	<b>76</b>	<b>501,353,867</b>	<b>76</b>	<b>501,309,888</b>	<b>76</b>	<b>616,309,888</b>	<b>80</b>	<b>616,309,888</b>	<b>80</b>	<b>501,309,888</b>	<b>76</b>	<b>641,309,888</b>	<b>82</b>	<b>641,309,888</b>	<b>82</b>

Funding Sources		%		%		%		%		%		%		%		%
Trust Fund 4000050	369,106,835	100.0	501,323,960	100.0	501,309,888	100.0	616,309,888	100.0	616,309,888	100.0	501,309,888	100.0	641,309,888	100.0	641,309,888	100.0
Total Funds	369,106,835	100.0	501,323,960	100.0	501,309,888	100.0	616,309,888	100.0	616,309,888	100.0	501,309,888	100.0	641,309,888	100.0	641,309,888	100.0
Excess Appropriation/(Funding)	0		0		0		0		0		0		0		0	
Grand Total	369,106,835		501,323,960		501,309,888		616,309,888		616,309,888		501,309,888		641,309,888		641,309,888	

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
69	65	4	69	0	5.80 %	74	70	4	74	0	5.41 %	76	70	6	76	0	7.89 %

## **Analysis of Budget Request**

**Appropriation:** 2QR - Public Employee Retirement-Operations

**Funding Sources:** TSR-APERS Fund

The Administration Program of the Arkansas Public Employees Retirement System (APERS) administers the Public Employees Retirement System, the State Police Retirement System, the Judicial Retirement System, and the District Judges Retirement System. Each retirement system has a separate Board of Trustees. The Public Employees Retirement System and the State Police Retirement System have both contributory and non-contributory provisions. The Judicial Retirement System is a contributory system.

The main goal of this Program is to provide members and retirees with the highest level of benefits, customer service and accurate, timely information.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum.

In addition to Base Level of \$96,802,939 each year, the Agency's Change Level requests of \$30,000,000 each year reflects the following:

- Regular Salaries and Personal Services Matching of \$156,208 in FY12 to support four (4) positions: three (3) Retirement Analyst and one (1) Administrative Specialist II; and \$241,226 in FY13 to support six (6) positions - one (1) Retirement Counselor, four (4) Retirement Analyst and one (1) Administrative Specialist II. These positions will be used to provide member services to an increasing number of retirees.
- Benefits Non-employee of \$4,000,000 each year to address increased disbursements for Deferred Retirement Option Plan (DROP), Partial Annuity Withdrawal (PAW), and refund of contributions to terminating active members.
- Refunds/Reimbursements of \$26,000,000 each year to address increased disbursements for Deferred Retirement Option Plan (DROP), Partial Annuity Withdrawal (PAW), and refund of contributions to terminating active members.
- A reallocation of \$156,208 in FY12 and \$241,526 in FY13 from Professional Fees to Regular Salaries and Personal Services Matching to offset the cost of the positions.
- Reclassification of one (1) position: Retirement Analyst to a Business Operations Specialist.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2QR - Public Employee Retirement-Operations

**Funding Sources:** TSR-APERS Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,784,941	3,253,294	3,253,294	3,228,693	3,342,659	3,342,659	3,228,693	3,405,621	3,405,621
<b>#Positions</b>	<b>73</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>80</b>	<b>80</b>	<b>76</b>	<b>82</b>	<b>82</b>
Extra Help 5010001	26,555	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
<b>#Extra Help</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching 5010003	851,149	1,007,573	1,037,480	1,024,102	1,066,344	1,066,344	1,024,102	1,088,700	1,088,700
Operating Expenses 5020002	1,242,584	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473
Conference & Travel Expenses 5050009	24,585	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Professional Fees 5060010	918,768	5,825,171	5,825,171	5,825,171	5,668,963	5,668,963	5,825,171	5,583,645	5,583,645
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee 5100023	22,365,651	36,000,000	36,000,000	36,000,000	40,000,000	40,000,000	36,000,000	40,000,000	40,000,000
Refunds/Reimbursements 5110014	39,387,752	49,000,000	49,000,000	49,000,000	75,000,000	75,000,000	49,000,000	75,000,000	75,000,000
Capital Outlay 5120011	5,776	6,000	6,000	0	0	0	0	0	0
<b>Total</b>	<b>67,607,761</b>	<b>96,817,011</b>	<b>96,846,918</b>	<b>96,802,939</b>	<b>126,802,939</b>	<b>126,802,939</b>	<b>96,802,939</b>	<b>126,802,939</b>	<b>126,802,939</b>
<b>Funding Sources</b>									
Trust Fund 4000050	67,607,761	96,817,011		96,802,939	126,802,939	126,802,939	96,802,939	126,802,939	126,802,939
Total Funding	67,607,761	96,817,011		96,802,939	126,802,939	126,802,939	96,802,939	126,802,939	126,802,939
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	67,607,761	96,817,011		96,802,939	126,802,939	126,802,939	96,802,939	126,802,939	126,802,939

## Change Level by Appropriation

**Appropriation:** 2QR - Public Employee Retirement-Operations  
**Funding Sources:** TSR-APERS Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>96,802,939</b>	<b>76</b>	<b>96,802,939</b>	<b>100.0</b>	<b>96,802,939</b>	<b>76</b>	<b>96,802,939</b>	<b>100.0</b>
C01	Existing Program	30,156,208	4	126,959,147	131.2	30,241,526	6	127,044,465	131.2
C04	Reallocation	(156,208)	0	126,802,939	131.0	(241,526)	0	126,802,939	131.0
C10	Reclass	0	0	126,802,939	131.0	0	0	126,802,939	131.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>96,802,939</b>	<b>76</b>	<b>96,802,939</b>	<b>100.0</b>	<b>96,802,939</b>	<b>76</b>	<b>96,802,939</b>	<b>100.0</b>
C01	Existing Program	30,156,208	4	126,959,147	131.2	30,241,526	6	127,044,465	131.2
C04	Reallocation	(156,208)	0	126,802,939	131.0	(241,526)	0	126,802,939	131.0
C10	Reclass	0	0	126,802,939	131.0	0	0	126,802,939	131.0

### Justification

C01	Salaries & Personal Services Matching: APERS requests a total of six (6) new positions for the 2012-2013 biennium. For FY12: Three (3) Retirement Analyst (A083C/Grade C116) positions and one (1) Administrative Specialist II (C073C/Grade C109) position. For FY13: One (1) Retirement Counselor (A078C/Grade C116) position and one (1) Retirement Analyst (A083C/Grade C116) position. The salary increase would total 290,894 for the biennium (\$113,966 for FY12; \$176,928 for FY13). The personal services matching increase would total \$106,840 for the biennium (\$42,242 for FY12; \$64,598 for FY13). These positions are needed to provide member services to an increasing number of members and retirees. Benefit Payments/Refunds/Reimbursements via Warrant: APERS requests an increase of \$30,000,000 in each fiscal year of the biennium to accommodate retiree benefits paid via warrant (\$4,000,000), increased DROP and PAW payouts and refund of contributions to terminating active members (\$26,000,000).
C04	Professional Fees : APERS would reallocate \$397,734 in appropriation from Professional Fees for the biennium (\$156,208 for FY12; \$241,526 for FY13) to accommodate the cost for the new positions.
C10	Reclass Request: APERS requests reclassification of one position from a Retirement Analyst A083C to a Business Operations Specialist C022C. The duties being performed by this position were significantly revised when the person occupying the position was promoted. The new classification better matches the new assigned duties. Both positions are grade C116, so there is no monetary component to this request.



## **Analysis of Budget Request**

**Appropriation:** 2QS - St Police Retirement-Operations

**Funding Sources:** TMR - State Police Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Arkansas State Police Retirement System (ASPRS) under the authority of A.C.A. §24-6-204. The administration, management, and control of the System are the responsibility of the Board of Trustees of the State Police Retirement System. The Board meets at least once each quarter and consists of eleven members: the Chairman of the Arkansas State Police Commission, the Director of the Department of Arkansas State Police, the Director of the Arkansas Department of Finance and Administration or the Director's designee from that department, five members of the SPRS to be elected by the members of the system with at least two holding the rank of trooper, trooper first class or corporal, at least one holding a rank higher than the rank of corporal, and at least one whose retirement eligibility is covered under the Tier Two Benefit Plan of the ASPRS.

In addition to Base Level of \$20,343,560 each year, the Agency is requesting an increase of \$10,000,000 in Refunds/Reimbursements to accommodate Deferred Retirement Option Plan (DROP) and Partial Annuity Withdrawal (PAW) disbursements, and refund payouts to members and retirees.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2QS - St Police Retirement-Operations

**Funding Sources:** TMR - State Police Retirement Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	31,566	77,610	77,610	77,610	77,610	77,610	77,610	77,610	77,610
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	24,191	265,950	265,950	265,950	265,950	265,950	265,950	265,950	265,950
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee 5100023	7,436,595	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Refunds/Reimbursements 5110014	6,232,052	10,000,000	10,000,000	10,000,000	20,000,000	20,000,000	10,000,000	20,000,000	20,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13,724,404</b>	<b>20,343,560</b>	<b>20,343,560</b>	<b>20,343,560</b>	<b>30,343,560</b>	<b>30,343,560</b>	<b>20,343,560</b>	<b>30,343,560</b>	<b>30,343,560</b>
<b>Funding Sources</b>									
Trust Fund 4000050	13,724,404	20,343,560		20,343,560	30,343,560	30,343,560	20,343,560	30,343,560	30,343,560
<b>Total Funding</b>	<b>13,724,404</b>	<b>20,343,560</b>		<b>20,343,560</b>	<b>30,343,560</b>	<b>30,343,560</b>	<b>20,343,560</b>	<b>30,343,560</b>	<b>30,343,560</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>13,724,404</b>	<b>20,343,560</b>		<b>20,343,560</b>	<b>30,343,560</b>	<b>30,343,560</b>	<b>20,343,560</b>	<b>30,343,560</b>	<b>30,343,560</b>

## Change Level by Appropriation

**Appropriation:** 2QS - St Police Retirement-Operations  
**Funding Sources:** TMR - State Police Retirement Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,343,560</b>	<b>0</b>	<b>20,343,560</b>	<b>100.0</b>	<b>20,343,560</b>	<b>0</b>	<b>20,343,560</b>	<b>100.0</b>
C01	Existing Program	10,000,000	0	30,343,560	149.2	10,000,000	0	30,343,560	149.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,343,560</b>	<b>0</b>	<b>20,343,560</b>	<b>100.0</b>	<b>20,343,560</b>	<b>0</b>	<b>20,343,560</b>	<b>100.0</b>
C01	Existing Program	10,000,000	0	30,343,560	149.2	10,000,000	0	30,343,560	149.2

### Justification

C01	ASPRS requests an increase of \$10,000,000 for each fiscal year of the biennium to accomodate DROP and other refund payouts to members and retirees.
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## **Analysis of Budget Request**

**Appropriation:** 2QT - Judicial Retirement-Operations

**Funding Sources:** TAR - Judges Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Judicial Retirement System (JRS) under the authority of A.C.A. § 24-8-204. The administration and control of the JRS is the responsibility of the Board of Trustees of the Judicial Retirement System. The Board meets at least once each quarter and consists of five members appointed by the Arkansas Judicial Council. These members serve at the pleasure of the Council and one member is elected by the Board to serve as Chairman.

Pursuant to A.C.A. §24-8-207(a), all chancery judges, circuit judges, judges of the Arkansas Court of Appeals, and justices of the Arkansas Supreme Court, whether elected or appointed to office, shall participate in the Arkansas Judicial Retirement System (AJRS).

The Agency Request is for Base Level of \$9,163,389 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2QT - Judicial Retirement-Operations

**Funding Sources:** TAR - Judges Retirement Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	20,419	40,510	40,510	40,510	40,510	40,510	40,510	40,510	40,510
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	44,500	122,879	122,879	122,879	122,879	122,879	122,879	122,879	122,879
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	348,258	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Refunds/Reimbursements	5110014	2,424,953	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>2,838,130</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>
<b>Funding Sources</b>										
Trust Fund	4000050	2,838,130	9,163,389		9,163,389	9,163,389	9,163,389	9,163,389	9,163,389	9,163,389
<b>Total Funding</b>		<b>2,838,130</b>	<b>9,163,389</b>		<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>2,838,130</b>	<b>9,163,389</b>		<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>9,163,389</b>

## **Analysis of Budget Request**

**Appropriation:** C22 - Public Employee Retirement-Cash

**Funding Sources:** 131 - Arkansas Public Employees Retirement System-Cash

The Arkansas Public Employees Retirement System cash fund is utilized for payments to beneficiaries by check or wire transfer.

In addition to Base Level of \$335,000,000 each year, the Agency is requesting an increase of \$65,000,000 in FY12 and \$90,000,000 in FY13 to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C22 - Public Employee Retirement-Cash

**Funding Sources:** 131 - Arkansas Public Employees Retirement System-Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	262,714,562	335,000,000	335,000,000	335,000,000	400,000,000	400,000,000	335,000,000	425,000,000	425,000,000
<b>Total</b>	<b>262,714,562</b>	<b>335,000,000</b>	<b>335,000,000</b>	<b>335,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>	<b>335,000,000</b>	<b>425,000,000</b>	<b>425,000,000</b>
<b>Funding Sources</b>									
Trust Fund 4000050	262,714,562	335,000,000		335,000,000	400,000,000	400,000,000	335,000,000	425,000,000	425,000,000
<b>Total Funding</b>	<b>262,714,562</b>	<b>335,000,000</b>		<b>335,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>	<b>335,000,000</b>	<b>425,000,000</b>	<b>425,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>262,714,562</b>	<b>335,000,000</b>		<b>335,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>	<b>335,000,000</b>	<b>425,000,000</b>	<b>425,000,000</b>

## Change Level by Appropriation

**Appropriation:** C22 - Public Employee Retirement-Cash

**Funding Sources:** 131 - Arkansas Public Employees Retirement System-Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>335,000,000</b>	<b>0</b>	<b>335,000,000</b>	<b>100.0</b>	<b>335,000,000</b>	<b>0</b>	<b>335,000,000</b>	<b>100.0</b>
C01	Existing Program	65,000,000	0	400,000,000	119.4	90,000,000	0	425,000,000	126.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>335,000,000</b>	<b>0</b>	<b>335,000,000</b>	<b>100.0</b>	<b>335,000,000</b>	<b>0</b>	<b>335,000,000</b>	<b>100.0</b>
C01	Existing Program	65,000,000	0	400,000,000	119.4	90,000,000	0	425,000,000	126.9

### Justification

C01	APERS requests an increase of \$65,000,000 in FY12 and \$90,000,000 in FY13 to accommodate payment of retiree benefits via direct deposit.
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## **Analysis of Budget Request**

**Appropriation:** C23 - St Police Retirement-Cash

**Funding Sources:** 131 - Arkansas State Police Retirement-Cash

The Arkansas State Police Retirement cash fund is utilized for payments to beneficiaries of the State Police Retirement System by wire transfer.

In addition to Base Level of \$25,000,000 each year, the Agency is requesting an increase of \$5,000,000 each year to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C23 - St Police Retirement-Cash

**Funding Sources:** 131 - Arkansas State Police Retirement-Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	13,444,364	25,000,000	25,000,000	25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Total		13,444,364	25,000,000	25,000,000	25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
<b>Funding Sources</b>										
Trust Fund	4000050	13,444,364	25,000,000		25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Total Funding		13,444,364	25,000,000		25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		13,444,364	25,000,000		25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000

## Change Level by Appropriation

**Appropriation:** C23 - St Police Retirement-Cash  
**Funding Sources:** 131 - Arkansas State Police Retirement-Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>25,000,000</b>	<b>0</b>	<b>25,000,000</b>	<b>100.0</b>	<b>25,000,000</b>	<b>0</b>	<b>25,000,000</b>	<b>100.0</b>
C01	Existing Program	5,000,000	0	30,000,000	120.0	5,000,000	0	30,000,000	120.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>25,000,000</b>	<b>0</b>	<b>25,000,000</b>	<b>100.0</b>	<b>25,000,000</b>	<b>0</b>	<b>25,000,000</b>	<b>100.0</b>
C01	Existing Program	5,000,000	0	30,000,000	120.0	5,000,000	0	30,000,000	120.0

### Justification

C01	ASPRS requests an increase of \$5,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via direct deposit.								
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## **Analysis of Budget Request**

**Appropriation:** C24 - Judicial Retirement-Cash

**Funding Sources:** 131 - Arkansas Judicial Retirement-Cash

The Arkansas Judicial Retirement cash fund is utilized for payments to beneficiaries of the Judicial Retirement System by direct deposit.

In addition to Base Level of \$15,000,000 each year, the Agency is requesting an increase of \$5,000,000 each year to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C24 - Judicial Retirement-Cash

**Funding Sources:** 131 - Arkansas Judicial Retirement-Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	8,777,614	15,000,000	15,000,000	15,000,000	20,000,000	20,000,000	15,000,000	20,000,000	20,000,000
<b>Total</b>	<b>8,777,614</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>15,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>
<b>Funding Sources</b>									
Trust Fund 4000050	8,777,614	15,000,000		15,000,000	20,000,000	20,000,000	15,000,000	20,000,000	20,000,000
<b>Total Funding</b>	<b>8,777,614</b>	<b>15,000,000</b>		<b>15,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>15,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>8,777,614</b>	<b>15,000,000</b>		<b>15,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>15,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>

## Change Level by Appropriation

**Appropriation:** C24 - Judicial Retirement-Cash  
**Funding Sources:** 131 - Arkansas Judicial Retirement-Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000,000</b>	<b>100.0</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000,000</b>	<b>100.0</b>
C01	Existing Program	5,000,000	0	20,000,000	133.3	5,000,000	0	20,000,000	133.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000,000</b>	<b>100.0</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000,000</b>	<b>100.0</b>
C01	Existing Program	5,000,000	0	20,000,000	133.3	5,000,000	0	20,000,000	133.3

### Justification

C01	AJRS requests an increase of \$5,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via direct deposit.								
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# ARKANSAS TEACHER RETIREMENT SYSTEM

## Enabling Laws

Act 111 of 2010  
A.C.A. §24-7-101 et seq.

## History and Organization

### MISSION:

The Arkansas Teacher Retirement System (ATRS) is a cost sharing, multiple-employer, combination contributory/non-contributory defined benefit pension plan. ATRS provides age and service retirement benefits, Teacher Deferred Retirement Option Plan benefits, disability retirement benefits, survivor benefits, and lump sum death benefits for public school teachers and other educationally related employees as defined by Act 427 of 1973, as amended. ATRS is committed to providing high quality member services (including education and counseling), effectively and prudently managing the investment of the assets of the System, and making accurate and timely benefit payments to retired members or beneficiaries.

As of June 30, 2009, ATRS had 70,657 active members; 28,818 retired members and beneficiaries receiving benefits; 4,631 T-DROP participants; and 11,766 terminated plan members entitled to but not yet receiving benefits. The monthly benefits payroll averaged over \$45,000,000. The System had 343 participating employers. As of June 30, 2009, total assets were over \$9,700,000,000 with net assets available for benefits of over \$8,800,000,000. The System's revenue sources consist of employer and employee contributions and investment earnings.

