

FISCAL SESSION - MANUAL

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DEPARTMENT OF COMMUNITY CORRECTION

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF COMMUNITY CORRECTION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Financial Management Guide regulation R4-19-4-501 requires an agency to establish strict controls over cash receipts to ensure receipts are accounted for properly. Deposit activity was not accurately recorded in the Electronic Offender Management Information System (EOMIS) and in AASIS:

- Original EOMIS transactions were voided for insufficient funds checks and credit card chargebacks, resulting in errors during the reconciliation process.
- Transaction information received from the Information Network of Arkansas (INA) for deposits was inaccurate and did not agree to amounts posted to offender accounts in EOMIS. Errors in the deposit amounts resulted in revenues being recorded to the wrong Treasury funds in AASIS.
- Deposits totaling \$12,945 received from July 2002 to June 2014 were not posted to offender accounts.

Recommendations

We recommend the Agency develop procedures to ensure all deposit activity is properly recorded in EOMIS and AASIS.

Agency Response:

We are in the process of updating the financial section of our Electronic Offender Management Information System (EOMIS). The new update will include a bank reconciliation module, which will help ensure funds received and receipted are properly posted to offenders' accounts and reconciled with the bank and AASIS.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2015
Required by A.C.A. 25-36-104

AGENCY: 0485 DEPARTMENT OF COMMUNITY CORRECTION

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Better Community Development (DC)	\$200,000	X					
GYST HOUSE (TL)	\$69,000	X					
Sober Living (TL)	\$102,000	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 3

TOTAL EXPENDITURES FOR CONTRACTS AWARDED \$8,602,036

% OF MINORITY CONTRACTS AWARDED 0.38 %

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
1BA Community Correction - Federal	477,027	20	422,829	7	438,493	7	438,493	7	203,301	4	438,493	7
1BR Residents Cash Treasury	1,851,533	0	2,447,516	0	2,447,516	0	2,722,516	0	2,722,516	0	2,722,516	0
2GH Community Correction-Special	6,625,053	61	7,600,000	63	8,738,390	72	8,740,233	65	8,740,233	65	8,740,233	65
2GK County Jail Reimbursement	2,205,204	0	3,000,000	0	3,109,636	0	3,109,636	0	3,109,636	0	3,109,636	0
510 Community Correction - State	77,092,397	1,324	87,351,544	1,357	89,272,185	1,415	95,787,483	1,453	93,630,127	1,452	95,787,483	1,453
86Y Best Practices	3,634,870	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0
N57 Court Accountability Grants	0	0	1,400,000	0	2,800,000	0	2,800,000	0	0	0	2,800,000	0
N58 Pay for Success Program	0	0	0	0	3,000,000	0	3,000,000	0	0	0	3,000,000	0
Total	91,886,084	1,405	106,221,889	1,427	113,806,220	1,494	120,598,361	1,525	112,405,813	1,521	120,598,361	1,525

Funding Sources		%		%		%		%		%	
Fund Balance	4000005	6,543,655	6.6	7,588,883	6.9	3,641,367	3.7	3,641,367	3.2	3,641,367	3.7
General Revenue	4000010	79,934,087	80.4	81,610,629	74.3	81,009,075	82.0	96,559,763	85.7	81,009,075	82.0
Federal Revenue	4000020	491,578	0.5	422,829	0.4	593,493	0.6	358,301	0.3	593,493	0.6
Special Revenue	4000030	11,467,234	11.5	8,750,000	8.0	9,100,000	9.2	9,100,000	8.1	9,100,000	9.2
Cash Fund	4000045	1,507,808	1.5	1,375,000	1.3	2,989,016	3.0	2,989,016	2.7	2,989,016	3.0
Trust Fund	4000050	0	0.0	1,400,000	1.3	1,400,000	1.4	0	0.0	1,400,000	1.4
DFA Motor Vehicle Acquisition	4000184	270,542	0.3	0	0.0	0	0.0	0	0.0	0	0.0
General Improvement Fund	4000265	0	0.0	8,715,915	7.9	0	0.0	0	0.0	0	0.0
Inter-agency Fund Transfer	4000316	(794,796)	(0.8)	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	2,376	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other	4000370	52,483	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		99,474,967	100.0	109,863,256	100.0	98,732,951	100.0	112,648,447	100.0	98,732,951	100.0
Excess Appropriation/(Funding)		(7,588,883)		(3,641,367)		21,865,410		(242,634)		21,865,410	
Grand Total		91,886,084		106,221,889		120,598,361		112,405,813		120,598,361	

Analysis of Budget Request

Appropriation: 1BA - Community Correction - Federal

Funding Sources: FPF - Federal Fund

This appropriation is funded by federal funds and provides support for several federal grant programs. The programs are for offender substance abuse rehabilitation treatment, drug court, serious and violent offenders, transitional housing and preparation for release from incarceration with follow up. The Agency anticipates the grants to continue during the next biennium.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 1BA - Community Correction - Federal

Funding Sources: FPF - Federal Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	269,794	226,760	253,518	253,518	120,990	253,518
	#Positions	20	7	7	7	4	7
Personal Services Matching	5010003	109,560	88,071	76,977	76,977	47,927	76,977
Operating Expenses	5020002	83,273	70,246	70,246	70,246	8,400	70,246
Conference & Travel Expenses	5050009	0	28,313	28,313	28,313	16,545	28,313
Professional Fees	5060010	14,400	9,439	9,439	9,439	9,439	9,439
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		477,027	422,829	438,493	438,493	203,301	438,493
Funding Sources							
Federal Revenue	4000020	477,027	422,829		438,493	203,301	438,493
Total Funding		477,027	422,829		438,493	203,301	438,493
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		477,027	422,829		438,493	203,301	438,493

The FY16 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during fiscal year 2016.

Analysis of Budget Request

Appropriation: 1BR - Residents Cash Treasury

Funding Sources: NCC - Cash in Treasury

The Residential Services appropriation provides for the operation of the Community Correction Facilities commissaries. These are self-supporting operations in which residents can purchase various commissary supplies, primarily snack foods, in the Department's various centers. This appropriation also utilizes the proceeds from the coin-less telephone program in which the Agency receives partial reimbursement from the telephone company for phone calls made by the residents. The proceeds are used to purchase items of mutual benefit to all residents. The appropriation is also used for inmate assistance projects, security equipment and general operations.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 1BR - Residents Cash Treasury

Funding Sources: NCC - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	1,817,281	2,282,846	2,282,846	2,557,846	2,557,846	2,557,846
Conference & Travel Expenses	5050009	0	62,870	62,870	62,870	62,870	62,870
Professional Fees	5060010	6,600	101,800	101,800	101,800	101,800	101,800
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	27,652	0	0	0	0	0
Total		1,851,533	2,447,516	2,447,516	2,722,516	2,722,516	2,722,516
Funding Sources							
Fund Balance	4000005	1,983,096	1,550,223		452,707	452,707	452,707
Cash Fund	4000045	1,418,660	1,350,000		2,964,016	2,964,016	2,964,016
Total Funding		3,401,756	2,900,223		3,416,723	3,416,723	3,416,723
Excess Appropriation/(Funding)		(1,550,223)	(452,707)		(694,207)	(694,207)	(694,207)
Grand Total		1,851,533	2,447,516		2,722,516	2,722,516	2,722,516

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 2GH - Community Correction-Special

Funding Sources: SPF - Community Correction Revolving Fund

The Department of Community Correction is responsible for adult probation and parole services. This appropriation is utilized to support these services as well as special programs primarily for alcohol and drug and mental health treatment. The special revenue supporting this appropriation includes fees and sanctions levied by the courts or authorized by the Board of Corrections and paid by offenders. The probation/parole fee is \$25 each month and provide for safety equipment, vehicles, and drug testing supplies.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2GH - Community Correction-Special
Funding Sources: SPF - Community Correction Revolving Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	2,287,112	2,429,833	2,433,683	2,435,183	2,435,183	2,435,183
	#Positions	61	63	72	65	65	65
Personal Services Matching	5010003	811,502	883,182	886,131	886,474	886,474	886,474
Operating Expenses	5020002	3,069	0	0	0	0	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
WMSC Parking Srvs from Fees	5900046	10,000	10,000	10,000	10,000	10,000	10,000
Community Correction Programs	5900047	3,513,370	4,276,985	5,408,576	5,408,576	5,408,576	5,408,576
Total		6,625,053	7,600,000	8,738,390	8,740,233	8,740,233	8,740,233
Funding Sources							
Fund Balance	4000005	2,124,797	2,527,550		1,427,550	1,427,550	1,427,550
Special Revenue	4000030	6,757,016	6,500,000		6,500,000	6,500,000	6,500,000
DFA Motor Vehicle Acquisition	4000184	270,542	0		0	0	0
M & R Sales	4000340	248	0		0	0	0
Total Funding		9,152,603	9,027,550		7,927,550	7,927,550	7,927,550
Excess Appropriation/(Funding)		(2,527,550)	(1,427,550)		812,683	812,683	812,683
Grand Total		6,625,053	7,600,000		8,740,233	8,740,233	8,740,233

Analysis of Budget Request

Appropriation: 2GK - County Jail Reimbursement

Funding Sources: MCJ - County Jail Reimbursement Fund

Arkansas Code §19-5-1045 provides Jail Reimbursement to Counties by the Department of Community Correction. Prior to this legislation, only Department of Correction could provide Jail Reimbursements to the Counties. In the event that the Department of Correction or Department of Community Correction could not accept inmates from county jails due to insufficient bed space, each agency would have to reimburse the counties for housing the inmates. Funding for this appropriation comes from general revenue.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2GK - County Jail Reimbursement

Funding Sources: MCJ - County Jail Reimbursement Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Refunds/Reimbursements	5110014	2,205,204	3,000,000	3,109,636	3,109,636	3,109,636	3,109,636
Total		2,205,204	3,000,000	3,109,636	3,109,636	3,109,636	3,109,636
Funding Sources							
General Revenue	4000010	3,000,000	3,000,000		3,109,636	3,109,636	3,109,636
Inter-agency Fund Transfer	4000316	(794,796)	0		0	0	0
Total Funding		2,205,204	3,000,000		3,109,636	3,109,636	3,109,636
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		2,205,204	3,000,000		3,109,636	3,109,636	3,109,636

Analysis of Budget Request

Appropriation: 510 - Community Correction - State

Funding Sources: HCP - Department of Community Correction Fund

The Department of Community Correction uses this appropriation for daily operations. Funding for this appropriation comes from general revenue and cash funds received from the rental of buildings at the Texarkana unit to other state agencies.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 510 - Community Correction - State

Funding Sources: HCP - Department of Community Correction Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	43,794,146	46,889,325	47,256,429	49,413,778	49,483,613	49,413,778
	#Positions	1,324	1,357	1,415	1,453	1,452	1,453
Extra Help	5010001	0	0	100,000	100,000	100,000	100,000
	#Extra Help	0	0	10	10	10	10
Personal Services Matching	5010003	16,439,575	17,690,665	17,706,350	18,531,095	18,547,924	18,531,095
Overtime	5010006	1,313	10,000	10,000	10,000	10,000	10,000
Operating Expenses	5020002	10,866,345	15,617,586	16,137,882	19,170,874	16,926,854	19,170,874
Conference & Travel Expenses	5050009	2,393	2,400	47,109	47,109	47,109	47,109
Professional Fees	5060010	5,951,831	6,532,373	6,532,373	7,543,170	7,543,170	7,543,170
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	36,794	609,195	1,482,042	971,457	971,457	971,457
Total		77,092,397	87,351,544	89,272,185	95,787,483	93,630,127	95,787,483
Funding Sources							
General Revenue	4000010	76,934,087	78,610,629		77,899,439	93,450,127	77,899,439
Federal Revenue	4000020	14,551	0		155,000	155,000	155,000
Cash Fund	4000045	89,148	25,000		25,000	25,000	25,000
General Improvement Fund	4000265	0	8,715,915		0	0	0
M & R Sales	4000340	2,128	0		0	0	0
Other	4000370	52,483	0		0	0	0
Total Funding		77,092,397	87,351,544		78,079,439	93,630,127	78,079,439
Excess Appropriation/(Funding)		0	0		17,708,044	0	17,708,044
Grand Total		77,092,397	87,351,544		95,787,483	93,630,127	95,787,483

Analysis of Budget Request

Appropriation: 86Y - Best Practices

Funding Sources: TBP - Best Practices Trust

This appropriation was established by the Public Safety Improvement Act of 2011 also known as Act 570. The special revenue supporting this appropriation includes fees and sanctions levied by the courts or authorized by the Board of Corrections and paid by offenders. The probation/parole fee is \$10 each month. These fees go to support programs and services that implement practices that are proven to reduce the risk of having repeat offenders or recidivism, including programs that address treatment needs of offenders.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 86Y - Best Practices

Funding Sources: TBP - Best Practices Trust

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Community Correction Prgm	5900046	3,634,870	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total		3,634,870	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Funding Sources							
Fund Balance	4000005	2,435,762	3,511,110		1,761,110	1,761,110	1,761,110
Special Revenue	4000030	4,710,218	2,250,000		2,600,000	2,600,000	2,600,000
Total Funding		7,145,980	5,761,110		4,361,218	4,361,110	4,361,110
Excess Appropriation/(Funding)		(3,511,110)	(1,761,110)		(361,110)	(361,110)	(361,110)
Grand Total		3,634,870	4,000,000		4,000,000	4,000,000	4,000,000

Analysis of Budget Request

Appropriation: N57 - Court Accountability Grants

Funding Sources: TAC - Accountability Court Fund

The Court Accountability Grants appropriation provides for the distribution of grant funds to adult and juvenile specialty court programs as defined under Arkansas Code § 16-10-139. This appropriation is payable from the Accountability Court Fund established by Act 895 of 2015 Section 43. Funding for this appropriation comes from grants funds and any other funds authorized or provided by law.

The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: N57 - Court Accountability Grants

Funding Sources: TAC - Accountability Court Fund

Appropriation	2014-2015 Actual	2015-2016 Budget	2015-2016 Authorized	2016-2017		
				Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	0	1,400,000	2,800,000	2,800,000	0	2,800,000
Total	0	1,400,000	2,800,000	2,800,000	0	2,800,000
Funding Sources						
Trust Fund 4000050	0	1,400,000		1,400,000	0	1,400,000
General Improvement Fund 4000265	0	0		0	0	0
Total Funding	0	1,400,000		1,400,000	0	1,400,000
Excess Appropriation/(Funding)	0	0		1,400,000	0	1,400,000
Grand Total	0	1,400,000		2,800,000	0	2,800,000

Initial funding was provided by a transfer from the Mandatory Set Aside of Act 1154 of 2015.

Analysis of Budget Request

Appropriation: N58 - Pay for Success Program

Funding Sources: TBQ - Social Innovation Fund

The Pay-for-Success Program appropriation provides for the Department of Community Correction to enter into agreements with entities such as community-based behavioral health providers or public universities to create a pay-for-success program for incarcerated or supervised individuals. The Pay-For-Success Program is payable from the Social Innovation Fund established by Act 895 of 2015 section 42. Funding for this appropriation includes grant funds, loans, investments and any other funds authorized by law.

The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: N58 - Pay for Success Program

Funding Sources: TBQ - Social Innovation Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
PAY-FOR-SUCCESS PROGRAM 5900046	0	0	3,000,000	3,000,000	0	3,000,000
Total	0	0	3,000,000	3,000,000	0	3,000,000
Funding Sources						
Trust Fund 4000050	0	0		0	0	0
Total Funding	0	0		0	0	0
Excess Appropriation/(Funding)	0	0		3,000,000	0	3,000,000
Grand Total	0	0		3,000,000	0	3,000,000

DEPARTMENT OF CORRECTION

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF CORRECTION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

None

Recommendations

None

**ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2015
Required by A.C.A. 25-36-104**

AGENCY: 0480 DEPARTMENT OF CORRECTION

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Diet of A Lifetime (Tastesetter Eastery)	\$56,160	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 1

TOTAL EXPENDITURES FOR CONTRACTS AWARDED \$57,904,702

% OF MINORITY CONTRACTS AWARDED 0.07 %

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
1MJ County Jail Reimbursement	21,886,681	0	24,853,607	0	40,184,970	0	19,661,227	0	19,661,227	0	19,661,227	0
2ZV Work Release Cash	3,026,042	0	6,058,320	0	7,376,070	0	7,238,920	0	7,750,200	0	7,238,920	0
33K ADC Sex Offender Assessment	153	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0
4HS Fire Station Treasury Cash	563	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0
509 Inmate Care & Custody	336,640,020	4,392	340,397,255	4,429	362,485,628	4,565	360,967,649	4,565	360,954,105	4,565	360,967,649	4,565
511 Prison Industry	7,747,878	53	11,437,229	59	11,549,948	60	11,571,873	60	11,571,873	60	11,571,873	60
512 Farm Operations	14,305,947	64	21,190,318	65	21,149,683	64	20,239,195	64	20,239,195	64	20,239,195	64
859 Inmate Welfare Treasury Cash	11,109,702	1	13,001,316	29	13,408,965	28	13,411,332	28	13,411,332	28	13,411,332	28
865 Non-Tax Revenue Receipts	2,098,956	0	3,953,000	0	3,972,500	0	3,972,500	0	3,972,500	0	3,972,500	0
F95 Paws in Prison	57,984	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0
Total	396,873,926	4,510	421,091,045	4,582	460,327,764	4,717	437,262,696	4,717	437,760,432	4,717	437,262,696	4,717

Funding Sources		%		%		%		%		%	
Fund Balance	4000005	12,658,056	3.1	14,813,226	3.5	7,206,243	1.7	7,206,243	1.7	7,206,243	1.7
General Revenue	4000010	335,764,903	81.6	361,516,862	84.4	362,269,060	86.0	372,680,840	86.4	362,269,060	86.0
Federal Revenue	4000020	274,085	0.1	500,000	0.1	500,000	0.1	500,000	0.1	500,000	0.1
Special Revenue	4000030	18,652,112	4.5	23,784,983	5.6	24,775,000	5.9	24,775,000	5.7	24,775,000	5.9
Cash Fund	4000045	17,996,339	4.4	19,025,893	4.4	19,624,719	4.7	19,624,719	4.5	19,624,719	4.7
Merit Adjustment Fund	4000055	2,683,010	0.7	1,956,324	0.5	0	0.0	0	0.0	0	0.0
Budget Stabilization Trust	4000130	4,600,000	1.1	5,600,000	1.3	5,600,000	1.3	5,600,000	1.3	5,600,000	1.3
Gen Rev Allot Reserve	4000262	17,000,000	4.1	0	0.0	0	0.0	0	0.0	0	0.0
General Improvement Fund	4000265	1,100,000	0.3	0	0.0	0	0.0	0	0.0	0	0.0
Inter-agency Fund Transfer	4000316	806,360	0.2	0	0.0	0	0.0	0	0.0	0	0.0
Intra-agency Fund Transfer	4000317	0	0.0	1,000,000	0.2	1,000,000	0.2	1,000,000	0.2	1,000,000	0.2
M & R Sales	4000340	86,923	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Miscellaneous Adjustments	4000345	6,275	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other	4000370	15,415	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Reimbursement	4000425	43,674	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		411,687,152	100.0	428,297,288	100.0	421,075,022	100.0	431,486,802	100.0	421,075,022	100.0
Excess Appropriation/(Funding)		(14,813,226)		(7,206,243)		16,187,674		6,273,630		16,187,674	
Grand Total		396,873,926		421,091,045		437,262,696		437,760,432		437,262,696	

Analysis of Budget Request

Appropriation: 1MJ - County Jail Reimbursement

Funding Sources: MCJ - County Jail Reimbursement Fund

In the event the Arkansas Department of Correction cannot accept inmates from county jails due to insufficient bed space, the Agency reimburses the counties from the County Jail Reimbursement Fund at rates determined by the Chief Fiscal Officer of the State, after consultation with the Division of Legislative Audit and the Department of Correction and upon approval of the Governor, until the appropriation and funding provided for that purpose are exhausted as stipulated in A.C.A. §12-27-114. ADC serves as disbursing officer for this separate Revenue Stabilization Fund.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 1MJ - County Jail Reimbursement

Funding Sources: MCJ - County Jail Reimbursement Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Refunds/Reimbursements	5110014	21,886,681	24,853,607	40,184,970	19,661,227	19,661,227	19,661,227
Total		21,886,681	24,853,607	40,184,970	19,661,227	19,661,227	19,661,227
Funding Sources							
Fund Balance	4000005	538,416	11,702		11,702	11,702	11,702
General Revenue	4000010	13,453,607	24,853,607		22,843,971	19,661,227	22,843,971
Gen Rev Allot Reserve	4000262	6,000,000	0		0	0	0
General Improvement Fund	4000265	1,100,000	0		0	0	0
Inter-agency Fund Transfer	4000316	806,360	0		0	0	0
Total Funding		21,898,383	24,865,309		22,855,673	19,672,929	22,855,673
Excess Appropriation/(Funding)		(11,702)	(11,702)		(3,194,446)	(11,702)	(3,194,446)
Grand Total		21,886,681	24,853,607		19,661,227	19,661,227	19,661,227

Pursuant to A.C.A. 12-27-114, the County Jail Reimbursement rate increased to \$30 per day.

Analysis of Budget Request

Appropriation: 2ZV - Work Release Cash

Funding Sources: NDC - Cash in Treasury

The Work Release Program allows inmates to hold paid jobs in the community while being housed at a correctional facility. Work Release participants reimburse the Department of Correction \$17 per day to offset the cost for maintenance and operation of the centers. There are currently six Work Release Centers located at Luxora, Springdale, Benton, Texarkana, Wrightsville and Pine Bluff. This is a cash funded appropriation that is supported by each inmate who participates in the Work Release Program.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2ZV - Work Release Cash

Funding Sources: NDC - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	2,177,559	4,954,170	4,954,170	5,091,770	5,091,770	5,091,770
Conference & Travel Expenses	5050009	5,705	104,150	104,150	104,150	115,430	104,150
Professional Fees	5060010	230	500,000	500,000	500,000	1,000,000	500,000
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	842,548	500,000	1,817,750	1,543,000	1,543,000	1,543,000
Debt Service	5120019	0	0	0	0	0	0
Total		3,026,042	6,058,320	7,376,070	7,238,920	7,750,200	7,238,920
Funding Sources							
Fund Balance	4000005	5,370,047	6,123,199		3,264,879	3,264,879	3,264,879
Cash Fund	4000045	3,752,497	3,200,000		2,600,000	2,600,000	2,600,000
M & R Sales	4000340	26,697	0		0	0	0
Total Funding		9,149,241	9,323,199		5,864,879	5,864,879	5,864,879
Excess Appropriation/(Funding)		(6,123,199)	(3,264,879)		1,374,041	1,885,321	1,374,041
Grand Total		3,026,042	6,058,320		7,238,920	7,750,200	7,238,920

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 33K - ADC Sex Offender Assessment

Funding Sources: SSC - ADC Sex Offender Assessment Fund

This appropriation request is for UAMS Juvenile Assessment. Funds for this appropriation are derived from collections by the Arkansas Crime Information Center (ACIC) of a \$250.00 fee from each individual who is required by law to register as a Level III or Level IV Sex Offender as required by provisions of ACA §12-12-910 and 12-12-911 et seq. The fees are split between ACIC and the Department of Correction.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 33K - ADC Sex Offender Assessment

Funding Sources: SSC - ADC Sex Offender Assessment Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	153	25,000	25,000	25,000	25,000	25,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		153	25,000	25,000	25,000	25,000	25,000
Funding Sources							
Fund Balance	4000005	57,104	82,496		82,496	82,496	82,496
Special Revenue	4000030	25,545	25,000		25,000	25,000	25,000
Total Funding		82,649	107,496		107,496	107,496	107,496
Excess Appropriation/(Funding)		(82,496)	(82,496)		(82,496)	(82,496)	(82,496)
Grand Total		153	25,000		25,000	25,000	25,000

Analysis of Budget Request

Appropriation: 4HS - Fire Station Treasury Cash

Funding Sources: NDC - Cash in Treasury

This appropriation provides for the support of the Fire Station recently constructed at the Cummins Unit. Cash funds are collected through the Fire Protection Revolving Fund as authorized by Act 833 of 1991. The construction of the new Fire Station was completed by Department of Correction's in-house construction division utilizing inmate labor to lower the cost.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 4HS - Fire Station Treasury Cash

Funding Sources: NDC - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	563	25,000	25,000	25,000	25,000	25,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		563	25,000	25,000	25,000	25,000	25,000
Funding Sources							
Fund Balance	4000005	35,370	51,091		46,091	46,091	46,091
Cash Fund	4000045	16,284	20,000		15,000	15,000	15,000
Total Funding		51,654	71,091		61,091	61,091	61,091
Excess Appropriation/(Funding)		(51,091)	(46,091)		(36,091)	(36,091)	(36,091)
Grand Total		563	25,000		25,000	25,000	25,000

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 509 - Inmate Care & Custody

Funding Sources: HCA - Department of Correction Inmate Care and Custody Fund

The Arkansas Department of Correction (ADC) is responsible for administration of an efficient and humane system of correction for individuals committed to the Department by the courts. In addition to providing for basic physiological and psychological needs of inmates, the Agency operates extensive farming, industry, work release programs, inmate welfare activities, pen stores, and maintenance and construction activities. Cash and special revenues produced by these and other auxiliary activities allow the Department wide discretion in planning and operating new and expanded inmate care and custody programs as well as construction projects.

The Board of Corrections is comprised of seven voting members: five citizen members, the chairperson of the Post Prison Transfer Board and one member of a criminal justice faculty. Each member is appointed by the Governor and serves a seven-year term.

The Agency has five divisions. The divisions and responsibilities are:

Administrative Services provides support to all operational units of the ADC while ensuring Agency compliance with state and federal accounting, budgetary and personnel procedures;

Institutional Services oversees the various Institutions, Work Release Programs, Regional Jails, Transportation Services, Accreditation, Classification and Emergency Preparedness;

Operations directs the Agriculture and Industry Programs, the 309 County Jail Contracts Program (A.C.A. §12-30-401) and also coordinates inmate grievances;

Health and Correctional Programs is responsible for Medical and Mental Health Services, Religious Services, Substance Abuse Treatment Program (SATP) and Reduction of Sexual Victimization Program (RSVP). The Health and Correctional Programs Division also coordinates educational programs provided through the Department of Correction School District, which is accredited and supervised by the Arkansas Department of Education. During the 1999 Legislative Session, responsibility for assessment of sex offenders in prison and living in communities in Arkansas was assigned to ADC. A unit supervised by the Deputy Director of Health and Correctional Programs conducts the assessments as prescribed by the Sex Offender Assessment Committee whose members are appointed by the Governor and prescribed by law;

Construction and Maintenance is responsible for ongoing and preventative maintenance programs at the various units and design and construction projects for the department. Construction of facilities is often completed with inmate labor, which costs substantially less than free-world labor.