### HISTORY OF THE AGENCY:

The Teacher Retirement System of the State of Arkansas was established by authority of the Arkansas General Assembly on March 17, 1937 pursuant to Act 266 of 1937. Numerous changes were made to the teacher retirement laws over the next 20 years. Act 93 of 1957 combined the existing laws and made further refinements. Act 93 of 1957 was superceded by Act 42 of 1971, which included the changes made since 1957. The teacher retirement laws were rewritten in entirety by Act 427 of 1973. Subsequent changes have been made in the form of amendments to Act 427. Statutes covering the Teacher Retirement System are primarily located in Title 24 of the Arkansas Code, particularly Chapter 7.

Act 541 of 1977 placed the system on the level-percent of payroll funding method and for the first time provided that the employer contribution rate is determined by the most recent actuarial valuation of the System. Act 472 of 1989 exercised the General Assembly's

prerogative to set the employer contribution rate. Act 340 of 2003 authorized the ATRS Board of Trustees to set the employer contribution rate beginning July 1, 2003 subject to legislative maximums. The current employer contribution rate is set at 14% of active member payroll.

Act 776 of 1979 provided for an alternate benefit formula multiplier of 1.125% of the final average salary times total years of service. Act 435 of 1981 increased the multiplier to 1.4% and Act 127 of 1983 increased it to 1.5% effective July 1, 1983, and to 1.59% effective July 1, 1984. Act 802 of 1987 increased the contributory multiplier of 1.59% to 1.65% effective July 1, 1987, to 1.70% effective July 1, 1988, and to 1.75% effective July 1, 1989. This act also set the multiplier for non-contributory service for the same effective dates at 1.0%, 1.0378%, 1.07% and 1.10% respectively. Act 44 of 1991 increased the 1.75% contributory multiplier to 1.85% effective July 1, 1991, 1.95% effective July 1, 1992, and provided certain financial conditions were met, to 2.05% effective July 1, 1993. This act also set the non-contributory multiplier for the same effective dates at 1.17%, 1.23% and 1.29% respectively. Act 992 of 1997 again increased the contributory multiplier to 2.065% and 1.305% for non-contributory service. Act 396 of 1999 authorized the Board of Trustees to raise the multipliers for contributory and non-contributory service to 2.125% and 1.365% respectively, which was implemented by the Board effective January 1, 2000. On July 1, 2001, the Board of Trustees raised the multipliers for contributory and non-contributory service to 2.15% and 1.39% respectively under the provisions of Act 396 of 1999. Beginning in 1997, ATRS is prohibited by various statutes from implementing any benefit enhancement if (1) it would cause ATRS' unfunded actuarial accrued liabilities to exceed a thirty-year amortization or (2) ATRS has unfunded actuarial accrued liabilities being amortized over a period exceeding thirty years until the unfunded actuarial accrued liability is reduced.

Act 504 of 1985 established a non-contributory plan for members of the system in addition to the contributory plan. Members were allowed to elect to be contributory or non-contributory and could change that election one time. Beginning July 1, 1993, the law was amended by Act 435 of 1993 to allow any member to change his/her election concerning member contributions once each fiscal year. Under Act 14 of 1991, effective July 1, 1991, all new members of the Teacher Retirement System automatically became members of the non-contributory plan but could elect to become contributory members prior to the preparation of the first payroll of the fiscal year. Act 435 of 1993, effective July 1, 1993, provided that any former active member who returns to service also automatically becomes a non-contributory member, with the option to become a contributory member, and must make the election in the same manner as a new member. Act 81 of 1999, amended by Act 907 of 1999, provided that new members who enter covered service after July 1, 1999 will be automatically enrolled in the contributory plan. Act 907 also provided that members who were working in a covered position prior to July 1, 2000 must before June 30, 2000 make an irrevocable election to be in either the contributory or non-contributory plan and that this election would remain in effect for the remainder of the member's covered service. In addition, this Act provided former active members who entered covered service after June 30, 1999, one year to make an irrevocable election of the contributory or non-contributory plan. In both cases of active and former active members, if no election was made by the prescribed deadline, the member was permanently enrolled in the plan in which he/she was enrolled on the deadline.

Act 653 of 1989 provided that any person employed full-time by a school district after July 1, 1989, must become a member of the Teacher Retirement System. Act 43 of 1991 removed the right of a part-time employee to be excluded from membership in the Teacher Retirement



System. Act 1026 of 1993 provided that part-time school personnel who accumulate less than 30 days of service within a fiscal year are not eligible for membership in the Teacher Retirement System.

Act 1096 of 1995 established the Teacher Deferred Retirement Option Plan (T-DROP), which allows members to defer receipt of benefit payments, and to continue to work in a position covered by Teacher Retirement. In order to make T-DROP more cost neutral, Acts 991 and 992 of 2003 made changes in the methods for determining plan contributions for new members in the T-DROP on or after September 1, 2003 and required that employer contributions recommence for members whose effective date in T-DROP is before September 1, 2003. Act 298 of 2007, effective July 1, 2007, changes the date for entering T-DROP to July 1; provides for the extension of employer contribution requirement for pre-September 2003 T-DROP members beyond July 1, 2011 and causes it to be the same as the regular employer contribution rate after July 1, 2013.

Act 461 of 2001 defined "Normal Retirement Age" as age 65, thus allowing members who reach that age to apply for retirement benefits without termination of employment. This Act also designates that members under age 65 must terminate employment for a minimum of 30 days to be eligible for retirement benefits.

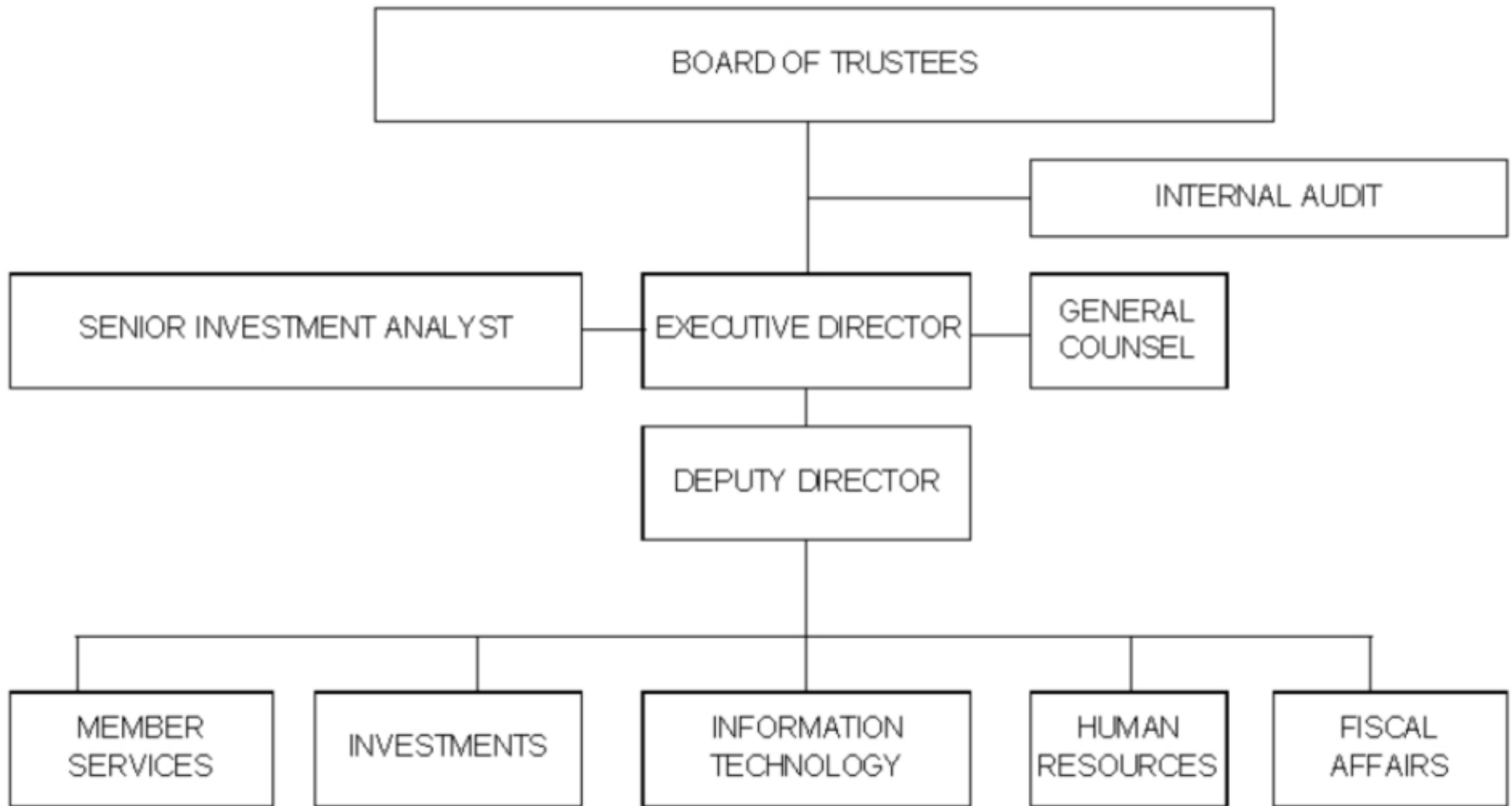
Act 23 of the Second Extraordinary Session of 2003, as amended by Act 47, provides that effective July 1, 2005 and each July 1 thereafter, active members of ATRS who have previously elected to eliminate members' contributions to make an irrevocable election to become contributory. The Acts further mandate that, effective July 1, 2005, any active member whose status changes from nonteacher status to teacher status under contract for 181 days or more shall become contributory. Act 93 of 2007, effective July 1, 2007, provides that beginning July 1, 2007, and each July 1 thereafter, active noncontributory members may make an irrevocable election to become contributory; inactive or rescinding members may make an irrevocable election to become contributory at the time of reemployment regardless of a previous noncontributory status; new members who are not under contract or are contracted less than 181 days enter the system as non-contributory but may make an irrevocable election to become contributory.

#### ADMINISTRATION:

The general administration and responsibility for the proper operation of the system and for making effective the provisions of the teacher retirement laws is vested in the 15-member Board of Trustees. The State Bank Commissioner, State Treasurer, State Auditor and the Commissioner of the Department of Education serve as ex-officio members on the Board. Eleven (11) members are elected to the Board; eight (8) are active members and three (3) represent retirees. The Board believes that its paramount purpose is to provide an adequate and equitable retirement plan for the members of the System, to protect its members in the event of total and permanent disability, and to provide in part for their dependents upon their deaths.

The trustees serve without compensation except reimbursement for any necessary expenses incurred in attending meetings of the Board or in performing other official duties as defined by the Board. The Board appoints the Executive Director for the system as well as an actuarial firm to serve as technical advisor on matters regarding the operation of the system on an actuarial basis. The Board has the authority to employ

professional investment counsel and to appoint a medical board to advise the Board on disability claims. The Board meets at least quarterly and must have eight (8) members present for a quorum. At least eight (8) concurring votes are needed to reach a decision.



### **Agency Commentary**

Over the next ten (10) years, Arkansas Teacher Retirement System (ATRS) forecasts an increase of retirees from 30,500 to 50,000. This escalation in retirees will generate a void in the active membership population to be filled by new members. Over 40,000 of our current

70,000 active members will turn over within the next (10) years. This growth in both retirees and new membership will significantly increase the workload in every department within ATRS. As we see growth in our retirees and new membership, we also anticipate an expansion in our investment assets classes in order to maximize returns in the fluctuating financial markets. As the number of retirees and members expand in the coming years, it is our responsibility to prepare to provide the services our members expect and deserve.

Nevertheless, in light of economic conditions, ATRS continues to maintain a tight reign on our current and future budgets and will do its best to meet the needs of the members with minimum changes to staff. The agency is requesting one (1) new regular position, ATRS Internal Auditor. In order to allow for this new position, yet maintain our current level of 92 regular positions, the agency intends to surrender one position, Computer Support Technician, and will cover any additional salary increase with salary savings due to short or long term vacancies and we have reduced our overtime budget \$100,000 in each year of the biennial. The agency is also requesting two (2) additional extra help positions to assist our more encumbered departments; however, we are not requesting additional appropriation for these positions.

Lastly, ATRS is requesting to upgrade position N092N ATRS Associate Director of Operations N906 to a N092N ATRS Associate Director of Operations N910.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS TEACHER RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	19	50	69	80 %
Black Employees	5	8	13	15 %
Other Racial Minorities	1	3	4	5 %
Total Minorities			17	20 %
Total Employees			86	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3750000	\$0	Checking	First Security Bank

### Statutory/Other Restrictions on use:

ACA 19-4-801 establishes that the agency can use a cash fund. ACA 24-7-403 restricts the use to benefits, refunds and other disbursements in accordance with ACA 24-7 et seq.

### Statutory Provisions for Fees, Fines, Penalties:

None

### Revenue Receipts Cycle:

Monthly

### Fund Balance Utilization:

Fund balance is returned to the Trust Fund at the end of the year.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Agency Comprehensive Annual Financial Report	24-7-305(e)(1), 24-2-702	Y	Y	500	Reports on the financial health of ATRS; provides necessary information to ATRS board; required by GFOA and other entities

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QV Property Management	0	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
2QW Teacher Retirement System-Operations	144,290,672	90	182,867,105	92	182,761,282	89	182,469,827	89	182,599,471	92	182,595,122	92	182,469,827	89	182,599,471	92	182,595,122	92
C26 Teacher Retirement System-Cash	566,829,949	0	831,068,441	0	831,068,441	0	831,068,441	0	831,068,441	0	831,068,441	0	831,068,441	0	831,068,441	0	831,068,441	0
<b>Total</b>	<b>711,120,621</b>	<b>90</b>	<b>1,014,435,546</b>	<b>92</b>	<b>1,014,329,723</b>	<b>89</b>	<b>1,014,038,268</b>	<b>89</b>	<b>1,014,167,912</b>	<b>92</b>	<b>1,014,163,563</b>	<b>92</b>	<b>1,014,038,268</b>	<b>89</b>	<b>1,014,167,912</b>	<b>92</b>	<b>1,014,163,563</b>	<b>92</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Cash Fund 4000045	566,829,949	79.7	831,068,441	81.9			831,068,441	82.0	831,068,441	81.9	831,068,441	81.9	831,068,441	82.0	831,068,441	81.9	831,068,441	81.9
Trust Fund 4000050	144,290,672	20.3	183,367,105	18.1			182,969,827	18.0	183,099,471	18.1	183,095,122	18.1	182,969,827	18.0	183,099,471	18.1	183,095,122	18.1
<b>Total Funds</b>	<b>711,120,621</b>	<b>100.0</b>	<b>1,014,435,546</b>	<b>100.0</b>			<b>1,014,038,268</b>	<b>100.0</b>	<b>1,014,167,912</b>	<b>100.0</b>	<b>1,014,163,563</b>	<b>100.0</b>	<b>1,014,038,268</b>	<b>100.0</b>	<b>1,014,167,912</b>	<b>100.0</b>	<b>1,014,163,563</b>	<b>100.0</b>
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
<b>Grand Total</b>	<b>711,120,621</b>		<b>1,014,435,546</b>				<b>1,014,038,268</b>		<b>1,014,167,912</b>		<b>1,014,163,563</b>		<b>1,014,038,268</b>		<b>1,014,167,912</b>		<b>1,014,163,563</b>	

FY11 Budget amount and Budget Number of Positions in (2QW) Teacher Retirement Systems Operations exceeds the authorized amounts due to transfers from the Central Growth Pool during the 2009-2011 biennium.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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			Total	Total	Filled	Unfilled			Total	Total	Filled	Unfilled	
82	77	5	82	0	6.10 %	89	88	4	92	-3	1.12 %	89	86	6	92	-3	3.37 %

FY10 and FY11 Budgeted Total exceeds the Authorized Positions due to transfer from the Central Growth Pool during the 2009-2011 biennium.

## **Analysis of Budget Request**

**Appropriation:** 2QV - Property Management

**Funding Sources:** TER - Teacher Retirement Fund

The Property Management Program of the Arkansas Teacher Retirement System pays for the necessary expenses to maintain properties that the System holds as investments. These expenses include, but are not limited to, attorney fees, foreclosure expenses, selling expenses, audit costs, appraisal expenses, property management fees, property rehabilitation costs, travel expenses related to property management, property repairs, property maintenance, advertising expenses, and property operating expenses.

The Agency Request is for Base Level of \$500,000 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2QV - Property Management

**Funding Sources:** TER - Teacher Retirement Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Property Management 5900046	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Funding Sources</b>									
Trust Fund 4000050	0	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	0	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	500,000		500,000	500,000	500,000	500,000	500,000	500,000



## **Analysis of Budget Request**

**Appropriation:** 2QW - Teacher Retirement System-Operations

**Funding Sources:** TER - Teacher Retirement Fund

The Arkansas Teacher Retirement System provides age, service, survivor, and disability benefits for public school teachers and other covered employees. This appropriation is funded by trust funds of the Teacher Retirement System.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum.

In addition to Base Level of \$182,469,827 each year, the Agency's Change Level requests of \$129,644 each year reflects the following:

- Regular Salaries and Personal Services Matching of \$118,122 each year to support a new position, an ATRS Internal Auditor (N910) to oversee and manage the analysis of accounting records, conduct compliance audits and verify the accuracy and overall efficiency of internal fiscal and administrative controls.
- To offset the request for the ATRS Internal Auditor position, surrender a Computer Support Technician position reducing Regular Salaries and Personal Services Matching of \$43,612 each year.
- Two (2) Extra Help positions to provide additional operational support as needed.
- Regular Salaries and Personal Services Matching of \$173,405 each year to authorize three (3) pool positions received during the 2009 - 2011 biennium, one (1) Administrative Analyst and two (2) Agency Controller positions. These positions will provide much need support and services to active/inactive members, retirees and beneficiaries served by the system.
- A reallocation of \$122,620 each year Overtime and Personal Services Matching to offset personnel requests.
- Regular Salaries and Personal Services Matching of \$4,349 each year to upgrade one (1) position: ATRS Director of Operations N092N to ATRS Director of Operations N910.

The Executive Recommendation provides for the Agency Request except for the upgrade request for the ATRS Director of Operations and the ATRS Internal Auditor (N910), which was recommended as an ATRS Internal Auditor (N907).