Funding for Inmate Care and Custody (ICC) is primarily from general revenue. The opening of the Jefferson and Delta Regional Jail Units in FY92 provided a new fund source for the Department. Legislation specifies that fees collected from contracting with counties for an agreed upon number of beds is to be deposited in the "Regional Facilities Operation Account" and used for payment of debt service on, or operation of, regional facilities. The operation of these facilities is funded within Inmate Care and Custody appropriation with a portion of the cost defrayed by a transfer of the cash funds to the Inmate Care and Custody Fund. The use of cash and special revenue income for Inmate Care & Custody Fund Operations allows the Agency to prepare fiscal year budgets to help meet the contingencies of population growth.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 509 - Inmate Care & Custody

Funding Sources: HCA - Department of Correction Inmate Care and Custody Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	165,320,754	161,033,203	170,283,254	168,403,154	168,392,723	168,403,154
	#Positions	4,392	4,429	4,565	4,565	4,565	4,565
Extra Help	5010001	63,738	100,000	100,000	100,000	100,000	100,000
	#Extra Help	13	168	170	170	170	170
Personal Services Matching	5010003	59,920,660	60,942,668	65,372,883	64,909,708	64,906,595	64,909,708
Overtime	5010006	921,488	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000
Operating Expenses	5020002	50,497,884	52,963,846	57,120,958	56,980,708	56,980,708	56,980,708
Conference & Travel Expenses	5050009	131,012	150,000	155,398	155,398	155,398	155,398
Professional Fees	5060010	58,086,847	62,124,538	63,635,115	65,401,253	65,401,253	65,401,253
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	303,415	0	2,735,020	1,934,428	1,934,428	1,934,428
Jail Contracts	5900047	1,394,222	1,533,000	1,533,000	1,533,000	1,533,000	1,533,000
Total		336,640,020	340,397,255	362,485,628	360,967,649	360,954,105	360,967,649
Funding Sources							
General Revenue	4000010	322,311,296	336,663,255		339,425,089	353,019,613	339,425,089
Federal Revenue	4000020	274,085	500,000		500,000	500,000	500,000
Cash Fund	4000045	371,629	1,277,676		3,359,397	3,359,397	3,359,397
Merit Adjustment Fund	4000055	2,683,010	1,956,324		0	0	0
Gen Rev Allot Reserve	4000262	11,000,000	0		0	0	0
Total Funding		336,640,020	340,397,255		343,284,486	356,879,010	343,284,486
Excess Appropriation/(Funding)		0	0		17,683,163	4,075,095	17,683,163
Grand Total		336,640,020	340,397,255		360,967,649	360,954,105	360,967,649

Analysis of Budget Request

Appropriation: 511 - Prison Industry

Funding Sources: SDD - Department of Correction Prison Industry Fund

Correctional Industries exists as a self-supporting operation within the ADC and is funded by special revenues generated by the sale of products to public agencies and nonprofit organizations. The primary goal of the Industries program is to administer and operate the various industry programs in an efficient and cost-effective manner that provides inmates with productive and significant training opportunities. More than 500 inmates participate in the various work programs. Principal operations include printing and graphic arts, digital imaging, engraving, janitorial product manufacturing, school bus/fire truck repair, furniture manufacturing, refinishing and upholstery, vinyl products and athletic equipment. Prison Industry Enhancement (PIE) Programs at the McPherson and Pine Bluff Units are a partnership with private sector companies operating within prison fences and employing inmates at prevailing wages. FY14 sales totaled \$8.2 million.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 511 - Prison Industry

Funding Sources: SDD - Department of Correction Prison Industry Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	1,713,088	2,079,679	2,150,941	2,151,641	2,151,641	2,151,641
	#Positions	53	59	60	60	60	60
Extra Help	5010001	0	10,000	10,000	10,000	10,000	10,000
	#Extra Help	0	1	0	0	0	0
Personal Services Matching	5010003	713,385	794,109	835,566	835,739	835,739	835,739
Overtime	5010006	539	8,000	8,000	8,000	8,000	8,000
Operating Expenses	5020002	5,263,541	8,220,213	8,220,213	8,220,213	8,220,213	8,220,213
Conference & Travel Expenses	5050009	14,429	41,280	41,280	41,280	41,280	41,280
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	42,896	283,948	283,948	305,000	305,000	305,000
Total		7,747,878	11,437,229	11,549,948	11,571,873	11,571,873	11,571,873
Funding Sources							
Fund Balance	4000005	1,550,498	1,971,956		433,785	433,785	433,785
Special Revenue	4000030	8,116,572	9,899,058		10,250,000	10,250,000	10,250,000
M & R Sales	4000340	9,090	0		0	0	0
Reimbursement	4000425	43,674	0		0	0	0
Total Funding		9,719,834	11,871,014		10,683,785	10,683,785	10,683,785
Excess Appropriation/(Funding)		(1,971,956)	(433,785)		888,088	888,088	888,088
Grand Total		7,747,878	11,437,229		11,571,873	11,571,873	11,571,873

Analysis of Budget Request

Appropriation: 512 - Farm Operations

Funding Sources: SDC - Department of Correction Farm Fund

The agricultural operation of the ADC is a self-supported division. The Agricultural Division is involved in almost every area of farming providing fresh and frozen vegetables, meat, milk and eggs which are consumed by the inmate population and generates revenue by selling products such as soybeans, rice, cotton and wheat. The primary goal of the Farm Program is to provide useful and meaningful work for inmates, produce sufficient cost-effective food for inmate consumption, and maximize revenues from production and sales of marketable field crops and livestock. A Vegetable Processing facility is located at the Varner Unit and annually provides approximately 2.4 million pounds of vegetables for inmate consumption. A Cold Storage facility located at the Cummins Unit provides beef and pork products to all units for consumption. A state of the art Creamery operation is also located at the Cummins Unit and provides milk and juice products. Approximately 30,000 acres are devoted to cash crops, vegetables, hay production and livestock. FY14 cash crop sales totaled \$7.5 million. The Farm Program provides jobs for approximately 400 inmates. The Livestock Division consists of 2,300 beef cows, a 319-cow dairy, swine production facilities, and egg layer operation as well as responsibility for all the horses being used in the cattle operation and at various units around the state for security and regional maintenance.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 512 - Farm Operations

Funding Sources: SDC - Department of Correction Farm Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	2,516,330	2,645,137	2,597,433	2,597,733	2,597,733	2,597,733
	#Positions	64	65	64	64	64	64
Extra Help	5010001	0	10,000	10,000	10,000	10,000	10,000
	#Extra Help	0	1	0	0	0	0
Personal Services Matching	5010003	922,585	956,744	963,813	963,889	963,889	963,889
Operating Expenses	5020002	9,150,886	14,500,209	14,500,209	14,500,209	14,500,209	14,500,209
Conference & Travel Expenses	5050009	6,890	53,010	53,010	53,010	53,010	53,010
Professional Fees	5060010	121,652	128,354	128,354	128,354	128,354	128,354
Data Processing	5090012	0	0	0	0	0	0
Claims	5110015	29,831	0	0	0	0	0
Capital Outlay	5120011	1,329,813	2,246,864	2,246,864	1,336,000	1,336,000	1,336,000
Purchase Cattle/Meat	5900047	227,960	650,000	650,000	650,000	650,000	650,000
Total		14,305,947	21,190,318	21,149,683	20,239,195	20,239,195	20,239,195

Funding Sources							
Fund Balance	4000005	1,122,300	1,939,760		1,210,367	1,210,367	1,210,367
Special Revenue	4000030	10,509,995	13,860,925		14,500,000	14,500,000	14,500,000
Budget Stabilization Trust	4000130	4,600,000	5,600,000		5,600,000	5,600,000	5,600,000
Intra-agency Fund Transfer	4000317	0	1,000,000		1,000,000	1,000,000	1,000,000
M & R Sales	4000340	7,137	0		0	0	0
Miscellaneous Adjustments	4000345	6,275	0		0	0	0
Total Funding		16,245,707	22,400,685		22,310,367	22,310,367	22,310,367
Excess Appropriation/(Funding)		(1,939,760)	(1,210,367)		(2,071,172)	(2,071,172)	(2,071,172)
Grand Total		14,305,947	21,190,318		20,239,195	20,239,195	20,239,195

The FY16 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during fiscal year 2016. Budget Number of Positions may exceed the Authorized Number due to single salary section in appropriation act.

Analysis of Budget Request

Appropriation: 859 - Inmate Welfare Treasury Cash

Funding Sources: NDC - Cash in Treasury

Self-supported Pen Store operations within institutions provide the opportunity for inmates to purchase various commissary supplies such as hygiene items, paper and stamps as well as various snack foods. A centralized banking system manages inmate funds, and the profits from the stores are used to purchase items that benefit inmates such as tables and chairs for visitation, televisions and recreational equipment for inmate use.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 859 - Inmate Welfare Treasury Cash

Funding Sources: NDC - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	26,016	829,248	793,328	795,228	795,228	795,228
	#Positions	1	29	28	28	28	28
Personal Services Matching	5010003	54,748	343,108	336,677	337,144	337,144	337,144
Operating Expenses	5020002	11,028,938	11,778,960	11,778,960	11,778,960	11,778,960	11,778,960
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	50,000	500,000	500,000	500,000	500,000
Total		11,109,702	13,001,316	13,408,965	13,411,332	13,411,332	13,411,332
Funding Sources							
Fund Balance	4000005	2,696,375	3,705,740		2,104,424	2,104,424	2,104,424
Cash Fund	4000045	12,119,067	11,400,000		10,800,322	10,800,322	10,800,322
Total Funding		14,815,442	15,105,740		12,904,746	12,904,746	12,904,746
Excess Appropriation/(Funding)		(3,705,740)	(2,104,424)		506,586	506,586	506,586
Grand Total		11,109,702	13,001,316		13,411,332	13,411,332	13,411,332

The FY16 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during fiscal year 2016. Budget Number of Positions may exceed the Authorized Number due to single salary section in appropriation act. Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 865 - Non-Tax Revenue Receipts

Funding Sources: NDC - Cash in Treasury

This cash appropriation is funded by proceeds derived from contractual agreement with a telephone service provider for the operation of a coin-less telephone system that was implemented in the 1995-97 Biennium. The program allows inmates to call family or friends collect with a portion of the receipts from such calls paid to the Department of Correction by the telephone company. The appropriation is used for inmate assistance projects, security equipment, long term needs and general operations as annually approved by the Arkansas Board of Corrections.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 865 - Non-Tax Revenue Receipts

Funding Sources: NDC - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	930,981	1,480,500	1,480,500	1,480,500	1,480,500	1,480,500
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	1,300	180,500	200,000	200,000	200,000	200,000
Construction	5090005	1,090,740	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	75,935	300,000	300,000	300,000	300,000	300,000
Total		2,098,956	3,953,000	3,972,500	3,972,500	3,972,500	3,972,500
Funding Sources							
Fund Balance	4000005	1,203,241	854,783		0	0	0
Cash Fund	4000045	1,735,083	3,098,217		2,800,000	2,800,000	2,800,000
Other	4000370	15,415	0		0	0	0
Total Funding		2,953,739	3,953,000		2,800,000	2,800,000	2,800,000
Excess Appropriation/(Funding)		(854,783)	0		1,172,500	1,172,500	1,172,500
Grand Total		2,098,956	3,953,000		3,972,500	3,972,500	3,972,500

Analysis of Budget Request

Appropriation: F95 - Paws in Prison

Funding Sources: NDC - Cash in Treasury

This cash appropriation is funded by marketing and distribution proceeds and cash donations. This non-profit program supports the training of rescue dogs by inmates and allows for the dogs to eventually be adopted as pets.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: F95 - Paws in Prison
Funding Sources: NDC - Cash in Treasury

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Paws in Prison 5900046	57,984	150,000	150,000	150,000	150,000	150,000
Total	57,984	150,000	150,000	150,000	150,000	150,000
Funding Sources						
Fund Balance 4000005	84,705	72,499		52,499	52,499	52,499
Cash Fund 4000045	1,779	30,000		50,000	50,000	50,000
M & R Sales 4000340	43,999	100,000		100,000	100,000	100,000
Total Funding	130,483	202,499		202,499	202,499	202,499
Excess Appropriation/(Funding)	(72,499)	(52,499)		(52,499)	(52,499)	(52,499)
Grand Total	57,984	150,000		150,000	150,000	150,000

Expenditure of appropriation is contingent upon available funding.

DOE - Public School Fund

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

None

U.S. DEPARTMENT OF EDUCATION

Finding Number: 2014-006
State/Educational Agency(s): Arkansas Department of Education
CFDA Number(s) and Program Title(s): 84.173 - Special Education_Preschool Grants (Special Education Cluster (IDEA))
Federal Award Number(s): H173A130021
Federal Award Year(s): 2014
Compliance Requirement(s) Affected: Matching, Level of Effort, Earmarking
Type of Finding: Noncompliance

Criteria:

Title 34 Part 300.816, which applies to Preschool Grants for Children with Disabilities, requires the allocation of remaining funds after base payments to Local Education Agencies (LEAs) to be based on the relative number of children enrolled in public and private elementary schools and secondary schools within the LEA's jurisdiction.

Condition and Context:

In 2014, the Agency used only the preschool 3- to 5-year-old counts in the "allocation of remaining funds" for population amounts after the base instead of using the total school-aged and preschool children count in the calculation. Although the total distribution of remaining funds of \$776,082 to the LEAs for 2014 was appropriate, the breakdown among recipients was incorrect.

Questioned Costs:

None

Recommendations

None

No further action is required as the Agency has taken corrective action for fiscal year 2015.

Views of Responsible Officials and Planned Corrective Action:

Anticipated Completion Date: Corrective action was implemented prior to the audit date, and we believe we are now in full compliance.

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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Recommendations

Cause:

The Agency's Special Education Preschool calculation for the allocation of remaining funds was not in accordance with program requirements.

Effect:

Inappropriate calculations could result in an incorrect payment to an LEA.

Special Report - Department of Education Grants, For the Period Ended June 30, 2014 None

No findings or recommendations noted in the report.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

None

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
057 Smart Start/Smart Step	10,666,303	0	10,666,303	0	10,666,303	0	10,666,303	0	10,666,303	0	10,666,303	0
082 English Language Learners	13,635,590	0	14,284,735	0	14,284,735	0	14,570,430	0	14,004,642	0	14,570,430	0
088 At Risk	1,765,170	0	1,688,530	0	1,988,530	0	1,988,530	0	1,988,530	0	1,988,530	0
091 Special Ed-Catastrophic	10,999,998	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0
094 Youth Shelters	165,000	0	165,000	0	165,000	0	165,000	0	165,000	0	165,000	0
108 Tech Improvements	83,836	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
119 Tech Grants	3,560,418	0	3,602,678	0	3,602,678	0	3,602,678	0	3,602,678	0	3,602,678	0
136 Distressed School District Support	6,068	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
150 Home School Test	250,000	0	0	0	250,000	0	250,000	0	250,000	0	250,000	0
1PS Non-Traditional Licensure	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
1QV Content & Curriculum	39,422	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
1XE Economic Education	350,000	0	350,000	0	400,000	0	400,000	0	400,000	0	400,000	0
2HP State Foundation Funding	1,985,703,026	0	2,009,440,423	0	2,009,440,423	0	2,053,194,376	0	1,975,995,879	0	2,053,194,376	0
2HR National School Lunch	209,481,304	0	215,564,199	0	224,450,590	0	235,503,568	0	231,897,173	0	235,503,568	0
2HS Prof Development Fund	16,084,187	0	16,087,684	0	16,186,268	0	16,293,119	0	16,293,119	0	16,293,119	0
2HU Supplemental Millage	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0
2HX Distance Learning Operations	6,531,233	0	7,575,000	0	7,575,000	0	7,575,000	0	7,575,000	0	7,575,000	0
2HY Education Renewal Zones	1,027,171	3	1,431,150	5	1,460,655	5	1,461,385	5	1,461,385	5	1,461,385	5
2JA Content Standards	157,803	0	161,000	0	161,000	0	161,000	0	161,000	0	161,000	0
2JC Teacher Recruitment	2,097,325	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
2ZH School Funding Contingency	0	0	0	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0
2ZK Leadership Acdmy-Mstr Principal	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
2ZM Master Principal Bonus	228,000	0	90,000	0	208,000	0	208,000	0	208,000	0	208,000	0
2ZS Special Needs Isolated Funding	8,347,715	0	3,000,000	0	3,000,000	0	3,000,000	0	3,000,000	0	3,000,000	0
311 Alternative Learning	23,961,251	0	24,207,816	0	24,812,881	0	25,940,361	0	24,933,568	0	25,940,361	0
326 General Facilities Funding	8,100,000	0	8,100,000	0	8,100,000	0	8,100,000	0	8,100,000	0	8,100,000	0
331 Isolated Funding	2,548,281	0	7,896,000	0	7,896,000	0	7,896,000	0	7,896,000	0	7,896,000	0
332 Student Growth	33,513,285	0	33,298,125	0	37,690,144	0	37,690,144	0	37,690,144	0	37,690,144	0
336 Bonded Debt Assistance	14,765,374	0	28,455,384	0	28,455,384	0	28,455,384	0	28,455,384	0	28,455,384	0
34N 98% URT Actual Collection Adj	17,751,282	0	34,500,000	0	34,500,000	0	34,500,000	0	34,500,000	0	34,500,000	0
380 Dept of Correction	6,396,775	0	5,597,675	0	6,541,147	0	6,645,135	0	6,645,135	0	6,645,135	0
394 Residential Ctrs/Juv Detention	16,344,976	0	15,188,254	0	16,345,087	0	16,345,087	0	16,345,087	0	16,345,087	0
421 Consolidation Incentive	4,871,550	0	0	0	5,868,900	0	5,868,900	0	5,868,900	0	5,868,900	0

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
434	Coop Education Tech Centers	1,186,773	0	0	0	0	1,200,000	0	1,200,000	0	1,200,000	0
437	Teacher Retirement Matching	8,838,428	0	6,655,000	0	0	10,730,500	0	11,803,550	0	11,803,550	0
438	NH Bd Prof Teaching Standards	13,064,280	0	9,109,160	0	0	13,854,260	0	13,865,260	0	13,865,260	0
440	Advanced Placement Incentive	779,157	0	825,000	0	0	825,000	0	825,000	0	825,000	0
444	Criminal Background Checks	1,767	0	25,000	0	0	25,000	0	25,000	0	25,000	0
445	AR Easter Seals	193,113	0	193,113	0	0	193,113	0	193,113	0	193,113	0
446	Public School Employee Ins	56,470,082	0	57,373,600	0	0	57,373,600	0	57,373,600	0	57,373,600	0
447	School Food Services	1,650,000	0	0	0	0	1,650,000	0	1,650,000	0	1,650,000	0
450	Surplus Commodities	1,075,005	0	780,000	0	0	1,125,065	0	1,125,065	0	1,125,065	0
451	Grants to School Districts	67,856	0	67,856	0	0	67,856	0	67,856	0	67,856	0
452	Workers' Compensation	149,620	0	450,000	0	0	450,000	0	450,000	0	450,000	0
454	School Food-Legislative Audit	75,000	0	75,000	0	0	75,000	0	75,000	0	75,000	0
457	Gifted & Talented	1,330,522	0	1,085,381	0	0	1,335,381	0	1,335,381	0	1,335,381	0
458	School Worker Defense	13,042	0	0	0	0	390,000	0	390,000	0	390,000	0
459	Assessment/End Course Testing	12,504,379	0	22,250,189	0	0	22,250,189	0	23,350,681	0	23,350,681	0
460	Court Ordered Desegregation	72,938,052	0	65,794,267	0	0	65,794,267	0	65,794,267	0	65,794,267	0
4HM	Teacher of the Year	56,912	0	100,000	0	0	100,000	0	100,000	0	100,000	0
4HN	Declining Enrollment	8,817,738	0	13,963,389	0	0	13,963,389	0	13,963,389	0	13,963,389	0
565	Intervention Block Grants	302,000	0	227,000	0	0	302,000	0	302,000	0	302,000	0
566	Serious Offender	1,716,859	0	1,050,946	0	0	1,716,859	0	1,716,859	0	1,716,859	0
59V	Coord School Health	2,000,000	0	2,000,000	0	0	2,000,000	0	2,000,000	0	2,000,000	0
59W	School Facility Joint Use	500,000	0	500,000	0	0	500,000	0	500,000	0	500,000	0
59X	Add Public School Employee Ins	15,000,000	0	15,000,000	0	0	15,000,000	0	15,000,000	0	15,000,000	0
652	Better Chance Program	110,896,616	0	111,000,000	0	0	127,000,000	0	111,000,000	0	111,000,000	0
668	Special Education Services	2,802,523	0	1,145,285	0	0	2,802,527	0	2,802,527	0	2,802,527	0
669	Human Dev Ctr Education Aid	526,150	0	526,150	0	0	526,150	0	526,150	0	526,150	0
670	Education Service Cooperatives	6,129,270	0	6,129,270	0	0	6,129,270	0	6,129,270	0	6,129,270	0
688	APSCN	22,580,120	46	23,064,019	51	0	23,168,900	51	23,170,491	51	23,012,794	49
697	Early Childhood Special Educ	16,897,919	0	15,623,079	0	0	16,897,920	0	16,897,920	0	16,897,920	0
698	Distance Learning	4,753,910	0	4,760,000	0	0	4,760,000	0	4,760,000	0	4,760,000	0
699	Teacher Licensing/Mentoring	4,767,232	0	5,008,758	0	0	5,065,758	0	5,065,758	0	5,065,758	0
F81	School Recognition	6,999,985	0	7,000,000	0	0	10,000,000	0	10,000,000	0	7,000,000	0
F82	Inter Baccalaureate Prgm	74,942	0	0	0	0	75,000	0	75,000	0	75,000	0

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
M74 Broadband Facilities Matching Grant Prog	4,004,636	0	991,823	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
N55 Enhanced Transportation Funding	0	0	0	0	3,000,000	0	3,000,000	0	0	0	3,000,000	0
N68 OE Charter Fac Funding Aid Prg	0	0	5,000,000	0	15,000,000	0	15,000,000	0	0	0	15,000,000	0
Total	2,789,146,231	49	2,843,373,241	56	2,943,645,729	56	2,986,263,537	56	2,882,728,367	54	2,986,263,537	56

Funding Sources		%		%		%		%		%	
Fund Balance	4000005	60,828,723	2.1	58,300,953	2.0	57,309,130	1.9	57,309,130	2.0	57,309,130	1.9
Court Ordered Desegregation	4000180	72,093,913	2.5	65,794,267	2.3	65,794,267	2.2	65,794,267	2.3	65,794,267	2.2
DOE Public School Fund	4000195	2,085,860,269	73.3	2,126,543,780	73.3	2,151,532,000	73.2	2,116,831,989	72.9	2,151,532,000	73.2
E-Rate Credit	4000207	2,990,241	0.1	10,000,000	0.3	8,000,000	0.3	8,000,000	0.3	8,000,000	0.3
Educational Adequacy Fund	4000210	434,031,542	15.2	434,031,542	15.0	434,031,542	14.8	434,031,542	14.9	434,031,542	14.8
Educational Excellence Fund	4000220	199,766,424	7.0	203,426,829	7.0	200,606,121	6.8	200,606,121	6.9	200,606,121	6.8
Intra-agency Fund Transfer	4000317	1,000,000	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Adjustments	4000345	(6,905,718)	(0.2)	0	0.0	0	0.0	0	0.0	0	0.0
TANF Transfer	4000478	7,500,000	0.3	7,500,000	0.3	7,500,000	0.3	7,500,000	0.3	7,500,000	0.3
Trnfr frm DOE Pub School Fund	4000525	(11,083,201)	(0.4)	(11,115,000)	(0.4)	(11,115,000)	(0.4)	(11,115,000)	(0.4)	(11,115,000)	(0.4)
Trnfr to DOE Public School Fund	4000625	0	0.0	5,000,000	0.2	0	0.0	0	0.0	0	0.0
Transit Tax	4000700	1,364,991	0.0	1,200,000	0.0	1,200,000	0.0	1,200,000	0.0	1,200,000	0.0
Unfunded Appropriation	4000715	0	0.0	0	0.0	25,000,000	0.9	25,000,000	0.9	25,000,000	0.9
Total Funds		2,847,447,184	100.0	2,900,682,371	100.0	2,939,858,060	100.0	2,905,158,049	100.0	2,939,858,060	100.0
Excess Appropriation/(Funding)		(58,300,953)		(57,309,130)		46,405,477		(22,429,682)		46,405,477	
Grand Total		2,789,146,231		2,843,373,241		2,986,263,537		2,882,728,367		2,986,263,537	

The 2015-2016 Authorized for the Better Chance Program reflects \$16 million transferred from General Improvement.
 Budget and/or Actual exceed Authorized in Master Principal Bonus and Special Needs Isolated Funding due to Special Language that provides for Appropriation Transfer Authority.
 Actual exceeds Budget in Court Ordered Desegregation due to Special Language that provides for payment of or reimbursement for expenses incurred under any "Desegregation Agreement."

Analysis of Budget Request

Appropriation: 2HY - Education Renewal Zones

Funding Sources: JAA - Department of Education Public School Fund

The Office of Educational Renewal Zones is responsible for the development of guidelines for approval of education renewal zone strategic plans and for evaluation and reporting of education renewal zone activities. The education renewal zone is to identify and implement education and management strategies designed specifically to improve public school performance and student academic achievement with special focus on the State's most academically distressed schools; provide collaboration among the State's smaller schools and districts to achieve advantages of economies of scale in providing educational and related activities; maximize benefits and outcomes through resource concentration and coordination of Arkansas' higher education institutions, expertise of the regional education service cooperatives, and technical assistance of other service providers and; to enable small, rural, and low-wealth schools make best use of distance learning technology to enhance curriculum and professional development.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2HY - Education Renewal Zones

Funding Sources: JAA - Department of Education Public School Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	116,423	227,500	251,647	252,247	252,247	252,247
	#Positions	3	5	5	5	5	5
Personal Services Matching	5010003	49,905	74,500	79,858	79,988	79,988	79,988
Operating Expenses	5020002	38,589	91,800	91,800	91,800	91,800	91,800
Conference & Travel Expenses	5050009	1,383	13,000	13,000	13,000	13,000	13,000
Professional Fees	5060010	16,871	306,900	306,900	306,900	306,900	306,900
Data Processing	5090012	0	0	0	0	0	0
Grants and Aid	5100004	804,000	717,450	717,450	717,450	717,450	717,450
Capital Outlay	5120011	0	0	0	0	0	0
Total		1,027,171	1,431,150	1,460,655	1,461,385	1,461,385	1,461,385
Funding Sources							
DOE Public School Fund	4000195	1,027,171	1,431,150		1,461,385	1,461,385	1,461,385
Total Funding		1,027,171	1,431,150		1,461,385	1,461,385	1,461,385
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		1,027,171	1,431,150		1,461,385	1,461,385	1,461,385

Actual exceeds Authorized for Grants and Aid due to Special Language that provides for Appropriation Transfer Authority.

Analysis of Budget Request

Appropriation: 688 - APSCN

Funding Sources: JAA - Department of Education Public School Fund

From a non-profit agency begun in 1992, the Arkansas Public School Computer Network (APSCN) became part of the Department in 1998. Its mission is to implement a statewide data communication network that connects all Arkansas public school systems and Education Service Cooperatives with the Department to provide electronic access to administrative computing services and remote instructional services. Schools, district offices and Cooperatives use APSCN to process financial and student data.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 688 - APSCN

Funding Sources: JAA - Department of Education Public School Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	2,198,680	2,509,978	2,594,987	2,596,187	2,474,912	2,596,187
	#Positions	46	51	51	51	49	51
Personal Services Matching	5010003	718,860	800,952	820,824	821,215	784,793	821,215
Operating Expenses	5020002	19,159,391	19,245,839	19,245,839	19,245,839	19,245,839	19,245,839
Conference & Travel Expenses	5050009	7,250	7,250	7,250	7,250	7,250	7,250
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	195,939	200,000	200,000	200,000	200,000	200,000
Data Access Implementation	5900046	300,000	300,000	300,000	300,000	300,000	300,000
Total		22,580,120	23,064,019	23,168,900	23,170,491	23,012,794	23,170,491
Funding Sources							
DOE Public School Fund	4000195	21,159,897	14,564,019		16,197,561	16,197,561	16,197,561
E-Rate Credit	4000207	408,227	8,500,000		6,500,000	6,500,000	6,500,000
Intra-agency Fund Transfer	4000317	1,000,000	0		0	0	0
Miscellaneous Adjustments	4000345	11,996	0		0	0	0
Total Funding		22,580,120	23,064,019		22,697,561	22,697,561	22,697,561
Excess Appropriation/(Funding)		0	0		472,930	315,233	472,930
Grand Total		22,580,120	23,064,019		23,170,491	23,012,794	23,170,491

Analysis of Budget Request

Appropriation: PSF - Public School Fund

Funding Sources: JAA - Department of Education Public School Fund

The Department of Education Public School Fund provides the primary State financial assistance to Arkansas' public elementary and secondary schools. For FY16, the projected major funding sources for the Department of Education Public School Fund are: General Revenue approximately \$2.126 billion, the Educational Excellence Trust Fund \$202.0 million and the Educational Adequacy Fund \$434 million. The following summarizes the fiscal status and change level requests for each program of the Department of Education Public School Fund.