# Appropriation Summary

**Appropriation:** 2QW - Teacher Retirement System-Operations

**Funding Sources:** TER - Teacher Retirement Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,493,917	3,944,095	3,810,682	3,807,551	4,001,830	3,998,283	3,807,551	4,001,830	3,998,283
<b>#Positions</b>		<b>90</b>	<b>92</b>	<b>89</b>	<b>89</b>	<b>92</b>	<b>92</b>	<b>89</b>	<b>92</b>	<b>92</b>
Extra Help	5010001	133,145	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
<b>#Extra Help</b>		<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>16</b>	<b>16</b>	<b>14</b>	<b>16</b>	<b>16</b>
Personal Services Matching	5010003	1,206,512	1,343,076	1,370,666	1,324,842	1,360,207	1,359,405	1,324,842	1,360,207	1,359,405
Overtime	5010006	1,067	150,000	150,000	150,000	50,000	50,000	150,000	50,000	50,000
Operating Expenses	5020002	1,778,062	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889
Conference & Travel Expenses	5050009	11,265	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759
Professional Fees	5060010	17,667	343,650	343,650	343,650	343,650	343,650	343,650	343,650	343,650
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	129,684,138	158,700,000	158,700,000	158,700,000	158,700,000	158,700,000	158,700,000	158,700,000	158,700,000
Refunds/Reimbursements	5110014	6,025,627	10,228,136	10,228,136	10,228,136	10,228,136	10,228,136	10,228,136	10,228,136	10,228,136
Capital Outlay	5120011	0	242,500	242,500	0	0	0	0	0	0
Professional Sevices	5900043	139,700	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Data Processing Services	5900044	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Investment Counsel	5900046	1,799,572	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<b>Total</b>		<b>144,290,672</b>	<b>182,867,105</b>	<b>182,761,282</b>	<b>182,469,827</b>	<b>182,599,471</b>	<b>182,595,122</b>	<b>182,469,827</b>	<b>182,599,471</b>	<b>182,595,122</b>
<b>Funding Sources</b>										
Trust Fund	4000050	144,290,672	182,867,105		182,469,827	182,599,471	182,595,122	182,469,827	182,599,471	182,595,122
<b>Total Funding</b>		<b>144,290,672</b>	<b>182,867,105</b>		<b>182,469,827</b>	<b>182,599,471</b>	<b>182,595,122</b>	<b>182,469,827</b>	<b>182,599,471</b>	<b>182,595,122</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>144,290,672</b>	<b>182,867,105</b>		<b>182,469,827</b>	<b>182,599,471</b>	<b>182,595,122</b>	<b>182,469,827</b>	<b>182,599,471</b>	<b>182,595,122</b>

FY11 Budget amounts in Regular Salaries exceeds the authorized amounts due to transfers from the Central Growth Pool during the 2009-2011 biennium.

Budget Number of Positions exceed the Authorized Number due to transfers from the Central Growth Pool during the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 2QW - Teacher Retirement System-Operations  
**Funding Sources:** TER - Teacher Retirement Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	182,469,827	89	182,469,827	100.0	182,469,827	89	182,469,827	100.0
C01	Existing Program	118,122	1	182,587,949	100.1	118,122	1	182,587,949	100.1
C03	Discontinue Program	(43,612)	(1)	182,544,337	100.0	(43,612)	(1)	182,544,337	100.0
C04	Reallocation	(122,620)	0	182,421,717	100.0	(122,620)	0	182,421,717	100.0
C06	Restore Position/Approp	173,405	3	182,595,122	100.1	173,405	3	182,595,122	100.1
C10	Reclass	0	0	182,595,122	100.1	0	0	182,595,122	100.1
C11	Upgrade/Downgrade	4,349	0	182,599,471	100.1	4,349	0	182,599,471	100.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	182,469,827	89	182,469,827	100.0	182,469,827	89	182,469,827	100.0
C01	Existing Program	118,122	1	182,587,949	100.1	118,122	1	182,587,949	100.1
C03	Discontinue Program	(43,612)	(1)	182,544,337	100.0	(43,612)	(1)	182,544,337	100.0
C04	Reallocation	(122,620)	0	182,421,717	100.0	(122,620)	0	182,421,717	100.0
C06	Restore Position/Approp	173,405	3	182,595,122	100.1	173,405	3	182,595,122	100.1
C10	Reclass	0	0	182,595,122	100.1	0	0	182,595,122	100.1
C11	Upgrade/Downgrade	0	0	182,595,122	100.1	0	0	182,595,122	100.1

### Justification

C01	The ATRS is requesting a new position, an ATRS Internal Audit Director position to oversee and manage the analysis of accounting records, conduct compliance audits and verify the accuracy and overall efficiency of internal fiscal and administrative controls. The two additional extra help positions will provide additional operational support as needed.
C03	To maintain our current level of 92 regular positions, the agency request to surrender one position a Computer Support Technician (C115), to offset the ATRS Internal Audit position
C04	To offset our personnel requests, we have requested to reduce our Overtime appropriation and associated Personal Matching by \$122,620 each year.
C06	During the 2009-2011 ATRS received three (3) pool positions, an Administrative Analyst C115 and (2) Agency Controller C126. These positions provide much needed support and services to active/inactive members, retirees and beneficiaries served by the system. This request establishes the (3) positions to ATRS authorization.
C11	ATRS is requesting to upgrade position N092N ATRS Associate Director of Operations N906 to a N092N ATRS Associate Director of Operations N910.

## **Analysis of Budget Request**

**Appropriation:** C26 - Teacher Retirement System-Cash

**Funding Sources:** 375 - Arkansas Teacher Retirement Fund-Cash

The Arkansas Teacher Retirement System cash fund allows the Agency to make payments to beneficiaries by check or direct deposit.

The Agency Request is for Base Level of \$831,068,441 each year.

## Appropriation Summary

**Appropriation:** C26 - Teacher Retirement System-Cash  
**Funding Sources:** 375 - Arkansas Teacher Retirement Fund-Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	565,697,582	828,000,000	828,000,000	828,000,000	828,000,000	828,000,000	828,000,000	828,000,000	828,000,000
Refunds/Reimbursements 5110014	1,132,367	3,068,441	3,068,441	3,068,441	3,068,441	3,068,441	3,068,441	3,068,441	3,068,441
<b>Total</b>	<b>566,829,949</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>
<b>Funding Sources</b>									
Cash Fund 4000045	566,829,949	831,068,441		831,068,441	831,068,441	831,068,441	831,068,441	831,068,441	831,068,441
<b>Total Funding</b>	<b>566,829,949</b>	<b>831,068,441</b>		<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>566,829,949</b>	<b>831,068,441</b>		<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>	<b>831,068,441</b>

# DEPARTMENT OF WORKFORCE SERVICES

## Enabling Laws

Act 212 of 2010  
A.C.A. §11-10-101 et seq.

## History and Organization

The Arkansas Department of Workforce Services (DWS) was created as the Arkansas Employment Security Department (AESD) a division of the Department of Labor (DOL) by Act 391 of 1941 to administer the Employment Security Law. Act 100 of 1991 made AESD independent of the State DOL and established it as a separate department. The Director is appointed by and serves at the pleasure of the Governor. The primary responsibilities of the Department 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's contribution taxes for the payment of benefits to individuals who are involuntarily unemployed.

Act 391 of 1941 was enacted to conform to the state law requirements of the Federal Unemployment Tax Act (26 USCA 3301-3310), Title IX of the Social Security Act (42 USCA 501-504) and the Wagner-Peyser Act (29 USCA 49). The Workforce Investment Act, enacted by Congress as Public Law 105-220 of 1998 to replace the Job Training Partnership Act and other Federal job training laws with new workforce investment systems to induce local businesses to participate in the delivery of Workforce Development Services. Workforce Investment Boards were created by this Law and are chaired by private sector members in the local community. Other state acts, which govern the operations of the Department, include Act 35 of 1971, as amended; Act 1205 of 1975 (Extended Session of 1976); and Act 173 of 1935.

Act 1705 of 2005 changed the name of the agency to Arkansas Department of Workforce Services. This Act authorized the transfer of the Transitional Employment Assistance (TEA) program to this agency and receipt of Temporary Assistance for Needy Families (TANF) block grant funds from the U.S. Department of Health and Human Services.

Act 490 of 2007 changed the name of the unemployment insurance (UI) law from "Arkansas Employment Security Law" to "Department of Workforce Services Law".

Act 1487 of 2009 transferred the Arkansas Workforce Investment Board to ADWS and restructured the Workforce Investment Board to be in compliance with applicable federal law.

## **ADMINISTRATION**

The Department of Workforce Services Law provides that the DWS shall be administered through a Director. The Director is appointed by the Governor and is directly responsible for the proper administration of the Department and the workforce services programs in conformity with state and federal law and regulations.

DWS operates through a central administrative office and local offices strategically located throughout the state, frequently in one-stop career development centers, known in Arkansas as "Arkansas Workforce Centers." Within the central administrative offices are located six main departments: Administration, Financial Management and Administrative Services, Unemployment Insurance, Employment Assistance, TANF, and New Hire Registry and Career Readiness Certification.

Administrative activities include: communication services by providing information in various formats within and outside the Agency; monitor the overall operation of the affirmative action program and promote equal employment opportunities; provide training for agency staff, handle legal agency affairs, and organize and control overall information technology activities.

## **APPEAL TRIBUNAL**

An initial determination of eligibility for unemployment compensation benefits is made by the Agency. Any interested party may appeal this determination to the Appeal Tribunal, where the parties are afforded fair hearings before appeals referees. Either party may then appeal to the Board of Review.

## **BOARD OF REVIEW**

The Board of Review provides the final level of administrative appeal in unemployment compensation cases and in employer coverage cases. The Board is composed of a full-time chairman and two part-time members, who are appointed by the Governor. The chairman is authorized to independently decide most cases. Appeals of the decision of the Board of Review are made to the Arkansas Court of Appeals.

## **ADVISORY COUNCIL**

A.C.A. §11-10-305 was originally enacted to comply with the requirement in the Wagner-Peyser Act that states have advisory councils composed of men and women representing employers and employees. Though this requirement was removed by subsequent amendment to the Wagner-Peyser Act, the Council is a firmly fixed institution in Arkansas. The purpose of the Council is to advise and assist the Director of the Department in the administration of ADWS Law.

## **FINANCIAL MANAGEMENT SERVICES**

Financial Management activities include preparation of budgets, disbursements of agency funds, preparation of payroll, maintenance of the agency accounting system, preparation of financial reports, and forecasting expenditures. Additional activities include monitoring the fiscal affairs of the agency and subgrantees; conducting audits, studies and investigations to prevent waste, theft, and undesirable practices; and

for leasing, records management, maintenance, printing, contracts, shipping/receiving, personnel administration and maintenance of the Agency's classification and compensation plan as well as develops and implements policies, programs, and services to meet agency needs.

### **UNEMPLOYMENT INSURANCE**

The Office of Unemployment Insurance is responsible for planning, directing, and coordinating tax collections and payment of benefit claims; interpreting laws, rules and regulations which affect the unemployment insurance program; evaluating the effectiveness of the programs and conferring with the Deputy Director concerning operating needs or changes necessary for more effective operations; and exercising functional responsibility for procedures, policies and guidelines for the claims taking and adjudication process.

### **EMPLOYMENT ASSISTANCE**

The Office of Employment Assistance plans, directs, coordinates, and evaluates activities relevant to labor exchange functions, service to military veterans, Workforce Investment Act programs, Reemployment Services, and several programs including the Governor's Dislocated Worker Task Force, Trade Adjustment Assistance, Work Opportunity Tax Credit, Alien Labor Certification, and Labor Market Information. It provides technical assistance to and training for DWS staff engaged in these activities. The Office of Employment Assistance programmatically oversees and administers several discretionary grant programs such as national emergency grants.

The Office of Employment Assistance provides staff support to the Arkansas Workforce Investment Board and technical assistance for the operation of the Arkansas Workforce Centers statewide. Arkansas Workforce Centers provide locally developed and operated services linking employers and jobseekers through a statewide delivery system. Convenient "one-stop" centers are designed to eliminate the need to visit different locations. The Centers integrate multiple workforce development programs into a single system, making the resources much more accessible and user friendly to jobseekers as well as expanding services to employers. Arkansas Workforce Centers are designed "by employers for employers" to find and train qualified workers and help jobseekers find new opportunities.

### **WORKFORCE INVESTMENT BOARD**

The Arkansas Workforce Investment Board (AWIB), an advisory board to the Governor, coordinates and establishes policy for conducting employment and training activities in the state, including all activities within the Arkansas Workforce Centers. The AWIB was created by Arkansas Act 1125 of 1999, which implements the federal Workforce Investment Act in Arkansas. The Board is comprised of a majority of business and industry leaders from throughout Arkansas, including representatives from local chief elected officials, organized labor, legislative appointments, and the state agency directors of Workforce Services, Workforce Education, Economic Development, Higher Education, Human Services, Rehabilitation Services, and Services for the Blind.

### **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)**

The TANF Division provides assistance to TEA and Work Pays participants in preparing them for gainful employment through skills assessment, career counseling, work search techniques, job training, and provides supportive services. TANF contracts with various community and faith-based providers in Arkansas for services to low-income families to assist them in reaching self-sufficiency.

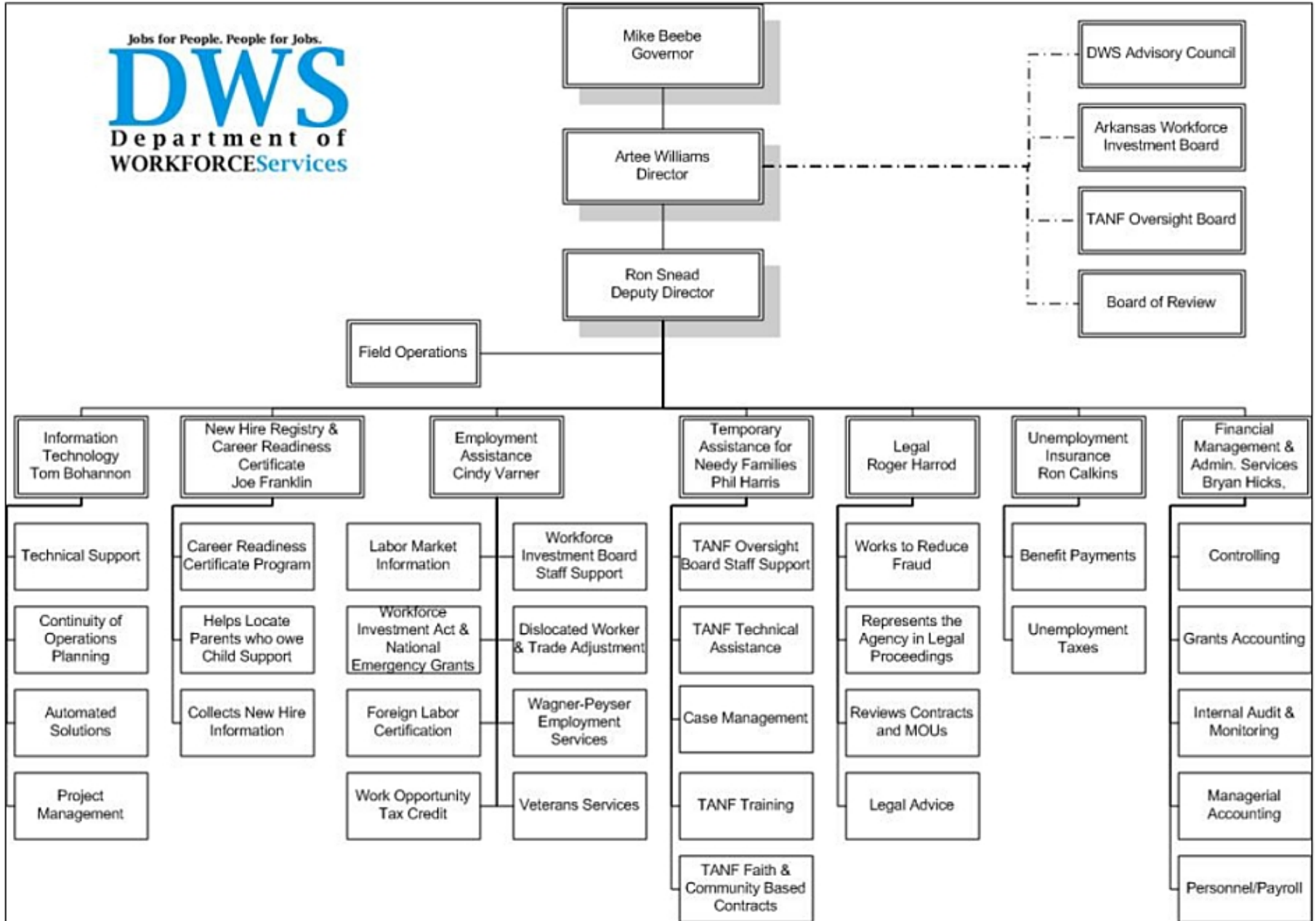


TANF provides technical assistance related to the delivery of TANF program services to agency staff in the statewide network of Arkansas Workforce Centers and DWS Local Offices. TANF Division staff also provides technical assistance to the community and faith-based contractors across the state.

Arkansas Act 514 of 2007 created the Temporary Assistance for Needy Families Oversight Board to provide program oversight for the delivery of effective services to the Transitional Employment Assistance (TEA) and Work Pays Program recipients. The nine-member TANF Oversight Board is required to meet no less than one time every three months and is responsible for the development of a vision and blueprint for the state's TANF Program. The Board provides recommendations to the Governor, the General Assembly, DWS, and other state agencies on a variety of topics. The main focus of the TANF Oversight Board is the provision of effective program services to clients, improved performance in client outcomes, and increased integration of TEA and Work Pays Program services into local workforce offices. The Director of the Department of Workforce Services is required to designate a senior manager of DWS as staff director for the board. Additional staff support to the board is provided by DWS and DHS.

### **FIELD OPERATIONS**

Field Operations, overseen by the Deputy Director, is responsible for the delivery of services to the public through 30 local workforce centers, 7 satellite offices, and two mobile offices. These services include: 1) job placement assistance to job seekers; 2) recruiting and screening assistance to employers seeking workers or a central place to post job openings; 3) initial unemployment insurance claims processing for unemployed workers; 4) career readiness certificate preparation and issuance; 5) case management services to low-income families enrolled in TEA and Work Pays; 6) assistance to migrant seasonal farm workers; 7) other specialized services to applicants and employers through contractual agreements with other local, state, or federal agencies and organizations; and 8) coordinates all logistical support for all DWS workforce centers.



## Agency Commentary

The Department of Workforce Services (DWS) requests the following changes in appropriation for the 2011 - 2013 biennium.

- A. By the beginning of the 2011 - 2013 biennium, most of DWS' ARRA funding will be expended. We are requesting ARRA appropriation for programs that will still have funding and/or may receive additional ARRA funds. The funding expected to still be available includes the State Energy Sector Partnership Grant, Unemployment Insurance, and new competitive ARRA grants. ARRA grants for Wagner-Peyser, Reemployment Services, and Workforce Investment Act (formula grants) must be expended by 6/30/2011.
- B. In the development of the prior biennial budget and the uncertainty surrounding the passing of the ARRA and its implementation, the Unemployment Insurance (UI) Modernization - ARRA program (Appropriation C49) was labeled as "Reed Act Funds ARRA" because the federal formula to disburse the funds was based on the Reed Act formula. DWS requests an appropriation name change to "Unemployment Insurance (UI) Modernization - ARRA".
- C. We have been informed by the U.S. Department of Labor that the changes made to the Trade Act legislation under ARRA adding new service related certification categories, the funding is not ARRA and the legislated changes to TAA will not cease with the expiration of ARRA funding. Therefore, a continued need exists for these positions and appropriation in order to continue providing the same level of service to TAA certified workers. DWS requests Training Allowances - ARRA (Appropriation C45) and Payments to Participant Contractors - ARRA (Appropriation C46) be eliminated, and that non-ARRA funding for these programs under Unemployment Benefits and Expenses (Appropriation C27) be increased respectively. (Moved from Section 4 to Section 3; from ARRA to non-ARRA.)
- D. At this time Congress has not indicated what it is going to do about repayments of Title XII Advances and/or interest on Title XII Advances. DWS does not know if some payments will be required in the next biennium or not. We anticipate that some legislation will be proposed to increase UI collections and/or reduce benefits, but we don't know what affect that legislation will have because no one has decided on the legislation, yet. When repayments of Title XII Advances are made, DWS will be doing so by fund transfer in the US Treasury system from the UI Trust Fund. DWS requests \$100,000,000 in appropriation for possible repayment.
- E. When the Title XII Advances become interest bearing DWS will have to start paying interest. DWS requests appropriation amounts for both FY2012 and FY2013 to be \$25,000,000. The current date for interest to begin is January 1, 2011.
- F. For many reasons in the past the Employment Security Special Fund (TZS0000) was subdivided from one main appropriation Excess Unemployment Benefits and Expenses (Appropriation 2SC) into several appropriations: Annual Assessments (Appropriation 2RF), Administration Building Upkeep (Appropriation 2RD), Building and Land Acquisition (Appropriation 2RE), Rent of Buildings

to the main appropriation, Excess Unemployment Benefits and Expenses (Appropriation 2SC), with the language for this appropriation to be changed to include the former appropriation categories. DWS requests that the appropriation for Annual Assessments (Appropriation 2RF) remain unchanged. (Moved from Sections 11, 12, 13, and 14 to Section 6.)

- G. The Department of Workforce Services Training Trust Fund legislation contains a sunset clause for the set aside from the Stabilization Tax to expire on June 30, 2011. DWS will request legislation to continue this funding.
- H. The Department of Workforce Services Unemployment Insurance Administration Fund legislation contains a sunset clause for the set aside from the Stabilization Tax to expire on June 30, 2011. DWS will request legislation to continue this funding.
- I. Local Workforce Investment Boards (WIBs) request funding for payroll and other operating expenses from Arkansas Department of Workforce Services (DWS) as needed. Upon receiving the request, DWS orders funds from the US Department of Labor (DOL). These funds are then deposited into the state treasury overnight and an Automated Clearing House transaction is processed to send the funds overnight the following night to the WIB. The entire process normally takes three days. The timing of the requests is controlled to comply with the Cash Management Improvement Act.

This can occur for a variety of reasons, including closing of state offices for inclement weather and other unforeseeable events which may delay the process. Our expectation is that this situation will not occur often, but in the rare event that it does occur the nature of the situation, especially as it involves payroll, requires that we to be able to respond within the same day.

As the state treasury currently does not allow agencies to either receive or send same-day wires, the new appropriation will be used to establish a cash fund wherein we can request a draw from DOL for same-day deposit to a bank account then send a same-day wire to the WIB office. The normal balance in the account will be \$0.00. Funds will be transferred into it only in the situation described above. It is expected that the WIBs will repay such funds to DWS within a week. Legislative Council approved this Emergency Cash Appropriation for state fiscal years 2010 and 2011.

- J. In the last biennium, the Agency requested an increase in appropriation authority for Disaster Relief Payments, Federal Employees Benefit Payments, Unemployment Insurance (UI) Benefits-Reimbursable Employers, the Unemployment Insurance Administration Fund, the Workforce Investment Act, the DWS Training Trust Fund, the DWS Unemployment Insurance Fund, the Temporary Assistance for Needy Families (TANF) Block Grant Paying, and the appropriation for the Maintenance and General Operations of the Department due to the economic downturn. The request for this biennium remains at similar levels to ensure sufficient authority in the event the economic downturn continues through the 2011-2013 biennium.
- K. The Federal Workforce Investment Act (WIA) (P.L. 105-220) does not require separate appropriation for the operations of the Workforce Investment Board. DWS requests the appropriation in Fund FCG0100 and Fund Center 56Z (WIA Operations) move to Fund TES0100 and Fund Center 2SD (DWS Operations). DWS will meet federal operations requirements with this move.

- L. The Agency's position request is for one thousand two (1,002) Regular Salary positions. This includes eight hundred forty-six (846) currently budgeted positions with restoration of eighty three (83) authorized positions; a request to restore seventy-three (73) Miscellaneous Federal Grant and special language positions to the previously authorized level; as well as four hundred (400) Base Level Extra Help positions. These positions are requested based on the need to be able to provide prompt, quality service to Arkansans in a difficult labor market where both the need for unemployment and employment services is great. Should federal funding end, so will the additional requested positions.
- M. Requested appropriation for Operations (Appropriation 2SD) remains at similar levels as the last biennium to ensure sufficient authority in the event the economy does not improve through the 2011-2013 biennium, with changes only to reallocated Workforce Investment (Appropriation 56Z) to this appropriation and to reallocate the data processing commitment item due to its discontinued use.
- N. Requested appropriation for TANF/New Hire Registry (Appropriation 4KQ) remains at similar levels as the last biennium. The TANF ARRA appropriation has been discontinued.

### **Current Status**

The Agency operates 30 local offices, 7 satellite offices, 2 mobile offices, and the Hope Migrant Farm Labor Center located in Hope, Arkansas which provides services to legal immigrants.

### **Future Outlook**

The Agency is mostly federally funded, thus any action taken to balance the federal budget and eliminate the deficit can be expected to have an adverse impact on the Agency's funding level.

At this time DWS does not know what Congress is going to do about repayments of Title XII Advances and/or interest on Title XII Advances, but we anticipate that some payments will be required beginning in calendar year 2011. DWS is projecting advances will total \$400M by the end of 2010 and upwards of \$500M by the end of 2011. Note that some legislation will be proposed to increase collections and/or reduce benefits, but we don't know what affect that legislation will have because no one has decided on the legislation, yet.

## **AGENCY PROGRAM AREAS**

### **A. Public Labor Exchange System**

The Department of Workforce Services offers services to employers and to jobseekers at 30 local offices, 2 mobile offices, 7 satellite offices throughout the state as well as the Hope Migrant Farm Labor Center. Applicant services include job finding assistance to all persons legally

qualified to work; job referral, job development, and placement services for workers who are "job ready"; and assessment, counseling, and referral to available training for those not "job ready". Veteran's services are provided on a preferential basis as required by federal statute. Other special applicant groups such as youth, older workers, handicapped and economically disadvantaged receive special attention and referral to services that help in the removal of barriers to employment. Unemployment insurance claimants are given special attention to encourage and assist their re-entry into the workforce.

Employer services include: Assessment, screening, selection of qualified applicants for job referrals, labor surveys, recruitment of applicants in shortage occupations locally and nationwide, Career Readiness Certification, and conditionally certifying applicants for Work Opportunity Tax Credits.

Other services include: Cooperation with partner agencies providing services under the Workforce Investment Act (WIA), participation on workforce investment boards in local workforce investment areas to improve delivery of services, and provide Labor Market Information to educational and community-based organizations for use in preparing citizens for the world of work. The Agency also administers the Jobs for Veterans state grant provided by the Veterans Employment and Training Service to staff Local Veterans Employment Representatives and Disabled Veterans Outreach Program specialists in local offices dedicated to meeting the employment needs of veterans.

The delivery of service to both employers and applicants is enhanced by a computerized statewide order sharing system to bring applicants and employers together, thereby speeding up the placement process. To increase efficiency and save staff time in the delivery of services, DWS uses a computerized file search system to match job applicants with employer openings. This process, known as the Arkansas Job Link (AJL) is active in all local offices and One-Stop Centers in Arkansas.

#### **B. Workforce Investment Act Title I Programs; Adult, Youth and Dislocated Worker Employment Assistance**

The Department of Workforce Services serves as the Governor's Administrative Entity (GAE) for Arkansas programs funded by Title I of the federal Workforce Investment Act (WIA) of 1998. WIA seeks to provide needed employment and preparation services for adults, youth and dislocated workers through programs operated by agencies in the ten local workforce investment areas (LWIAs). Each area's Local Workforce Investment Board (LWIB) selects their operation entities. WIA program activities include core (e.g. employment information, employment self-service centers, etc.), intensive (e.g., comprehensive assessments, employment planning, and counseling, etc.) and training (e.g. classroom instruction, on-the-job training, etc.) activities. DWS monitors the fiscal and performance integrity of the Title I programs and provides technical assistance on the program, fiscal, and governance aspects of Title I.

DWS acts as the lead agency for the Governor's Dislocated Worker Task Force. Composed of DWS, the Department of Economic Development and the Arkansas American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), this group provides on-site rapid response assistance in the event of a business closing or major layoff. The assistance ranges from help in securing a replacement company for a vacated building to help for laid off individuals to find new employment or training for employment. The Task Force also helps the community and the individuals cope with the loss of employment.

DWS also serves as the staff of the State Workforce Investment Board. DWS serves as the fiscal agency for Title I of WIA. Workforce Investment Act dollars are distributed by formula under direction of the State WIB.

### **C. Unemployment Insurance Program**

The Arkansas Unemployment Insurance Program provides workers with protection against temporary loss of income during periods of involuntary unemployment. Tax rated employers subject to the Arkansas Department of Workforce Services law presently pay a quarterly payroll tax on the first \$12,000 of wages paid to each employee during the calendar year or, if the employer is a reimbursable employer, the employer repays the UI Trust Fund for all unemployment insurance benefits paid to their former employees. Tax rates for tax rated employers are determined by an experience rating system, which measures each employer's benefit risk and history of contributions and benefit payments. The tax rate calculation considers taxes paid in, benefits paid and charged to the employer's account and the average annual taxable payroll. In addition, a Stabilization Tax of up to 0.80% is added to the calculated tax rate based on the overall balance of the UI Trust Fund as compared to total payrolls for covered employment during the preceding calendar year. All tax rates are re-calculated each year.

As of July 1, 2010, an individual may qualify for a maximum weekly benefit of \$451, with the minimum weekly benefit being \$81 for up to 26 weeks of total unemployment. The maximum and minimum weekly benefit amounts are subject to change each July 1. (A.C.A. §11-10-502) As of March 2010, an individual's weekly benefit amount represents on average, approximately 42% of his/her average weekly wage.

During periods of high unemployment, individuals who have exhausted their regular benefits may be eligible for additional weeks of extended benefits under a program jointly funded by the State's Unemployment Insurance Trust Fund and the federal government; or under programs resulting entirely from special federal legislation. Special federal programs for extended benefits, when authorized, are 100% federally funded.

In addition to the regular and extended unemployment compensation programs, unemployment compensation is paid to former federal employees and ex-military personnel. Federal employee and ex-military unemployment benefits are funded entirely by federal funds.

Special benefits administered by DWS Unemployment Insurance Division are paid to workers whose jobs or hours of work and wages have been adversely affected by foreign imports and/or the transfer of jobs to foreign countries. These benefits are paid by authority of the Trade Act of 1974, as amended. When approved these benefits afford individual workers opportunities for retraining and relocation to a more favorable labor market area.

Another federal program is Disaster Unemployment Assistance (DUA), which provides special benefits for workers whose jobs are temporarily closed due to a natural disaster upon proclamation by the President. When DUA benefits are authorized, they are 100% federally funded.

When a potential issue related to an unemployment insurance claim is identified, a decision is rendered by the Department of Workforce Services based on the facts and the application of the Department of Workforce Services Law. Both the claimant and the employer are notified in writing of the decision. If either the claimant or employer objects to the decision, they may file an appeal as authorized by statute. The Appeal Tribunal is the first of two (2) administrative steps available to claimants and employers alike in resolving disputes related to unemployment insurance claims. Decisions of the Appeal Tribunal may be appealed by either party to the Board of Review.

The Board of Review will review the decision of the Appeal Tribunal when properly appealed by the claimant or employer. The Board of Review evaluates the facts of the record and either affirms, reverses or remands the Appeal Tribunal decision. Claimants and employers may appeal decisions of the Board of Review through the Arkansas Court of Appeals.

Unemployment Insurance fraud detection (both internal and external), overpayment prevention, and recovery are inherently important aspects of the Unemployment Insurance program. A toll-free "hotline" is available for anyone who wishes to report a suspected case of fraud or abuse and callers are not required to reveal their identity. A special computer software program cross-matches wages reported by employers with benefits paid to claimants. Unemployment Insurance investigators conduct on-site investigations of potentially fraudulent claims, and a close working relationship is maintained with county officials in order to prosecute persons fraudulently claiming benefits. Department of Workforce Services participates in the Benefit Accuracy Measures Program (BAM), as mandated by the US Department of Labor, which is based on comprehensive reviews for randomly sampled claims made statewide to determine the precise nature of any improper payments. The audit performed under the BAM program produces estimates of overpayment rates, underpayment rates and total error rates while identifying the source of the errors, whether it is the agency, the claimant, the employer or some other action. Department of Workforce Services also participates in the Benefit Payment Control Program (BPC) designed to identify overpayments by administrative and/or legal action. Finally, Department of Workforce Services also participates in the Tax Performance System (TPS) intended to ensure full and proper reporting of all wage items and the accurate and timely payment of taxes due from employers.

#### **D. Temporary Assistance for Needy Families/TANF**

The Temporary Assistance for Needy Families (TANF) program provides a wide variety of employment and training activities, supportive services, and benefits that will enable clients to get a job, keep a job, and improve their economic circumstances. The four purposes of TANF are to 1) provide assistance to needy families; 2) end dependence of needy parents by promoting job preparation, work and marriage; 3) prevent and reduce out-of-wedlock pregnancies; and 4) encourage the formation and maintenance of two-parent families.

State Maintenance of Effort Requirements - The TANF block grant program has an annual cost-sharing requirement referred to as "maintenance of effort" or "MOE." Every fiscal year each state must spend a certain minimum amount of its own money to help eligible families in ways that are consistent with the purposes of the TANF program. The required MOE amount is based on an "applicable percentage" of the state's (nonfederal) expenditure on Aid to Families with Dependent Children (AFDC) and the AFDC-related programs in 1994.



Congress reauthorized the TANF program through the Deficit Reduction Act of 2005. Although the Act requires states to meet higher rates of work participation, no significant changes were made in the program design beyond the initiatives and organizational changes prescribed by Act 1705 of 2005 and Act 514 of 2007.

**E. Other Special Employment and Training Services in Accordance with Local, State, and Federal Agencies**

Through contract or financial agreement, DWS:

Administers the Trade Adjustment Act to provide re-employment assistance and re-training to workers dislocated as a result of production moving to another country;

Administers the Work Opportunity Tax Credit Program;

Administers the Alien Certification Program to certify foreign workers for existing employer needs based on a market survey;

Inspects housing of agricultural workers who are legally eligible to work in the United States (as part of the agricultural Alien Labor Certification Program);

Operates the Hope Migrant Farm Labor Center. HMFLC, provides overnight accommodations, employment, health, and education services in cooperation with other agencies to legal immigrants. These immigrants provide agricultural services throughout the mid west corridor from Rio Grande Valley Texas to Michigan and as far north as upstate New York.

**F. Labor Market Information**

The Labor Market Information (LMI) program is administered by the U.S. Department of Labor through three (3) organizations: the Employment and Training Administration (ETA), the Bureau of Labor Statistics (BLS), and the State Workforce Agency (SWA). By the Governor's proclamation through the recommendation of the Arkansas Department of Workforce Education and its Board, DWS also carries out the LMI functions of Section 118 of the Carl Perkins Act.

1. The ETA is responsible for funding, monitoring, and evaluating the LMI activities relating to the development of state and local market information.
2. The BLS is responsible for developing methods and procedures for federal-state programs. The Bureau is authorized to collect labor market information and reimburse SWA's to provide national statistical information. More specifically, BLS is responsible for funding, administering, and providing technical guidance for the Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Occupational Employment Statistics (OES), Quarterly Census of Employment and Wages (QCEW), and the Mass Layoff Statistics (MLS) programs.

3. SWA's Occupational-Career Information/BLS sections carry out the basic work in compliance with the ETA's policies and the BLS technical directives.
4. Section 118 of the Carl Perkins Act provides language to the states to develop and distribute LMI through a State Career Resource Network. Upon recommendation of the Arkansas Department of Workforce Education, the Governor has designated DWS to handle this responsibility.

The Labor Market Information program in Arkansas provides six (6) basic types of information output services:

1. Occupational employment projections, employment supply and demand data, labor force statistics on employment and unemployment, and employment estimates by industry are produced for the state and many of its labor market areas. This information, with other Labor Market Information (LMI) is available via Internet through LMI's web portal. Through this portal, the DWS/LMI is able to provide instant industry, occupational, career, and workforce information to its many customers including counselors, employers, planners, job seekers, and others needing occupational, career, and workforce information.
2. Computerized delivery of a career information delivery system (CIDS) provides guidance personnel, students, training program participants, and other job seekers access to the Career Resource Network of Information. The Arkansas Occupation and Skill Computer-Assisted Researcher (ARKOSCAR) is available online and the system is updated as needed.
3. A computerized delivery of educational training provider services provided is found in the Arkansas Consumer Reporting System (ACRS). This system is designed for two different but complimentary purposes. First, it is intended to be a reference for any Arkansan wishing to pursue post-secondary education. Secondly, it is intended to assist in the automation of applications submitted by education providers who wish to become or remain eligible training providers under the Workforce Investment Act. DWS has attempted to include all Arkansas postsecondary educational institutions, as well as out-of-state post-secondary educational institutions that are certified by the Arkansas Board of Private Career Education.
4. A computerized Lifestyle Budget Calculator program that serves as a learning tool for students and jobseekers. It shows how education impacts earnings, how living expenses add up, and which careers can support a preferred type of lifestyle. The site uses Labor Market Information data from the Occupational Employment Statistics (OES) Wage survey and the Short and Long Term Projections Programs. It also uses information from the American Chamber of Commerce Researchers Association Cost of Living Index, and Department of Labor's America's Career InfoNet.

5. Publications that provide the following type of labor market information on the Internet and in hard copy format are produced on a regular basis: monthly analyses of total employment, unemployment, industrial employment, and hours and earnings statistics for the state and major labor areas; monthly labor force estimates and unemployment rates for the state and 75 counties; annual affirmative action information for the state and its 75 counties; annual planning information for the state, local workforce investment areas (LWIAs) and metropolitan statistical areas (MSAs); projections by industry and occupation for the state and LWIAs; and wage data for manufacturing industries and occupations within those industries for the state, LWIAs and 75 counties. A directory of labor market information publications is also available.
6. Technical assistance and training in the availability and use of labor market information are offered. Additionally, materials are distributed for pre-service, and in-service counselor education and training needs. Also, training on the availability and uses of LMI, occupational and career information is now being offered through the LMI training seminars conducted by DWS LMI professionals.
7. Research and special projects are conducted to update labor market information techniques and output, particularly those that streamline programs through computerization.