Smart Start/Smart Step (057) - This program is a comprehensive initiative that focuses on improving academic achievement in reading and mathematics of K-12 students. A state network of literacy and mathematics specialists assist schools with professional development to maintain highly qualified teaching staff and; professional development opportunities are provided to all K-12 educators through statewide conferences, regional workshops, and satellite delivered meetings. It has funded STEM Initiative projects Project Lead the Way and New Tech High School programs.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

English Language Learners (082) - This state categorical program serves students identified as not being proficient in the English language. This program assists school districts to provide specially-trained staff and instructional materials and training for teachers with these qualified students. The Department offers summer training academies for additional training in teaching and assisting these students. A.C.A. §6-20-2305(b)(3)(A) establishes the amount to be paid each school year for students identified in the current year as English language learners. The rate per ESL student is \$324 for the 2015-2016 school year and \$331 for the 2016-2017 school year.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

At Risk (088) - The College and Career Readiness Planning Program (CCRPP) is funded from this appropriation. The program provides funds for school districts partnering with higher education institutions to provide a study program designed to improve American College Test (ACT) scores. The Program uses results from the ACT Aspire assessments to identify students in need of intervention. Participating students

are provided 75 hours of instruction over a minimum of twenty days. At the conclusion of the program students are given the opportunity to take the ACT whose cost is covered by the program.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Special Education-Catastrophic (091) - Provides for state funding to school districts for local occurrences when costs of special education and related services required by an individual child are unduly expensive, extraordinary, or beyond routine and normal costs associated with special education. Reimbursement from this program for an individual child can be sought only after eligible costs equal or exceed \$15,000 for the special education child. Medicaid and other third party funding are obtained prior to requesting state catastrophic funding.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Youth Shelters (094) - The Department of Human Services (DHS) maintains contracts with community providers for operation of ten youth shelters with approximately 250 beds. This program partially reimburses school districts for the additional costs of providing educational services to students placed in these facilities by DHS. Funds are distributed based upon the number of available beds.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Technology Improvements (108) - This program is used to update the technology hardware and software available to Educational Service Cooperatives and local school districts. The funds are also used to make educational technology resources available through statewide projects such as the StudentGPS Dashboards and joint efforts with the state library system.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Technology Grants (119) - This program provides grants to school districts for such programs as the Environmental and Spatial Technology (EAST) Initiative and Explor-Net. The EAST program has received high praise from local school administrators and parents as

well as national recognition. A national training center was established in Little Rock for training facilitators from other states, in addition to Arkansas teachers and students. Explor-Net teaches students computer repair and includes teachers and administrative personnel with technology integration.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Distressed School District Support (136) - The Arkansas Academic Distress Program is to improve the capacity of local school districts whose students are not achieving at academically desired levels through targeted assistance coordinated by the Department of Education (A.C.A. §6-20-1901).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Home School Testing (150) - Act 832 of 2015 repealed the requirement of administration of norm-referenced achievement tests of home schooled students.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Non-Traditional Licensure (1PS) - This program supplements the cash funded Alternative Certification Program that was developed by the Department of Education to certify individuals to teach who have the expertise and knowledge in a particular subject, but lack the standard teaching certificate. This program was developed by the Legislature for the purpose of meeting teacher shortages in critical areas of the state.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Content Standards Curriculum Frameworks (1QV) - This program was established for expenses associated with the development of a comprehensive plan to revise content standards and curriculum frameworks in the core areas of reading, writing, mathematics, science, history, geography, and civics.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Economic Education (1XE) - The purpose of this program is to integrate economics into the K-12 curriculum by training teachers and administrators in economic principles; to increase the economic literacy of pre-K-12 students by providing economic and personal finance education and training to teachers. Funding is distributed to Economics Arkansas, a private, non-profit organization providing professional development for K-12 teachers.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

State Foundation Funding (2HP) - State Foundation Funding is the amount of state financial aid provided to each school district. Act 1248 of 2015 amended A.C.A §6-20-2305(a) to establish the Foundation Funding amount as \$6,584 for FY16 and \$6,646 for FY17 multiplied by the school district's average daily membership (ADM) for the previous school year. Charter school funding uses the same amount of per student foundation funding but uses the ADM of the prior or current school year as required by law.

The amount paid as State Foundation Funding is computed as the difference between the Foundation Funding amount established by the General Assembly (\$6,584 for FY16) times the ADM of the previous school year and less the sum of 98% of the uniform rate of tax (25 mills) times the property assessment of the school district plus calendar year miscellaneous funds of the school district. Funding for charter schools use the same amount of per student foundation funding but use the prior or current school year as required by law. ADM is calculated as the total number of days of school attended plus the total number of days absent by students in grades K-12 during the first 3 quarters of each school year divided by the number of school days actually taught in the school district during that period of time.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

National School Lunch (2HR) - This program provides state categorical funding for those students from low socio-economic backgrounds, as indicated by the prior year eligibility for free or reduced-price meals under the National School Lunch (NSL) Act, as reported by October 1 of each year and submitted to the Department of Education and certified by the Child Nutrition Unit.

NSL funding is divided into three tiers; school districts that were to receive funding based on a higher or lower percentage tier than the preceding school year, the funding would be increased or reduced in three equal amounts over a three-year period following the year in which a school district's percentage level of NSL students increased or decreased. A school district that has experienced a significant growth, defined by rule as 1%, in enrolled students in each of the previous three years shall receive funding for the expected increase in the number of NSL students based on the three year average growth in enrollment times the percentage of students eligible for NSL funding times the appropriate per student funding amount.

The current rates for the NLSA as listed in A.C.A. §6-20-2305(B)(4)(A), are:

- School districts in which 90% or greater of the enrolled students are national school lunch students, funding shall be \$1,562;
- For school districts in which at least 70% but less than 90% of the enrolled students are national school lunch students, funding shall be \$1,042;
- For school districts in which less than 70% of the enrolled students are national school lunch students, funding shall be \$522.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Professional Development Funding (2HS) - This aid through A.C.A. §6-20-2305(b)(5), provides \$32.40 for FY16 and FY17 per the previous year Average Daily Membership (ADM) to school districts for professional development activities. This program provides a coordinated set standards based planned learning activities for teachers and administrators to ensure that all students demonstrate proficiency in state academic standards.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Supplemental Millage (2HU) - Act 1 of the First Extraordinary Session of 2013 amended A.C.A. §6-20-2503(f)(2)(B) to require the phase out state financial assistance over a ten year period by reducing the amount received by a district after fiscal year 2006 by one-tenth each year over a ten year period with the savings distributed to the Employee Benefits Division of the Department of Finance and Administration for the exclusive benefit of public school employee participants in the State and Public School Life and Health Insurance Program. FY15 was the final year supplemental milage incentive funding was disbursed to school districts.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Distance Learning Operations (2HX) - These grants provide funding to acquire and/or lease equipment and telecommunications services, and operating expenses necessary for school districts to participate in distance learning education under A.C.A. §6-47-404. This assistance is to alleviate the increasing shortage of available qualified teachers, enable school districts to receive advanced high school courses, advanced placement courses, and enriched course curriculum; and to develop and make available online professional development and instructional resources for teachers and administrators. The program provides funds for the STEM Pathways Project at the Arkansas School for Mathematics, Sciences & the Arts; and partially funds the Microsoft IT Academy program.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Content Standards (2JA) - This program is for the periodic review and revision of Academic Content Standards required by A.C.A. §6-15-404(c). Academic Content Standards are a series of documents that specify what a student enrolled in a public school should know and be able to do. The content standards also provide the foundation for the development of the State assessment system.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Teacher Recruitment (2JC) - A.C.A. §6-17-811 requires the Department of Education provide a system of incentives for teacher recruitment and retention in high-priority districts. A "high-priority" district is one that has 1,000 or fewer students in which 80% are eligible for free or reduced-price lunch program. "Teachers" were defined as those working directly with students 70% of their time in a classroom setting, including guidance counselors and librarians. Teachers in a high-priority district shall receive, in addition to all other salary and benefits, bonus payments as specified by law.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

School Funding Contingency (2ZH) - This unfunded appropriation is used to address unforeseen problems that arise during the course of

a fiscal year. Special language allows transfer of this appropriation to address problem areas.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Leadership Academy-Master Principal (2ZK) - The Leadership Academy is responsible for administration of the Master School Principal Program and to provide leadership for education reform. The Academy provides leadership development programs for public school principals, superintendents and other administrators, and school board members.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Master Principal Bonus (2ZM) - This program provides bonuses for principals who have achieved Master Principal status through the Arkansas Leadership Academy. It allows for \$9,000 annually for five years while serving as a full time principal and provides for \$25,000 annually while working as a full time principal in a "low-performing" school.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Special Needs Isolated Funding (2ZS) - A.C.A. §6-20-604 provides additional funding for certain isolated schools and school districts with a low student density and schools and districts that meet other eligibility requirements. Any funds appropriated for isolated funding and/or special needs isolated funding that remained after the initial distributions were equally distributed among school districts that received isolated special needs funding other than small school funding to be used for transportation costs of isolated school areas.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Alternative Learning (311) - A.C.A. §6-48-101 et seq. requires every school district to establish an alternative learning environment (ALE) for students who show an inability to function in a standard learning environment. It requires the Department establish an incentive program for districts whose ALE programs meet Department guidelines. ALEs must provide all educational programs available in other classrooms,

and provide additional services to meet the needs of this group of at-risk students. A.C.A. §6-20-2305(b)(2)(A)(i) establishes the ALE categorical funding amount for FY16 shall be \$4,471 multiplied by the number of ALE students enrolled during the previous school year and for FY17 shall be \$4,560 multiplied by the number of ALE students enrolled during the previous school year.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

General Facilities Funding (326) - Act 1 of the First Extraordinary Session of 2013 amended A.C.A. §6-20-2503 (e)(2)(B) to require after fiscal year 2006, a funding reduction of one-tenth of the fiscal year 2006 amount received by a district each year over a ten year period with the savings distributed through the Education Facilities Partnership Fund (EFP). Beginning in FY15, savings are to be distributed to the Employee Benefits Division of the Department of Finance and Administration for the exclusive benefit of public school employee participants in the State and Public School Life and Health Insurance Program. FY15 was the final year general facilities funding was disbursed to school districts.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Isolated Funding (331) - Due to location or geographic barriers, some districts are unable to share resources with other districts or have unusual transportation needs. These districts with fewer than 350 Average Daily Membership (ADM) are termed "isolated" and receive additional funding. Act 65 of the Second Extraordinary Session of 2003 established 56 "isolated" school areas and set a per student dollar amount to be paid for each isolated school area. Funding is distributed based upon the prior year three-quarter ADM of the isolated school area multiplied by the per student isolated funding amount prescribed by A.C.A. §6-20-603.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Student Growth (332) - This program provides supplemental funding to school districts that have a growth in students in the current school year over the previous school year. Under A.C.A §6-20-2305(c)(2)(A) student growth funding is calculated as one quarter (1/4) of the per student funding is multiplied by an increase in the district's (1) first quarter current year Average Daily Membership (ADM) over the 3-quarter ADM of the previous school year; (2) second quarter current year ADM over the 3-quarter ADM of the previous school year; (3) third

quarter current year ADM over the 3-quarter ADM of the previous school year; and (4) fourth quarter current year ADM over the 3-quarter ADM of the previous school year, excluding any increase solely from consolidation or annexation with another district.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Bonded Debt Assistance (336) - A.C.A. §6-20-2503 created the Bonded Debt Assistance Program to enable the Division of Public School Academic Facilities and Transportation provide eligible districts with assistance for retiring outstanding bond indebtedness as of January 1, 2005 and to increase the amount of local revenue available for the maintenance and operation of schools. Bonded Debt Assistance is to be used solely for bonded debt retirement. The Commission for Arkansas Public School Academic Facilities and Transportation directs the Division to work with the Department to determine the amount of financial assistance for each eligible district. The Division is responsible for determining the scheduled debt payment on a fiscal year basis from the principal and interest payment in effect and on file with the Department. The available funding after payments have been made is then transferred to the Educational Facilities Partnership Fund.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

98% URT Actual Collection Adjustment (34N) - A.C.A. §6-20-2305(a)(4)(A) ensures every public school district receives the full amount of Foundation Funding; a district whose net revenues are less than the sum of 98% of the uniform rate of tax (URT) multiplied by the property tax assessment of the district, the Department shall distribute to the district, by the end of each school year, the difference between the net revenues of the district and the sum of 98% of the uniform rate of tax (URT) multiplied by the property assessment of the district. For a district whose net revenues exceed the sum of 98% of the URT multiplied by the property tax assessment of the district, the Department, under the authority §6-20-2306 shall recoup from the district the difference between the net revenues of the district and the sum of 98% of the URT multiplied by the property tax assessment of the district.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Department of Correction (380) - A.C.A. §12-29-301 et seq. established the Department of Correction School District and states that the cost of operating the school district be borne by the Department of Correction and the Department of Education.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Residential Centers/Juvenile Detention (394) - This program provides reimbursement to school districts for the educational costs associated with disabled and non-disabled students placed in approved residential psychiatric and drug and alcohol treatment facilities or juvenile detention centers. Reimbursement is based upon the foundation funding rate multiplied by the number of approved program beds.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Consolidation Incentive (421) - These additional funds are provided to school districts administratively consolidated or annexed by the State Board under A.C.A. §6-11-105, §6-13-1401, and applicable rules of the Board. In the first year of consolidation/annexation one hundred percent (100%) of the incentive allowance shall be added to the district's aid; in the second year the district shall receive fifty percent (50%) of the incentive allowance granted in the first year, in addition to other state aid.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Coop Education Tech Centers (434) - Technology Coordinators in the Education Service Cooperatives assist local school districts through training, software/hardware purchase recommendations, and oversight of laboratories and technology initiatives. The maximum amount of funds available to each of the State's fifteen (15) education service cooperatives and the Pulaski County School District is set by the State Board of Education

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Teacher Retirement Matching (437) - This program is the employer matching for employees of Education Service Cooperatives, Vocational Centers, the Model Vocational-Technical Resource Center, Arkansas Easter Seals, and school operated by the Department of Correction.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

National Board of Prof Teaching Standards (438) - A.C.A. §6-17-413(a)(1)(A) requires teacher support in three distinct areas related to state support of advanced national teacher qualification: bonuses to National Board Certified Teachers (NBCT), participation fees and substitute pay required for candidacy, and a support system for the candidates. Funding is also distributed to designated candidate "support centers" at various school districts, education service cooperatives, or institutions of higher education to assist candidates with the National Board certification process. Support center location funding is based on candidate distribution throughout the state. If a teacher does not achieve certification during the required three years, they must refund all State funds expended on their behalf.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Advanced Placement Incentive (440) - This program provides support to establish easily accessible advanced placement courses and prepare students for admission to, and success in a post-secondary environment. The major aspect of the program is professional development support for AP and Pre-AP teachers that include AP summer training, AP equipment and material grants, and Pre-AP workshops.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Criminal Background Checks (444) - This program covers the cost of state and federal criminal background checks for the first renewal of non-expired licenses of certified personnel. The background check includes the Child Maltreatment Central Registry check.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Arkansas Easter Seals (445) - This program funds partially the cost of educational services provided by the Arkansas Easter Seal Society to children ages 3-21 who have orthopedic and/or communicative disorders. This funding reduces the amount that local school districts have to pay for these educational services.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Public School Employee Insurance (446) - Under A.C.A. §6-17-1117, this program pays the state contribution for insurance premiums and a monthly health insurance contribution rate of \$153 for part of the fiscal year and \$154.48 for part of the fiscal year per eligible employee of education service cooperatives, vocational centers, Arkansas Easter Seals, and the school operated by the Department of Correction, who elect to participate in the public school health insurance program. As authorized by Act 293 of 2014, the Department of Education also paid EBD \$15,000,000 in additional health insurance contributions.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

School Food Services (447) - This program combined with the Surplus Commodities program provides the State match for the total school food program in local schools. Grants are paid to school districts based upon the number of lunches served.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Surplus Commodities (450) - The Department of Human Services (DHS) administers this program. School districts currently receive a large share of the commodities. By agreement with DHS, the Department provides funding to supplement transportation delivery costs to the school districts. This program combined with the School Food Services program provides the State match for the total school food program in local schools.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Grants to School Districts (451) - Grants are awarded for educating students in northern Arkansas who cannot attend their assigned district because Bull Shoals Lake separates them from their district, which would require a round trip greater than 35 miles to attend their assigned district.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Worker's Compensation (452) - Under A.C.A. §6-17-1403(c) claims are paid by a fund transfer to the Workers' Compensation Revolving Fund based upon the previous year's claim amount. Under A.C.A. §11-9-307(c) administrative expenses are paid by fund transfer to the Miscellaneous Agencies Fund and are based upon the previous quarter expenses.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

School Food-Legislative Audit (454) - This appropriation compensates Legislative Audit for auditing school food funds in the local school districts.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Gifted & Talented (457) - This program provides salary support for 15 Gifted and Talented supervisors in the Cooperatives, funding for the Arkansas Governor's School, three annual Outstanding Gifted Program Awards, and an annual contribution to the Arkansans for Gifted and Talented Education (AGATE) Conference.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

School Worker Defense (458) - This program provides for claims and legal fees for liability suits against school personnel.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Assessment/End of Level Testing (459) - A.C.A. §6-15-404 requires standards based and/or developmentally appropriate testing for public school students. The ACT Aspire is administered to grades 3-10 includes reading, writing, English, math, and science assessments. The Iowa Test of Basic Skills is administered to grades 1 and 2. A school readiness screening is administered to all entering students (grades K or 1) and English Language Proficiency exams are administered to all limited English proficient (LEP) K-12 students. The Alternative Portfolio Assessment is provided for students with significant cognitive disabilities receiving special education services. This program pays for Advanced Placement (AP) exam expenses and pays awards of up to \$50 to schools for each score of 3 or better on AP exams. Expenses of the Technical Advisory Committee are also paid from this appropriation. The committee is composed of nationally recognized testing experts, psychometricians, and state testing directors who advise the Department on policy issues related to the assessment system.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Court Ordered Desegregation (460) - This appropriation was established for the costs associated with Desegregation Settlement Agreement for the school districts in Pulaski County that was approved by federal court in January 2014.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Teacher of the Year (4HM) - A.C.A. §6-17-2501 et seq. established the Teacher of the Year Act. The Act requires the Department to develop a selection process for choosing the Arkansas Teacher of the Year and provides that the teacher shall be placed on administrative leave the year following their selection to assist with improving teaching conditions in the state. During this year, the Department will reimburse the school district for the salary and benefits of the Teacher of the Year. During this time, the State Teacher of the Year serves in an advisory position as a non-voting member on the Arkansas State Board of Education.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Declining Enrollment (4HN) - A.C.A. §6-20-2305(a)(3) provides additional funding to school districts with a prior year Average Daily Membership (ADM) that is less than the ADM of the year prior to the previous year. Funding is equal to the difference between the average ADM for the two immediately preceding years and the ADM for the previous school year multiplied by the foundation funding per student. School districts cannot receive both declining enrollment funding and student growth funding in the same year. A qualified school district may

receive both declining enrollment funding and special needs isolated funding only if sufficient funding is available.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Intervention Block Grants (565) - Local school districts, schools, education cooperatives, and other organizations are eligible to apply for grants to provide services to encourage parental involvement. The grants support the Smart Start and Smart Step Initiatives by providing a child's parent with resources that will support literacy and mathematics achievement. Grants are used to encourage parental involvement through the following competitions: Quiz Bowl, State History Day Competition, Creativity in Arkansas, State Science Fair, and Arkansas Destination Imagination.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments

Serious Offender (566) - The Department of Human Services, Division of Youth Services (DYS) operates the Serious Offender Units for juveniles. The Department pays the educational costs of students located in these units through a Memorandum of Understanding (MOU) with DHS based upon the average daily attendance of students in the facility. Units are currently located in Mansfield, Harrisburg, Lewisville, Dermott, Colt, and Alexander.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Coordinated School Health (59V) - This program, through a competitive grant application, is used to promote health wellness and academic achievement in public schools. Grantees establish school based health centers to provide students with basic physical, mental, dental, and other services as needed. The program is a collaboration of the Arkansas Department of Education (ADE) Office of School Health Services (SHS), Arkansas Department of Health (ADH), Arkansas Department of Human Services (DHS) and Medicaid In the Schools (ARMITS).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any

Governor's Letters adopted and member amendments.

School Facility Joint Use Support (59W) - This program was created as part of the Health Care Initiative of 2009 to encourage schools to allow their indoor and outdoor facilities be used by the public as an accessible and safe environment for family and community activity.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Additional Public School Employee Health Insurance (59X) - This program allows the Department to pay up to \$15 million in additional health insurance contributions for eligible employees electing to participate in the public school employees' health insurance program administered by the State and Public School Life and Health Insurance Board. The Department is authorized to make these payments if 98% of the URT used in the calculation for State Foundation Funding Aid exceeds \$920,731,819.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Better Chance Program (652) - Grants are administered by the Division of Child Care and Early Childhood Education of the Department of Human Services for the purpose of serving educationally deprived children ages birth through 5 years old, excluding kindergarten. Within this program is the Arkansas Better Chance for School Success (ABCSS) Program which funds innovative and developmentally appropriate early childhood programs for educationally deprived children ages 3 and 4.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Special Education Services (668) - This program provides extended school year summer programs for students with disabilities ages 3-21, special education services to foster children who are wards of the State placed in out-of-state residential facilities, and partial reimbursement of salaries for special education supervisors. Funding provided to school districts to support the salaries of special education supervisors is based on an established per child per day rate, based upon availability of funds.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any

Governor's Letters adopted and member amendments.

Human Development Center Education Aid (669) - This program provides funding for educational services to children in the State's Human Development Centers.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Education Service Cooperatives (670) - The 15 educational cooperatives around the State share resources and services between local school districts and provide a core support system for professional development support system.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Early Childhood Special Education (697) - This program provides special education services through local education agencies and education cooperatives for 3-5 year old preschool children with disabilities. Behavioral intervention services provided by education cooperatives for all community preschool programs as well as coordination of transition activities for children ages 0-2 who will remain in special education as 3-5 preschoolers; and Medicaid state match for preschool programs for physical, occupational, and speech therapy services are also provided.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Distance Learning (698) - This program provides for the establishment, organization, and administration of a distance learning program designed to improve course offerings available to students throughout the state. The primary purpose of providing distance learning technologies is to assist school districts in receiving advanced high school courses, advanced placement courses, enriched course content, or other academic courses not otherwise available in the school district.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Teacher Licensing/Mentoring (699) - This program, through the Arkansas Induction program, provides mentoring for support, retention, and professional growth of new educators. Districts receive funding for each mentor who mentors a new program participant. Funds are also distributed to districts, institutions of higher education, and education cooperatives to provide training to mentors. The mentor program has been updated to align with the state's new teacher and administrator evaluation systems. Online mentor modules have been developed by educators to support the content delivery.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

School Recognition (F81) - This program provides financial awards to public schools that experience high student performance, student academic growth, and for a secondary school, a high graduation rate, if funds are available.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

International Baccalaureate Program (F82) - This program provides easily accessible advanced educational courses to prepare students for admission to and success in a post-secondary educational environment.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Broadband Facilities Matching Grant Program (M74) - This matching grant program assists school districts improve internet connectivity. A one-time transfer from the General Improvement Fund to the Public School Fund will be leveraged at the district level for up to a additional \$20 million in new E-Rate funding for local loop/WAN connectivity.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Enhanced Transportation Funding (N55) - The House Committee on Education and the Senate Committee on Education in "A Report on

Legislative Hearings for the 2014 Interim Study on Education Adequacy,” recommended the creation of a separate supplemental transportation funding program for districts with high transportation costs. Appropriation established at \$3 million based upon 2% of the transportation funding provided for FY15. The House Committee on Education and the Senate Committee on Education, in conjunction with the Bureau of Legislative Research (BLR) shall conduct a review of the transportation funding model developed by BLR and make recommendations to the 90th General Assembly during the 2016 fiscal session.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor’s Letters adopted and member amendments.

Open-Enrollment Public Charter School Facilities Funding Aid Program (N68) - After charter application review and approval, and meeting other criteria, an open-enrollment public charter school is eligible to receive funding from the program on a pro rata distribution of available funding per student based upon the open-enrollment public charter school’s previous year three-quarter average daily membership (ADM). An open-enrollment public charter school in its first year of operation or one that adds a new grade, funding shall be determined using the method under §6-23-501(a)(2)(A). The funds may only be used for lease, purchase, renovation, repair, construction, installation, restoration, alteration, modification, or operation and maintenance of an approved facility. An open-enrollment public charter school under this program is not entitled or subject to the Arkansas Public School Academic Facilities Funding Act, §6-20-2501 et seq., or the Arkansas Public School Academic Facilities Program Act, §6-21-801 et seq.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor’s Letters adopted and member amendments.

Fund Transfers - In each fiscal year, \$11,115,000 is transferred from the Department of Education Public School Fund Account to various entities for the following purposes:

- (1) Act 987 of 2015 Section 22 requires a transfer of \$200,000 during each fiscal year to the University of Arkansas at Little Rock, specifically to provide funding for the Arkansas/STRIVE Program.
- (2) Act 974 of 2015 Section 7 states, “the Director of the Assessment Coordination Department shall certify monthly to the Chief Fiscal Officer of the State, the amount of funding needed each month to pay counties and professional reappraisal companies for the reappraisal of real property as required by law. Upon receipt of such certification the Chief Fiscal Officer of the State shall transfer on his books and those of the State Treasurer 76% of the amounts certified from the Department of Education Public School Fund Account, 16% of the amount certified from the County Aid Fund, and 8% of the amount certified from the Municipal Aid Fund to the Arkansas Real Property Reappraisal Fund.” The amount to be transferred from the Public School Fund is projected to be

\$10,830,000 in FY16.

- (3) Surety Bond Transfer - appropriation is made to the Department of Finance and Administration but paid from the Department of Education Public School Fund for the surety bond for public school employees. The amount transferred is projected to be \$85,000 in FY16.