Labor Market Information is needed by planners and administrators who decide which programs best develop and use the state's human resources. The LMI Program allows DWS to place current occupational and industrial labor market information in Arkansas schools through the delivery of both hard copy publication and data via the Internet, as well as through customized personal visits by LMI staff. These delivery techniques provide educational administrators, teachers, and counselors with the information needed to assist education officials in establishing specific training to meet labor shortages, and to assist students in selecting appropriate careers. Through these vital program linkages, students, counselors, job seekers, planners, and administrators develop a better knowledge of the state's economic conditions and labor needs.

Labor Market Information is used by Congress to allocate billions of dollars for employment and training programs, economic development and public work projects conducted by local, state, and national governments. Also, LMI development and use is an integral part of the Arkansas Workforce Center operations. Many new pamphlets, flyers, publications, internet and CD-ROM materials, and other additions to the career and planning information systems are being developed primarily for use in these centers and Arkansas' educational institutions.

## **G. Maintenance and Operations**

DWS is requesting to continue the appropriation section named "Operations" requesting \$2,419,001 for Capital Outlay. This has previously been authorized in the previous biennium. This appropriation request for each year of the biennium is for various IT projects that include working on the mainframe and updating the reporting system which performs all federal accounting functions for the Agency and maintains compliance with federal reporting requirements. This IT Plan has been approved by the Office of Intergovernmental Services.

## I. Arkansas Workforce Centers

Arkansas Workforce Centers provide locally developed and operated services linking employers and jobseekers through a statewide delivery system. Convenient "one-stop" centers are designed to eliminate the need to visit different locations.

The Centers integrate multiple workforce development programs into a single system, making the resources much more accessible and user friendly to jobseekers as well as expanding services to employers.

Arkansas Workforce Centers are designed "by employers for employers" to find and train qualified workers and help jobseekers find new opportunities.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS DEPARTMENT OF WORKFORCE SERVICES  
SINGLE AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

**Finding Number:** 09-810-01  
**State/Educational Agency:** Arkansas Department of Workforce Services  
**CFDA Number(s) and Program Title(s):** 93.558 - Temporary Assistance for Needy Families

(TANF Cluster)

**Federal Award Number(s):**  
**Federal Award Year(s):** Y/E June 30, 2009  
**Compliance Requirement(s) Affected:** Administrative Cost Limits  
**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:**

Management is responsible for establishing and maintaining effective internal control over administrative amounts charged to grants in order to not exceed administrative cost limits.

Management should amend the ACF quarterly financial status report to appropriately classify costs. If administrative costs still exceed the allowable limit, management should reimburse the United States Department of Health and Human Services.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS DEPARTMENT OF WORKFORCE SERVICES  
 SINGLE AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

**Condition:**

In order to test compliance with respect to administrative cost limits, a sample of three ACF-196 quarterly reports was chosen. One of the ACF-196 quarterly reports reported administrative costs in excess of administrative cost limits.

**Questioned Cost:**

Noted \$1,014,047 in excess of allowable limit charged to administrative costs on the ACF-196 quarterly financial status report.

**Cause:**

Potential program expenses were charged as administrative costs and sufficient controls were not in place to ensure administrative cost limits were not exceeded.

**Effect:**

Federal regulations were not followed and administrative costs of \$1,014,047 were questioned.

**Employment Summary**

	Male	Female	Total	%
White Employees	158	309	467	52 %
Black Employees	80	338	418	46 %
Other Racial Minorities	5	9	14	2 %
Total Minorities			432	48 %
Total Employees			899	100 %

## Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1770300	\$0	Emergency Cash Fund for Local Workforce Investment Boards	Bank of America

### Statutory/Other Restrictions on use:

Act 212 does not contain this appropriation. Legislative Council approved the fund for State Fiscal Years 2010 and 2011.

### Statutory Provisions for Fees, Fines, Penalties:

Approved by Legislative Council for State Fiscal Years 2010 and 2011. ADWS is requesting this as new appropriation for 2011-2013.

### Revenue Receipts Cycle:

Federal Revenue deposited as needed.

### Fund Balance Utilization:

A fund balance will not be maintained.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Mission Statement and Report of Activity	A.C.A. §11-10-306 (e)	Y	N	33	To meet the requirements of A.C.A. §11-10-306 (e) and to have sufficient copies for interested parties.
Annual Report to the Arkansas Legislature on the Individual Development Account (IDA ) program	A.C.A. §20-86-113	N	Y	10	The annual report on the status of the IDA program is given to the Public Health, Welfare and Labor Committee as required by A.C.A. §20-86-113.
Arkansas Transitional Employment Assistance (TEA) Program Bi-Annual Report on Families Sanctioned and Outcomes of Home visits	A.C.A. §20-76-410 Section 9(c)(l)(f) as amended	Y	Y	20	The Department shall submit a bi-annual report on families sanctioned and the outcomes of the home visits to the Governor and the House and Senate Interim Committees on Public Health, Welfare and Labor

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Independent Evaluator report for the TEA and Work Pays Programs	A.C.A. §20-76-104 (a)(3)	Y	Y	20	The Department shall submit a bi-annual report on families served through the Transitional Employment Assistance and Arkansas Work Pays Program.
Performance Progress Report	A.C.A. §20-76-113 (c)(2)	Y	Y	20	The Department shall submit a bi-annual report on the progress of achieving the performance indicators set for the TEA and Work Pays programs by December and June 10 of each year.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2RD Administration Building Upkeep	0	0	227,500	0	227,500	0	227,500	0	0	0	0	0	227,500	0	0	0	0	0
2RE Building and Land Acquisition	0	0	150,000	0	150,000	0	150,000	0	0	0	0	0	150,000	0	0	0	0	0
2RF Annual Assessments	0	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0
2SA Rent of Buildings	0	0	48,354	0	48,354	0	48,354	0	0	0	0	0	48,354	0	0	0	0	0
2SB Special Improvement District Taxes	0	0	500	0	500	0	500	0	0	0	0	0	500	0	0	0	0	0
2SC Excess Unemploy Benefits/Expenses	2,198,833	0	10,878,035	0	10,878,035	0	10,878,035	0	11,304,389	0	11,304,389	0	10,878,035	0	11,304,389	0	11,304,389	0
2SD Operations	62,953,721	924	65,395,413	955	89,911,140	927	57,941,170	846	92,244,986	1,002	84,244,986	1,002	57,941,170	846	92,244,986	1,002	84,244,986	1,002
2SE Workforce Investment Act	42,658,259	0	35,595,894	0	82,459,948	0	27,895,894	0	73,500,000	0	63,500,000	0	27,895,894	0	72,500,000	0	62,500,000	0
2SF UI Trust Fund Loan Interest	81,354	0	3,000,001	0	3,000,001	0	3,000,001	0	28,000,000	0	28,000,000	0	3,000,001	0	28,000,000	0	28,000,000	0
35Q DWS Training Trust Fund	1,054,311	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
35R DWS Unemployment Insurance Fund	0	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
4KP TANF-IDA	868,379	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0
4KQ TANF Block Grant Paying/New Hire Registry	13,884,450	49	39,501,053	51	106,200,000	0	39,501,053	0	100,000,000	0	64,501,053	0	39,501,053	0	100,000,000	0	64,501,053	0
56Z Workforce Investment	7,644	0	328,526	1	1,099,152	2	276,486	0	0	0	0	0	276,486	0	0	0	0	0
C27 Unemployment Benefits & Expenses - Cash	8,270,238	0	20,000,001	0	20,000,001	0	20,000,001	0	131,250,000	0	131,250,000	0	20,000,001	0	131,250,000	0	131,250,000	0
C28 Federal Employees Benefit-Cash	128,470,620	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0
C29 U I Benefits - Taxable Employers - Cash	495,900,085	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0
C30 U I Benefits-Reimb Employers - Cash	19,116,167	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0
C31 Bldg Improvmt/Land-Reed Act	0	0	0	0	38,500,000	0	0	0	38,500,000	0	38,500,000	0	0	0	38,500,000	0	38,500,000	0
C48 Federal Employee Benefits-ARRA	425,286,074	0	363,880,000	0	363,880,000	0	0	0	200,000,000	0	200,000,000	0	0	0	100,000,000	0	100,000,000	0
C49 UI Modernization - ARRA*	50,374,239	0	9,595,103	0	59,969,332	0	0	0	9,595,093	0	9,595,093	0	0	0	9,595,093	0	9,595,093	0
C56 Loans to Local WIBs	0	0	0	0	0	0	0	0	1,500,000	0	1,500,000	0	0	0	1,500,000	0	1,500,000	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
C45 Training Allow-ARRA	0	0	0	0	7,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0
C46 Payment to Participating Contractors-ARRA	0	0	0	0	3,750,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,251,124,374</b>	<b>973</b>	<b>1,410,326,380</b>	<b>1,007</b>	<b>1,649,299,963</b>	<b>929</b>	<b>1,021,644,994</b>	<b>846</b>	<b>1,547,620,468</b>	<b>1,002</b>	<b>1,494,121,521</b>	<b>1,002</b>	<b>1,021,644,994</b>	<b>846</b>	<b>1,446,620,468</b>	<b>1,002</b>	<b>1,393,121,521</b>	<b>1,002</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	22,283,968	1.7	30,039,906	2.1	22,949,700	2.2	22,949,700	1.5	22,949,700	1.5	43,154,650	4.0	17,728,297	1.2	17,728,297	1.3
General Revenue	4000010	3,594,319	0.3	3,775,642	0.3	3,775,642	0.4	3,775,642	0.2	3,775,642	0.2	3,775,642	0.3	3,775,642	0.3	3,775,642	0.3
Federal Revenue	4000020	1,245,151,994	97.2	1,383,277,689	96.5	994,596,303	93.4	1,495,571,778	95.5	1,442,072,831	95.4	994,596,303	91.7	1,394,571,778	95.6	1,341,072,831	95.4
Stabilization Tax	4000033	6,836,732	0.5	10,000,000	0.7	10,000,000	0.9	10,000,000	0.6	10,000,000	0.7	10,000,000	0.9	10,000,000	0.7	10,000,000	0.7
Advance Interest Funds	4000070	75,121	0.0	75,000	0.0	26,943,802	2.5	26,943,802	1.7	26,943,802	1.8	26,943,802	2.5	26,943,802	1.8	26,943,802	1.9



Funding Sources			%		%		%		%		%		%		%				
Employer Penalties & Interest	4000225	4,117,362	0.3	7,165,184	0.5			7,591,538	0.7	7,165,184	0.5	7,165,184	0.5	7,591,538	0.7	7,165,184	0.5	7,165,184	0.5
Other	4000370	61,221	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to DHS-DCO	4000612	(956,437)	(0.1)	(1,057,341)	(0.1)			(1,057,341)	(0.1)	(1,057,341)	(0.1)	(1,057,341)	(0.1)	(1,057,341)	(0.1)	(1,057,341)	(0.1)	(1,057,341)	(0.1)
Total Funds		1,281,164,280	100.0	1,433,276,080	100.0			1,064,799,644	100.0	1,565,348,765	100.0	1,511,849,818	100.0	1,085,004,594	100.0	1,459,127,362	100.0	1,405,628,415	100.0
Excess Appropriation/(Funding)		(30,039,906)		(22,949,700)				(43,154,650)		(17,728,297)		(17,728,297)		(63,359,600)		(12,506,894)		(12,506,894)	
Grand Total		1,251,124,374		1,410,326,380				1,021,644,994		1,547,620,468		1,494,121,521		1,021,644,994		1,446,620,468		1,393,121,521	

Budget Number of Positions may exceed Authorized Number in Operations (Appropriation 2SD) and TANF Block Grant Paying & New Hire Registry (Appropriation 4KQ) due to a transfer from the Miscellaneous Federal Grant Holding Account and a single salary section in appropriation act.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
797	785	5	790	7	1.51 %	929	930	0	930	-1	-0.11 %	929	962	45	1007	-78	-3.55 %

FY10 & FY11 Budget Number of Positions exceed the Authorized Number due to transfers from the Miscellaneous Federal Grant Holding Account.

## **Analysis of Budget Request**

**Appropriation:** 2RD - Administration Building Upkeep

**Funding Sources:** TZS - DWS Special Fund

The Administration Building Upkeep appropriation provides for maintenance, repairs, equipment, furnishing, and upkeep of the Administration Building and all other Agency owned buildings and the adjacent parking areas of these buildings. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Request provides to reallocate this appropriation to Excess Unemployment Benefits and Expenses (Appropriation 2SC) and to discontinue this appropriation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2RD - Administration Building Upkeep

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Construction 5090005	0	227,500	227,500	227,500	0	0	227,500	0	0
Total	0	227,500	227,500	227,500	0	0	227,500	0	0
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	0	227,500		227,500	0	0	227,500	0	0
Total Funding	0	227,500		227,500	0	0	227,500	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	227,500		227,500	0	0	227,500	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Excess Unemployment Benefits & Expenses (Appropriation 2SC).

## Change Level by Appropriation

**Appropriation:** 2RD - Administration Building Upkeep  
**Funding Sources:** TZS - DWS Special Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>227,500</b>	<b>0</b>	<b>227,500</b>	<b>100.0</b>	<b>227,500</b>	<b>0</b>	<b>227,500</b>	<b>100.0</b>
C04	Reallocation	(227,500)	0	0	0.0	(227,500)	0	0	0.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>227,500</b>	<b>0</b>	<b>227,500</b>	<b>100.0</b>	<b>227,500</b>	<b>0</b>	<b>227,500</b>	<b>100.0</b>
C04	Reallocation	(227,500)	0	0	0.0	(227,500)	0	0	0.0

### Justification

C04	The Agency requests to consolidate this appropriation with Excess Unemployment Benefits/Expenses (Appropriation 2SC).
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## **Analysis of Budget Request**

**Appropriation:** 2RE - Building and Land Acquisition

**Funding Sources:** TZS - DWS Special Fund

The Building and Land Acquisition appropriation is utilized by the Department of Workforce Services for the acquisition of buildings and land, construction of buildings, and/or modification of existing buildings outside the Pulaski County area. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Request provides to reallocate this appropriation to Excess Unemployment Benefits and Expenses (Appropriation 2SC) and to discontinue this appropriation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2RE - Building and Land Acquisition

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Construction 5090005	0	150,000	150,000	150,000	0	0	150,000	0	0
Total	0	150,000	150,000	150,000	0	0	150,000	0	0
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	0	150,000		150,000	0	0	150,000	0	0
Total Funding	0	150,000		150,000	0	0	150,000	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	150,000		150,000	0	0	150,000	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Excess Unemployment Benefits & Expenses (Appropriation 2SC).

## Change Level by Appropriation

**Appropriation:** 2RE - Building and Land Acquisition  
**Funding Sources:** TZS - DWS Special Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>150,000</b>	<b>0</b>	<b>150,000</b>	<b>100.0</b>	<b>150,000</b>	<b>0</b>	<b>150,000</b>	<b>100.0</b>
C04	Reallocation	(150,000)	0	0	0.0	(150,000)	0	0	0.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>150,000</b>	<b>0</b>	<b>150,000</b>	<b>100.0</b>	<b>150,000</b>	<b>0</b>	<b>150,000</b>	<b>100.0</b>
C04	Reallocation	(150,000)	0	0	0.0	(150,000)	0	0	0.0

### Justification

C04	The Agency requests to consolidate this appropriation with Excess Unemployment Benefits/Expenses (Appropriation 2SC).
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## **Analysis of Budget Request**

**Appropriation:** 2RF - Annual Assessments

**Funding Sources:** TZS - DWS Special Fund

The Annual Assessments appropriation pays the annual assessment to maintain voting member rights in the National Association of Workforce Agencies. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2RF - Annual Assessments

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Annual Assessment 5900046	0	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Total	0	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	0	26,000		26,000	26,000	26,000	26,000	26,000	26,000
Total Funding	0	26,000		26,000	26,000	26,000	26,000	26,000	26,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	26,000		26,000	26,000	26,000	26,000	26,000	26,000

## **Analysis of Budget Request**

**Appropriation:** 2SA - Rent of Buildings

**Funding Sources:** TZS - DWS Special Fund

The Rent of Buildings appropriation allows the Department of Workforce Services to utilize the Department of Workforce Services Special Fund for the rent of buildings when the U.S. Department of Labor determines, for an unforeseen reason, that federal funds are not appropriate for rent on a particular facility. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Request provides to reallocate this appropriation to Excess Unemployment Benefits and Expenses (Appropriation 2SC) and to discontinue this appropriation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SA - Rent of Buildings  
**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Rent of Buildings 5900022	0	48,354	48,354	48,354	0	0	48,354	0	0
Total	0	48,354	48,354	48,354	0	0	48,354	0	0
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	0	48,354		48,354	0	0	48,354	0	0
Total Funding	0	48,354		48,354	0	0	48,354	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	48,354		48,354	0	0	48,354	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Excess Unemployment Benefits & Expenses (Appropriation 2SC).

## Change Level by Appropriation

**Appropriation:** 2SA - Rent of Buildings  
**Funding Sources:** TZS - DWS Special Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>48,354</b>	<b>0</b>	<b>48,354</b>	<b>100.0</b>	<b>48,354</b>	<b>0</b>	<b>48,354</b>	<b>100.0</b>
C04	Reallocation	(48,354)	0	0	0.0	(48,354)	0	0	0.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>48,354</b>	<b>0</b>	<b>48,354</b>	<b>100.0</b>	<b>48,354</b>	<b>0</b>	<b>48,354</b>	<b>100.0</b>
C04	Reallocation	(48,354)	0	0	0.0	(48,354)	0	0	0.0

### Justification

C04	The Agency requests to consolidate this appropriation with Excess Unemployment Benefits/Expenses (Appropriation 2SC).
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## **Analysis of Budget Request**

**Appropriation:** 2SB - Special Improvement District Taxes

**Funding Sources:** TZS - DWS Special Fund

The Special Improvement District Taxes appropriation allows the Department of Workforce Services to pay any required city or county Special Improvement District Taxes. These taxes are levied on local DWS offices. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Request provides to reallocate this appropriation to Excess Unemployment Benefits and Expenses (Appropriation 2SC) and to discontinue this appropriation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SB - Special Improvement District Taxes

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Special Improvement District Tax 5900046	0	500	500	500	0	0	500	0	0
Total	0	500	500	500	0	0	500	0	0
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	0	500		500	0	0	500	0	0
Total Funding	0	500		500	0	0	500	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	500		500	0	0	500	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Excess Unemployment Benefits & Expenses (Appropriation 2SC).

## Change Level by Appropriation

**Appropriation:** 2SB - Special Improvement District Taxes  
**Funding Sources:** TZS - DWS Special Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>100.0</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>100.0</b>
C04	Reallocation	(500)	0	0	0.0	(500)	0	0	0.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>100.0</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>100.0</b>
C04	Reallocation	(500)	0	0	0.0	(500)	0	0	0.0

### Justification

C04	The Agency requests to consolidate this appropriation with Excess Unemployment Benefits/Expenses (Appropriation 2SC).
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## **Analysis of Budget Request**

**Appropriation:** 2SC - Excess Unemploy Benefits/Expenses

**Funding Sources:** TZS - DWS Special Fund

The Excess Unemployment Benefits and Expenses appropriation is utilized by the Department of Workforce Services for payment of administrative expenditures in excess of other funding sources due to reductions in federal funds. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Change Level Request provides to reallocate Administration Building Upkeep (Appropriation 2RD), Building & Land Acquisition (Appropriation 2RE), Rent of Buildings (Appropriation 2SA), and Special Improvement District Taxes (Appropriation 2SB) to this appropriation. Each of these appropriations are funded from the Department of Workforce Services Special Fund. Combining them would merge these functions into a single program with no net increase in appropriation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SC - Excess Unemploy Benefits/Expenses

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Construction	5090005	0	0	0	0	377,500	377,500	0	377,500	377,500
Rent of Buildings	5900022	0	0	0	0	48,354	48,354	0	48,354	48,354
Payment/Expenses	5900046	2,198,833	10,878,035	10,878,035	10,878,035	10,878,535	10,878,535	10,878,035	10,878,535	10,878,535
<b>Total</b>		<b>2,198,833</b>	<b>10,878,035</b>	<b>10,878,035</b>	<b>10,878,035</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>10,878,035</b>	<b>11,304,389</b>	<b>11,304,389</b>
<b>Funding Sources</b>										
Fund Balance	4000005	10,577,086	12,495,615		8,330,410	8,330,410	8,330,410	4,591,559	4,165,205	4,165,205
Employer Penalties & Interest	4000225	4,117,362	6,712,830		7,139,184	7,139,184	7,139,184	7,139,184	7,139,184	7,139,184
<b>Total Funding</b>		<b>14,694,448</b>	<b>19,208,445</b>		<b>15,469,594</b>	<b>15,469,594</b>	<b>15,469,594</b>	<b>11,730,743</b>	<b>11,304,389</b>	<b>11,304,389</b>
Excess Appropriation/(Funding)		(12,495,615)	(8,330,410)		(4,591,559)	(4,165,205)	(4,165,205)	(852,708)	0	0
<b>Grand Total</b>		<b>2,198,833</b>	<b>10,878,035</b>		<b>10,878,035</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>10,878,035</b>	<b>11,304,389</b>	<b>11,304,389</b>

## Change Level by Appropriation

**Appropriation:** 2SC - Excess Unemploy Benefits/Expenses  
**Funding Sources:** TZS - DWS Special Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>10,878,035</b>	<b>0</b>	<b>10,878,035</b>	<b>100.0</b>	<b>10,878,035</b>	<b>0</b>	<b>10,878,035</b>	<b>100.0</b>
C04	Reallocation	426,354	0	11,304,389	103.9	426,354	0	11,304,389	103.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>10,878,035</b>	<b>0</b>	<b>10,878,035</b>	<b>100.0</b>	<b>10,878,035</b>	<b>0</b>	<b>10,878,035</b>	<b>100.0</b>
C04	Reallocation	426,354	0	11,304,389	103.9	426,354	0	11,304,389	103.9

### Justification

C04	The Agency requests to consolidate Administration Building Upkeep (Appropriation 2RD), Building & Land Acquisition (Appropriation 2RE), Rent of Buildings (Appropriation 2SA), and Special Improvement District Taxes (Appropriation 2SB) with this appropriation.
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## **Analysis of Budget Request**

**Appropriation:** 2SD - Operations

**Funding Sources:** TES - DWS Trust Fund

The Department of Workforce Services Trust Fund (A.C.A. §19-5-912) provides operational support for the various programs of the Department. Funding for this appropriation is derived from revenues authorized by the federal government for support of various programs, any interest earned on these revenues, and any other funds made available by the Arkansas General Assembly. This program also receives federal funding from the American Recovery & Reinvestment Act of 2009 (ARRA).

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum.

The Agency's Change Level Requests totaling \$34,303,816 each year reflect the following:

- Regular Salaries increases of \$4,254,850 and Personal Services Matching of \$1,573,824 each year to support the restoration of eighty-three (83) previously authorized positions that were not budgeted in FY2011, fifty-six (56) positions authorized by the Miscellaneous Federal Programs Act (including nine established under ARRA), and seventeen (17) positions authorized by Special Language in the Agency's appropriation act. Use of these positions is contingent on available funding.
- Reclassifications of seven (7) positions, including one (1) DWS Program Operations Manager (G127C/C120) to Agency Administrative Review Officer (G138C/C120); two (2) Agency Administrative Review Officers (G138C/C120) to DWS Program Operations Managers (G127C/C120); one (1) Database Analyst (D062C/C119) to Information Systems Coordination Specialist (D061C/C119); one (1) Grants Analyst (G180C/C117) to Legal Services Specialist (G179C/C117); one (1) Budget Specialist (R027C/C117) to Human Resources Specialist (R025C/C117); and one (1) Administrative Analyst (C037C/C115) to DWS UI Claim Technician (C032C/C115). These are title changes only, and will not result in any increase in salaries.
- Operating Expenses increases of \$21,943,353 each year to restore appropriation to the previously authorized level, including \$8,400,967 from previously authorized Data Processing due to the discontinued use of this commitment item, and a reallocation of \$222,394 from Workforce Investment (Appropriation 56Z) that the Agency proposes to merge with this appropriation. Depending on the state of the economy at any given time, the Agency can have significant shifts in needs over the course of a biennium. The Agency's request to restore previously authorized appropriation levels represents a "worst case" scenario.
- Conference and Travel Expenses increases of \$656,025 each year reflects the previously authorized appropriation level, plus a reallocation of \$24,092 from Workforce Investment (Appropriation 56Z).

- Professional Fees increases of \$159,549 each year represents a reallocation from Base Level Data Processing of \$129,549 due to the discontinuance of this commitment item and a \$30,000 from Workforce Investment (Appropriation 56Z).
- Data Processing reduction of (\$129,549) each year due to discontinued use of this commitment item.
- Capital Outlay of \$2,419,001 each year to restore the previously authorized appropriation level.
- ARRA 2009 of \$3,426,763 to provide for restoration of nine (9) positions established under authority of the Miscellaneous Federal Programs Act and \$3 million each year for grant funding from the American Recovery and Reinvestment Act of 2009 that may continue into FY2012 and FY2013. Expenditure of appropriation is contingent upon available funding.

The Executive Recommendation provides for the Agency Request with the exception of \$8 million in Operating Expenses each year.

## Appropriation Summary

**Appropriation:** 2SD - Operations

**Funding Sources:** TES - DWS Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	28,327,870	33,285,572	33,796,581	31,363,781	35,618,631	35,618,631	31,363,781	35,618,631	35,618,631
<b>#Positions</b>		<b>924</b>	<b>955</b>	<b>927</b>	<b>846</b>	<b>1,002</b>	<b>1,002</b>	<b>846</b>	<b>1,002</b>	<b>1,002</b>
Extra Help	5010001	4,465,942	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000
<b>#Extra Help</b>		<b>336</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Personal Services Matching	5010003	9,160,409	10,654,683	11,323,377	10,841,624	12,415,448	12,415,448	10,841,624	12,415,448	12,415,448
Overtime	5010006	32,689	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Operating Expenses	5020002	11,875,728	9,778,552	23,098,544	9,778,552	31,721,905	23,721,905	9,778,552	31,721,905	23,721,905
Conference & Travel Expenses	5050009	123,769	49,560	681,493	49,560	705,585	705,585	49,560	705,585	705,585
Professional Fees	5060010	497,765	1,625,104	1,625,104	1,625,104	1,784,653	1,784,653	1,625,104	1,784,653	1,784,653
Data Processing	5090012	3,264,007	129,549	8,530,516	129,549	0	0	129,549	0	0
Capital Outlay	5120011	1,327,099	1,947,293	2,419,001	0	2,419,001	2,419,001	0	2,419,001	2,419,001
ARRA 2009	5900052	3,878,443	3,772,100	4,283,524	0	3,426,763	3,426,763	0	3,426,763	3,426,763
<b>Total</b>		<b>62,953,721</b>	<b>65,395,413</b>	<b>89,911,140</b>	<b>57,941,170</b>	<b>92,244,986</b>	<b>84,244,986</b>	<b>57,941,170</b>	<b>92,244,986</b>	<b>84,244,986</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	62,953,721	65,395,413		57,941,170	92,244,986	84,244,986	57,941,170	92,244,986	84,244,986
<b>Total Funding</b>		<b>62,953,721</b>	<b>65,395,413</b>		<b>57,941,170</b>	<b>92,244,986</b>	<b>84,244,986</b>	<b>57,941,170</b>	<b>92,244,986</b>	<b>84,244,986</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>62,953,721</b>	<b>65,395,413</b>		<b>57,941,170</b>	<b>92,244,986</b>	<b>84,244,986</b>	<b>57,941,170</b>	<b>92,244,986</b>	<b>84,244,986</b>

The FY11 Budget Number of Positions exceeds Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 2SD - Operations  
**Funding Sources:** TES - DWS Trust Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	57,941,170	846	57,941,170	100.0	57,941,170	846	57,941,170	100.0
C01	Existing Program	27,710,734	83	85,651,904	147.8	27,710,734	83	85,651,904	147.8
C03	Discontinue Program	(2,905,962)	(72)	82,745,942	142.8	(2,905,962)	(72)	82,745,942	142.8
C04	Reallocation	276,486	0	83,022,428	143.3	276,486	0	83,022,428	143.3
C06	Restore Position/Approp	2,889,833	64	85,912,261	148.3	2,889,833	64	85,912,261	148.3
C10	Reclass	0	0	85,912,261	148.3	0	0	85,912,261	148.3
C16	ARRA	6,332,725	81	92,244,986	159.2	6,332,725	81	92,244,986	159.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	57,941,170	846	57,941,170	100.0	57,941,170	846	57,941,170	100.0
C01	Existing Program	19,710,734	83	77,651,904	134.0	19,710,734	83	77,651,904	134.0
C03	Discontinue Program	(2,905,962)	(72)	74,745,942	129.0	(2,905,962)	(72)	74,745,942	129.0
C04	Reallocation	276,486	0	75,022,428	129.5	276,486	0	75,022,428	129.5
C06	Restore Position/Approp	2,889,833	64	77,912,261	134.5	2,889,833	64	77,912,261	134.5
C10	Reclass	0	0	77,912,261	134.5	0	0	77,912,261	134.5
C16	ARRA	6,332,725	81	84,244,986	145.4	6,332,725	81	84,244,986	145.4

### Justification

C01	Positions: Eighty-three (83) positions were not initially included in the budget but have been identified as necessary to continue to serve the citizens of Arkansas. We are requesting that these positions be restored to the previously authorized level (Regular Salaries - \$2,110,909, Personal Services Matching \$827,932); Operating Expenses: includes request to restore appropriation to previously authorized level (\$13,319,992), as well as to restore Data Processing to Operating Expenses due to the discontinued use of the DP commitment item (\$8,400,967); Conference & Travel Fees - Restore the previously authorized level (\$631,933); Capital Outlay - Restore to the previously authorized level (\$2,419,001).
C03	Seventy-two (72) ARRA positions are being discontinued because the funding will no longer be available (Regular Salaries: -\$2,126,303; Personal Services Matching: -\$779,659).
C04	Reallocation reflects consolidation of Workforce Investment (Appropriation 56Z) with this appropriation (Operating Expenses: \$222,394; Conference & Travel Fees \$24,092; Professional Fees \$30,000). Workforce Investment Board positions were merged with this appropriation as Base Level/Change Level 01 due to single salary section in appropriation act.
C06	Restoring forty-seven (47) MFG and seventeen (17) Special Language positions. Due to the current, ongoing economic crisis, it is necessary to have these positions in order to be able to assist Arkansas citizens with both unemployment and employment services. ADWS will have the funding to support these positions (Regular Salaries: \$2,143,941; Personal Services Matching \$745,892).
C10	We request the following position title changes: one (1) DWS Program Operations Manager (G127C/C120) to Agency Administrative Review Officer (G138C/C120); two (2) Agency Administrative Review Officers (G138C/C120) to DWS Program Operations Managers (G127C/C120); one (1) Database Analyst (D062C/C119) to Information Systems Coordination Specialist (D061C/C119); one (1) Grants Analyst (G180C/C117) to Legal Services Specialist (G179C/C117); one (1) Budget Specialist (R027C/C117) to Human Resources Specialist (R025C/C117); and one (1) Administrative Analyst (C037C/C115) to DWS UI Claim Technician (C032C/C115). These changes will not result in any increase in salaries.
C16	Of eighty-one (81) ARRA positions, seventy-two (72) are being discontinued as funding is ending (see Change Level 03). Nine (9) positions are needed to continue to service our customers and the funding will be available to do so (Regular Salaries: \$318,359; Personal Services Matching: \$108,404). In addition, the Agency requests to continue \$3 million in ARRA 2009 appropriation for programs that extend beyond the original two year timeline of the ARRA.

## **Analysis of Budget Request**

**Appropriation:** 2SE - Workforce Investment Act

**Funding Sources:** FCG - Federal Funds

The Workforce Investment Act appropriation provides for payment of federal funds to agencies in the ten local workforce investment areas (LWIAs). These programs provide needed employment and employment preparation services for adults, youth, and dislocated workers. Funding for this appropriation is provided by federal funds derived from the Workforce Investment Act of 1998, Public Law 105-220 and the American Recovery & Reinvestment Act of 2009.

The Agency's Change Level Request totaling \$45,604,106 each year provides for the following:

- Grants & Aid increases of \$42,104,106 to restore the previously authorized level. Expenditure of appropriation is contingent upon available federal funding.
- Restoration of ARRA 2009 of \$3,500,000 in FY2012 and \$2,500,000 in FY2013. While the formula grant funding will be expensed prior to June 30, 2011, there are still discretionary grants that the Agency can apply for. Funding for these awards will extend into the 2011-2013 Biennium.

The Executive Recommendation provides for the Agency Request with the exception of \$10 million each year in Grants & Aid.



## Appropriation Summary

**Appropriation:** 2SE - Workforce Investment Act

**Funding Sources:** FCG - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	29,330,516	27,895,894	70,000,000	27,895,894	70,000,000	60,000,000	27,895,894	70,000,000	60,000,000
ARRA 2009	5900052	13,327,743	7,700,000	12,459,948	0	3,500,000	3,500,000	0	2,500,000	2,500,000
<b>Total</b>		<b>42,658,259</b>	<b>35,595,894</b>	<b>82,459,948</b>	<b>27,895,894</b>	<b>73,500,000</b>	<b>63,500,000</b>	<b>27,895,894</b>	<b>72,500,000</b>	<b>62,500,000</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	42,658,259	35,595,894		27,895,894	73,500,000	63,500,000	27,895,894	72,500,000	62,500,000
<b>Total Funding</b>		<b>42,658,259</b>	<b>35,595,894</b>		<b>27,895,894</b>	<b>73,500,000</b>	<b>63,500,000</b>	<b>27,895,894</b>	<b>72,500,000</b>	<b>62,500,000</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>42,658,259</b>	<b>35,595,894</b>		<b>27,895,894</b>	<b>73,500,000</b>	<b>63,500,000</b>	<b>27,895,894</b>	<b>72,500,000</b>	<b>62,500,000</b>

## Change Level by Appropriation

**Appropriation:** 2SE - Workforce Investment Act  
**Funding Sources:** FCG - Federal Funds

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>27,895,894</b>	<b>0</b>	<b>27,895,894</b>	<b>100.0</b>	<b>27,895,894</b>	<b>0</b>	<b>27,895,894</b>	<b>100.0</b>
C01	Existing Program	42,104,106	0	70,000,000	250.9	42,104,106	0	70,000,000	250.9
C03	Discontinue Program	(4,200,000)	0	65,800,000	235.9	(5,200,000)	0	64,800,000	232.3
C16	ARRA	7,700,000	0	73,500,000	263.5	7,700,000	0	72,500,000	259.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>27,895,894</b>	<b>0</b>	<b>27,895,894</b>	<b>100.0</b>	<b>27,895,894</b>	<b>0</b>	<b>27,895,894</b>	<b>100.0</b>
C01	Existing Program	32,104,106	0	60,000,000	215.1	32,104,106	0	60,000,000	215.1
C03	Discontinue Program	(4,200,000)	0	55,800,000	200.0	(5,200,000)	0	54,800,000	196.4
C16	ARRA	7,700,000	0	63,500,000	227.6	7,700,000	0	62,500,000	224.0

### Justification

C01	We are requesting to restore previously authorized appropriation for grants. Expenditure of appropriation will be contingent upon available funding.
C03	We are discontinuing the ARRA appropriation for Workforce Investment Act formula grants since the funding will be expensed prior to June 30, 2011.
C16	Discretionary grant funding provided by ARRA will still be available after our formula grant funding has expired. We are requesting to continue a portion of this appropriation in the hope that we will be awarded some of that grant funding.

## **Analysis of Budget Request**

**Appropriation:** 2SF - UI Trust Fund Loan Interest

**Funding Sources:** TZR - Employment Security Advance Interest Trust Fund

A.C.A. §11-10-708 created an Advance Interest Tax in addition to the contributions and any stabilization and extended benefits taxes levied under other provisions of A.C.A. §11-10-703 -- §11-10-708. Each employer, except employers that have made an election to reimburse the Unemployment Compensation Fund under A.C.A. §11-10-713(c), shall pay a separate and additional tax known as the advance interest tax on wages paid by that employer with respect to employment.

For rate years beginning on and after January 1, 1993, the advance interest tax shall be two-tenths of one percent (0.2%) when the state has an outstanding interest-bearing advance under Title XII of the Social Security Act. The Advance Interest Tax is only triggered "on" when such outstanding interest-bearing advance loan status is in effect. At all other times there is no assessment of the Advance Interest Tax.

When triggered "on", the tax is effective the first month of the quarter following the state's obtaining an interest-bearing advance and shall remain until the quarter immediately following the repayment of the advancement and the Employment Security Advance Interest Trust Fund (A.C.A. §19-5-935) attains a balance of five million dollars (\$5,000,000).

This Advance Interest Tax shall be levied and collected in the same manner as contributions and shall be subject to the same penalty and interest, collection, impoundment, priority, lien, certificate of assessment, and assessment provisions and procedures set forth in A.C.A. §11-10-716 -- §11-10-722. When in effect, at least once each month, deposits which have been established as Advance Interest Tax payments and any interest and penalty payments applicable to the advance interest payments shall be paid over to the Treasurer of State and credited by the Treasurer of State to the Employment Security Advance Interest Trust Fund created and established in the State Treasury. In addition, all income from investment of the Employment Security Advance Interest Trust Fund shall be deposited and credited to that Employment Security Advance Interest Trust Fund.