Appropriation Summary

Appropriation: PSF - Public School Fund

Funding Sources: JAA - Department of Education Public School Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Non-Traditional Licensure	5100004	50,000	50,000	50,000	50,000	50,000	50,000
Intervention Block Grants	5100004	302,000	227,000	302,000	302,000	302,000	302,000
OE Charter Fac Funding Aid Prg	5100004	0	5,000,000	15,000,000	15,000,000	0	15,000,000
Tech Grants	5100004	3,560,418	3,602,678	3,602,678	3,602,678	3,602,678	3,602,678
School Recognition	5100004	6,999,985	7,000,000	10,000,000	10,000,000	7,000,000	10,000,000
Inter Baccalaureate Prgm	5100004	74,942	0	75,000	75,000	75,000	75,000
Better Chance Program	5100004	110,896,616	111,000,000	127,000,000	111,000,000	111,000,000	111,000,000
Add Public School Employee Ins	5100004	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Declining Enrollment	5100004	8,817,738	13,963,389	13,963,389	13,963,389	13,963,389	13,963,389
Grants to School Districts	5100004	67,856	67,856	67,856	67,856	67,856	67,856
Economic Education	5100004	350,000	350,000	400,000	400,000	400,000	400,000
School Food-Legislative Audit	5900046	75,000	75,000	75,000	75,000	75,000	75,000
School Food Services	5900046	1,650,000	0	1,650,000	1,650,000	1,650,000	1,650,000
School Facility Joint Use	5900046	500,000	500,000	500,000	500,000	500,000	500,000
School Funding Contingency	5900046	0	0	25,000,000	25,000,000	25,000,000	25,000,000
Smart Start/Smart Step	5900046	10,666,303	10,666,303	10,666,303	10,666,303	10,666,303	10,666,303
Serious Offender	5900046	1,716,859	1,050,946	1,716,859	1,716,859	1,716,859	1,716,859
School Worker Defense	5900046	13,042	0	390,000	390,000	390,000	390,000
National School Lunch	5900046	209,481,304	215,564,199	224,450,590	235,503,568	231,897,173	235,503,568
Master Principal Bonus	5900046	228,000	90,000	208,000	208,000	208,000	208,000
Leadership Acdmy-Mstr Principal	5900046	500,000	500,000	500,000	500,000	500,000	500,000
Ntl Bd Prof Teaching Standards	5900046	13,064,280	9,109,160	13,854,260	13,865,260	13,865,260	13,865,260
Residential Ctrs/Juv Detention	5900046	16,344,976	15,188,254	16,345,087	16,345,087	16,345,087	16,345,087
Public School Employee Ins	5900046	56,470,082	57,373,600	57,373,600	57,373,600	57,373,600	57,373,600
Prof Development Fund	5900046	16,084,187	16,087,684	16,186,268	16,293,119	16,293,119	16,293,119
Teacher Recruitment	5900046	2,097,325	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Teacher of the Year	5900046	56,912	100,000	100,000	100,000	100,000	100,000
Teacher Licensing/Mentoring	5900046	4,767,232	5,008,758	5,065,758	5,065,758	5,065,758	5,065,758
Teacher Retirement Matching	5900046	8,838,428	6,655,000	10,730,500	11,803,550	11,803,550	11,803,550
Youth Shelters	5900046	165,000	165,000	165,000	165,000	165,000	165,000
Workers' Compensation	5900046	149,620	450,000	450,000	450,000	450,000	450,000

Appropriation Summary

Appropriation: PSF - Public School Fund

Funding Sources: JAA - Department of Education Public School Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Tech Improvements	5900046	83,836	500,000	500,000	500,000	500,000	500,000
Special Needs Isolated Funding	5900046	8,347,715	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Special Education Services	5900046	2,802,523	1,145,285	2,802,527	2,802,527	2,802,527	2,802,527
Special Ed-Catastrophic	5900046	10,999,998	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
State Foundation Funding	5900046	1,985,703,026	2,009,440,423	2,009,440,423	2,053,194,376	1,975,995,879	2,053,194,376
Surplus Commodities	5900046	1,075,005	780,000	1,125,065	1,125,065	1,125,065	1,125,065
Supplemental Millage	5900046	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Student Growth	5900046	33,513,285	33,298,125	37,690,144	37,690,144	37,690,144	37,690,144
Content & Curriculum	5900046	39,422	50,000	50,000	50,000	50,000	50,000
Consolidation Incentive	5900046	4,871,550	0	5,868,900	5,868,900	5,868,900	5,868,900
Broadband Facilities Matching Grant Prog	5900046	4,004,636	991,823	5,000,000	5,000,000	5,000,000	5,000,000
Content Standards	5900046	157,803	161,000	161,000	161,000	161,000	161,000
Court Ordered Desegregation	5900046	72,938,052	65,794,267	65,794,267	65,794,267	65,794,267	65,794,267
Coord School Health	5900046	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Coop Education Tech Centers	5900046	1,186,773	0	1,200,000	1,200,000	1,200,000	1,200,000
Alternative Learning	5900046	23,961,251	24,207,816	24,812,881	25,940,361	24,933,568	25,940,361
Advanced Placement Incentive	5900046	779,157	825,000	825,000	825,000	825,000	825,000
98% URT Actual Collection Adj	5900046	17,751,282	34,500,000	34,500,000	34,500,000	34,500,000	34,500,000
AR Easter Seals	5900046	193,113	193,113	193,113	193,113	193,113	193,113
Bonded Debt Assistance	5900046	14,765,374	28,455,384	28,455,384	28,455,384	28,455,384	28,455,384
At Risk	5900046	1,765,170	1,688,530	1,988,530	1,988,530	1,988,530	1,988,530
Assessment/End Course Testing	5900046	12,504,379	22,250,189	22,250,189	23,350,681	23,350,681	23,350,681
General Facilities Funding	5900046	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000
Enhanced Transportation Funding	5900046	0	0	3,000,000	3,000,000	0	3,000,000
English Language Learners	5900046	13,635,590	14,284,735	14,284,735	14,570,430	14,004,642	14,570,430
Gifted & Talented	5900046	1,330,522	1,085,381	1,335,381	1,335,381	1,335,381	1,335,381
Isolated Funding	5900046	2,548,281	7,896,000	7,896,000	7,896,000	7,896,000	7,896,000
Human Dev Ctr Education Aid	5900046	526,150	526,150	526,150	526,150	526,150	526,150
Home School Test	5900046	250,000	0	250,000	250,000	250,000	250,000
Distance Learning	5900046	4,753,910	4,760,000	4,760,000	4,760,000	4,760,000	4,760,000
Dept of Correction	5900046	6,396,775	5,597,675	6,541,147	6,645,135	6,645,135	6,645,135

Appropriation Summary

Appropriation: PSF - Public School Fund

Funding Sources: JAA - Department of Education Public School Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Criminal Background Checks	5900046	1,767	25,000	25,000	25,000	25,000	25,000
Distance Learning Operations	5900046	6,531,233	7,575,000	7,575,000	7,575,000	7,575,000	7,575,000
Education Service Cooperatives	5900046	6,129,270	6,129,270	6,129,270	6,129,270	6,129,270	6,129,270
Early Childhood Special Educ	5900046	16,897,919	15,623,079	16,897,920	16,897,920	16,897,920	16,897,920
Distressed School District Support	5900046	6,068	50,000	50,000	50,000	50,000	50,000
Total		2,765,538,940	2,818,878,072	2,919,016,174	2,961,631,661	2,858,254,188	2,961,631,661

Funding Sources							
Fund Balance	4000005	60,828,723	58,300,953		57,309,130	57,309,130	57,309,130
Court Ordered Desegregation	4000180	72,093,913	65,794,267		65,794,267	65,794,267	65,794,267
DOE Public School Fund	4000195	2,063,673,201	2,110,548,611		2,133,873,054	2,099,173,043	2,133,873,054
E-Rate Credit	4000207	2,582,014	1,500,000		1,500,000	1,500,000	1,500,000
Educational Adequacy Fund	4000210	434,031,542	434,031,542		434,031,542	434,031,542	434,031,542
Educational Excellence Fund	4000220	199,766,424	203,426,829		200,606,121	200,606,121	200,606,121
Miscellaneous Adjustments	4000345	(6,917,714)	0		0	0	0
TANF Transfer	4000478	7,500,000	7,500,000		7,500,000	7,500,000	7,500,000
Trnfr frm DOE Pub School Fund	4000525	(11,083,201)	(11,115,000)		(11,115,000)	(11,115,000)	(11,115,000)
Trnfr to DOE Public School Fund	4000625	0	5,000,000		0	0	0
Transit Tax	4000700	1,364,991	1,200,000		1,200,000	1,200,000	1,200,000
Unfunded Appropriation	4000715	0	0		25,000,000	25,000,000	25,000,000
Total Funding		2,823,839,893	2,876,187,202		2,915,699,114	2,880,999,103	2,915,699,114
Excess Appropriation/(Funding)		(58,300,953)	(57,309,130)		45,932,547	(22,744,915)	45,932,547
Grand Total		2,765,538,940	2,818,878,072		2,961,631,661	2,858,254,188	2,961,631,661

The 2015-2016 Authorized for the Better Chance Program reflects \$16 million transferred from General Improvement.

Budget and/or Actual exceed Authorized in Master Principal Bonus and Special Needs Isolated Funding due to Special Language that provides for Appropriation Transfer Authority.

Actual exceeds Budget in Court Ordered Desegregation due to Special Language that provides for payment of or reimbursement for expenses incurred under any "Desegregation Agreement."

ARKANSAS DEPARTMENT OF HEALTH

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HEALTH
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Agency management discovered a theft of funds totaling \$2,951 from a Johnson County Local Health Unit (LHU) bank account. This bank account received funds from Johnson County for operational expenses of the LHU but was not recorded in the Agency's financial accounting system (AASIS). The Agency reviewed transactions from January 2011 through October 2013 and determined that a Health Services Specialist made cash withdrawals and debit card purchases at various restaurant, retail, and gasoline establishments. The Health Services Specialist's employment was terminated effective November 9, 2013. On January 10, 2014, the Circuit Court of Johnson County issued a sentencing order, requiring the former Health Services Specialist to pay fines, fees, and court costs and to make full restitution to the LHU via \$60 monthly installments beginning February 10, 2014. The Agency has discontinued the use of debit cards for this account, implemented a requirement of two signatures on all disbursements, and incorporated the internal control of the County Clerk's office performing the monthly bank statement reconciliations.

Recommendations

We recommend the Agency continue to be cognizant of theft possibilities regarding LHU operational expense bank accounts. Additionally, we again recommend the Agency strengthen its controls and procedures to ensure proper accountability and reporting of all bank accounts used and controlled by the Agency to carry out its missions and purposes.

Agency Response:

The Agency has provided direction and technical assistance to the Local Health Unit Administrators regarding the proper process for maintaining these types of funds. A review of these funds will be completed by the Agency's Internal Audit Section on a regular basis. Also, the Agency will develop strong policies to ensure accountability and strengthen controls. The Agency will seek the guidance of Legislative Audit to comply with recommendations to properly record these types of accounts.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
 Fiscal Year 2015
 Required by A.C.A. 25-36-104

AGENCY: 0645 ARKANSAS DEPARTMENT OF HEALTH

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Advantage Communications, Inc.	\$250,000	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>1</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$13,717,264</u>
% OF MINORITY CONTRACTS AWARDED	<u>1.62 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
34C Rural Health Facilities	25,924	0	42,477	0	65,500	0	65,500	0	65,500	0	65,500	0
34D Emergency Medical Services	23,287	0	60,000	0	69,728	0	69,728	0	69,728	0	69,728	0
34P Health Operations Paying	272,968,497	2,759	290,349,508	2,766	320,102,712	3,097	320,386,150	3,099	320,221,641	3,097	320,386,150	3,099
38D Nuclear Planning Grants	325,000	0	325,000	0	375,000	0	375,000	0	375,000	0	375,000	0
59T Trauma System	18,611,490	18	22,939,255	18	28,592,492	18	28,593,514	18	28,593,514	18	28,593,514	18
604 Tobacco Prevention & Cessation Programs	11,986,144	36	15,144,902	36	17,380,822	47	17,383,691	47	17,383,691	47	17,383,691	47
803 Health Building & Local Health Grant Trust	871,316	0	1,355,473	0	1,950,000	0	1,950,000	0	1,950,000	0	1,950,000	0
B72 WIC Food Instruments - Cash	65,322,827	0	74,877,695	0	75,813,059	0	75,813,059	0	75,813,059	0	75,813,059	0
N62 Interpreters for Deaf and Hearing Impair	0	0	10,000	0	25,000	0	25,000	0	0	0	25,000	0
Total	370,134,485	2,813	405,104,310	2,820	444,374,313	3,162	444,661,642	3,164	444,472,133	3,162	444,661,642	3,164

Funding Sources		%		%		%		%		%	
Fund Balance	4000005	12,686,889	3.3	12,176,657	3.0	3,082,159	0.8	3,049,698	0.7	3,082,159	0.8
General Revenue	4000010	85,301,946	22.3	78,896,794	19.3	78,896,794	19.7	84,828,774	20.8	78,896,794	19.7
Federal Revenue	4000020	124,845,208	32.7	160,147,610	39.2	157,225,654	39.2	157,225,654	38.6	157,225,654	39.2
Special Revenue	4000030	3,449,451	0.9	4,130,058	1.0	4,052,543	1.0	3,962,543	1.0	4,052,543	1.0
Special Revenue Restricted	4000031	15,684,599	4.1	16,774,052	4.1	15,684,599	3.9	15,684,599	3.9	15,684,599	3.9
Manufacturer Rebate	4000341	22,978,261	6.0	25,102,750	6.1	24,875,112	6.2	24,875,112	6.1	24,875,112	6.2
Other	4000370	433,279	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Third Party Reimbursement	4000490	78,951,956	20.7	83,764,762	20.5	83,257,813	20.8	83,257,813	20.5	83,257,813	20.8
Tobacco Settlement	4000495	14,257,275	3.7	12,147,307	3.0	14,257,275	3.6	14,257,275	3.5	14,257,275	3.6
Transfer from DHS	4000510	253,287	0.1	149,888	0.0	267,578	0.1	267,578	0.1	267,578	0.1
Transfer to Medicaid Match	4000660	(356,135)	(0.1)	(555,202)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)
Transfers / Adjustments	4000683	(2,763,618)	(0.7)	(1,568,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)
Various Program Support	4000730	26,588,744	7.0	17,020,491	4.2	21,459,672	5.3	21,459,672	5.3	21,459,672	5.3
Total Funds		382,311,142	100.0	408,186,469	100.0	401,169,366	100.0	406,978,885	100.0	401,169,366	100.0
Excess Appropriation/(Funding)		(12,176,657)		(3,082,159)		43,492,276		37,493,248		43,492,276	
Grand Total		370,134,485		405,104,310		444,661,642		444,472,133		444,661,642	

Variance in the fund balance is due to FC (N62) - Interpreters for Deaf and Hearing Impaired.

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 Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 34C - Rural Health Facilities

Funding Sources: MRH - Rural Health Services Revolving Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	25,924	42,477	65,500	65,500	65,500	65,500
Total	25,924	42,477	65,500	65,500	65,500	65,500
Funding Sources						
Fund Balance 4000005	82,900	56,976		14,499	14,499	14,499
Total Funding	82,900	56,976		14,499	14,499	14,499
Excess Appropriation/(Funding)	(56,976)	(14,499)		51,001	51,001	51,001
Grand Total	25,924	42,477		65,500	65,500	65,500

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 on-site 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 Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 34D - Emergency Medical Services

Funding Sources: MEM - Emergency Medical Services Revolving Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	13,596	60,000	60,000	60,000	60,000	60,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Emerg Medical Srvs/Trauma Sys Exp	5900046	9,691	0	9,728	9,728	9,728	9,728
Total		23,287	60,000	69,728	69,728	69,728	69,728
Funding Sources							
Fund Balance	4000005	52,578	79,837		54,837	54,837	54,837
Other	4000370	9,729	0		0	0	0
Various Program Support	4000730	40,817	35,000		44,728	44,728	44,728
Total Funding		103,124	114,837		99,565	99,565	99,565
Excess Appropriation/(Funding)		(79,837)	(54,837)		(29,837)	(29,837)	(29,837)
Grand Total		23,287	60,000		69,728	69,728	69,728

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, 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 Cosmetology, Radiology, Plumbing, Pharmacy, HVAC, Health Facilities, Waterworks and the Athletic Commission; 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.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 34P - Health Operations Paying

Funding Sources: PHD - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	109,255,140	116,032,111	125,401,503	125,567,154	125,493,803	125,567,154
	#Positions	2,759	2,766	3,097	3,099	3,097	3,099
Extra Help	5010001	877,271	1,476,940	1,586,737	1,586,737	1,586,737	1,586,737
	#Extra Help	105	231	231	231	231	231
Personal Services Matching	5010003	38,862,236	40,181,921	44,479,090	44,531,942	44,503,874	44,531,942
Overtime	5010006	37,404	22,656	120,559	120,559	120,559	120,559
Operating Expenses	5020002	69,396,464	71,815,452	71,971,436	72,034,425	71,971,436	72,034,526
Conference & Travel Expenses	5050009	515,163	1,209,359	1,243,565	1,243,565	1,243,565	1,243,565
Professional Fees	5060010	32,349,743	36,112,539	39,456,027	39,456,027	39,456,027	39,456,027
Data Processing	5090012	0	0	0	0	0	0
Grants and Aid	5100004	15,001,866	12,726,808	23,083,198	23,083,198	23,083,198	23,083,198
Refunds/Reimbursements	5110014	3,691	11,613	11,613	11,613	11,613	11,613
Capital Outlay	5120011	1,074,055	636,285	1,750,000	1,750,000	1,750,000	1,750,000
Breast Care Program	5900048	5,595,464	10,123,824	10,998,984	11,000,829	11,000,829	11,000,829
Total		272,968,497	290,349,508	320,102,712	320,386,150	320,221,641	320,386,150

Funding Sources							
General Revenue	4000010	65,619,946	59,662,794		59,120,117	65,052,097	59,120,117
Federal Revenue	4000020	83,279,374	110,372,665		106,287,707	106,287,707	106,287,707
Special Revenue	4000030	2,987,543	3,195,058		3,067,543	2,987,543	3,067,543
Special Revenue Restricted	4000031	15,684,599	16,774,052		15,684,599	15,684,599	15,684,599
Third Party Reimbursement	4000490	78,951,956	83,764,762		83,257,813	83,257,813	83,257,813
Transfer from DHS	4000510	253,287	149,888		267,578	267,578	267,578
Transfer to Medicaid Match	4000660	(356,135)	(555,202)		(356,135)	(356,135)	(356,135)
Various Program Support	4000730	26,547,927	16,985,491		21,414,944	21,414,944	21,414,944
Total Funding		272,968,497	290,349,508		288,744,166	294,596,146	288,744,166
Excess Appropriation/(Funding)		0	0		31,641,984	25,625,495	31,641,984
Grand Total		272,968,497	290,349,508		320,386,150	320,221,641	320,386,150

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 Department 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 Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 38D - Nuclear Planning Grants

Funding Sources: SNP - Arkansas Nuclear Planning and Response Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	325,000	325,000	375,000	375,000	375,000	375,000
Total	325,000	325,000	375,000	375,000	375,000	375,000
Funding Sources						
Special Revenue 4000030	325,000	325,000		375,000	375,000	375,000
Total Funding	325,000	325,000		375,000	375,000	375,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	325,000	325,000		375,000	375,000	375,000

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.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 59T - Trauma System

Funding Sources: BAA - Public Health Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	753,907	1,010,377	970,796	971,396	971,396	971,396
	#Positions	18	18	18	18	18	18
Extra Help	5010001	28,127	75,000	75,000	75,000	75,000	75,000
	#Extra Help	2	2	2	2	2	2
Personal Services Matching	5010003	269,328	323,141	318,119	318,541	318,541	318,541
Operating Expenses	5020002	194,973	308,406	355,545	355,545	355,545	355,545
Conference & Travel Expenses	5050009	17,975	50,000	50,000	50,000	50,000	50,000
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Trauma System Expenses	5900046	17,347,180	21,172,331	26,823,032	26,823,032	26,823,032	26,823,032
Total		18,611,490	22,939,255	28,592,492	28,593,514	28,593,514	28,593,514
Funding Sources							
Fund Balance	4000005	3,382,104	4,079,269		374,014	374,014	374,014
General Revenue	4000010	19,682,000	19,234,000		19,776,677	19,776,677	19,776,677
Transfers / Adjustments	4000683	(373,345)	0		0	0	0
Total Funding		22,690,759	23,313,269		20,150,691	20,150,691	20,150,691
Excess Appropriation/(Funding)		(4,079,269)	(374,014)		8,442,823	8,442,823	8,442,823
Grand Total		18,611,490	22,939,255		28,593,514	28,593,514	28,593,514

The FY16 Budget amount in Regular Salaries and Personal Services Matching exceeds the FY16 authorized amount due to salary and matching rate adjustments. Fund transfers consist of transfers of General Revenue between appropriate funds per A.C.A. 19-5-106.

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).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 604 - Tobacco Prevention & Cessation Programs

Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	1,555,335	1,633,952	1,929,605	1,931,705	1,931,705	1,931,705
	#Positions	36	36	47	47	47	47
Extra Help	5010001	2,171	25,000	50,000	50,000	50,000	50,000
	#Extra Help	2	4	4	4	4	4
Personal Services Matching	5010003	496,802	516,447	648,739	649,508	649,508	649,508
Operating Expenses	5020002	141,130	233,272	325,000	325,000	325,000	325,000
Conference & Travel Expenses	5050009	9,250	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	1,777,532	2,183,913	2,279,633	2,279,633	2,279,633	2,279,633
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Tobacco Prevention & Cessation Exp	5900046	7,484,849	9,836,700	11,405,398	11,405,398	11,405,398	11,405,398
Exp. Nutrition & Physical Activity	5900047	519,075	690,618	717,447	717,447	717,447	717,447
Total		11,986,144	15,144,902	17,380,822	17,383,691	17,383,691	17,383,691
Funding Sources							
Fund Balance	4000005	5,659,661	5,540,519		974,226	974,226	974,226
Tobacco Settlement	4000495	14,257,275	12,147,307		14,257,275	14,257,275	14,257,275
Transfers / Adjustments	4000683	(2,390,273)	(1,568,698)		(1,533,698)	(1,533,698)	(1,533,698)
Total Funding		17,526,663	16,119,128		13,697,803	13,697,803	13,697,803
Excess Appropriation/(Funding)		(5,540,519)	(974,226)		3,685,888	3,685,888	3,685,888
Grand Total		11,986,144	15,144,902		17,383,691	17,383,691	17,383,691

FY2015 and FY2016 transfers include \$500,000 to the Breast Cancer Control Fund per Act 146 of 2014 and Act 265 of 2015 and various other transfers as allowed by A.C.A. 19-5-106.

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 Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 803 - Health Building & Local Health Grant Trust

Funding Sources: THL - Health Bldg and Local Grant Trust

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	871,316	1,355,473	1,950,000	1,950,000	1,950,000	1,950,000
Total	871,316	1,355,473	1,950,000	1,950,000	1,950,000	1,950,000
Funding Sources						
Fund Balance 4000005	1,420,730	1,109,872		354,399	354,399	354,399
Special Revenue 4000030	136,908	600,000		600,000	600,000	600,000
Other 4000370	423,550	0		0	0	0
Total Funding	1,981,188	1,709,872		954,399	954,399	954,399
Excess Appropriation/(Funding)	(1,109,872)	(354,399)		955,601	995,601	995,601
Grand Total	871,316	1,355,473		1,950,000	1,950,000	1,950,000

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 Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: B72 - WIC Food Instruments - Cash

Funding Sources: 163 - Cash Funds

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
WIC Food Instruments	5900040	65,322,827	74,877,695	75,813,059	75,813,059	75,813,059	75,813,059
Total		65,322,827	74,877,695	75,813,059	75,813,059	75,813,059	75,813,059
Funding Sources							
Fund Balance	4000005	2,056,455	1,277,723		1,277,723	1,277,723	1,277,723
Federal Revenue	4000020	41,565,834	49,774,945		50,937,947	50,937,947	50,937,947
Manufacturer Rebate	4000341	22,978,261	25,102,750		24,875,112	24,875,112	24,875,112
Total Funding		66,600,550	76,155,418		77,090,782	77,090,782	77,090,782
Excess Appropriation/(Funding)		(1,277,723)	(1,277,723)		(1,277,723)	(1,277,723)	(1,277,723)
Grand Total		65,322,827	74,877,695		75,813,059	75,813,059	75,813,059

Analysis of Budget Request

Appropriation: N62 - Interpreters for Deaf and Hearing Impair

Funding Sources: SDI- Interpreters for Deaf Fund

This appropriation provides for the Advisory Board expenses for the Department's Interpreters for Deaf and Hearing Impaired.

Funding for this appropriation comes from Special Revenues as authorized by A.C.A.19-6-827.

The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: N62 - Interpreters for Deaf and Hearing Impair

Funding Sources: SDI- Interpreters for Deaf Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Advisory Board Expenses 5900046	0	10,000	25,000	25,000	0	25,000
Total	0	10,000	25,000	25,000	0	25,000
Funding Sources						
Fund Balance 4000005	32,461	32,461		32,461	0	32,461
Special Revenue 4000030	0	10,000		10,000	0	10,000
Total Funding	32,461	42,461		42,461	0	42,461
Excess Appropriation/(Funding)	(32,461)	(32,461)		(17,461)	0	(17,461)
Grand Total	0	10,000		25,000	0	25,000

Department Appropriation Summary

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Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
147 Special Olympics	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0
193 State Operations	20,473,975	0	20,819,950	0	27,311,513	0	27,066,913	0	27,066,913	0	27,066,913	0
196 Community Mental Health Centers	8,660,398	0	7,005,603	0	8,780,603	0	8,780,603	0	8,780,603	0	8,780,603	0
1DE Various Building Construction	2,646,052	0	11,119,780	0	9,877,613	0	9,877,613	0	9,877,613	0	9,877,613	0
1DK Cty-Shelter Plus Care Program	1,797,321	0	1,923,644	0	2,004,028	0	2,008,800	0	2,008,800	0	2,008,800	0
1EN Community Alcohol Safety	1,924,227	0	2,372,674	0	4,094,167	1	4,094,167	1	4,094,167	1	4,094,167	1
1ET Alcohol & Drug Abuse Prevention	17,054,860	0	18,944,730	0	21,775,000	0	21,775,000	0	21,775,000	0	21,775,000	0
2MN Mental Health Grants	5,634,970	0	7,825,707	0	9,789,616	0	9,789,616	0	9,427,065	0	9,789,616	0
2QZ Community Based Sanctions	2,480,444	0	2,550,000	0	2,550,000	0	2,550,000	0	2,550,000	0	2,550,000	0
2RA Juvenile Account Incentive Block Grant	214,381	0	669,097	0	1,671,520	0	1,671,520	0	1,671,520	0	1,671,520	0
2RB Community Services	15,668,023	0	15,809,827	0	20,150,017	0	20,150,017	0	20,150,017	0	20,150,017	0
2RC Federal Child & Youth Service Grants	4,324,467	0	4,631,685	0	6,262,546	0	6,262,546	0	6,262,546	0	6,262,546	0
2YH Residential Services	25,593,124	0	26,898,250	0	29,291,690	0	29,291,690	0	29,291,690	0	29,291,690	0
320 Child Care Development-Discretionary	25,782,140	0	28,469,372	0	28,469,372	0	28,469,372	0	28,469,372	0	28,469,372	0
35M Ms. Senior Pageant	0	0	0	0	20,000	0	20,000	0	20,000	0	20,000	0
396 Cty-Aid To Aged, Blind, Disabled	0	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0
397 Children's Medical Services	1,402,922	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0
408 Children's Medical Services-Federal	602,163	0	1,144,083	0	1,446,205	0	1,446,205	0	1,446,205	0	1,446,205	0
410 Cty-Emergency Food Program	808,716	0	727,563	0	727,563	0	729,295	0	729,295	0	729,295	0
411 Cty-Low Income Energy Assistance Prgm	23,279,959	0	28,000,000	0	29,400,000	0	29,470,000	0	29,470,000	0	29,470,000	0
412 Cty-Refugee Resettlement Program	1,782	0	12,000	0	24,000	0	24,000	0	24,000	0	24,000	0
414 Consolidated Cost	707,302	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0
418 Meals on Wheels	2,100,000	0	2,400,000	0	2,400,000	0	2,400,000	0	2,400,000	0	2,400,000	0
426 Cty-Homeless Assistance Grant	1,215,903	0	2,631,825	0	2,631,825	0	2,638,091	0	2,638,091	0	2,638,091	0
4KS Nursing Home Quality	110,828	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
59H Hunger Coalition	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0
59J Autism Treat/Coord	0	0	273,974	0	273,974	0	273,974	0	273,974	0	273,974	0
642 Medicaid Expansion-Medical Svcs	54,923	1	69,083	1	113,521	2	113,521	2	113,521	2	113,521	2
642 Medicaid Expansion-County Ops	2,258,517	58	2,831,558	60	2,884,501	60	2,885,980	60	2,885,980	60	2,885,980	60
648 Medicaid Exp-Prescription Drugs	3,684,419	0	4,197,034	0	4,197,034	0	4,553,782	0	4,553,782	0	4,553,782	0
648 Medicaid Exp-Hospital & Medical Services	13,700,019	0	62,510,440	0	62,510,440	0	62,510,440	0	62,510,440	0	62,510,440	0
653 DDS-State Operations	3,516,729	0	5,354,325	0	7,119,242	0	7,119,242	0	7,119,242	0	7,119,242	0
655 Acute Mental Health Services-Per Capita	538,538	0	503,188	0	5,633,293	0	5,633,293	0	5,633,293	0	5,633,293	0

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
657 Community Programs	10,399	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
658 Grants to Community Providers	15,665,850	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0
876 Nursing Home Closure Costs	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
878 Long Term Care Facility Receivership	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
882 State Residential Treatment	1,032,137	0	1,860,055	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0
883 Foster Care	28,576,665	0	32,889,983	0	31,179,183	0	31,579,183	0	31,579,183	0	31,579,183	0
88P Health Clinics	25,857	0	0	0	0	0	0	0	0	0	0	0
890 Food Program	71,471,607	0	94,291,250	0	94,291,250	0	94,291,250	0	94,291,250	0	94,291,250	0
896 Director's Office	985,099	7	1,001,128	6	1,155,982	7	1,156,548	7	1,156,548	7	1,156,548	7
896 Office of Chief Counsel	11,192,817	179	11,163,513	170	12,489,763	183	12,494,854	183	12,494,854	183	12,494,854	183
896 Division of Aging & Adult Services	14,396,157	208	19,369,479	300	16,466,703	212	16,475,946	212	16,475,946	213	16,475,946	212
896 Division of Children & Family Services	71,135,048	1,099	71,702,888	990	81,214,159	1,126	81,249,535	1,126	81,249,535	1,126	81,249,535	1,126
896 Division of Child Care/Early Childhood	18,110,149	201	19,979,300	182	23,841,398	203	23,850,642	203	23,850,642	203	23,850,642	203
896 Division of Behavioral Health Services	92,949,500	1,122	94,363,846	1,066	103,267,338	1,168	103,304,004	1,168	103,089,763	1,167	103,304,004	1,168
896 Division of Medical Services	24,784,521	325	26,218,290	315	30,197,725	324	31,519,767	324	31,519,767	324	31,519,767	324
896 Division of County Operations	117,807,766	1,877	115,176,923	1,705	126,853,802	1,871	126,257,222	1,871	126,257,222	1,871	126,257,222	1,871
896 Division of Administrative Services	27,485,780	292	28,629,127	252	31,756,301	314	31,767,768	315	31,767,768	315	31,767,768	315
896 Division of Developmental Disabilities Svcs	136,777,963	2,643	142,136,413	2,438	156,887,627	2,713	156,892,986	2,713	156,892,986	2,713	156,892,986	2,713
896 Division of Services for the Blind	4,692,187	77	7,381,161	82	6,706,020	76	6,707,870	76	6,707,870	76	6,707,870	76
896 Community Svcs/Non-Profit Support	1,311,521	23	1,351,105	22	1,370,454	24	1,370,578	24	1,469,278	24	1,370,578	24
896 Division of Youth Services	6,682,973	92	8,290,416	87	10,580,680	90	10,583,142	90	10,583,142	88	10,583,142	90
897 ARKIDS B Program	78,216,970	0	132,222,020	0	147,222,020	0	157,323,782	0	157,323,782	0	157,323,782	0
897 Hospital & Medical Services	4,827,309,826	0	5,731,081,193	0	6,480,004,382	0	6,729,382,816	0	6,729,382,816	0	6,729,382,816	0
897 Prescription Drugs	421,388,422	0	433,889,916	0	433,889,916	0	467,370,558	0	467,370,558	0	467,370,558	0
897 Private Nursing Home Care	625,476,236	0	682,112,888	0	692,112,888	0	726,218,533	0	726,218,533	0	726,218,533	0
897 TANF Block Grant	11,079,726	0	14,637,000	0	18,277,650	0	18,277,650	0	18,277,650	0	18,277,650	0
898 AmeriCorps Grants	2,085,539	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0
898 Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898 Child Care Grant/Aids	24,612,533	0	48,862,692	0	33,130,656	0	33,130,656	0	33,130,656	0	33,130,656	0
898 Community Based Care	0	0	0	0	90,000	0	90,000	0	90,000	0	90,000	0
898 Community Svcs. Block Grant	8,043,675	0	9,299,077	0	9,760,062	0	9,783,146	0	9,783,146	0	9,783,146	0
898 Infant Infirmary	25,041,371	0	26,283,630	0	31,283,630	0	32,098,423	0	32,098,423	0	32,098,423	0
898 Nursing Home Care Alternatives	5,091,777	0	4,797,525	0	6,787,525	0	6,787,525	0	6,787,525	0	6,787,525	0

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Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
898 Nutrition Program	8,445,487	0	11,949,465	0	13,535,285	0	13,535,285	0	13,535,285	0	13,535,285	0
898 Older Worker Program Grants	1,052,665	0	1,052,665	0	1,552,665	0	1,552,665	0	1,552,665	0	1,552,665	0
898 Project Grants	9,363,092	0	10,766,667	0	12,294,305	0	12,294,305	0	12,294,305	0	12,294,305	0
898 Public Nursing Home Care	197,037,131	0	205,112,018	0	255,112,018	0	264,136,947	0	264,136,947	0	264,136,947	0
898 Purchase of Services	3,589,261	0	6,720,187	0	5,019,977	0	5,019,977	0	5,019,977	0	5,019,977	0
898 Retired & Sr Volunteer Program	65,419	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
898 Social Svcs Blk Grant-Fed	0	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0
898 Sr Citizen Centers	5,077,338	0	4,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
898 Supplemental Nutrition Assist(SNAP)	156,041	0	343,235	0	343,235	0	343,235	0	343,235	0	343,235	0
898 TANF/Foster Care	42,281,075	0	51,273,658	0	53,801,606	0	56,101,606	0	56,101,606	0	56,101,606	0
929 Child Care-Treasury Paying	0	0	33,003	0	120,863	0	120,863	0	120,863	0	120,863	0
930 Cty-Commodity Distrib & Salvage Container	23,496	0	289,087	0	291,300	0	291,300	0	291,300	0	291,300	0
935 Community Srv/Non-Profit Support – Cash in Treasury	736	0	7,140	0	12,000	0	12,000	0	12,000	0	12,000	0
937 Canteen – Cash in Treasury	140,233	0	0	0	349,048	0	349,048	0	349,048	0	349,048	0
938 Patient Benefits–Cash in Treasury	25,235	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
978 Senior Olympics	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0
982 Inter-Divisional Programs	70,139	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0
C99 Client Specific Emergency Services–Cash	0	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0
F71 DBH Juv. Drug Courts	0	0	0	0	500,000	0	500,000	0	500,000	0	500,000	0
Total	7,128,248,402	8,205	8,336,734,072	7,676	9,247,759,436	8,374	9,588,428,032	8,375	9,587,949,940	8,373	9,588,428,032	8,375

Funding Sources		%		%		%		%		%	
Fund Balance	4000005	12,770,551	0.2	22,226,138	0.3	11,111,563	0.1	11,111,563	0.1	11,111,563	0.1
General Revenue	4000010	1,250,527,437	17.5	1,333,248,875	15.9	1,541,066,477	17.8	1,542,223,482	17.8	1,541,066,477	17.8
Federal Revenue	4000020	5,170,893,837	72.3	6,320,623,986	75.5	6,455,490,878	74.4	6,455,928,651	74.4	6,455,490,878	74.4
Constitutional Officers Fund	4000025	7,919,671	0.1	10,266,675	0.1	0	0.0	0	0.0	0	0.0
Special Revenue	4000030	3,653,439	0.1	4,175,718	0.0	4,693,378	0.1	4,693,378	0.1	4,693,378	0.1
Cash Fund	4000045	189,700	0.0	515,830	0.0	954,250	0.0	954,250	0.0	954,250	0.0
Trust Fund	4000050	12,625,209	0.2	42,219,097	0.5	48,114,705	0.6	48,114,705	0.6	48,114,705	0.6
Merit Adjustment Fund	4000055	0	0.0	818,918	0.0	0	0.0	0	0.0	0	0.0
Drug Rebates	4000200	46,661,399	0.7	35,424,279	0.4	54,249,094	0.6	54,249,094	0.6	54,249,094	0.6
General Improvement Fund	4000265	46,300,805	0.6	15,989,521	0.2	10,000,000	0.1	0	0.0	10,000,000	0.1
Hospital Assessment Fee	4000281	61,458,300	0.9	61,458,300	0.7	61,458,300	0.7	61,458,300	0.7	61,458,300	0.7

Funding Sources		%		%		%		%		%	
ICF/MR Provider Fee	4000282	10,793,551	0.2	13,596,251	0.2	11,682,065	0.1	11,682,065	0.1	11,682,065	0.1
Inter-agency Fund Transfer	4000316	(1,124,591)	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Transfers	4000355	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0
Quality Assurance Fee	4000395	76,237,823	1.1	81,852,723	1.0	75,604,017	0.9	75,604,017	0.9	75,604,017	0.9
Reallocation of Resources	4000410	0	0.0	2,153,253	0.0	0	0.0	0	0.0	0	0.0
Reimbursement	4000425	10,462,705	0.1	14,944,780	0.2	13,702,613	0.2	13,702,613	0.2	13,702,613	0.2
State Administration of Justice	4000470	1,335,686	0.0	690,766	0.0	1,978,795	0.0	1,978,795	0.0	1,978,795	0.0
Tobacco Settlement	4000495	29,079,900	0.4	24,092,875	0.3	19,373,313	0.2	19,373,313	0.2	19,373,313	0.2
Transfer From DWS	4000527	466,400	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer from Medicaid Match	4000550	13,524,976	0.2	12,868,843	0.2	12,868,843	0.1	12,868,843	0.1	12,868,843	0.1
Transfer to Ar Pub Defender	4000603	(93,634)	0.0	(240,000)	0.0	(240,000)	0.0	(240,000)	0.0	(240,000)	0.0
Transfer to DFA Disbursing	4000610	(400,000)	0.0	(400,000)	0.0	(400,000)	0.0	(400,000)	0.0	(400,000)	0.0
Transfer to Medicaid Match	4000660	(12,947,843)	(0.2)	(12,868,843)	(0.2)	(12,868,843)	(0.1)	(12,868,843)	(0.1)	(12,868,843)	(0.1)
Transfer to State Police	4000675	(1,660,545)	0.0	(1,674,208)	0.0	(1,674,208)	0.0	(1,674,208)	0.0	(1,674,208)	0.0
Various Program Support	4000730	414,667,832	5.8	389,281,361	4.7	372,308,825	4.3	372,883,183	4.3	372,308,825	4.3
Total Funds		7,153,457,608	100.0	8,369,226,885	100.0	8,679,589,065	100.0	8,671,758,201	100.0	8,679,589,065	100.0
Excess Appropriation/(Funding)		(25,209,206)		(32,492,813)		908,838,967		916,191,739		908,838,967	
Grand Total		7,128,248,402		8,336,734,072		9,588,428,032		9,587,949,940		9,588,428,032	

Budget exceeds Authorized in FC882 State Residential Treatment and FC883 Foster Care due to a Reallocation of Resources. Budget exceeds Authorized Appropriation in FC898 Child Care Grant/Aids due to a transfer from the Miscellaneous Federal Grant Holding Account. Budget exceeds Authorized Appropriation in FC1DE Various Building Construction due to a Reallocation of Resources. Budget exceeds Authorized Appropriation in FC 896 Division of Services for the Blind and FC 898 Purchase of Services due to a transfer from the Miscellaneous Federal Grant Holding Account.

DHS - Director's Office/Office Of Chief Counsel

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

The **Office of Financial Management** had the following internal control deficiencies related to bank accounts:

- Review of institutional accounts revealed the following exceptions for the Arkansas State Hospital and Conway Human Development Center:

Arkansas State Hospital Patient Money Fund:

- 1) Receipts were not maintained for all items of income. The Agency was unable to provide receipts for deposits of \$1,118.
- 2) The Agency did not follow established procedures for client expenses.

Conway Human Development Center:

- 1) The Agency failed to issue receipts sequentially for the Canteen and Incidental Accounts. Receipts were issued for these two accounts from the same receipt batch.
- 2) No receipts were issued for deposits totaling \$36,499 for the Children's Colony Petty Cash Fund and the Residents' Petty Cash Fund accounts.

- Review of local cash assistance county accounts revealed that Cleveland and Lincoln Counties failed to issue receipts for monies totaling \$1,137.

The ability to properly safeguard and account for these assets has been jeopardized as a result of inadequate controls.

Recommendations

We recommend the Agency review and follow the required procedures as set out in the DHS Administrative Procedures Manual and the State Financial Management Guide.

Agency Response:

Arkansas State Hospital Patient Money Fund

1. Inservice/Education -- Provide the Patient Money Fund procedures to all employees that may work with PMFs requiring employee sign off with emphasis on reconciliation of receipts, expenditures and cash balances daily.
2. Establish a consistent cut off time for receipts and disbursements so the PMF detail can be reconciled daily. All funds will be receipted no later than noon.
3. Expenditures will be documented with original requests, expense receipts and signed copies of appropriate patient chart documentation properly approved.
4. Any exceptions will require immediate written supervisor and manager notification. Periodic spot checks will be made to ensure compliance.
5. Reconciliation - Detailed A/R report will be reconciled by the PMF manager with the bank statement monthly and approved by the Comptroller.

Conway Human Development Center

1. Conway Human Development Center has implemented the process of issuing two separate cash receipt batch reports for the two accounts.
2. DDS/CHDC admits that the department approved cash receipt logs were not utilized. CHDC has implemented the use of the approved, pre-numbered cash receipt provided by the Department of Human Services.
3. In addition to the above noted corrective action measures, a review of the DHS Administrative Procedures Manual, Chapter 201 and Cash funds has been conducted with staff to ensure proper procedures are followed.

Cleveland and Lincoln Counties

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Review of capital assets revealed that the **Office of Financial Management** had inadequate management oversight and internal controls over capital assets, which contributed to the following deficiencies:

- The Agency failed to capitalize cost associated with the Eligibility and Enrollment Framework system totaling \$46,786,124 for fiscal years 2014 and 2013.
- 15 capital equipment items, valued at \$107,700, out of a sample of 580 capital equipment items could not be located for observation.
- The Agency did not tag all capital assets adequately to ensure proper identification. Five items valued at \$255,758 were located but could not be matched to records due to inadequate tagging.
- 47 assets valued at \$49,983 were not retired timely.

Strengthening of internal controls and adequate management oversight would ensure proper accountability of capital assets.

Recommendations

1. The staff handling these cash accounts will be counseled/reminded of proper procedures, and the Area Director will periodically conduct reviews of these accounts for compliance.

We recommend the Agency strengthen internal controls and management oversight of capital assets to ensure proper accountability of these items.

Agency Response:

Office of Financial Management

1. On a quarterly basis inquire of Division CFOs and the CIO - Office of Systems and Technology concerning any new internally-generated software. Also, each month and at fiscal year-end, review expenditure general ledger accounts that would be used to record software purchases to ensure that any software items purchased that meet the threshold for capitalization will be capitalized.
2. DHS Asset Manager has worked closely with each Division Manager to investigate these missing assets. For these assets with findings, paperwork was not filed in a timely manner, investigations are on-going, or the asset has been tagged according to DHS policy. Also, in an effort to reduce the number of findings due to lack of following protocol, the DHS Asset Manager has conducted training classes regarding the appropriate procedures for acquisition, transferring, and disposal of DHS assets for all Divisional Asset Managers and staff. This training, along with a Division performing a total review and denoting the day of visual inspection within the Asset master record for all DHS assets while conducting the FY2015 Certification of Assets, will strengthen the tracking of all DHS assets.

U.S. DEPARTMENT OF AGRICULTURE

Finding Number: 2014-002
State/Educational Agency(s): Arkansas Department of Human Services

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HUMAN SERVICES
 FOR THE YEAR ENDED JUNE 30, 2014

Findings	Recommendations
<p>CFDA Number(s) and Program Title(s): 10.555 - National School Lunch Program (Child Nutrition Cluster)</p> <p>Federal Award Number(s): 6AR300322</p> <p>Federal Award Year(s): 2015</p> <p>Compliance Requirement(s) Affected: Special Tests and Provisions</p> <p>Type of Finding: Noncompliance and Material Weakness</p> <p>Criteria: In accordance with 7 CFR § 250.16, agencies are required to maintain accurate and complete records with respect to the receipt, distribution/use, and inventory of donated foods.</p> <p>Condition and Context: Testing of fiscal year ended inventory reports submitted by third-party processors indicated errors in pricing and quantity. Recalculation of the inventory amounts revealed errors in 7 of 23 items, with a net understatement of inventory value totaling \$41,490.</p> <p>Questioned Costs: Unknown</p> <p>Cause: The Agency appears to have used weights and prices without verifying the submitted data when calculating ending inventory.</p> <p>Effect: Values for commodities were incorrectly reported.</p>	<p>We recommend the Agency review and strengthen procedures to ensure accurate prices and weights are used to determine ending inventory values.</p> <p>Views of Responsible Officials and Planned Corrective Action: The Agency concurs with the findings. We have reviewed and strengthened our procedures to ensure accurate prices and weights are used to determine ending inventory values. New procedures were implemented July 1, 2014, to ensure that submitted calculations to determine ending inventory values are correct.</p> <p>Anticipated Completion Date: Completed</p> <p>Contact Person: Delia Anderson Director - Division of County Operations Arkansas Department of Human Services P. O. Box 1437, Mail Slot S301 Little Rock, AR 72203-1437 (501) 682-8375 delia.anderson@dhs.arkansas.gov</p>

U.S. DEPARTMENT OF AGRICULTURE (Continued)

<p>Finding Number: 2014-003</p> <p>State/Educational Agency(s): Arkansas Department of Human Services</p> <p>CFDA Number(s) and Program Title(s): 10.559 - Summer Food Service Program for Children (Child Nutrition Cluster)</p> <p>Federal Award Number(s): 6AR300322</p> <p>Federal Award Year(s): 2014</p>
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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Compliance Requirement(s) Affected: Subrecipient Monitoring – Sponsors
Type of Finding: Material Weakness

Criteria:

The Arkansas Department of Human Services (DHS), through the Special Nutrition Unit (SNU) of the Division of Child Care and Early Childhood Education (DCCECE), is responsible for administering a portion of the State's Child Nutrition Cluster program. Child Nutrition Cluster funds at the Agency are distributed through the National School Lunch Program (NSLP) and the Summer Food Service Program (SFSP). DHS is responsible for determining eligibility, monitoring subrecipient compliance, and determining whether funds are disbursed for allowable activities. In accordance with 7 CFR § 225.6, state agencies administering Child Nutrition Cluster programs must provide sufficient and qualified consultative, technical, and managerial personnel to administer the SFSP, monitor performance, and measure progress in achieving Program goals. In addition, state agencies administering the Child Nutrition Cluster programs are required to perform specific monitoring procedures for the SFSP in accordance with 7 CFR § 225.7.

Condition and Context:

For fiscal year 2014, DHS identified instances of fraudulent claims in the SFSP. The amount of fraudulent claims is presently unknown due to a pending federal investigation involving the Federal Bureau of Investigation, the United States Department of Agriculture (USDA) Office of Inspector General, and other federal agencies. DHS is also conducting an internal audit to identify and correct internal control weaknesses in the SNU. Indictments involving sponsors in the program and agency employees were issued by the United States District Court Eastern District of Arkansas on December 11, 2014. The investigation and internal audit were ongoing at the end of fieldwork.

Questioned Costs:

Unknown

Cause:

Per discussion with DHS officials, the primary contributing factor for fraud was collusion among DHS employees and food service sponsors to inflate the number of claims submitted for reimbursement and circumvent internal controls. An additional factor

Recommendations

We recommend the Agency continue to provide training for employees, implement policy changes, and increase monitoring to reduce the chances of fraudulent claims being submitted and paid.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the finding. The USDA currently provides training to Agency staff at the Agency's request. The Agency has implemented policy changes to enhance internal controls. Procedures have been modified to separate duties - from the application to the approval to the monitoring. A different staff is responsible for each step of the process. To strengthen our monitoring, we have implemented a claim validation system. We randomly select a number of reimbursement claims and require those vendors selected to send us further documentation to match their claims.

To further increase our monitoring, we will do random spot-checking and random follow-up of the staff reviews. In addition, we will monitor variances in payments and look closely at significant changes.

Views of Responsible Officials and Planned Corrective Action (Continued):

Anticipated Completion Date: Training/Procedures - April 2015
Monitoring plan - complete

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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

contributing to the fraud was a lack of staff to sufficiently monitor sponsors.

Effect:

Fraudulent claims were submitted for reimbursement.

U.S. DEPARTMENT OF AGRICULTURE (Continued)

Finding Number: 2014-004
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 10.555 - National School Lunch Program
10.559 - Summer Food Service Program for

Children

(Child Nutrition Cluster)

Federal Award Number(s): 6AR300322
Federal Award Year(s): 2014
Compliance Requirement(s) Affected: Subrecipient Monitoring – Sponsors
Type of Finding: Material Weakness

Criteria:

The Arkansas Department of Human Services (DHS), through the Special Nutrition Unit (SNU) of the Division of Child Care and Early Childhood Education (DCCEC), is responsible for administering a portion of the State's Child Nutrition Cluster Program. Child Nutrition Cluster funds at the Agency are distributed through the National School Lunch Program (NSLP) and the Summer Food Service Program (SFSP). Guidance in the Administrative Review Manual, issued by the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS), requires DHS to document corrective action taken by sponsors for any degree of findings identified through an administrative review.

Condition and Context:

Our review revealed that DHS did not maintain adequate documentation of the corrective action for findings identified during an administrative review for one sponsor.

Questioned Cost:

Recommendations

We recommend the Agency review and strengthen procedures to ensure documentation is adequately maintained.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the finding. The Agency will implement a tracking system that follows the corrective action plan from the finding to the follow-up. We will keep a calendar schedule for regular follow-ups. The Division's auditor will regularly monitor follow-up progress.

Anticipated Completion Date: IT systems rewrite Mid/Long Term: February 2016 to September 2016

Manual tracking process - complete

Contact Person: Tonya Williams
Director - Division of Child Care and Early Childhood

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HUMAN SERVICES
 FOR THE YEAR ENDED JUNE 30, 2014

Findings

None

Cause:

The Agency did not have the required documentation because of turnover in personnel responsible for conducting the administrative review.

Effect:

Failure to maintain documentation for corrective action could result in continued noncompliance by sponsors.

Recommendations

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number: 2014-007
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.558 - Temporary Assistance for Needy Families
 (TANF Cluster)
Federal Award Number(s): G-0801ARTANF; G-901ARTANF; 1302ARTANF; 1402ARTANF
Federal Award Year(s): 2008, 2009, 2013, and 2014
Compliance Requirement(s) Affected: Allowable Costs/Cost Principles; Eligibility
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

For cash assistance costs to be allowable, they must be made to eligible clients, as outlined in Sections 3 and 11 of the State Plan for Title IV-A of the Social Security Act: Temporary Assistance for Needy Families (TANF). In addition, Section 3805 of the Department of Workforce Services Transitional Employment Assistance (TEA) Policy Manual governs sanctions related to client non-compliance. Also, Section 2201 of the TEA Policy Manual governs who is included in the assistance unit.

Condition and Context:

To test the \$13,969,653 in cash assistance disbursements to 12,168 clients, we randomly sampled \$65,878 in cash assistance payments to 60 clients to determine allowable cost

We recommend the Agency provide adequate training to staff responsible for determining client eligibility as well as strengthen the review process performed by supervisory staff to ensure federal program funds are utilized in accordance with federal regulations and the State Plan for TANF.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the findings and will continue our existing corrective action since marked improvement has been made. TEA Caseworkers will complete a refresher Computer-Based Training on calculating assistance units and applying sanctions correctly. Supervisors will continue to monitor and review these cases.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

and eligibility for those clients. Our sample revealed four clients with overpayments, as summarized below:

- One client was paid a supplemental payment of \$746 and a regular payment of \$373, based on an assistance unit total of seven. The number of people in the assistance unit was six, therefore, payments should have been for \$662 and \$331, respectively. An overpayment of \$126 resulted.
- One client was paid three monthly payments, two of \$122 each and one of \$162, when the case was sanctioned, and these payments were supposed to be suspended. An overpayment of \$406 resulted.
- One client was paid \$102 when the case was sanctioned due to the client's refusal to work, and the payment was supposed to be suspended, resulting in an overpayment of \$102.
- One client was paid three monthly payments of \$102 each for a case that was closed, resulting in an overpayment of \$306.

Questioned Costs:
\$940

Cause:
Lack of adequate training for staff who apply sanctions and calculate the assistance unit during the application process, lack of appropriate communication between case workers, and inadequate review by supervisory staff led to clients being paid amounts to which they were not entitled.

Effect:
Failure to provide staff with adequate training and to properly review client eligibility has placed assets at risk and could jeopardize the Agency's ability to provide program funding.

Finding Number: 2014-008
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.575 - Child Care and Development Block Grant
93.596 - Child Care Mandatory and Matching

Funds of the

Recommendations

Anticipated Completion Date: May 2015

Views of Responsible Officials and Planned Corrective Action (Continued):

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DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HUMAN SERVICES
 FOR THE YEAR ENDED JUNE 30, 2014

Findings	Recommendations
<p>Federal Award Number(s): 1401ARCCDF</p> <p>Federal Award Year(s): 2012, 2013, and 2014</p> <p>Compliance Requirement(s) Affected: Allowable Cost/Cost Principles</p> <p>Type of Finding: Noncompliance</p> <p>Criteria: The Arkansas Department of Human Services (DHS) is responsible for administering the State's CCDF Cluster program. The Agency's responsibility includes determining eligibility for each applicant and documenting that eligibility criteria were met. The Agency outlines eligibility for the program in its State Plan.</p> <p>Condition and Context: Between October 1, 2013 and September 30, 2014, the Division of Child Care and Early Childhood Education identified 68 cases of client and provider overpayments totaling \$137,412. The Agency also identified an additional 44 cases of possible overpayments totaling \$67,181 that are currently under investigation.</p> <p>In addition to the above, we selected 95 clients for audit testing from the database of child care billings, including the 45 clients receiving the highest benefits. As a result of this testing, we referred four clients to the Agency for further analysis due to information in the records that raised questions relating to eligibility and appropriateness of payments.</p> <p>Questioned Costs: \$137,412</p> <p>Cause: Factors contributing to these issues include (a) case heads and/or clients failing to report changes in client eligibility criteria that affected their eligibility status, (b) clients willfully misrepresenting their eligibility data, and (c) providers billing for services not provided.</p> <p>Effect: Benefits could have been provided to ineligible clients and providers.</p>	<p>We recommend the Agency continue to provide training for employees, implement policy changes, and increase monitoring to reduce overpayments to clients and providers.</p> <p>Views of Responsible Officials and Planned Corrective Action: The Agency concurs with the finding. Approximately 40-50% of the clients had actually reported their changes in income to a different division in the Agency. There is currently no cross-checking between divisions. We will request that the Office of Finance and Administration research the possibility of both systems communicating and sending alerts to each other.</p> <p>The main reasons for overpayment are:</p> <ul style="list-style-type: none"> • Failure to report changes in marital status. • Failure to report increases in income. • Failure to work the required number of hours per week. • Failure to keep the required class hours per week. <p>Views of Responsible Officials and Planned Corrective Action (Continued): We will work with the legal and compliance teams and look at methods of tracking these and ways to reduce by the end of the year. We will also discuss with the legal team the possibility of clients providing permission to have employers tell us their earnings.</p> <p>We have between 1,300 and 2,300 providers. Providers are required to report to us children who have not been attending. The Agency has a restitution process in place. The Agency continues to provide training to the staff.</p> <p>Anticipated Completion Date: April 2015</p>

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Recommendations

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-009
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care_Title IV-E
Federal Award Number(s): 1301AR1401; 1401AR1401
Federal Award Year(s): 2013 and 2014
Compliance Requirement(s) Affected: Cash Management
Type of Finding: Noncompliance and Material Weakness

Criteria:

In accordance with 31 CFR § 205.33, "A State must minimize the time between drawdown of Federal funds...and their disbursement for Federal program purposes. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportion share of any allowable indirect costs."

Also, in accordance with 2 CFR § 225, costs must be necessary and reasonable for proper administration of federal awards as well as allocable to federal awards. 45 CFR § 92.22 (a)(1) also states that "grant funds may only be used for allowable costs of the grantees."

Condition and Context:

We reviewed federal draws recorded in the Payment Management System (PMS) to

We recommend the Agency review existing policies and procedures and take immediate corrective action to strengthen controls to ensure federal draws do not exceed actual program expenditures. In addition, procedures for supervisory review of reconciliations and reports should be strengthened to ensure new staff perform and understand their duties to ensure cash management criteria are met. The Agency should also review program codes in AASIS to ensure federal draws are made against the appropriate federal program.

Views of Responsible Officials and Planned Corrective Action:

The Office of Finance and Administration (OFA) agrees with the finding. The \$1,121,060 was primarily related to a cost being entered twice on the quarterly Title IV-E worksheet. We have changed the process to include an additional review. The worksheet is now prepared

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

expenditures, and met the immediate cash needs of the program. Our review included comparing the program draws recorded in PMS to program expenditures recorded in the Arkansas Administrative Statewide Information System (AASIS) and reported on the program's quarterly financial reports. Our review revealed federal draws exceeded actual program expenditures by \$1,121,060. A similar issue was discovered and reported during our 2013 Single Audit.

Our testing revealed two specific instances that contributed to draws exceeding actual program expenditures. The first instance was a keying error resulting in an excess draw totaling \$10,000. The second instance involved a coding error in AASIS that mistakenly identified costs as Foster Care, resulting in unallowable costs drawn totaling \$19,982.

Questioned Costs:

\$1,121,060

Cause:

A change in personnel and a change in the presentation of the quarterly financial reports due to the implementation of a new waiver contributed to the noncompliance. The Agency's reconciliation contained several keying errors that were not discovered. In addition, a review of the reconciliation and reports for the third and fourth quarters of 2014 was not performed.

Effect:

The Agency was unable to ensure federal draws represented the immediate cash needs of the program and were allowable. As a result, the Agency had excess cash on hand.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-010
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.767 - Children's Health Insurance Program
93.778 - Medical Assistance Program
(Medicaid Cluster)
Federal Award Number(s): 05-1305AR5MAP; 05-1405AR5MAP; 05-

Recommendations

by the Division of Children and Family Services CFO and reviewed by an OFA Assistant Director. Program codes will be reviewed on a quarterly basis.

Anticipated Completion Date: Complete

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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
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Findings

Recommendations

1305ARADM;

Federal Award Year(s):

**05-1405ARADM; 05-1405AR502
2013 and 2014**

Compliance Requirement(s) Affected:

Matching, Level of Effort, Earmarking

Type of Finding:

Significant Deficiency

Criteria:

The State is responsible for a portion of the costs regarding the Medical Assistance Program and the Children's Health Insurance Program (CHIP). As noted in OMB Circular A-133, § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes ensuring that the state portion of expenditures is from non-federal funds only and meets the approved matching rate.