All withdrawals shall be upon voucher warrants issued, or caused to be issued, by the Director of the Arkansas Department of Workforce Services as authorized by legislative appropriation and, shall be used only for the purposes of:

- A. Paying interest incurred by the state on advances obtained from the federal Unemployment Trust Fund under Title XII of the Social Security Act;
- B. Making refunds of the aforementioned advance interest tax and interest and penalty payments attributed to the advance interest tax which were erroneously paid; and
- C. Returning moneys to the Unemployment Compensation Fund Clearing Account which may have been incorrectly identified and erroneously transferred to the Employment Security Advance Interest Trust Fund in the State Treasury.

In November of each calendar year, the director shall transfer all assets of the Employment Security Advance Interest Trust Fund, which exceed five million dollars (\$5,000,000) to the Unemployment Compensation Fund, A.C.A. §11-10-801, provided that the state has no interest-bearing advances obtained from the federal Unemployment Fund under Title XII of the Social Security Act outstanding.

Any interest required to be paid on advances obtained by the state under Title XII of the Social Security Act shall be paid in a timely manner and shall not be paid directly or indirectly by an equivalent reduction in unemployment contributions or taxes imposed under other provisions of §11-10-701 -- §11-10-715 or otherwise from amounts in the Unemployment Compensation Fund established under A.C.A. §11-10-801 -- §11-10-804.

Arkansas was last in interest bearing loan status under Title XII of the Social Security Act from December 6, 1982 to April 19, 1983. Advances secured totaled \$118,075,000 which was paid in May 1984, with the balance of the interest bearing portion of the loan repaid in September 1984. Total interest in the amount of \$5,830,270 was paid on \$54,075,000 of the total loan amount. The balance of the repayments was made prior to the assessment of interest. The Advance Interest Tax has not been triggered "on" at any time since 1984.

The UI Trust Fund Transfer line item was established for transferring from the Advance Interest Trust Fund as was required by law when the Advanced Interest Tax Fund exceeds \$5 million. Excess funds over the \$5 million in FY2010 totaled \$81,354 and were transferred to the Unemployment Insurance Trust Fund as required.

The Agency's Change Level Request provides for an increase of \$24,999,999 each year in Loan Interest. The American Recovery and Reinvestment Act of 2009 provided interest free advances to the states from the federal Unemployment Insurance Trust Fund until December 31, 2010. The state has currently taken \$330.8 million in advances since March 2009. Without subsequent federal legislation, these advances will begin bearing interest on January 1, 2011. The Department does not know whether the state will be required to begin repaying the advances during the 2011-2013 biennium, or whether the federal government will intervene. If these advances are required to be repaid on January 1, 2011, this will trigger the Advance Interest Tax until the balance these advances are repaid.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 2SF - UI Trust Fund Loan Interest

**Funding Sources:** TZR - Employment Security Advance Interest Trust Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Investments/Transfers 5110020	81,354	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Loan Interest 5900046	0	1	1	1	25,000,000	25,000,000	1	25,000,000	25,000,000
<b>Total</b>	<b>81,354</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>28,000,000</b>	<b>28,000,000</b>	<b>3,000,001</b>	<b>28,000,000</b>	<b>28,000,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	5,043,630	5,037,397		2,112,396	2,112,396	2,112,396	26,056,197	1,056,198	1,056,198
Advance Interest Funds 4000070	75,121	75,000		26,943,802	26,943,802	26,943,802	26,943,802	26,943,802	26,943,802
<b>Total Funding</b>	<b>5,118,751</b>	<b>5,112,397</b>		<b>29,056,198</b>	<b>29,056,198</b>	<b>29,056,198</b>	<b>52,999,999</b>	<b>28,000,000</b>	<b>28,000,000</b>
Excess Appropriation/(Funding)	(5,037,397)	(2,112,396)		(26,056,197)	(1,056,198)	(1,056,198)	(49,999,998)	0	0
<b>Grand Total</b>	<b>81,354</b>	<b>3,000,001</b>		<b>3,000,001</b>	<b>28,000,000</b>	<b>28,000,000</b>	<b>3,000,001</b>	<b>28,000,000</b>	<b>28,000,000</b>

## Change Level by Appropriation

**Appropriation:** 2SF - UI Trust Fund Loan Interest  
**Funding Sources:** TZR - Employment Security Advance Interest Trust Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,000,001</b>	<b>0</b>	<b>3,000,001</b>	<b>100.0</b>	<b>3,000,001</b>	<b>0</b>	<b>3,000,001</b>	<b>100.0</b>
C01	Existing Program	24,999,999	0	28,000,000	933.3	24,999,999	0	28,000,000	933.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,000,001</b>	<b>0</b>	<b>3,000,001</b>	<b>100.0</b>	<b>3,000,001</b>	<b>0</b>	<b>3,000,001</b>	<b>100.0</b>
C01	Existing Program	24,999,999	0	28,000,000	933.3	24,999,999	0	28,000,000	933.3

### Justification

C01	Title XII Advances become interest bearing on January 1, 2011. Interest payments are currently scheduled to begin in September 2011.
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## **Analysis of Budget Request**

**Appropriation:** 35Q - DWS Training Trust Fund

**Funding Sources:** TWT - DWS Training Trust Fund

The Department of Workforce Services Training Trust Fund was established in A.C.A. §19-5-1131 to be used for worker training by providing a state funding source under certain conditions for benefits to Arkansas employers and employees. Funding for this appropriation consists of the proceeds of the Stabilization Tax, any interest accruing on these revenues, and any other funds made available by the General Assembly.

A.C.A. 11-10-106 (f)(1)(A) provides 0.025% of taxable wages from the Stabilization Tax to support this program, which includes a sunset clause of June 30, 2011. The Agency will request to continue this funding during the 88th Legislative Session. If the funding is not continued, the Agency will still require this appropriation in order to spend the balance remaining in the fund.

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 35Q - DWS Training Trust Fund

**Funding Sources:** TWT - DWS Training Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services, Operating Exp: 5900046	1,054,311	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Total</b>	<b>1,054,311</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	2,688,563	5,113,839		5,113,839	5,113,839	5,113,839	5,113,839	5,113,839	5,113,839
Stabilization Tax 4000033	3,418,366	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Other 4000370	61,221	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>6,168,150</b>	<b>10,113,839</b>		<b>10,113,839</b>	<b>10,113,839</b>	<b>10,113,839</b>	<b>10,113,839</b>	<b>10,113,839</b>	<b>10,113,839</b>
Excess Appropriation/(Funding)	(5,113,839)	(5,113,839)		(5,113,839)	(5,113,839)	(5,113,839)	(5,113,839)	(5,113,839)	(5,113,839)
<b>Grand Total</b>	<b>1,054,311</b>	<b>5,000,000</b>		<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>



## **Analysis of Budget Request**

**Appropriation:** 35R - DWS Unemployment Insurance Fund

**Funding Sources:** MUI - DWS Unemployment Insurance Administration Fund

The Department of Workforce Services Unemployment Insurance Administration Fund was established in A.C.A. §19-5-1232 to be used for operating expenses of the unemployment insurance program necessary for the proper administration of the Arkansas Employment Security Law. This appropriation is used to maintain current programs during federal funding shortfalls to avoid reducing services to the state. Funding for this appropriation consists of the proceeds of the Stabilization Tax, any interest accruing on these revenues, and any other funds made available by the General Assembly.

A.C.A. 11-10-106 (f)(2)(A) provides 0.025% of taxable wages from the Stabilization Tax to support this program, which includes a sunset clause of June 30, 2011. The Agency will request to continue this funding during the 88th Legislative Session. If the funding is not continued, the Agency will still require this appropriation in order to spend the balance remaining in the fund.

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 35R - DWS Unemployment Insurance Fund

**Funding Sources:** MUI - DWS Unemployment Insurance Administration Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5900046	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Funding Sources</b>									
Fund Balance 4000005	3,974,689	7,393,055		7,393,055	7,393,055	7,393,055	7,393,055	7,393,055	7,393,055
Stabilization Tax 4000033	3,418,366	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Funding	7,393,055	12,393,055		12,393,055	12,393,055	12,393,055	12,393,055	12,393,055	12,393,055
Excess Appropriation/(Funding)	(7,393,055)	(7,393,055)		(7,393,055)	(7,393,055)	(7,393,055)	(7,393,055)	(7,393,055)	(7,393,055)
Grand Total	0	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

## **Analysis of Budget Request**

**Appropriation:** 4KP - TANF-IDA

**Funding Sources:** TID - Individual Development Account

The Individual Development Account (IDA) appropriation was created by Act 1217 of 1999 to assist in the Welfare Reform effort by providing low income families with an opportunity to accumulate assets, facilitate good savings habits, promote home ownership, micro enterprise development, education, saving for retirement, and stabilize and build communities. Program participants must participate in mandatory training and establish a savings goal. For each \$1 contributed by program participants to their IDA savings account, the state matches their deposits by \$3. Funds are only available once the savings goal has been met or for qualified emergency withdrawals as specified by the Agency. The Department of Workforce Services provides IDA program services by contracting with fiduciary organizations that are non-profit organizations.

Funding for this appropriation is 100% federally funded with Transitional Employment Assistance Program funds (TANF Block Grant).

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 4KP - TANF-IDA

**Funding Sources:** TID - Individual Development Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	0	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	868,379	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>868,379</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	868,379	1,700,000		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
<b>Total Funding</b>	<b>868,379</b>	<b>1,700,000</b>		<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>868,379</b>	<b>1,700,000</b>		<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>

## **Analysis of Budget Request**

**Appropriation:** 4KQ - TANF Block Grant Paying/New Hire Registry

**Funding Sources:** PWS - TANF Block Grant Paying

With the enactment of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997, open-ended entitlement for Aid to Families with Dependent Children (AFDC) was replaced with Temporary Assistance to Needy Families federal block grant funding to states. The Arkansas program is entitled Transitional Employment Assistance (TEA). The Arkansas 81<sup>st</sup> General Assembly passed Act 1058 of 1997 and in so doing, declared that "welfare reform is one of the major human service priorities of state government and establishes the goals of achieving a significant reduction in the number of citizens who are enrolled in such programs, transforming a "one size fits all" welfare system that fosters dependence, low self-esteem, and irresponsible behavior to one that rewards work and fosters self-reliance, responsibility and family stability. Act 1567 of 1999 amended Act 1058 of 1997 by establishing the Arkansas Transitional Employment Board. Act 1264 of 2001 and Act 1306 of 2003 enacted other provisions to strengthen the Arkansas TEA Program. Arkansas Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS). Under this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remained with the Division of County Operations (DCO) while DWS was responsible for the provision of case management services and overall administration of the program. Special Language in Act 1289 of 2007 allows for the transfer of general revenue to DCO of up to \$3,640,650 each fiscal year in support of Arkansas' Temporary Assistance for Needy Families (TANF) programs or any related State programs. Act 1705 of 2005 also created the Work Pays program, which is an extension of the TEA program for former TEA recipients who are working. DWS has overall responsibility for the Work Pays program with eligibility determination and benefit delivery remaining with DCO.

TEA Program eligibility is limited to economically needy families with children under the age of 18 who are U.S. citizens or aliens lawfully admitted to the United States under specific criteria and are residing in Arkansas. The parent(s) living with the children must cooperate in child support enforcement activities, if applicable to the family, and must sign and comply with a Personal Responsibility Agreement, which includes ensuring that their children are immunized and that they attend school. All able-bodied parent(s) must actively engage in work related activities as a condition of the family's on-going eligibility. TEA cash assistance is limited to a maximum of twenty-four (24) months in an adult's lifetime. For those former TEA recipients who are employed at least 24 hours per week and meet the minimum federal work participation rates, an additional twenty-four (24) months of Work Pays benefits are available.

Assistance under the TEA and Work Pays Programs may include: monthly cash assistance payments to help meet the family's basic needs; employment services such as work experience, job search, and job readiness activities; assistance with basic and vocational education; assistance with supportive services such as childcare, transportation and other expenses related to work activity; case management services; and eligibility for extended support services to help the parent retain a job after the cash assistance case closes due to employment.

Congress reauthorized the TANF program through the Deficit Reduction Act of 2005. Although the Act requires states to meet higher rates of work participation, no significant changes were made in the program design beyond the state initiatives and organizational changes prescribed by Act 1705 of 2005.

Funding for this appropriation is derived from the federal TANF Block Grant and general revenues.

The Agency's Change Level Request provides for an increase in TANF/New Hire Registry of \$60,498,947 each year to restore this appropriation to the previously authorized level. Expenditure of appropriation is contingent upon available funding.

The Executive Recommendation provides for Base Level, with an increase of \$25 million each year in appropriation only for TANF/New Hire Registry.

## Appropriation Summary

**Appropriation:** 4KQ - TANF Block Grant Paying/New Hire Registry

**Funding Sources:** PWS - TANF Block Grant Paying

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
TANF/New Hire Registry	5900046	13,884,450	39,501,053	100,000,000	39,501,053	100,000,000	64,501,053	39,501,053	100,000,000	64,501,053
ARRA 2009	5900052	0	0	6,200,000	0	0	0	0	0	0
<b>Total</b>		<b>13,884,450</b>	<b>39,501,053</b>	<b>106,200,000</b>	<b>39,501,053</b>	<b>100,000,000</b>	<b>64,501,053</b>	<b>39,501,053</b>	<b>100,000,000</b>	<b>64,501,053</b>
<b>Funding Sources</b>										
General Revenue	4000010	3,594,319	3,775,642		3,775,642	3,775,642	3,775,642	3,775,642	3,775,642	3,775,642
Federal Revenue	4000020	11,246,568	36,782,752		36,782,752	97,281,699	61,782,752	36,782,752	97,281,699	61,782,752
Transfer to DHS-DCO	4000612	(956,437)	(1,057,341)		(1,057,341)	(1,057,341)	(1,057,341)	(1,057,341)	(1,057,341)	(1,057,341)
<b>Total Funding</b>		<b>13,884,450</b>	<b>39,501,053</b>		<b>39,501,053</b>	<b>100,000,000</b>	<b>64,501,053</b>	<b>39,501,053</b>	<b>100,000,000</b>	<b>64,501,053</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>13,884,450</b>	<b>39,501,053</b>		<b>39,501,053</b>	<b>100,000,000</b>	<b>64,501,053</b>	<b>39,501,053</b>	<b>100,000,000</b>	<b>64,501,053</b>

## Change Level by Appropriation

**Appropriation:** 4KQ - TANF Block Grant Paying/New Hire Registry  
**Funding Sources:** PWS - TANF Block Grant Paying

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>39,501,053</b>	<b>0</b>	<b>39,501,053</b>	<b>100.0</b>	<b>39,501,053</b>	<b>0</b>	<b>39,501,053</b>	<b>100.0</b>
C01	Existing Program	60,498,947	0	100,000,000	253.2	60,498,947	0	100,000,000	253.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>39,501,053</b>	<b>0</b>	<b>39,501,053</b>	<b>100.0</b>	<b>39,501,053</b>	<b>0</b>	<b>39,501,053</b>	<b>100.0</b>
C01	Existing Program	25,000,000	0	64,501,053	163.3	25,000,000	0	64,501,053	163.3

### Justification

C01	Due to the current, ongoing economic crisis, we request that our previously authorized appropriation for TANF/New Hire Registry be restored in order to be able to assist Arkansans with both unemployment and employment services.								
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2010 TO FISCAL YEAR 2011**

Agency: Workforce Services Department

Program: TANF Block Grant Paying/New Hire Registry

Act #: 212 Section(s) #: 15 & 22

Estimated Carry Forward Amount \$ 50,000.00 Funding Source: General

**Accounting Information:**

Business Area: 0810 Funds Center: 4KQ Fund: PWS Functional Area: COMM

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

The carry forward is necessary to continue the normal operations of the agency New Hire Registry Program.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward funding:**

All available general revenue for the New Hire Registry Program was used in FY2010.

**Note from DFA – Office of Budget: Funds remaining at the end of any fiscal year from this fund must, by law, remain in the fund regardless of the future status of any project, contract or purpose. The Special Language that requires this report is no longer necessary.**

Artee Williams

Director

08-26-2010

Date

## **Analysis of Budget Request**

**Appropriation:** 56Z - Workforce Investment

**Funding Sources:** FCG - DWS Workforce Investment Act

Public Law 105-220 created the federal Workforce Investment Act to promote and fund employment and training activities at the state level. Arkansas Code Annotated § 15-4-2204 established the Arkansas Workforce Investment Board to develop a state plan to provide workforce investment activities that increase employment, retention and earnings of participants and increases skill attainment thereby improving the quality of the workforce, reducing welfare dependency and enhancing productivity and competitiveness. The Board consists of 48 representatives of the Executive and Legislative branches of government and members of the business community. The Board is authorized to select from among its membership a maximum of 15 members to serve as the Executive Committee reporting to the Board quarterly. The Workforce Investment Board was merged with the Department of Workforce Services by Act 1487 of 2009.

The duties of the Board are to advise and assist the Governor and the General Assembly in the development of a state workforce development plan; develop and improve a system of activities through the one-stop career centers funded by federal workforce investment funds; designate local workforce investment areas; develop allocation formulas for distribution of funds to the local areas; develop and improve comprehensive state performance measures; prepare an annual report for submission to the U. S. Secretary of Labor; develop a statewide information management system; develop an application process for incentive grants; make recommendations on program consolidation or realignment; and evaluate the workforce investment system statewide and report to the Arkansas General Assembly prior to each regular session recommendations for statutory changes that would enhance workforce investment in Arkansas.

This appropriation is 100% federally funded through the federal Workforce Investment Act.

The Agency's Change Level Request provides to reallocate this appropriation to Operations (Appropriation 2SD). P.L. 105-220 does not require a separate appropriation for the operations of the Board. The Department will continue to be compliant with all federal operations requirements as a result of this reallocation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 56Z - Workforce Investment

**Funding Sources:** FCG - DWS Workforce Investment Act

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	39,199	611,551	0	0	0	0	0	0
<b>#Positions</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	2,099	12,841	211,115	0	0	0	0	0	0
Operating Expenses 5020002	4,822	222,394	222,394	222,394	0	0	222,394	0	0
Conference & Travel Expenses 5050009	723	24,092	24,092	24,092	0	0	24,092	0	0
Professional Fees 5060010	0	30,000	30,000	30,000	0	0	30,000	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
<b>Total</b>	<b>7,644</b>	<b>328,526</b>	<b>1,099,152</b>	<b>276,486</b>	<b>0</b>	<b>0</b>	<b>276,486</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	7,644	328,526		276,486	0	0	276,486	0	0
Total Funding	7,644	328,526		276,486	0	0	276,486	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	7,644	328,526		276,486	0	0	276,486	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Operations (Appropriation 2SD).