A portion of the Agency's process to ensure compliance with the matching requirement includes comparing draws of federal funds to allowable federal expenditures. The comparison allows the Agency to identify variances and make timely adjustments, ensuring the approved matching rate is maintained. The comparisons are performed quarterly and are included in the Agency's reporting reconciliations for the CMS-64, *Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program*, and the CMS-21, *Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI*.

Condition and Context:

Our review of the reconciliations for the quarters ended September 30, 2013, and December 31, 2013, revealed variances identified by the Agency that were not adequately addressed. In addition, both reconciliations we reviewed were performed 12 days after the CMS-64 and CMS-21 reports were due for submission.

Questioned Costs:

Unknown

Cause:

Agency staff were not sufficiently trained and did not appear to have adequate knowledge of

We recommend the Agency review and strengthen existing procedures and implement immediate corrective action to ensure all variances identified are adequately addressed and reconciliations are performed timely.

Views of Responsible Officials and Planned Corrective Action:

The Office of Finance and Administration (OFA) and the Division of Medical Services (DMS) agree with the finding. This finding resulted from the following factors: new staff preparing the report, lack of DMS staff familiarity with the report due to turnover, and changes in the reporting due to the Affordable Care Act and the Private Option. Total reconciliation of the report before submission is not always feasible currently, due to the sheer volume of the information required to prepare the report and the short time frame to file it in. However, DMS is working on an information technology system which will automate the gathering of much of the information needed to file the report and make reconciliation more efficient and timely.

In addition, DMS and OFA staff are meeting together monthly to both improve the knowledge of the report and have reconciliations that both Divisions can review.

Anticipated Completion Date: October 2015

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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

the programs or the funding and reporting processes.

Effect:

Failure to adequately address identified variances and perform timely reconciliations could lead to inaccurate reporting of expenditures to the federal awarding agency and could contribute to the Agency's noncompliance with approved matching rates.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-011
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.767 - Children's Health Insurance Program
Federal Award Number(s): 05-1305AR5021; 05-1405AR5021
Federal Award Year(s): 2013 and 2014
Compliance Requirement(s) Affected: Reconciliation of Expenditures
Type of Finding: Material Weakness

Criteria:

As noted in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes preparing reconciliations between federal expenditures recorded in the Agency's financial management system and federal expenditures reported to the federal awarding agency to ensure accuracy of information.

Condition and Context:

Our review revealed the Agency does not perform a reconciliation between federal expenditures recorded in its financial management system and the amounts reported to the federal awarding agency. As a result, the following discrepancies were noted:

- The Agency understated its Schedule of Expenditures of Federal Awards (SEFA)

Recommendations

We recommend the Agency establish and implement procedures to ensure federal expenditures recorded in the Agency's financial management system are reconciled to federal expenditures reported to the federal awarding agency. Reconciliations will ensure variances are properly researched and resolved timely.

Views of Responsible Officials and Planned Corrective Action:

The Office of Finance and Administration (OFA) and the Division of Medical Services (DMS) agree with the finding. Staff have been instructed to look at CHIP and traditional Medicaid separately since they are two different federal awards. DMS is also working on an information technology system which will automate the gathering of much of the information needed to file the grant report and will make reconciliation more efficient and timely.

Anticipated Completion Date: April 30, 2015

DIVISION OF LEGISLATIVE AUDIT
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FOR THE YEAR ENDED JUNE 30, 2014

Findings

regarding the Children's Health Insurance Program (CHIP) by \$6,311,958.

- Sufficient, appropriate evidence could not be provided for a variance totaling \$9,396,434 between the federal expenditures recorded in the Agency's financial management system and the federal expenditures reported to the federal awarding agency. (Note: A portion of this variance is the result of issues noted in findings **2014-012** and **2014-013** on pages **32** and **33**.)

Questioned Costs:
Unknown

Cause:
The Agency does not perform a reconciliation of federal award activity for CHIP.

Effect:
Sufficient, appropriate evidence could not be provided to adequately explain or identify the variances existing between federal expenditures recorded in the Agency's financial management system and federal expenditures reported to the federal awarding agency, resulting in an understatement of the CHIP portion of the SEFA.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-012
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.767 - Children's Health Insurance Program
Federal Award Number(s): 05-1305AR5021; 05-1405AR5021
Federal Award Year(s): 2013 and 2014
Compliance Requirement(s) Affected: Reporting
Type of Finding: Material Noncompliance and Material Weakness

Criteria:
In accordance with Centers for Medicare and Medicaid Services (CMS) regulations, states are required to report quarterly expenditures for the Children's Health Insurance Program

Contact Person:

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Recommendations

We recommend the Agency establish adequate procedures to ensure supporting data used to report required information on the CMS-64 are accurate and complete.

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(CHIP) using the CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program. In addition, as stated in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes submitting accurate and complete financial data to the federal awarding agency.

Condition and Context:

Our review of the CMS-64.21U portion of the report revealed an error in the amount reported as rebates for drug purchases in the quarter ended December 31, 2013. A formula error in the Agency's workbook, used as support for the data reported on the CMS-64, resulted in an excess claim for drug rebates totaling \$10,199,414. The federal share of the excess claim totals \$8,064,677.

Questioned Costs:

\$8,064,677

Cause:

Adequate controls are not in place to ensure the Agency's workbook produces accurate and complete data.

Effect:

The excess claim resulted in an understatement of expenditures for the quarter ended December 31, 2013.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-013
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.767 - Children's Health Insurance Program
Federal Award Number(s): 05-1305AR5021; 05-1405AR5021
Federal Award Year(s): 2013 and 2014

Recommendations

Views of Responsible Officials and Planned Corrective Action:

The Office of Finance and Administration (OFA) and the Division of Medical Services (DMS) agree with the finding. This error resulted from a bad formula in a workbook. An additional full-time staff person was added in February, along with the temporary assignment of another staff person, to help review the workbook and ensure that formulas are correct. In addition, OFA is working to break the workbook into smaller, more manageable pieces. DMS is also working on an information technology system that will automate the gathering of much of the information needed to file the grant report and thereby reduce the complexity of the workbook.

Anticipated Completion Date: September 30, 2015

Contact Person:

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DIVISION OF LEGISLATIVE AUDIT
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Compliance Requirement(s) Affected: **Reporting**
Type of Finding: **Noncompliance and Material Weakness**

Criteria:

In accordance with Centers for Medicare and Medicaid Services (CMS) regulations, grantees are required to report quarterly expenditures for the Children's Health Insurance Program (CHIP) using the CMS-21, Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI. In addition, as stated in OMB Circular A-133 § 300 (b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes submitting accurate and complete financial data to the federal awarding agency.

Condition and Context:

Our review of the CMS-21 base report revealed the Agency failed to report ARHealth premiums collected, totaling \$1,265,705. The omission affected the quarter ended June 30, 2013, and the quarters ended September 30, 2013; December 31, 2013; and March 31, 2014. Adjustments regarding recoupments, refunds, and premiums received are required to be included on the CMS-21.

Questioned Costs:

\$832,818 (2014)
\$432,887 (2013)

Cause:

The Agency does not have adequate controls in place to ensure the Agency's workbook produces accurate and complete data.

Effect:

Omission of the premiums resulted in an overstatement of expenditures for the affected quarters.

Recommendations

We recommend the Agency establish adequate procedures to ensure supporting data used to report required information on the CMS-21 are accurate and complete.

Views of Responsible Officials and Planned Corrective Action:

The Office of Finance and Administration (OFA) agrees with the finding. This error resulted from a bad formula in a workbook. An additional full-time staff person was added in February, along with the temporary assignment of another staff person, to help review the workbook and ensure that formulas are correct. In addition OFA is working to break the workbook into smaller, more manageable pieces. The Division of Medical Services is also working on an information technology system that will automate the gathering of much of the information needed to file the grant report and thereby reduce the complexity of the workbook.

Anticipated Completion Date: September 30, 2015

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DIVISION OF LEGISLATIVE AUDIT
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Recommendations

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-014
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program
 (Medicaid Cluster)
Federal Award Number(s): 05-1305AR5MAP; 05-1405AR5MAP
Federal Award Year(s): 2013 and 2014
Compliance Requirement(s) Affected: Activities Allowed or Unallowed - Claims
 Payments
Type of Finding: Noncompliance and Material Weakness

Criteria:

In accordance with Arkansas Medicaid Provider Manual Section II - Rehabilitative Services for Persons with Mental Illness (RSPMI) §§ 216.000, 218.000, and 218.100, for each beneficiary entering the RSPMI Program, the treatment team must develop an individualized master treatment plan. The master treatment plan must be completed by a mental health professional and approved by a psychiatrist or physician. The treatment plan must be reviewed by the treatment team at least every 90 calendar days.

RSPMI § 226.200 indicates that the provider must develop and maintain sufficient written documentation to support each medical or remedial therapy, service, activity, or session for which Medicaid reimbursement is sought. At minimum, this includes the following:

- The specific services rendered (must be individualized; duplicated notes are not allowed).
- The relationship of the services provided to the treatment regimen described in the master treatment plan.
- The date and actual time the services were rendered.
- The name and credentials of the individual who provided the services.
- The setting in which the services were provided.
- Updates describing the beneficiary's progress or lack thereof.
- Both daily notes and a weekly summary if receiving Rehabilitative Day Services (Weekly summary was not required for services dates prior to 12/1/12).

We **again** recommend the Agency review its policies and procedures and take necessary corrective action to ensure all required RSPMI documentation is maintained in the beneficiary files.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the finding. In response to a similar finding in the prior year, the Agency strengthened controls via activities designed to insure compliance with program rules and regulations and medical necessity. These controls included inspection of care, desk reviews, and retrospective reviews for services provided through the RSPMI program. It should be noted that as a result of the implementation of these additional controls in January of 2014, the current-year finding has been reduced by 62%. The Division of Medical Services (DMS) will continue those initiatives and, if irregularities are discovered, will implement additional corrective action provider requirements, including mandatory training in areas of deficiency. DMS has also implemented a quality assurance project focused specifically upon periodic treatment plan reviews and documentation of beneficiary progress. DMS will continue to analyze and review outlier providers via desk review and refer such provider sites, as warranted, to the Office of Medicaid Inspector General for investigation of suspected waste and abuse of RSPMI funding.

Anticipated Completion Date: Complete

Contact Person: Mark Story
 Assistant Director - Division of Medical

DIVISION OF LEGISLATIVE AUDIT
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Condition and Context:

We selected 60 beneficiary files for review to determine if the provider maintained sufficient, appropriate evidence as required by the specific sections of the RSPMI manual stated above. Our review revealed the following:

- 11 beneficiary files did not contain adequate supporting documentation to determine that an individualized Master Treatment Plan was completed and reviewed at least every 90 calendar days.
- 22 beneficiary files lacked some form of documentation to support services billed.

Questioned Costs:

\$16,098

Cause:

The Agency failed to ensure all required RSPMI documentation was maintained.

Effect:

A lack of sufficient, appropriate evidence supporting services provided could jeopardize beneficiary care and Agency payments made for the care.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number:	2014-015
State/Educational Agency(s):	Arkansas Department of Human Services
CFDA Number(s) and Program Title(s):	93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s):	05-1305AR5MAP; 05-1405AR5MAP;
051305ARBIPP;	
	05-1405ARBIPP
Federal Award Year(s):	2013 and 2014
Compliance Requirement(s) Affected:	Activities Allowed or Unallowed - Home and Community-Based Services

Services

Recommendations

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DIVISION OF LEGISLATIVE AUDIT
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 DEPARTMENT OF HUMAN SERVICES
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Type of Finding:

Noncompliance and Material Weakness

Criteria:

Follow-up procedures for prior-year audit finding 13-710-10 revealed continued noncompliance and inadequate internal controls regarding the Living Choices Assisted Living program.

Arkansas Provider Manuals for Living Choices Assisted Living dictate the information that must be documented and maintained in provider files to support services billed.

Condition and Context:

We selected 30 provider files for review from the Living Choices Assisted Living program to determine if required documentation was being maintained in accordance with Provider Manual §§ 202.100 and 202.110. The manual states that the provider must maintain sufficient written documentation in the beneficiary's case file supporting billing for services rendered. At minimum, this includes the following:

- The beneficiary's attending or primary care physician's name, office address, telephone number, and after-hours contact information.
- A copy of the beneficiary's plan of care.
- Written instructions to the facility's attendant care staff.
- Documentation of limited nursing services performed by the provider's nursing staff in accordance with the beneficiary's plan of care. Records must include:
 - ❖ Nursing service(s) performed.
 - ❖ Date and time of day nursing services are performed.
 - ❖ Progress or other notes regarding the resident's health status.
 - ❖ The signature or initials and the title of the person performing the services.
- Documentation of periodic nursing evaluations performed by the assisted living facility nursing staff in accordance with the beneficiary's plan of care.
- Quarterly Monitoring Forms (AAS-9506) completed every 90 days (effective 1/1/13).
- Records of attendant care services.
 - ❖ Documentation of attendant care services performed.
 - ❖ The signature or initials of the person performing the services as well as the date services were performed.

Our review of the Living Choices Assisted Living program revealed that 26 case files lacked

We **again** recommend the Agency establish and implement procedures to ensure providers maintain all required documentation in beneficiary case files. **Views of Responsible Officials and Planned Corrective Action:**

The Division of Aging and Adult Services (DAAS) agrees with the finding and has implemented several initiatives aimed at further reducing errors. As a result of the prior-year finding, DAAS began direct communications with providers aimed at reducing instances of non-compliance. These efforts appear to have been productive, as questioned costs in the current period have dropped by 69.3%. DAAS issued a Provider Information Memorandum April 30, 2014, clarifying documentation requirements, and also reviewed documentation requirements in provider workshops in July, 2014 and on October 15, 2014. In addition, DAAS revised the Medicaid Policy on documentation requirements to clarify differences between documentation required for CNAs providing medical services versus CNAs providing attendant care services. DAAS will continue to conduct provider workshops with continued emphasis on documentation requirements.

DAAS will ensure providers consistently meet documentation and participation requirements. Appropriate corrective action in accordance with the Medicaid Provider Manual will be initiated.

DAAS is continuing these initiatives and remains committed to looking for additional means to improve and enhance the control environment surrounding Living Choices Assisted Living Services.

Anticipated Completion Date: Complete

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some form of documentation to support the services billed. Questioned costs totaled \$264,381.

Questioned Costs:

\$264,381

Cause:

The Agency failed to ensure that providers maintain all required documentation.

Effect:

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number:	2014-016
State/Educational Agency(s):	Arkansas Department of Human Services
CFDA Number(s) and Program Title(s):	93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s):	05-1305AR5MAP; 05-1405AR5MAP; 051305ARBIPP;
Federal Award Year(s):	05-1405ARBIPP 2013 and 2014
Compliance Requirement(s) Affected:	Activities Allowed or Unallowed - Home and Community-Based Services
Type of Finding:	Noncompliance and Material Weakness

Criteria:

Follow-up procedures for prior-year audit findings 13-710-11 and 12-710-05 revealed continued noncompliance and inadequate internal controls for the ElderChoices and Personal Care Home and Community-Based Services programs.

We **again** recommend the Agency establish and implement procedures to ensure providers maintain all required documentation for services billed in beneficiary case files.

Views of Responsible Officials and Planned Corrective Action:

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Condition and Context:

Our purpose in reviewing these programs was to determine if adequate supporting documentation was being maintained in beneficiary case files as required by Arkansas Provider Manuals. The manuals dictate the information that must be documented and maintained in these files to support the services billed.

The manuals dictate the following information be maintained in the files:

ElderChoices (§ 214.000)

- A copy of the participant's plan of care.
- A brief description of the specific service(s) provided.
- The signature and title of the individual rendering the service(s).
- The date and actual time the service(s) was rendered.

Personal Care Services (§ 220.110(D))

- The date of service.
- The routines performed on that date of service.
- The time of day the aide begins the beneficiary's services.
- The time of day the aide ends the beneficiary's services.
- Notes regarding the beneficiary's condition as instructed by the service supervisor.
- Task performance difficulties.
- The justification for any emergency unscheduled tasks and documentation of the prior-approval or post-approval of the unscheduled tasks.
- The justification for not performing any scheduled service plan required tasks.
- Any other observations the aide believes are of note or should be reported to the supervisor.

Our follow-up procedures included reviewing 12 beneficiary files from each program to determine if required documentation was being maintained to support services billed.

Our review revealed the following:

ElderChoices

- Four case files lacked some form of documentation to support the services billed. Questioned costs totaled \$624.

Recommendations

implemented several initiatives aimed at further reducing errors. As a result of the prior-year finding, DAAS began direct communications with providers aimed at reducing instances of non-compliance. Since May 2013, DAAS Quality Assurance (QA) has been conducting desk audits of providers. If desk audits identify documentation problems, DAAS QA advises providers of the problems and advises providers of documentation requirements per Medicaid Policy. These efforts appear to have been productive, as questioned costs in the current period have dropped by 92%. DAAS also issued a Provider Information Memorandum April 30, 2014, as well as clarifying and reviewing documentation requirements in provider workshops in July 2014 and on October 15, 2014.

DAAS will ensure providers consistently meet documentation and participation requirements. Appropriate corrective action in accordance with the Medicaid Provider Manual will be initiated. DAAS is continuing these initiatives and remains committed to looking for additional means to improve and enhance the control environment surrounding ElderChoices Services.

While personal care services are a state plan service outside of the DDS or Aging Waivers, reviewers from both divisions will ensure that adequate documentation is maintained in the beneficiaries' file.

Anticipated Completion Date: Complete

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Recommendations

Personal Care Services

- Six case files lacked some form of documentation to support the services billed. Questioned costs totaled \$7,834.

Questioned Costs:

\$8,458

Cause:

The Agency failed to ensure that providers are maintaining all required documentation.

Effect:

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-017
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1305AR5MAP; 05-1405AR5MAP; 05-1305ARBIPP;
Federal Award Year(s): 2013 and 2014
Compliance Requirement(s) Affected: Activities Allowed or Unallowed - Home and Community-Based Services
Type of Finding: Noncompliance and Material Weakness

Criteria:

A state may obtain a waiver of statutory requirements to provide an array of home and community-based services that may permit an individual to avoid institutionalization (42

We **again** recommend the Agency establish and implement procedures to ensure all required documentation is maintained in beneficiary case files.

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Office of Inspector General (OIG) issued a special fraud alert concerning home health care. Problems noted include cost report frauds, billing for excessive services or services not rendered, and use of unlicensed staff. The full alert was published in the Federal Register on August 10, 1995 (page 40,847), and is available online on the HHS OIG home page in the Special Fraud Alerts section.

Currently, Arkansas has five Section 1915(c) Home and Community-Based Services waivers for Medicaid:

1. Division of Developmental Disabilities Alternative Community Services (ACS) Waiver
2. ElderChoices
3. Alternatives for Adults with Physical Disabilities (APD) Waiver. (The manual for APD Attendant Care providers imposes one significant restriction on who can enroll and receive payment as an APD Attendant Care provider: The provider shall not be an individual who is considered legally responsible for the participant, e.g., spouse, guardian, or anyone acting as a guardian.)
4. Autism Waiver
5. Living Choices Assisted Living

We reviewed the Division of Developmental Disabilities ACS Waiver.

We also considered qualitative factors such as management oversight and the Medicaid Program's high profile and public interest, which could have a significant impact on the integrity of the program.

Condition and Context:

We selected 60 provider files for review to determine if the provider maintained documentation as required by Provider Manual § 202.100, which states that the provider must maintain sufficient written documentation in the beneficiary's case file supporting billing for services rendered. At minimum, this includes the following:

- A copy of the beneficiary's person-centered service plan.
- The specific services rendered.
- The date and actual time the services were rendered.
- The name and title of the individual who provided the service.

Recommendations

Views of Responsible Officials and Planned Corrective Action:

The Agency agrees with the finding. To remedy the issues revealed in the audit report, the Division of Developmental Disabilities (DDS) has identified and intends to dedicate a program administrator staff to implement training procedures to ensure all required documentation is maintained in the beneficiary files. Initially, the staff person will target those organizations from which the findings were made and then branch out to other provider organizations. This position will also conduct site visits and inspections to determine compliance with program standards and requirements as well as prepare, present, and train both provider organizations and DDS staff. Furthermore, this position will monitor and evaluate the effectiveness of the DDS programs and services. DDS feels confident that the repurposing of this position will aid in lessening the deficiencies identified in the report.

Anticipated Completion Date: June 2015

Contact Person: James Brader
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Recommendations

- Updates describing the beneficiary's progress or lack thereof. Updates should be maintained daily or at each contact with or on behalf of the beneficiary. Progress notes must be signed and dated by the provider of the service.

Our review of this program revealed that 41 of the 60 case files lacked some form of documentation to support the services billed.

Questioned Costs:

\$699,545

Cause:

The Agency failed to ensure that all required documentation was maintained.

Effect:

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-018
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1305AR5MAP; 05-1405AR5MAP; 05-1305ARBIPP;
Federal Award Year(s): 05-1405ARBIPP
Compliance Requirement(s) Affected: 2013 and 2014
Activities Allowed or Unallowed - Home and Community-Based Services
Type of Finding: Material Weakness

Criteria:

The U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) issued a special fraud alert concerning home health care. Problems noted include

We **again** recommend the Agency strengthen controls to ensure adequate documentation is maintained to provide evidence of reviews performed.

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cost report frauds, billing for excessive services or services not rendered, and use of unlicensed staff. The full alert was published in the Federal Register on August 10, 1995, and is available on the HHS OIG home page in the Special Fraud Alerts section.

As these programs are especially risky, the Agency asserted that internal controls relating specifically to Home and Community-Based (HCB) Waiver programs were in place during fiscal year 2014. One of the controls is a review performed by the Agency's Division of Medical Services Quality Assurance (DMS QA) staff to determine if services billed were in agreement with services allowed in accordance with the recipient's plan of care.

Condition and Context:

To determine if the control was in place and operating effectively, we obtained a listing of reviews conducted by DMS QA. We selected 60 items to determine if there was sufficient, appropriate evidence supporting a review by DMS QA. Our review revealed that the Agency lacked documentation to support reviews performed. DMS QA indicated that unless an issue was noted as a result of its review, no documentation of the review would be available.

Questioned Costs:

None

Cause:

Although the Agency has designed internal control procedures to specifically address risks associated with HCB Programs, deficiencies exist that render controls ineffective.

Effect:

Inadequate controls could jeopardize beneficiary care and Agency payments made for the care.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-019
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program
(Medicaid Cluster)

Recommendations

Views of Responsible Officials and Planned Corrective Action:

The Agency agrees with the finding. The review was consistently performed by DMS staff; however, it was not properly documented, and DMS agrees that such documentation is necessary. DMS has instituted internal controls requiring the documentation of such reviews on an ongoing basis.

Anticipated Completion Date: Complete

Contact Person:

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<p>Federal Award Number(s): 05-1305AR5MAP; 05-1405AR5MAP; 051305ARBIPP;</p> <p>Federal Award Year(s): 05-1405ARBIPP 2013 and 2014</p> <p>Compliance Requirement(s) Affected: Activities Allowed or Unallowed - Targeted Case Management</p> <p>Type of Finding: Noncompliance and Material Weakness</p> <p>Criteria: Follow-up procedures for prior-year audit findings 13-710-13 and 12-710-09 revealed continued noncompliance and inadequate internal controls regarding case management services for the Alternative Community Services (ACS) Waiver program.</p> <p>In accordance with the Arkansas Medicaid Provider Manual Section II - DDS ACS Waiver § 202.100, the provider must maintain sufficient written documentation in the beneficiary's case file supporting billing for services rendered. At minimum, this includes the following:</p> <ul style="list-style-type: none"> • A copy of the beneficiary's person-centered service plan. • The specific services rendered. • The date and actual time the services were rendered. • The name and title of the individual who provided the services. • Updates describing the beneficiary's progress or lack thereof. Updates should be maintained daily or at each contact with or on behalf of the beneficiary. Progress notes must be signed and dated by the provider of the service. <p>In addition, case management services are available at three levels of support as defined by ACS Waiver §§ 230.211 - 230.213:</p> <ul style="list-style-type: none"> • Pervasive - Minimum of one face-to-face visit AND one other contact with the beneficiary or legal representative each month. At least one visit must be made annually at the beneficiary's place of residence. • Extensive - Minimum of one face-to-face visit with the beneficiary or legal representative each month. At least one visit must be made annually at the beneficiary's place of residence. • Limited - Minimum of one face-to-face visit with the beneficiary or legal 	<p>We again recommend the Agency establish and implement procedures to ensure all required documentation is maintained in the beneficiary files.</p> <p>Views of Responsible Officials and Planned Corrective Action: The Agency agrees with the finding. To remedy the issues revealed in the audit report, the Division of Developmental Disabilities (DDS) has identified and intends to dedicate a program administrator staff to implement training procedures to ensure all required documentation is maintained in the beneficiary files. Initially, the staff person will target those organizations from which the findings were made and then branch out to other provider organizations. This position will also conduct site visits and inspections to determine compliance with program standards and requirements as well as prepare, present, and train both provider organizations and DDS staff. Furthermore, this position will monitor and evaluate the effectiveness of the DDS programs and services. DDS feels confident that the repurposing of this position will aid in lessening the deficiencies identified in the report.</p> <p>Anticipated Completion Date: June 2015</p> <p>Contact Person: James Brader Interim Director - Division of Developmental Disabilities</p> <p>Services</p> <p>Arkansas Department of Human Services P.O. Box 1437, Slot N501 Little Rock, AR 72203-1437 (501) 682-8662 james.brader@dhs.arkansas.gov</p>

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representative each quarter and a minimum of one contact monthly for the months when a face-to-face visit is not made. At least one visit must be made annually at the beneficiary's place of residence.

Condition and Context:

Our follow-up procedures included reviewing 15 beneficiary files to determine if required documentation was being maintained by the provider (case manager) to support services billed. Our review revealed the following:

- Eight beneficiary files did not contain adequate supporting documentation for services billed.
- Two beneficiary files did not contain adequate supporting documentation to determine if the level of support had been met by case managers.

Questioned Costs:

\$5,687

Cause:

The Agency failed to ensure all required documentation was maintained.

Effect:

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number:	2014-020
State/Educational Agency(s):	Arkansas Department of Human Services
CFDA Number(s) and Program Title(s):	93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s):	05-1305AR5MAP; 05-1305ARBIPP; 05- 1405AR5MAP; 05-1405ARBIPP

Recommendations

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Federal Award Year(s): 2013 and 2014
Compliance Requirement(s) Affected: Eligibility
Type of Finding: Noncompliance and Material Weakness

Criteria:

It is the State's responsibility to determine that Medicaid applicants meet the eligibility criteria as specified in the approved State Plan. Eligibility requirements for the Medicaid program are outlined in the Arkansas Medical Services (MS) manual. For certain categories of Medicaid eligibility (i.e., Transitional Employment Assistance [TEA] Medicaid), the MS manual refers to policies outlined in the TEA Cash Assistance and Financial Assistance manuals that apply to the specific Medicaid category. However, these manuals are considered reference manuals for the MS manual, not Medicaid manuals. The MS manual is specific to Medicaid eligibility policies and procedures and is in addition to the approved State Plan required in 42 CFR § 430.10.

42 CFR § 435.913 Case Documentation states, "The Agency must include in each application record facts to support the Agency's decision on his application."

Condition and Context:

We reviewed 120 Medicaid recipient files to ensure sufficient, appropriate evidence was provided to support the Agency's determination of eligibility. Sixty files were for aid categories determined to be spend downs. The other 60 represented all other aid categories. Our review revealed the following:

- In two recipient files, one representing paid claims for State Aid category 11 (Aid to the Aged) and the other representing paid claims for State Aid category 41 (Aid to the Disabled), the Agency did not have adequate documentation to support medical necessity. In addition, the approved resource limits were exceeded for one recipient. The Agency's failure to follow program requirements regarding medical necessity and resource limits resulted in known questioned costs of \$16,890.
- In two recipient files representing paid claims for State Aid category 49 (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child), one file did not have adequate documentation to support recipient disability, and the other file lacked documentation to support medical necessity. The Agency's failure to follow program requirements regarding disability determination resulted in known

Recommendations

We recommend the Agency continue providing adequate communication and training to appropriate personnel to ensure compliance with all program requirements as defined in the MS manual.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the findings and notes continued improvement from previous audits. We will continue to ensure that appropriate personnel who handle these complex cases receive adequate training and communication of procedures to ensure compliance with all program requirements.