## Change Level by Appropriation

**Appropriation:** 56Z - Workforce Investment  
**Funding Sources:** FCG - DWS Workforce Investment Act

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>276,486</b>	<b>0</b>	<b>276,486</b>	<b>100.0</b>	<b>276,486</b>	<b>0</b>	<b>276,486</b>	<b>100.0</b>
C04	Reallocation	(276,486)	0	0	0.0	(276,486)	0	0	0.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>276,486</b>	<b>0</b>	<b>276,486</b>	<b>100.0</b>	<b>276,486</b>	<b>0</b>	<b>276,486</b>	<b>100.0</b>
C04	Reallocation	(276,486)	0	0	0.0	(276,486)	0	0	0.0

### Justification

C04	The Workforce Investment Act (Public Law 105-220) does not require a separate appropriation for the operations of the Board. The Agency requests to consolidate this appropriation with Operations (Appropriation 2SD).
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## **Analysis of Budget Request**

**Appropriation:** C27 - Unemployment Benefits & Expenses - Cash

**Funding Sources:** 177 - DWS Cash

The Department of Workforce Services Unemployment Benefits & Expenses - Cash appropriation currently provides for the operational costs of the Agency as well as Unemployment Insurance (UI) programs. This appropriation is funded by federal dollars deposited into a cash account. An explanation of the line items other than those for normal departmental operations is listed below:

- Training Allowances - federal funding is provided to pay allowances to economically disadvantaged, unemployed, and underemployed individuals so that they can attend training to maximize their employment opportunities and enhance self-sufficiency.
- Payments to Participant Contractors - federal funding is provided to reimburse private and nonprofit employers for costs incurred to train individuals who are economically disadvantaged, unemployed, and underemployed.
- UI Loan Repayments - to repay loans taken by the State from the federal Unemployment Insurance Trust Fund during times of high unemployment.
- Department of Workforce Services Special Fund - for repayment to the Special Fund for building construction costs from the federally funded operating budget.

The Department has been notified by the U.S. Department of Labor that expansion of the Trade Adjustment Assistance program under the American Recovery and Reinvestment Act (ARRA) of 2009 will not revert at the conclusion of ARRA. Therefore, the Agency's Change Level Request totaling \$111,249,999 each year of the biennium provides for the following program increases:

- Training Allowances of \$7,500,000 each year. Training Allowances - ARRA (Appropriation C45) has been requested to be discontinued.
- Payments to Participating Contractors of \$3,750,000 each year. Payments to Participating Contractors - ARRA (Appropriation C46) has been requested to be discontinued.

Unemployment Insurance Advance Repayment of \$100 million each year. The American Recovery and Reinvestment Act of 2009 provided interest free advances to the states from the federal Unemployment Insurance Trust Fund until December 31, 2010. Arkansas has currently taken \$330.8 million in advances since March 2009. Without subsequent federal legislation, these advances will begin bearing interest on January 1, 2011. The Department does not know whether the state will be required to begin repaying the advances during the 2011-2013 biennium, or whether the federal government will intervene. Therefore, the Department requires this appropriation in the event the state is required to begin repayment.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C27 - Unemployment Benefits & Expenses - Cash

**Funding Sources:** 177 - DWS Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,306	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Training Allowances	5900046	209,379	5,000,000	5,000,000	5,000,000	12,500,000	12,500,000	5,000,000	12,500,000	12,500,000
Payments to Part Contractors	5900047	8,059,553	10,000,000	10,000,000	10,000,000	13,750,000	13,750,000	10,000,000	13,750,000	13,750,000
UI Advance Repayment	5900048	0	1	1	1	100,000,000	100,000,000	1	100,000,000	100,000,000
<b>Total</b>		<b>8,270,238</b>	<b>20,000,001</b>	<b>20,000,001</b>	<b>20,000,001</b>	<b>131,250,000</b>	<b>131,250,000</b>	<b>20,000,001</b>	<b>131,250,000</b>	<b>131,250,000</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	8,270,238	20,000,001		20,000,001	131,250,000	131,250,000	20,000,001	131,250,000	131,250,000
<b>Total Funding</b>		<b>8,270,238</b>	<b>20,000,001</b>		<b>20,000,001</b>	<b>131,250,000</b>	<b>131,250,000</b>	<b>20,000,001</b>	<b>131,250,000</b>	<b>131,250,000</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>8,270,238</b>	<b>20,000,001</b>		<b>20,000,001</b>	<b>131,250,000</b>	<b>131,250,000</b>	<b>20,000,001</b>	<b>131,250,000</b>	<b>131,250,000</b>

## Change Level by Appropriation

**Appropriation:** C27 - Unemployment Benefits & Expenses - Cash  
**Funding Sources:** 177 - DWS Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,000,001</b>	<b>0</b>	<b>20,000,001</b>	<b>100.0</b>	<b>20,000,001</b>	<b>0</b>	<b>20,000,001</b>	<b>100.0</b>
C01	Existing Program	111,249,999	0	131,250,000	656.2	111,249,999	0	131,250,000	656.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,000,001</b>	<b>0</b>	<b>20,000,001</b>	<b>100.0</b>	<b>20,000,001</b>	<b>0</b>	<b>20,000,001</b>	<b>100.0</b>
C01	Existing Program	111,249,999	0	131,250,000	656.2	111,249,999	0	131,250,000	656.2

### Justification

C01	The Department has been notified by the U.S. Department of Labor that expansion of the Trade Adjustment Assistance program will not cease with the expiration of ARRA funding. The Department request to increase Training Allowances by \$7,500,000 and to discontinue Training Allowances - ARRA (Appropriation C45), and Payments to Participating Contractors by \$3,750,000 and to discontinue Payments to Participating Contractors - ARRA (Appropriation C46). The Department does not know what the federal government intends to do about loans from the federal Unemployment Trust Fund. The Department requests \$99,999,999 in appropriation each year in the event of possible repayment.
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## **Analysis of Budget Request**

**Appropriation:** C28 - Federal Employees Benefit-Cash

**Funding Sources:** 177 - DWS Cash

The Federal Employees Benefit Payments appropriation is funded by federal dollars deposited into a cash account. These funds are provided to pay unemployment benefits to unemployed federal civilian employees, ex-servicemen, and public service employees. Additionally, this appropriation pays the federal share of the extended benefits program (50%) and the Emergency Unemployment Compensation Program.

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** C28 - Federal Employees Benefit-Cash

**Funding Sources:** 177 - DWS Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	128,470,620	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
<b>Total</b>	128,470,620	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
<b>Funding Sources</b>									
Federal Revenue 4000020	128,470,620	225,000,000		225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
<b>Total Funding</b>	128,470,620	225,000,000		225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	128,470,620	225,000,000		225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000

## **Analysis of Budget Request**

**Appropriation:** C29 - U I Benefits - Taxable Employers - Cash

**Funding Sources:** 177 - DWS Cash

The Unemployment Insurance (UI) Benefits - Taxable Employers appropriation allows for payment of Unemployment Insurance benefits to unemployed individuals. The individuals receive payments based on wages paid by Arkansas employers. The employer must be a for-profit organization and pay contributions to the Unemployment Compensation Fund.

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** C29 - U I Benefits - Taxable Employers - Cash

**Funding Sources:** 177 - DWS Cash

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	495,900,085	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
<b>Total</b>	495,900,085	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
<b>Funding Sources</b>									
Federal Revenue 4000020	495,900,085	600,000,000		600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
<b>Total Funding</b>	495,900,085	600,000,000		600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	495,900,085	600,000,000		600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000

## **Analysis of Budget Request**

**Appropriation:** C30 - U I Benefits-Reimb Employers - Cash

**Funding Sources:** 177 - DWS Cash

The Unemployment Insurance (UI) Benefits - Reimbursable Employers appropriation allows for payments for Unemployment Insurance benefits to unemployed individuals. The individuals receive payments based on wages paid by any Arkansas non-profit organization or government employing unit which elects to reimburse the Unemployment Compensation Fund rather than pay contributions.

The Agency Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C30 - U I Benefits-Reimb Employers - Cash

**Funding Sources:** 177 - DWS Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	19,116,167	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Total		19,116,167	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
<b>Funding Sources</b>										
Federal Revenue	4000020	19,116,167	25,000,000		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Total Funding		19,116,167	25,000,000		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		19,116,167	25,000,000		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000

## **Analysis of Budget Request**

**Appropriation:** C31 - Bldg Improvmnt/Land–Reed Act

**Funding Sources:** 167 - DWS Cash - Reed Act

A provision of Title IX of the Social Security Act makes excess funds collected under the Federal Unemployment Tax Act (FUTA) available for administration of the Employment Security Program. These funds are often referred to as "Reed Act" Funds.

The appropriation authorizing the use of Reed Act Funds must be specific and must:

1. Limit the use of funds appropriated exclusively for Employment Security purposes, and;
2. Must specify the purpose of the funds being appropriated.

Reed Act funds become a part of a State's unemployment fund as defined in Section 3306(f) of the Federal Unemployment Tax Act as of the date they are transferred to the account of the State in the Unemployment Trust Fund. The funds must retain legal status as part of the State's unemployment fund until expended for the payment benefits or expenses of Employment Security Administration. Reed Act funds may be withdrawn from the State Unemployment Fund and deposited in another State account for use for Employment Security Administration only pending payment of obligations which have become due or the maturity of which is imminent. Since any amount withdrawn remains legally part of the State's Unemployment Fund until expended, it must be accounted for as part of the State's Unemployment Fund.

This appropriation is funded by Reed Act Funds for the purpose of construction and improvement of buildings, rent/lease costs, acquisition of data processing equipment and/or land, and for the payment of salaries and related benefits of local office staff.

The Agency's Change Level Request provides to restore the previously authorized level of \$38,500,000 each year in Reed Act Funds. The Agency does not anticipate any funding during the 2011-2013 biennium, but requests to maintain this appropriation in the event that funding becomes available.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C31 - Bldg Improvmnt/Land-Reed Act

**Funding Sources:** 167 - DWS Cash - Reed Act

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Reed Act Funds 5900046	0	0	38,500,000	0	38,500,000	38,500,000	0	38,500,000	38,500,000
Total	0	0	38,500,000	0	38,500,000	38,500,000	0	38,500,000	38,500,000
<b>Funding Sources</b>									
Federal Revenue 4000020	0	0		0	38,500,000	38,500,000	0	38,500,000	38,500,000
Total Funding	0	0		0	38,500,000	38,500,000	0	38,500,000	38,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	38,500,000	38,500,000	0	38,500,000	38,500,000

## Change Level by Appropriation

**Appropriation:** C31 - Bldg Improvmt/Land-Reed Act  
**Funding Sources:** 167 - DWS Cash - Reed Act

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C01	Existing Program	38,500,000	0	38,500,000	100.0	38,500,000	0	38,500,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C01	Existing Program	38,500,000	0	38,500,000	100.0	38,500,000	0	38,500,000	100.0

### Justification

C01	The Agency does not anticipate any funding for this program during the 2011-2013 biennium, but request appropriation be restored in the event funding becomes available.								
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## **Analysis of Budget Request**

**Appropriation:** C48 - Federal Employee Benefits-ARRA

**Funding Sources:** 177 - DWS Cash

The Federal Employees Benefit Payments appropriation is funded by federal dollars deposited into a cash account. These funds are provided to pay unemployment benefits to unemployed federal civilian employees, ex-servicemen, and public service employees. Additionally, this appropriation pays the federal share of the extended benefits program (50%) and the Emergency Unemployment Compensation Program. Funding for this appropriation is provided by the American Recovery & Reinvestment Act of 2009.

The Agency's Change Level Request for increases of \$200,000,000 in FY12 and \$100,000,000 in FY13 in ARRA 2009 provides to restore some previously authorized appropriation in the event they continue to receive additional funding from the American Recovery and Reinvestment Act of 2009 into the 2011-2013 biennium for unemployment benefits.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C48 - Federal Employee Benefits-ARRA

**Funding Sources:** 177 - DWS Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA 2009 5900052	425,286,074	363,880,000	363,880,000	0	200,000,000	200,000,000	0	100,000,000	100,000,000
Total	425,286,074	363,880,000	363,880,000	0	200,000,000	200,000,000	0	100,000,000	100,000,000
<b>Funding Sources</b>									
Federal Revenue 4000020	425,286,074	363,880,000		0	200,000,000	200,000,000	0	100,000,000	100,000,000
Total Funding	425,286,074	363,880,000		0	200,000,000	200,000,000	0	100,000,000	100,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	425,286,074	363,880,000		0	200,000,000	200,000,000	0	100,000,000	100,000,000

## Change Level by Appropriation

**Appropriation:** C48 - Federal Employee Benefits-ARRA  
**Funding Sources:** 177 - DWS Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C03	Discontinue Program	(163,880,000)	0	(163,880,000)	100.0	(263,880,000)	0	(263,880,000)	100.0
C16	ARRA	363,880,000	0	200,000,000	-122.0	363,880,000	0	100,000,000	-37.9

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C03	Discontinue Program	(163,880,000)	0	(163,880,000)	100.0	(263,880,000)	0	(263,880,000)	100.0
C16	ARRA	363,880,000	0	200,000,000	-122.0	363,880,000	0	100,000,000	-37.9

### Justification

C03	Reducing ARRA Appropriation to match projected funding.
C16	The Agency believes we still may receive funding ARRA funding for this program during the 2011-2013 biennium. Therefore, we are requesting to continue this appropriation.

## **Analysis of Budget Request**

**Appropriation:** C49 - UI Modernization - ARRA\*

**Funding Sources:** 177 - DWS Cash\*

A provision of Title IX of the Social Security Act makes excess funds collected under the Federal Unemployment Tax Act (FUTA) available for administration of the Employment Security Program. These funds are often referred to as "Reed Act" Funds.

This appropriation was established last biennium for Reed Act Funds provided by the American Recovery and Reinvestment Act of 2009 for the purpose of construction and improvement of buildings, rent/lease costs, acquisition of data processing equipment and/or land, and for the payment of salaries and related benefits of local office staff. However, the Unemployment Insurance (UI) Modernization program was incorrectly identified as "Reed Act Funds - ARRA" because the federal formula to disburse the funds was based on the Reed Act formula. The unemployment insurance benefits have already been expensed, but the administrative component of these grant funds remains available to the Agency to be expensed.

The Agency has spent the initial grant award of \$50,374,239 for unemployment benefits. The remaining \$9,595,083 provides for the payment of salaries and related benefits and maintenance and general operation in support of administration of the Unemployment Insurance (UI) Modernization provisions adopted pursuant to ARRA. Expenditure of these funds are not subject to the two year requirements of ARRA.

The Agency's Change Level Request provides for the following:

- Title change and fund change for this appropriation from "Reed Act Funds - ARRA" to "UI Modernization - ARRA" to properly classify the purpose of this appropriation.
- Restore \$9,595,093 each year in ARRA 2009 to match remaining funding.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C49 - UI Modernization - ARRA\*

**Funding Sources:** 177 - DWS Cash\*

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA 2009 5900052	50,374,239	9,595,103	59,969,332	0	9,595,093	9,595,093	0	9,595,093	9,595,093
<b>Total</b>	<b>50,374,239</b>	<b>9,595,103</b>	<b>59,969,332</b>	<b>0</b>	<b>9,595,093</b>	<b>9,595,093</b>	<b>0</b>	<b>9,595,093</b>	<b>9,595,093</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	50,374,239	9,595,103		0	9,595,093	9,595,093	0	9,595,093	9,595,093
<b>Total Funding</b>	<b>50,374,239</b>	<b>9,595,103</b>		<b>0</b>	<b>9,595,093</b>	<b>9,595,093</b>	<b>0</b>	<b>9,595,093</b>	<b>9,595,093</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>50,374,239</b>	<b>9,595,103</b>		<b>0</b>	<b>9,595,093</b>	<b>9,595,093</b>	<b>0</b>	<b>9,595,093</b>	<b>9,595,093</b>

\*The Agency requests an appropriation title and fund change from "Reed Act Funds - ARRA" to "UI Modernization - ARRA" to properly describe the purpose of this appropriation.

## Change Level by Appropriation

**Appropriation:** C49 - UI Modernization - ARRA\*  
**Funding Sources:** 177 - DWS Cash\*

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C03	Discontinue Program	(10)	0	(10)	100.0	(10)	0	(10)	100.0
C16	ARRA	9,595,103	0	9,595,093	-95,950,930.0	9,595,103	0	9,595,093	-95,950,930.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C03	Discontinue Program	(10)	0	(10)	100.0	(10)	0	(10)	100.0
C16	ARRA	9,595,103	0	9,595,093	-95,950,930.0	9,595,103	0	9,595,093	-95,950,930.0

### Justification

C03	Lower appropriation to match available funding.
C16	The Unemployment Insurance (UI) Modernization program was incorrectly identified as "Reed Act Funds - ARRA" because the federal formula to disburse the funds was based on the Reed Act formula. The initial \$50,374,239 in appropriation for benefits has already been expensed. The remaining amount available for distribution provides for salaries, benefits, maintenance and general operations of the Department, and is not subject to the two year ARRA timeline.

## **Analysis of Budget Request**

**Appropriation:** C56 - Loans to Local WIBs

**Funding Sources:** 177 - DWS - Cash

Local Workforce Investment Boards (WIBs) request funding for payroll and other operating expenses from Arkansas Department of Workforce Services (DWS) as needed. Upon receiving the request, DWS orders funds from the US Department of Labor (DOL). These funds are then deposited into the state treasury overnight and an Automated Clearing House transaction is processed to send the funds overnight the following night to the WIB. The entire process normally takes three days. The timing of the requests is controlled to comply with the federal Cash Management Improvement Act (Public Law 101-453).

The Agency's Change Level Request provides to establish an appropriation for Loans of \$1,500,000 each year for local WIB transfers. The State Treasury currently does not allow agencies to either send or receive same-day wire transfers. This new appropriation will allow the Agency to request a deposit from DOL for wire transfer to the local WIB office. Funds will be transferred through this appropriation only in the event that delays occur, such as due to inclement weather.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** C56 - Loans to Local WIBs

**Funding Sources:** 177 - DWS - Cash

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	0	0	0	0	1,500,000	1,500,000	0	1,500,000	1,500,000
Total	0	0	0	0	1,500,000	1,500,000	0	1,500,000	1,500,000
<b>Funding Sources</b>									
Federal Revenue 4000020	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000
Total Funding	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000



## Change Level by Appropriation

**Appropriation:** C56 - Loans to Local WIBs  
**Funding Sources:** 177 - DWS - Cash

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C01	Existing Program	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
C01	Existing Program	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

### Justification

C01	The State Treasury currently does not allow agencies to either send or receive same-day wire transfers. This new appropriation of \$1,500,000 each year will allow us to request a deposit from the Department of Labor for wire transfer to the local WIB office.								
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## Appropriation Summary

**Appropriation:** C45 - Training Allow-ARRA

**Funding Sources:** 177 - DWS Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA 2009 5900052	0	0	7,500,000	0	0	0	0	0	0
Total	0	0	7,500,000	0	0	0	0	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

## Appropriation Summary

**Appropriation:** C46 - Payment to Participating Contractors-ARRA

**Funding Sources:** 177 - DWS Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA 2009 5900052	0	0	3,750,000	0	0	0	0	0	0
Total	0	0	3,750,000	0	0	0	0	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.