Anticipated Completion Date: Completed

Contact Person: Delia Anderson
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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

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questioned costs of \$14,443.

- In two recipient files representing paid claims for State Aid category 47 (Disabled Spend Down), documentation revealed medical bills were inadequate to spend the recipients' income down to the point of eligibility. In addition, the Agency did not have adequate documentation to support resource eligibility for one recipient. The Agency's failure to follow program requirements regarding the use of medical bills to spend down income and resource verification resulted in known questioned costs totaling \$1,788.
- In one recipient file representing paid claims for State Aid category 27 (Aid to Families with Dependent Children [AFDC] Spend Down), documentation revealed that the recipient did not adequately assign rights to the Agency. However, the Agency's failure to follow program requirements regarding assignment of rights resulted in no known questioned costs.
- In one recipient file representing paid claims for State Aid category 17 (Aged Spend Down), review of documentation revealed that the Agency did not adequately address resources for the first month of the spend down period. However, the Agency's failure to follow program requirements regarding resource determination did not result in known questioned costs.

In addition to the eight compliance and internal control deficiencies summarized above, an additional 52 internal control deficiencies were noted. Deficiencies included missing signed applications; untimely evaluations; eligibility determined under the wrong state aid category; and various eligibility attributes, including those related to social security enumeration, citizenship, assignment of rights, cooperation with the Office of Child Support Enforcement, categorical relatedness, medical necessity, appropriateness of care, income, and resources, that were either not initially considered or not adequately documented when eligibility was determined. Additionally, there were cases of missing spend down computations documenting a recipient's unmet liability as well as the medical bills that were used to spend down the recipient's income, improper spend down computations, and several instances of inadequate documentation supporting the medical bills used to spend down the income. However, the Agency was able to address these specific deficiencies, and the recipient's eligibility was not affected.

Questioned Costs:

\$33,121

DIVISION OF LEGISLATIVE AUDIT
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Cause:

Although the Agency has designed internal control procedures to review recipient files to ensure sufficient, appropriate evidence is provided to support the Agency's determination of eligibility, certain areas still require continued communication to and training of the appropriate Agency personnel.

Effect:

Payments to providers were made on behalf of ineligible recipients.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-021
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program
 (Medicaid Cluster)
Federal Award Number(s): 05-1305AR5MAP; 05-1405AR5MAP; 05-1305AR5ADM;
 05-1405AR5ADM; 05-1305ARBIPP; 05-1405ARBIPP
Federal Award Year(s): 2013 and 2014
Compliance Requirement(s) Affected: Reporting
Type of Finding: Noncompliance and Material Weakness

Criteria:

In accordance with Centers for Medicare and Medicaid Services (CMS) regulations, states are required to report quarterly expenditures using the CMS-64, *Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (MAP)*. The amounts reported on the CMS-64, and its attachments, must represent actual expenditures for which all supporting documentation, in readily-reviewable form, has been compiled and is available immediately. In addition, as stated in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and

We recommend the Agency immediately review and revise its workbook and related control procedures for staff preparing the CMS-64. In addition, the Agency should strengthen supervisory controls and procedures to ensure the CMS-64 is accurate and complete. The Agency should also establish procedures for communicating necessary information between those responsible for administering the program (DMS) and those responsible for preparing the CMS-64.

Views of Responsible Officials and Planned Corrective Action:

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provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes ensuring the necessary controls and processes are in place to ensure accurate and complete financial data are reported to the federal awarding agency.

The Agency uses a Microsoft Excel workbook as its tool to compile information from multiple sources in order to prepare the CMS-64 report. Within the workbook, numerous calculations are performed that utilize formulas in determining total program expenditures to be reported. A portion of the expenditures are associated with waivers or other specific criteria that are subject to specific Federal Financial Participation (FFP) rates. In addition, the Agency maintains policies and procedures specific to CMS-64 reporting that state the Agency will prepare quarterly reconciliations, review and investigate identified variances, and provide explanations for identified variances. Reconciliations, along with the variance explanations, should be included as supporting documentation for the CMS-64.

Condition and Context:

Our review of the Agency's internal control processes regarding reporting for the quarters ended March 31, 2014, and June 30, 2014, revealed the following:

- The Agency did not adequately review the CMS-64 report information during its certification process to determine accuracy and completeness. Several variances were noted, but the Agency failed to review, investigate, or adequately explain them.
- The Agency failed to perform quarterly reconciliations between the reported expenditures and the expenditures recorded in its financial systems for the two quarters included in our review. Further inquiry revealed the Agency failed to perform reconciliations during the entire 2014 fiscal year.

Our compliance review included testing administrative expenditure line items greater than \$1,000,000 and MAP expenditure line items greater than \$10,000,000 from the March 31, 2014, and June 30, 2014, CMS-64 reports. We then traced the amounts reported to the Agency's workbook to determine accuracy and completeness. As previously stated, the workbook is the Agency's tool used to compile information for CMS-64 report preparation. Our review revealed the following:

- The workbook contained numerous calculation errors because incorrect expenditure amounts were entered. Errors noted caused both understatements

Recommendations

OFA agrees with the finding. Lack of staff familiarity combined with staff turnover in both OFA and DMS led to these issues. DMS is also working on a system that will automate the gathering of much of the information needed to file the grant report and should help ensure the accuracy of the information.

Anticipated Completion Date: September 30, 2015

Contact Person:

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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Recommendations

and overstatements of expenditures on the CMS-64.

- Data had been “hard-keyed” in a formula-designated cell.
- Formulas were inaccurate and had been incorrectly altered.
- Eligible expenditures were reported, but an incorrect form was used, which resulted in the data being reported on an incorrect line of the report.
- Expenditures were understated due to formula errors created when adding Eligibility Waiver (Private Option) data into the workbook.

In addition to the errors noted above, our review disclosed a cumulative unreconciled variance totaling \$43,946,550 for the year ended June 30, 2014. The federal portion of the variance is estimated to be approximately \$30,806,530 based on the regular Federal Medical Assistance Percentage (FMAP) rate. The variance is the difference between expenditures recorded in the Agency’s financial records using its cost allocation system and the expenditures reported to the federal awarding agency on the CMS-64.

A portion of this variance is the result of a calculation error regarding the drug rebate allocation for the Medical Assistance Program (MAP) for the quarter ended December 31, 2013. The Agency failed to include all applicable expenditures regarding Primary Care Case Management (PCCM) and the Tax Equity and Fiscal Responsibility Act (TEFRA) because of a formula error in the workbook. As a result, the allocation for MAP was understated by \$10,199,414. The federal share of this understatement is \$6,500,208. (Note: The Children’s Health Insurance Program [CHIP] portion of this error is noted at finding **2014-012** located on page **32**.)

Questioned Costs:

Unknown

Cause:

Management failed to review, investigate, and explain identified variances included in the support documentation for the CMS-64 reports. There is also a lack of adequate communication between staff and management of the Division of Medical Services (DMS) and the Office of Financial Administration (OFA), which hinders the Agency’s ability to provide accurate and complete reporting regarding the CMS-64.

Effect:

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
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Recommendations

Expenditures reported on the CMS-64 cannot be relied upon to be accurate and complete. In addition, a complete analysis of the workbook is necessary to ensure the accuracy of future reports.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 2014-022
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1305AR5MAP; 05-1405AR5MAP
Federal Award Year(s): 2013 and 2014
Compliance Requirement(s) Affected: Special Tests and Provisions - Inpatient Hospitals and Long-Term Care Facility Audits
Type of Finding: Significant Deficiency

Criteria:

In accordance with 42 CFR § 447.253, the state Medicaid agency must provide for the filing of uniform cost reports for each participating provider. In addition, it must provide for the periodic audits of financial and statistical records of participating providers. These cost reports are used to establish payment rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers.

The Agency asserted that it logs all cost reports received and periodically compares the log to a listing of all participating hospitals to ensure providers have submitted cost reports as required.

Condition and Context:

We obtained the cost report log but were unable to confirm that the Agency performed comparisons as asserted because the Agency was unable to provide sufficient, appropriate evidence of the comparison.

Questioned Costs:

None

We recommend the Agency strengthen procedures to ensure documentation of comparisons between cost reports received and participating providers is maintained to ascertain that all costs reports are received and reasonable rates are calculated as required.

Views of Responsible Officials and Planned Corrective Action:

The Agency agrees with the finding. The log in question was consistently updated and reviewed by Division of Medical Services (DMS) staff; however, it was not properly documented, and DMS agrees that such documentation is necessary. DMS has instituted internal controls requiring the documentation of such reviews on an ongoing basis.

Anticipated Completion Date: Complete
Contact Person: Mark Story
 Assistant Director - Division of Medical Services

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

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Cause:

The Agency failed to maintain documentation of comparisons between the hospital cost report log and the listing of all participating hospitals.

Effect:

Failure to perform comparisons could result in payments to hospitals using unreasonable or inadequate rates.

Recommendations

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ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2015
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Director's Office/Office Of Chief Counsel

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
AR Spanish Interpreters & Translato	\$154,875		X				
Arkansas Community Action Agencies	\$217,240	X					
CET of Arkansas	\$438,417	X					
LARR Enterprize INC	\$78,000	X					
Phenoix Youth Family Services	\$960,813	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>5</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$452,637,531</u>
% OF MINORITY CONTRACTS AWARDED	<u>0.38 %</u>

Department Appropriation Summary

Appropriation	Historical Data						Agency Request and Recommendations					
	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
896 Director's Office	985,099	7	1,001,128	6	1,155,982	7	1,156,548	7	1,156,548	7	1,156,548	7
896 Office of Chief Counsel	11,192,817	179	11,163,513	170	12,489,763	183	12,494,854	183	12,494,854	183	12,494,854	183
Total	12,177,916	186	12,164,641	176	13,645,745	190	13,651,402	190	13,651,402	190	13,651,402	190
Funding Sources		%		%		%		%		%		%
General Revenue 4000010	4,802,556	39.4	4,793,270	39.4			4,852,254	35.8	4,852,254	35.8	4,852,254	35.8
Federal Revenue 4000020	5,252,037	43.1	4,378,015	36.0			5,444,764	40.1	5,444,764	40.1	5,444,764	40.1
Merit Adjustment Fund 4000055	0	0.0	36,261	0.3			0	0.0	0	0.0	0	0.0
Various Program Support 4000730	2,123,323	17.4	2,957,095	24.3			3,275,113	24.1	3,275,113	24.1	3,275,113	24.1
Total Funds	12,177,916	100.0	12,164,641	100.0			13,572,131	100.0	13,572,131	100.0	13,572,131	100.0
Excess Appropriation/(Funding)	0		0				79,271		79,271		79,271	
Grand Total	12,177,916		12,164,641				13,651,402		13,651,402		13,651,402	

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

Arkansas Code Annotated §25-10-106 delegated administrative authority for the entire Department of Human Services to the Office of the Director. According to Arkansas Code Annotated §25-10-102, the Department operates under an integrated service delivery system provided by eleven divisions, in addition to the Director's Office that includes the Office of Chief Counsel. Both the Director and Chief Counsel operate from the same appropriation but are given separate paying funds. The DHS Director is responsible for establishing departmental policy to carry out executive directives, federal and state legislative mandates and coordination of services across Division lines when individuals and families are provided services by multiple programs. Arkansas Code Annotated §20-76-201 delineates the powers and duties of the Department of Human Services.

The Arkansas Department of Human Services (DHS) is the largest state agency with more than 7,200 employees working in all 75 counties. Every county has at least one local office where citizens can apply for any of the services the Department offers. Some counties, depending on their size, have more than one office. DHS employees come into direct contact with thousands of people daily and offer the "safety net" Arkansas families turn to when they are facing difficult times. DHS takes care of Arkansans of all ages ranging from infants to senior citizens.

DHS is involved in virtually every facet of life in the state. DHS staff oversees the regulation of nursing home and childcare facilities. DHS is also responsible for finding adoptive families for foster children, protecting abused and neglected children, funding the home-delivery of meals for the elderly and operating the juvenile justice system. DHS oversees services to blind Arkansans and helps develop volunteer programs, which have a profound impact at the community level. The Department also protects elderly Arkansans from abuse and neglect and operates human development centers across the state, which serves the developmentally disabled. DHS also provides mental health services through its system of community mental health care centers.

The Mission of the Department is "Together we improve the quality of life of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health."

The Office of Chief Counsel consists of various sections which provide extensive legal, investigative, audit and hearing services to the Department of Human Services' (DHS) Divisions. The sections and their areas of responsibility are as follows:

- General Counsel Section provides legal assistance on administrative hearings, litigation, delivery of services, program administration, personnel, civil rights, and overpayment collections.

Child and Adult Protection Section provides legal support in all counties and provides assistance primarily in areas of child welfare and adult protective services. Attorneys also provide assistance in Family In Need of Services (FINS) cases when the children are placed in foster care, and in Division of Youth Services cases in transitioning youth from their facilities when they cannot return home.

- Appeals and Hearings administers the appeal process on adverse actions, which include those related to all categories of Medicaid, TANF, and Child Maltreatment.
- Office of Employee Relations/Office of Equal Opportunity is responsible for employee grievance/complaint processing and conducting mediations and fact-finding conferences related to grievances and complaints.
- DHS Policy unit is responsible for drafting, editing, and promulgating policies, rules, procedures, and forms for the entire agency, serving a workforce of more than 7,500 employees across the state. The unit ensures that all DHS policies and procedures are updated in order to meet Arkansas Code as well as federal mandates, and develops and writes new policies and procedures based on agency need.

Office of Quality Assurance includes the following:

- Audit Section conducts performance, compliance and some financial related audits, and consults on operational and program issues. It coordinates the development of audit requirements and guidelines and monitors program resolution.
- Fraud Investigations is responsible for investigating and referring for prosecution allegations of recipient fraud or Intentional Program Violation (IPV) in the public assistance programs administered by the Department of Human Services. These include Transitional Employment Assistance, Food Stamps, Medicaid, Child Care, and Special Nutrition. The unit also conducts investigations of suspected Food Stamp trafficking by both recipients and retailers, and/or program divisions with investigations involving service providers who contract with the agency to perform services for a defined recipient population. The Internal Affairs section of the unit conducts investigations involving allegations of internal misconduct.

The Director's Office/Office of Chief Counsel (OCC) is funded from a mix of sources that include general revenue (DAS - Department of Human Services Administration Fund Account), federal, and other funds. Federal and other funding is determined by the Department's cost allocation plan. Other funding which is indicated as various program support can also include sources such as federal awards, fees, Fraud/Courts overpayment receipts and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	8,245,526	7,836,547	8,965,803	8,969,803	8,969,803	8,969,803
	#Positions	186	176	190	190	190	190
Extra Help	5010001	54,693	227,799	227,799	227,799	227,799	227,799
	#Extra Help	5	6	10	10	10	10
Personal Services Matching	5010003	2,868,893	2,704,822	3,056,670	3,058,327	3,058,327	3,058,327
Operating Expenses	5020002	995,463	1,338,701	1,338,701	1,338,701	1,338,701	1,338,701
Conference & Travel Expenses	5050009	8,065	33,472	33,472	33,472	33,472	33,472
Professional Fees	5060010	4,836	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Data Processing Services	5900044	440	12,300	12,300	12,300	12,300	12,300
Total		12,177,916	12,164,641	13,645,745	13,651,402	13,651,402	13,651,402
Funding Sources							
General Revenue	4000010	4,802,556	4,793,270		4,852,254	4,852,254	4,852,254
Federal Revenue	4000020	5,252,037	4,378,015		5,444,764	5,444,764	5,444,764
Merit Adjustment Fund	4000055	0	36,261		0	0	0
Various Program Support	4000730	2,123,323	2,957,095		3,275,113	3,275,113	3,275,113
Total Funding		12,177,916	12,164,641		13,572,131	13,572,131	13,572,131
Excess Appropriation/(Funding)		0	0		79,271	79,271	79,271
Grand Total		12,177,916	12,164,641		13,651,402	13,651,402	13,651,402

DHS - Administrative Services

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

		Historical Data						Agency Request and Recommendations					
Appropriation		2014-2015		2015-2016		2015-2016		2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
1DE	Various Building Construction	2,646,052	0	11,119,780	0	9,877,613	0	9,877,613	0	9,877,613	0	9,877,613	0
414	Consolidated Cost	707,302	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0
896	Division of Administrative Services	27,485,780	292	28,629,127	252	31,756,301	314	31,767,768	315	31,767,768	315	31,767,768	315
898	Social Srvs Blk Grant-Fed	0	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0
C99	Client Specific Emergency Services-Cash	0	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0
Total		30,839,134	292	40,811,091	252	42,696,098	314	42,707,565	315	42,707,565	315	42,707,565	315

Funding Sources			%		%		%		%		%
Fund Balance	4000005	6,566,722	15.7	11,111,563	21.4	11,111,563	21.5	11,111,563	21.1	11,111,563	21.5
General Revenue	4000010	10,915,168	26.0	10,872,765	20.9	10,999,898	21.2	11,999,898	22.7	10,999,898	21.2
Federal Revenue	4000020	9,230,865	22.0	10,444,181	20.1	13,057,202	25.2	13,057,202	24.7	13,057,202	25.2
Cash Fund	4000045	0	0.0	111,600	0.2	111,600	0.2	111,600	0.2	111,600	0.2
Merit Adjustment Fund	4000055	0	0.0	45,679	0.1	0	0.0	0	0.0	0	0.0
Reimbursement	4000425	7,190,893	17.1	11,119,780	21.4	9,877,613	19.1	9,877,613	18.7	9,877,613	19.1
Various Program Support	4000730	8,047,049	19.2	8,217,086	15.8	6,621,115	12.8	6,621,115	12.5	6,621,115	12.8
Total Funds		41,950,697	100.0	51,922,654	100.0	51,778,991	100.0	52,778,991	100.0	51,778,991	100.0
Excess Appropriation/(Funding)		(11,111,563)		(11,111,563)		(9,071,426)		(10,071,426)		(9,071,426)	
Grand Total		30,839,134		40,811,091		42,707,565		42,707,565		42,707,565	

Budget exceeds Authorized Appropriation in FC1DE Various Building Construction due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

The Various Building Construction appropriation is for the purpose of construction, acquisition, renovation, maintenance, repair and equipping facilities of the Department of Human Services and for paying disallowances cited by the federal government. Facilities are those operated by the Divisions of Developmental Disabilities-Human Development Centers; Behavioral Health-Arkansas State Hospital and Arkansas Health Center; and Youth Services-Youth Services Centers and Wilderness Camps.

Funding for this appropriation is from the Human Services Renovation Fund and is derived from three sources. Federal reimbursement received by the Department. General revenue transferred from these three (3) Divisions with an annual maximum of five million dollars. Other funds may be utilized as determined to be available. At the request of the Director of the Department of Human Services and upon certification of the availability of such funds, the Chief Fiscal Officer of the State shall initiate the necessary transfer documents to reflect the transfer on the books of record of the Treasurer of State, the Auditor of State, the Chief Fiscal Officer of the State and the Department. Arkansas Code Annotated §19-5-1020 was amended by Act 1537 of 1999 to require that transfers into the Renovation Fund must be submitted to and receive approval from the Chief Fiscal Officer of the State, the Governor and the Legislative Council prior to the effective date of the transfer. This appropriation is centralized within the DHS Director's purview in order that the needs of the Department can be prioritized, however, maintained by the Division of Administrative Services. Expenditures for this appropriation are contingent upon available funding provided from within the Department.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Construction	5090005	2,646,052	11,119,780	9,877,613	9,877,613	9,877,613	9,877,613
Total		2,646,052	11,119,780	9,877,613	9,877,613	9,877,613	9,877,613
Funding Sources							
Fund Balance	4000005	6,566,722	11,111,563		11,111,563	11,111,563	11,111,563
Reimbursement	4000425	7,190,893	11,119,780		9,877,613	9,877,613	9,877,613
Total Funding		13,757,615	22,231,343		20,989,176	20,989,176	20,989,176
Excess Appropriation/(Funding)		(11,111,563)	(11,111,563)		(11,111,563)	(11,111,563)	(11,111,563)
Grand Total		2,646,052	11,119,780		9,877,613	9,877,613	9,877,613

Budget exceeds Authorized Appropriation in Construction due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

The Division of Administrative Services is responsible for the centralized purchasing of postage, forms printing, and warehouse storage for the Department. Purchases are made through this appropriation with funding transferred from the respective Divisions to the Consolidated Cost Revolving Fund.

Funding for this appropriation, as indicated as various program support, is revenue transferred based on cost allocation derived from the program to which funds are assigned and can be a mix of funding sources such as general revenue, federal revenue, other revenue and/or a combination of each.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	707,302	821,500	821,500	821,500	821,500	821,500
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		707,302	821,500	821,500	821,500	821,500	821,500
Funding Sources							
Various Program Support	4000730	707,302	821,500		821,500	821,500	821,500
Total Funding		707,302	821,500		821,500	821,500	821,500
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		707,302	821,500		821,500	821,500	821,500

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Division of Administrative Services was created by the combining of the Division of Management Services and the Division of Finance in the spring of 1994. The DHS Director merged the two Divisions for the purpose of streamlining administrative functions, reducing the administrative costs, aligning associated functions operating independently and strengthening internal controls. This configuration has provided the program divisions a central point of contact regarding administrative issues. The goal of the merger was improved communications, cooperation and coordination between administrative functions and decreased positions in the Division.

The Division of Administrative Services has two (2) distinct areas of designation: Finance and Administration and Office Systems and Technology from which support services are provided to the other DHS Division staff, consumers and providers.

Office of Finance and Administration

Responsibilities include employee recruitment, applicant testing, classification and compensation, personnel file maintenance and personnel policy development and interpretation. Staff development is provided through this office and offers professional and personal growth and development courses available to all employees. Financial support services encompasses grant development, purchase of services, maintenance and monitoring of contract and grant obligated funds, management of state owned/leased property, construction and maintenance, payroll, accounts payable, budget/banking, cost accounting/research and statistics, reporting and forecasting, funds and grants management and accounts receivable.

Office of Systems and Technology

Technical services, program applications, support services and administrative services related to information/data systems are provided through staff and a contractual arrangement.

Funding for this appropriation includes general revenues (DAS - Department of Human Services Administration Fund Account), federal and other funds. The federal funds are derived from support services allocated through cost allocation and social service block grant funds. Other funding which is indicated as various program support is derived through cost allocation and can also include M&R proceeds.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	10,415,077	10,057,457	12,175,400	12,184,700	12,184,700	12,184,700
	#Positions	292	252	314	315	315	315
Extra Help	5010001	14,232	64,480	64,480	64,480	64,480	64,480
	#Extra Help	3	20	20	20	20	20
Personal Services Matching	5010003	3,820,016	3,587,067	4,425,001	4,427,168	4,427,168	4,427,168
Overtime	5010006	29	10,000	10,000	10,000	10,000	10,000
Operating Expenses	5020002	2,124,415	2,415,448	2,690,084	2,690,084	2,690,084	2,690,084
Conference & Travel Expenses	5050009	17,973	40,545	24,045	24,045	24,045	24,045
Professional Fees	5060010	8,831,038	10,121,530	10,399,691	10,399,691	10,399,691	10,399,691
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	65,000	0	0	0	0
Data Processing Services	5900044	2,263,000	2,267,600	1,967,600	1,967,600	1,967,600	1,967,600
Total		27,485,780	28,629,127	31,756,301	31,767,768	31,767,768	31,767,768
Funding Sources							
General Revenue	4000010	10,915,168	10,872,765		10,999,898	11,999,898	10,999,898
Federal Revenue	4000020	9,230,865	10,315,097		12,928,118	12,928,118	12,928,118
Merit Adjustment Fund	4000055	0	45,679		0	0	0
Various Program Support	4000730	7,339,747	7,395,586		5,799,615	5,799,615	5,799,615
Total Funding		27,485,780	28,629,127		29,727,631	30,727,631	29,727,631
Excess Appropriation/(Funding)		0	0		2,040,137	1,040,137	2,040,137
Grand Total		27,485,780	28,629,127		31,767,768	31,767,768	31,767,768

Budget exceeds Authorized Appropriation in Conference & Travel Expenses, Capital Outlay and Data Processing Services due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The Division of Administrative Services administers the social services block grant (SSBG). The Office of Community Services, Administration for Children and Families, U. S. Department of Health and Human Services is responsible for the administration of the grant program at the federal level with grants made directly to the State. Grant amounts are determined by a statutory formula based on individual state population. Up to 10 percent of block grant funds are allowed to be transferred to other block grant programs for support of health services, health promotion and disease prevention campaigns, and low-income home energy assistance.

Under the provisions of the block grant, each state has the authority to determine the most appropriate social services for the state's citizens. Included are services such as assistance to individuals and families to become more independent relative to financial support and personal care, family maintenance and avoidance of institutional care. These services are rendered through contracts with community programs across the state to provide services to people with developmental disabilities, mental illness, the elderly, and children. The agency has elected to allocate the majority of the SSBG funds to various divisions within the Department and other departments in state government - Workforce Education, Rehabilitation Services and Spinal Cord Commission thus eliminating the need for the majority of this appropriation. Each of the DHS divisions and other departments certify the funds in the respective division/department and budget for utilization of these funds.

Funding for this appropriation is 100% federal funds and is provided under Title XX of the Social Security Act (Omnibus Budget Reconciliation Act of 1981 as amended, P.L. 97-35; Jobs Training Bill, P.L. 98-8; P.L. 98-473; Medicaid and Medicare Patient and Program Act of 1987; Omnibus Budget Reconciliation Act of 1987, P.L. 100-203; Family Support Act of 1988, P.L. 100-485; Omnibus Budget Reconciliation Act of 1993, P.L. 103-66; 42 U.S.C. 1397 et seq.).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Purchase of Services 5100004	0	129,084	129,084	129,084	129,084	129,084
Total	0	129,084	129,084	129,084	129,084	129,084
Funding Sources						
Federal Revenue 4000020	0	129,084		129,084	129,084	129,084
Total Funding	0	129,084		129,084	129,084	129,084
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	129,084		129,084	129,084	129,084

Analysis of Budget Request

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

This appropriation is a contingency for immediate, short term and specific client emergencies such as shelter, food or transportation. Federal social services block grant funds would be utilized should payments be necessary. There were no expenditures made under this appropriation in FY2014 and \$111,600 is budgeted in FY2015.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Purchase of Services 5900043	0	111,600	111,600	111,600	111,600	111,600
Total	0	111,600	111,600	111,600	111,600	111,600
Funding Sources						
Cash Fund 4000045	0	111,600		111,600	111,600	111,600
Total Funding	0	111,600		111,600	111,600	111,600
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	111,600		111,600	111,600	111,600

DHS - Community Srvs/Nonprofit Support

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

Appropriation	Historical Data						Agency Request and Recommendations					
	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
896 Community Svcs/Non-Profit Support	1,311,521	23	1,351,105	22	1,370,454	24	1,370,578	24	1,469,278	24	1,370,578	24
898 AmeriCorps Grants	2,085,539	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0
935 Community Srv/Non-Profit Support – Cash in Treasury	736	0	7,140	0	12,000	0	12,000	0	12,000	0	12,000	0
Total	3,397,796	23	3,868,949	22	3,893,158	24	3,893,282	24	3,991,982	24	3,893,282	24

Funding Sources		%		%		%		%		%
General Revenue 4000010	471,293	13.9	470,220	12.2	475,802	12.2	574,502	14.4	475,802	12.2
Federal Revenue 4000020	2,626,297	77.3	3,092,422	79.9	3,103,147	79.8	3,103,147	77.8	3,103,147	79.8
Cash Fund 4000045	736	0.0	7,140	0.2	6,439	0.2	6,439	0.2	6,439	0.2
Various Program Support 4000730	299,470	8.8	299,167	7.7	302,333	7.8	302,333	7.6	302,333	7.8
Total Funds	3,397,796	100.0	3,868,949	100.0	3,887,721	100.0	3,986,421	100.0	3,887,721	100.0
Excess Appropriation/(Funding)	0		0		5,561		5,561		5,561	
Grand Total	3,397,796		3,868,949		3,893,282		3,991,982		3,893,282	

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Arkansas Office of Volunteerism was created in 1974 by order of the Governor to implement and administer a statewide immunization program. In 1977, the Office was established by Act 865 to assess and recognize the needs of communities throughout Arkansas and recruit, train, and coordinate volunteers and volunteer organizations in meeting those needs, assist in special projects to meet community needs and provide greater public awareness and recognition of volunteer efforts. In 1983, the Office of Volunteer Services transferred from the Office of the Governor to the Department of Human Services. Act 186 of 1989 officially made the agency a Division of DHS. Act 42 of 2011 changed the name from the Division of Volunteerism to the Division of Community Service and Nonprofit Support. The Division of Community Service & Nonprofit Support (DCSNS) strengthens community resources, volunteerism and national service in Arkansas. The Division has been offering training, technical assistance, and information to all Arkansans since 1974 and is the oldest state office of volunteerism in the nation. This is accomplished through various programs and community service activities.

The agency is funded through general revenues (DAS - Department of Human Services Administration Fund Account). Federal funding is comprised of funding based on the Department's cost allocation plan as well as federal funding granted from the Department of Health and Human Services-Corporation for National and Community Service. Other revenues which are indicated as various program support also consists of funding distributed based on the Department's cost allocation plan.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	797,199	841,888	903,229	903,329	903,329	903,329
	#Positions	23	22	24	24	24	24
Extra Help	5010001	0	0	0	0	0	0
	#Extra Help	0	0	0	0	0	0
Personal Services Matching	5010003	301,416	304,411	331,106	331,130	331,130	331,130
Overtime	5010006	19	1,000	1,000	1,000	1,000	1,000
Operating Expenses	5020002	185,064	172,255	115,568	115,568	208,268	115,568
Conference & Travel Expenses	5050009	20,688	18,351	10,851	10,851	12,851	10,851
Professional Fees	5060010	144	5,000	500	500	1,500	500
Data Processing	5090012	0	0	0	0	0	0
AmeriCorps Grants	5100004	2,085,539	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704
Capital Outlay	5120011	0	0	0	0	0	0
Data Processing Services	5900044	6,991	8,200	8,200	8,200	11,200	8,200
Total		3,397,060	3,861,809	3,881,158	3,881,282	3,979,982	3,881,282
Funding Sources							
General Revenue	4000010	471,293	470,220		475,802	574,502	475,802
Federal Revenue	4000020	2,626,297	3,092,422		3,103,147	3,103,147	3,103,147
Various Program Support	4000730	299,470	299,167		302,333	302,333	302,333
Total Funding		3,397,060	3,861,809		3,881,282	3,979,982	3,881,282
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		3,397,060	3,861,809		3,881,282	3,979,982	3,881,282

Budget exceeds Authorized in Operating Expenses and Professional Fees due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The Division of Community Service and Nonprofit Support (DCSNS) administers the AmeriCorps grant. The Edward M. Kennedy Serve America Act of 2009 focused AmeriCorps' efforts in six key areas:

- **Disaster Services:** AmeriCorps members respond to disaster from tornadoes and hurricanes to fire and floods.
- **Education:** AmeriCorps programs place tutors and mentors in low performing schools to help students improve academic performance and skills.
- **Environmental stewardships:** AmeriCorps members build trails, restore parks, run recycling programs and promote energy efficiency.
- **Healthy Futures:** AmeriCorps members provide education and outreach for healthier lifestyles. Arkansas' AmeriCorps members focus on healthy living and the programs provide students with opportunities to participate in healthy living activities to reduce obesity.
- **Economic opportunity:** AmeriCorps engages members each year to fight poverty by expanding access to technology, recruiting volunteers to teach literacy, and strengthening antipoverty groups.
- **Veterans and military families:** AmeriCorps supports the military community by engaging veterans in service, helping veterans readjust to civilian life, and providing support to military families.

Funding for this appropriation is federal funds provided from the Department of Health and Human Services to assist States in carrying out a national service program as authorized by the National and Community Service Act of 1990, as amended (42 U.S.C. §12501 et seq.)

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
AmeriCorps Grants 5100004	2,085,539	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704
Total	2,085,539	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704
Funding Sources						
Federal Revenue 4000020	2,085,539	2,510,704		2,510,704	2,510,704	2,510,704
Total Funding	2,085,539	2,510,704		2,510,704	2,510,704	2,510,704
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	2,085,539	2,510,704		2,510,704	2,510,704	2,510,704

Analysis of Budget Request

Appropriation: 935 - Community Srv/Non-Profit Support – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

This appropriation provides the Division of Community Service and Nonprofit Support authority for expenditure of fees and donations relating to various efforts established around the State. The funds are for training, volunteer recognition and special volunteer event expenses. These funds are interest income as well as honoraria from speaking engagements and donations.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 935 - Community Srv/Non-Profit Support – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	736	5,203	7,703	7,703	7,703	7,703
Conference & Travel Expenses	5050009	0	1,365	2,865	2,865	2,865	2,865
Professional Fees	5060010	0	572	1,432	1,432	1,432	1,432
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		736	7,140	12,000	12,000	12,000	12,000
Funding Sources							
Cash Fund	4000045	736	7,140		6,439	6,439	6,439
Total Funding		736	7,140		6,439	6,439	6,439
Excess Appropriation/(Funding)		0	0		5,561	5,561	5,561
Grand Total		736	7,140		12,000	12,000	12,000

DHS - Aging & Adult Services

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
Arkansas Department of Human Services
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
35M Ms. Senior Pageant	0	0	0	0	20,000	0	20,000	0	20,000	0	20,000	0
418 Meals on Wheels	2,100,000	0	2,400,000	0	2,400,000	0	2,400,000	0	2,400,000	0	2,400,000	0
896 Division of Aging & Adult Services	14,396,157	208	19,369,479	300	16,466,703	212	16,475,946	212	16,475,946	213	16,475,946	212
898 Community Based Care	0	0	0	0	90,000	0	90,000	0	90,000	0	90,000	0
898 Nursing Home Care Alternatives	5,091,777	0	4,797,525	0	6,787,525	0	6,787,525	0	6,787,525	0	6,787,525	0
898 Nutrition Program	8,445,487	0	11,949,465	0	13,535,285	0	13,535,285	0	13,535,285	0	13,535,285	0
898 Older Worker Program Grants	1,052,665	0	1,052,665	0	1,552,665	0	1,552,665	0	1,552,665	0	1,552,665	0
898 Project Grants	9,363,092	0	10,766,667	0	12,294,305	0	12,294,305	0	12,294,305	0	12,294,305	0
898 Retired & Sr Volunteer Program	65,419	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
898 Sr Citizen Centers	5,077,338	0	4,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
978 Senior Olympics	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0
Total	45,661,935	208	54,480,801	300	58,291,483	212	58,300,726	212	58,300,726	213	58,300,726	212

Funding Sources		%		%		%		%		%	
General Revenue 4000010	17,263,945	37.8	16,547,666	30.4		17,742,854	35.2	18,742,854	36.5	17,742,854	35.2
Federal Revenue 4000020	25,724,417	56.3	32,858,397	60.3		29,960,769	59.5	29,960,769	58.3	29,960,769	59.5
Special Revenue 4000030	2,181,835	4.8	2,496,000	4.6		2,490,000	4.9	2,490,000	4.8	2,490,000	4.9
Merit Adjustment Fund 4000055	0	0.0	47,051	0.1		0	0.0	0	0.0	0	0.0
Reallocation of Resources 4000410	0	0.0	2,153,253	4.0		0	0.0	0	0.0	0	0.0
Transfer to Medicaid Match 4000660	(32,582)	(0.1)	(32,582)	(0.1)		(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)
Various Program Support 4000730	524,320	1.1	411,016	0.8		218,541	0.4	218,541	0.4	218,541	0.4
Total Funds	45,661,935	100.0	54,480,801	100.0		50,379,582	100.0	51,379,582	100.0	50,379,582	100.0
Excess Appropriation/(Funding)	0		0			7,921,144		6,921,144		7,921,144	
Grand Total	45,661,935		54,480,801			58,300,726		58,300,726		58,300,726	

Analysis of Budget Request

Appropriation: 35M - Ms. Senior Pageant

Funding Sources: DHP - Aging and Adult Services Fund Account

The Ms. Senior Pageant appropriation was established by Act 1278 of 2007 Sec. 6. This appropriation allows the Division of Aging and Adult Services to provide funding to the Ms. Senior Pageant. The funding has allowed the pageant to reach out to every county in Arkansas in an attempt to make it a truly statewide event. The Ms. Senior Arkansas spokesman provides inspiration and encouragement to others by appearing and performing in senior care centers, nursing homes, hospitals and schools. This is in addition to the media appearances and addresses where they can advance the dignity and value of senior citizens around the state.

Funding for this appropriation consists of 100% general revenue funding (DHP - Aging and Adult Services Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 35M - Ms. Senior Pageant

Funding Sources: DHP - Aging and Adult Services Fund Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Ms. Senior Pageant Expenses 5900046	0	0	20,000	20,000	20,000	20,000
Total	0	0	20,000	20,000	20,000	20,000
Funding Sources						
General Revenue 4000010	0	0		20,000	20,000	20,000
Total Funding	0	0		20,000	20,000	20,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	0		20,000	20,000	20,000

Analysis of Budget Request

Appropriation: 418 - Meals on Wheels
Funding Sources: DHP - Aging and Adult Services Fund Account

The Meals on Wheels appropriation is utilized to provide home delivered meals to clients who are homebound and unable to prepare nutritionally adequate meals, and live in an area where the meal can be delivered. These home delivered meals comply with the Dietary Guidelines for Americans and contain 1/3 of the Recommended Dietary Allowance (RDA) of nutrients (2/3 RDA provided if in the same day a second meal is served, and 100% if 3 meals in a day.) Clients must be age 60+ (or spouse or disabled dependent of person age 60+). This service is available through the Area Agencies on Aging (AAAs).

Funding for this appropriation consists of an allotment of an additional one-cent per pack tax levied on cigarettes as authorized by A.C.A. § 26-57-802 (Act 1211 of 1991). Additional funding was provided by a new \$1.25 tax per 1,000 cigarettes levied in 2001 by A.C.A. §26-57-1101 and a privilege tax by A.C.A. §26-57-1102 on tobacco products other than cigarettes on the first sale to wholesalers or retailers within the state at two percent (2%) of the manufacturer's selling price (Act 1698 of 2001). A.C.A §26-57-1103 (Act 2219 of 2005) directed that 50% of 29% of all moneys collected from the added tax would be credited as Special Revenues to be used to assist the Meals on Wheels Program.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 418 - Meals on Wheels

Funding Sources: DHP - Aging and Adult Services Fund Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Transportation Services 5900046	2,100,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Total	2,100,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Funding Sources						
Special Revenue 4000030	2,100,000	2,400,000		2,400,000	2,400,000	2,400,000
Total Funding	2,100,000	2,400,000		2,400,000	2,400,000	2,400,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	2,100,000	2,400,000		2,400,000	2,400,000	2,400,000

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides for the operations of the Division of Aging and Adult Services (DAAS) of the Department of Human Services. This Division promotes the health, safety, and independence of older Arkansans and adults with physical disabilities by providing programs and services including in-home care, adult day service, case management, education, support groups, health and wellness activities, employment services, and information and referral. Services are provided primarily through a network of eight Area Agencies on Aging (AAAs), over 100 community providers, and over 200 senior citizen centers.

The Project Grants appropriation provides a main source of federal revenue for support services to be distributed through Area Agencies on Aging and other community providers on a formula or project basis. Project Grants enables seniors to remain in their own homes with high quality of life for as long as possible through the provision of home and community-based services, including supports for family caregivers. Grants awarded to the State through competitive process ensure the rights of older people and prevent abuse, neglect and exploitation. Priority support services are provided through Project Grants as well as Ombudsman and senior part-time employment program for low-income persons age 55 and over who have poor employment prospects.

The Retired and Senior Volunteer Program (RSVP) appropriation is part of the national, non-profit organization sponsored locally by one of eight regional programs. It provides people age 55 and older with an opportunity to use the skills they spent a lifetime acquiring, in meaningful volunteer activities. RSVP also conducts recognition events for members of the program as a means to recognize the people who donate their time and talents to help their Arkansas communities, providing an opportunity for our members to socialize with other active seniors.

The Senior Citizens Centers appropriation provides DAAS with local hubs for administering the many programs offered to the service areas covered by the more than 200 Centers across the state. They serve as resources for information and assistance regarding eligibility and applications, places of congregation, as well as offering RSVP opportunities.

The Older Worker Program appropriation for DAAS provides for low-income persons age 55 and over who have poor employment prospects. Program participants receive assignments at community and government agencies and are paid the Federal or State minimum wage, whichever is higher. Participants may also receive assistance in developing job search skills and in locating a permanent job. Participants are placed in non-profit or public service type host agencies. They receive on-the-job training and work experience. During their training,

participants work with their local Employment and Training Coordinator to achieve permanent part time or full time unsubsidized employment either at their host agency or with other employment sources in their area. Some of the benefits participants receive while in the program are: temporary paid work experience; improvement of marketable skills; development of new skills and an opportunity to establish a current work history.

The Community-Based Care and Nursing Home Alternative appropriations of DAAS encompass three programs: Alternatives, Assisted Living, and ElderChoices. All three are Medicaid home and community-based programs that provide services to Arkansas residents of several age ranges.

- Alternatives provides attendant care and environmental modification services to individuals age 21 through 64 who meet the criteria for intermediate nursing home care. The individuals' income should be less than 300% of poverty to meet the resource limits for Medicaid. Those who qualify may also receive regular Medicaid Benefits.
- Assisted Livings waiver program provides 24-hour supervision and supportive services, including limited nursing services in a congregate setting to persons aged 21 and older who have an income of no more than 300% of SSI and limited resources.
- ElderChoices provides in-home services to individuals 64 and over. These services are designed to delay or prevent institutionalization by maintaining, strengthening or restoring an eligible client's functioning in his or her own home, the home of a caregiver or foster facility. Services may include adult day care, adult day healthcare, adult foster care, chore, home delivered meals, homemaker services, personal emergency response system and respite care.

DAAS's Nutrition Programs appropriation is designed to provide meals to clients who are age 60 or older (or spouse or disabled dependent of person 60 or older), homebound, and unable to prepare nutritionally adequate meals, and living in an area where the meal can be delivered.

The funding for this appropriation is comprised of general revenue (DHP - Aging and Adult Services Fund Account), federal revenue, special revenue, and other funding. Federal revenue includes Title III - Older Americans Act, Title V - Federal Older Worker, Title VII - Ombudsman and Elder Abuse, Adult Protective Services, Nutrition Services Incentive Program, USDA Farmers Market, and Social Services Block Grant. DAAS is the successful recipient of several highly competitive and sought after federal grants: Money Follows the Person, Senior Medicare/Medicaid Fraud Patrol Expansion and Capacity Building, Medicare Enrollment Assistance for Area Agencies on Aging, Medicare Enrollment Assistance for Aging and Disability Resource Centers, and Adult Abuse/Violence of Female Victims. Other revenues indicated as various program support includes Adult Protective Service Registry Fees, Ombudsman Fees, and Area Agency on Aging Income Tax Check-Off (A.C.A. §26-51-454). Special revenue is the "In God We Trust License Plate Fund" (A.C.A. §27-15-4904).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	9,270,308	12,370,462	9,712,696	9,720,196	9,720,196	9,720,196
	#Positions	208	300	212	212	213	212
Extra Help	5010001	70,514	60,434	120,434	120,434	120,434	120,434
	#Extra Help	11	15	18	18	18	18
Personal Services Matching	5010003	3,172,299	4,357,417	3,341,000	3,342,743	3,342,743	3,342,743
Operating Expenses	5020002	1,705,938	2,361,416	2,590,573	2,590,573	2,590,573	2,590,573
Conference & Travel Expenses	5050009	77,083	88,000	100,000	100,000	100,000	100,000
Professional Fees	5060010	100,015	131,750	602,000	602,000	602,000	602,000
Data Processing	5090012	0	0	0	0	0	0
Project Grants	5100004	9,363,092	10,766,667	12,294,305	12,294,305	12,294,305	12,294,305
Retired & Sr Volunteer Prgm	5100004	65,419	75,000	75,000	75,000	75,000	75,000
Sr Citizen Centers	5100004	5,077,338	4,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Older Wkrs Prgm Grant	5100004	1,052,665	1,052,665	1,552,665	1,552,665	1,552,665	1,552,665
Community Based Care	5100004	0	0	90,000	90,000	90,000	90,000
Nursing Hm Care Alternatives	5100004	5,091,777	4,797,525	6,787,525	6,787,525	6,787,525	6,787,525
Nutrition Programs	5100004	8,445,487	11,949,465	13,535,285	13,535,285	13,535,285	13,535,285
Capital Outlay	5120011	0	0	0	0	0	0
Total		43,491,935	52,010,801	55,801,483	55,810,726	55,810,726	55,810,726

Funding Sources							
General Revenue	4000010	17,193,945	16,477,666		17,652,854	18,652,854	17,652,854
Federal Revenue	4000020	25,724,417	32,858,397		29,960,769	29,960,769	29,960,769
Special Revenue	4000030	81,835	96,000		90,000	90,000	90,000
Merit Adjustment Fund	4000055	0	47,051		0	0	0
Reallocation of Resources	4000410	0	2,153,253		0	0	0
Transfer to Medicaid Match	4000660	(32,582)	(32,582)		(32,582)	(32,582)	(32,582)
Various Program Support	4000730	524,320	411,016		218,541	218,541	218,541
Total Funding		43,491,935	52,010,801		47,889,582	48,889,582	47,889,582
Excess Appropriation/(Funding)		0	0		7,921,144	6,921,144	7,921,144
Grand Total		43,491,935	52,010,801		55,810,726	55,810,726	55,810,726

Budget exceeds Authorized in Regular Salaries and Personal Services Matching due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 978 - Senior Olympics

Funding Sources: DHP - Aging and Adult Services Fund Account

This appropriation was first authorized in 1995 to provide funding for the Arkansas Senior Olympics. Funds are paid on a two-to-one matching basis to the Senior Arkansas Sports Organization, a non-profit organization that organizes the Arkansas Senior Olympic games. The purpose of the Senior Olympics program is to promote healthy lifestyles for seniors through education, fitness and sports participation.

Arkansas Senior Olympic Games are structured in accordance with rules established by the National Senior Games Association (NSGA). There are ten (10) age divisions that apply to both men and women for individual and doubles events, and seven (7) age divisions for team events. The events include: Archery, Badminton, Bowling, Cycling, Golf, Horseshoes, Race/Walk, Racquetball, Road Race, Shuffleboard, Swimming, Table Tennis, Tennis, Track and Field events and Weightlifting/Bench Press. Other recreational events are also available, including Basketball Shoot, Bean Bag Baseball, Card and Board Games, Eight Ball Pool, Pickle Ball, etc.

Funding for this appropriation consists of 100% general revenue (DHP - Aging and Adult Services Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 978 - Senior Olympics

Funding Sources: DHP - Aging and Adult Services Fund Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	70,000	70,000	70,000	70,000	70,000	70,000
Total	70,000	70,000	70,000	70,000	70,000	70,000
Funding Sources						
General Revenue 4000010	70,000	70,000		70,000	70,000	70,000
Total Funding	70,000	70,000		70,000	70,000	70,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	70,000	70,000		70,000	70,000	70,000

DHS - Children & Family Services

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
Arkansas Department of Human Services
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

		Historical Data				Agency Request and Recommendations							
Appropriation		2014-2015		2015-2016		2015-2016		2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
882	State Residential Treatment	1,032,137	0	1,860,055	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0
883	Foster Care	28,576,665	0	32,889,983	0	31,179,183	0	31,579,183	0	31,579,183	0	31,579,183	0
896	Division of Children & Family Services	71,135,048	1,099	71,702,888	990	81,214,159	1,126	81,249,535	1,126	81,249,535	1,126	81,249,535	1,126
898	TANF/Foster Care	42,281,075	0	51,273,658	0	53,801,606	0	56,101,606	0	56,101,606	0	56,101,606	0
Total		143,024,925	1,099	157,726,584	990	167,294,948	1,126	170,030,324	1,126	170,030,324	1,126	170,030,324	1,126

Funding Sources			%		%		%		%		%
General Revenue	4000010	61,762,907	43.2	71,092,783	45.1			69,017,075	46.1	69,017,075	46.1
Federal Revenue	4000020	72,461,924	50.7	83,651,789	53.0			77,755,512	52.0	77,755,512	52.0
Merit Adjustment Fund	4000055	0	0.0	111,220	0.1			0	0.0	0	0.0
Reallocation of Resources	4000410	0	0.0	0	0.0			0	0.0	0	0.0
Reimbursement	4000425	3,271,812	2.3	3,725,000	2.4			3,725,000	2.5	3,725,000	2.5
Transfer to State Police	4000675	(1,660,545)	(1.2)	(1,674,208)	(1.1)			(1,674,208)	(1.1)	(1,674,208)	(1.1)
Various Program Support	4000730	7,188,827	5.0	820,000	0.5			843,318	0.6	843,318	0.6
Total Funds		143,024,925	100.0	157,726,584	100.0			149,666,697	100.0	149,666,697	100.0
Excess Appropriation/(Funding)		0		0				20,363,627		20,363,627	
Grand Total		143,024,925		157,726,584				170,030,324		170,030,324	

Budget exceeds Authorized in FC882 State Residential Treatment and FC883 Foster Care due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 882 - State Residential Treatment

Funding Sources: DCF - Children and Family Services Fund Account

This appropriation provides residential treatment services to children in need of placement and treatment. These services are purchased through private provider contracts and Medicaid Eligible service providers. The services are targeted for children who have been diagnosed as having serious emotional and/or behavioral problems and are in need of placement and treatment.

Funding for this appropriation is general revenue (DCF - Children and Family Services Fund Account) and refunds that consist of contract reimbursements for spent general revenue.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 882 - State Residential Treatment

Funding Sources: DCF - Children and Family Services Fund Account

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid	5100004	1,032,137	1,860,055	1,100,000	1,100,000	1,100,000	1,100,000
Total		1,032,137	1,860,055	1,100,000	1,100,000	1,100,000	1,100,000
Funding Sources							
General Revenue	4000010	962,435	1,835,055		1,075,000	1,075,000	1,075,000
Reimbursement	4000425	69,702	25,000		25,000	25,000	25,000
Various Program Support	4000730		0		0	0	0
Total Funding		1,032,137	1,860,055		1,100,000	1,100,000	1,100,000
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		1,032,137	1,860,055		1,100,000	1,100,000	1,100,000

Budget exceeds Authorized in Grants and Aid due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 883 - Foster Care

Funding Sources: DCF - Children and Family Services Fund Account

The Division of Children and Family Services (DCFS) provides selective placement for children in the custody of the Department of Human Services in approved foster homes or licensed facilities for a planned period of time when separation from a birth parent or legal guardian necessitates such separation. Foster Care is an integral part of the service delivery system of the Division of Children and Family Services.

Funding for this appropriation consists of general revenue (DCF-Children and Family Services Fund Account), refunds that consist of board reimbursements for spent general revenue and other funding which is indicated as various program support can also include sources such as federal awards, fees, and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 883 - Foster Care

Funding Sources: DCF - Children and Family Services Fund Account

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid	5100004	28,576,665	32,889,983	31,179,183	31,579,183	31,579,183	31,579,183
Total		28,576,665	32,889,983	31,179,183	31,579,183	31,579,183	31,579,183
Funding Sources							
General Revenue	4000010	25,374,555	29,189,983		27,479,183	27,479,183	27,479,183
Reallocation of Resources	4000410	0	0		0	0	0
Reimbursement	4000425	3,202,110	3,700,000		3,700,000	3,700,000	3,700,000
Various Program Support	4000730	0	0		0	0	0
Total Funding		28,576,665	32,889,983		31,179,183	31,179,183	31,179,183
Excess Appropriation/(Funding)		0	0		400,000	400,000	400,000
Grand Total		28,576,665	32,889,983		31,579,183	31,579,183	31,579,183

Budget exceeds Authorized in Grants and Aid due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Children and Family Services (DCFS). This Division is responsible for the protection of children, the continuation of the family-centered approach to service delivery to help strengthen and maintain natural families when possible, the expansion of programs such as therapeutic services, foster care prevention, management information systems and quality assurance and monitoring.

DCFS provides family supports to keep children at home, assist families when the families temporarily can't provide the necessary care for their children and help eliminate child maltreatment. DCFS attempts to keep families together and only separates children from their families as a last alternative. Specific services provided by the Division are: Support Services, Foster Care, Adoption Services and Protective Services.

The Division was operating under a Child Welfare Reform Federal Consent Decree until December, 2001. The original lawsuit (commonly known as "Angela R") was filed in 1991, alleging gross abuse and neglect of children of this State and the State's failure to protect those children. The consent decree was approved in 1994 and extended in 1999 and again in October 2001. In December 2001, the decree ended when the plaintiffs to the original lawsuit did not challenge DCFS compliance with the federal consent decree.

Funding for this appropriation includes general revenue (DCF-Children and Family Services Fund Account), federal revenues and other revenues, which is identified as various program support. The federal funds are derived from Title IV-E, Title IV-B, TANF, Child Abuse Prevention Treatment Act (CAPTA), Social Service Block Grant, Emergency Assessment funding, and Safe and Stable Families Act funding. Other revenues which are indicated as various program support are derived from many sources including federal awards, fees, third party reimbursements and maximization of federal claiming. These other revenues are considered to be non-federal and technically can be expended for any program or service within the Department.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	36,049,261	35,223,458	39,503,116	39,531,816	39,531,816	39,531,816
	#Positions	1,099	990	1,126	1,126	1,126	1,126
Extra Help	5010001	102,186	175,000	175,000	175,000	175,000	175,000
	#Extra Help	16	65	65	65	65	65
Personal Services Matching	5010003	12,712,333	13,091,854	14,870,544	14,877,220	14,877,220	14,877,220
Operating Expenses	5020002	9,277,549	11,924,661	12,145,347	12,145,347	12,145,347	12,145,347
Conference & Travel Expenses	5050009	19,321	30,000	30,000	30,000	30,000	30,000
Professional Fees	5060010	12,887,666	11,157,915	14,390,152	14,390,152	14,390,152	14,390,152
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	86,732	100,000	100,000	100,000	100,000	100,000
Total		71,135,048	71,702,888	81,214,159	81,249,535	81,249,535	81,249,535
Funding Sources							
General Revenue	4000010	21,916,640	23,805,099		25,211,950	25,211,950	25,211,950
Federal Revenue	4000020	43,726,830	48,980,777		47,703,701	47,703,701	47,703,701
Merit Adjustment Fund	4000055	0	111,220		0	0	0
Transfer to State Police	4000675	(1,660,545)	(1,674,208)		(1,674,208)	(1,674,208)	(1,674,208)
Various Program Support	4000730	7,152,123	480,000		503,318	503,318	503,318
Total Funding		71,135,048	71,702,888		71,744,761	71,744,761	71,744,761
Excess Appropriation/(Funding)		0	0		9,504,774	9,504,774	9,504,774
Grand Total		71,135,048	71,702,888		81,249,535	81,249,535	81,249,535

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The TANF/Foster Care Program is used to assist with the costs of foster care maintenance for eligible children; administrative costs to manage the program; and training for staff and foster parents. The primary purpose of this program is to fund proper care for children who need placement outside their homes. This appropriation is also used to assist States in paying maintenance costs for adopted children with special needs, such as children who are older or who have disabilities. The primary purpose of this program is to advance the permanency of hard to place children in adoptive homes and avoid inappropriate and excessive numbers of foster care placements.

This appropriation also provides for Independent Living services for foster children age 16 and older. This service is intended to provide a transition to independent living by providing encouragement and assistance in obtaining a high school diploma or vocational skill training, as well as training in daily living skills.

Funding for this appropriation includes general revenue (DCF - Children and Family Services Fund Account), federal revenues, and other revenues, which are identified as various program support. Federal revenues include Title IV-E Adoption Subsidies, Title IV-B Family Preservation Funding, SSBG, and TANF. Other revenues which are indicated as various program support and consists of match out of board reimbursements.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
DHS-Grants Paying Account	5100004	42,281,075	51,273,658	53,801,606	56,101,606	56,101,606	56,101,606
Total		42,281,075	51,273,658	53,801,606	56,101,606	56,101,606	56,101,606
Funding Sources							
General Revenue	4000010	13,509,277	16,262,646		15,250,942	15,250,942	15,250,942
Federal Revenue	4000020	28,735,094	34,671,012		30,051,811	30,051,811	30,051,811
Various Program Support	4000730	36,704	340,000		340,000	340,000	340,000
Total Funding		42,281,075	51,273,658		45,642,753	45,642,753	45,642,753
Excess Appropriation/(Funding)		0	0		10,458,853	10,458,853	10,458,853
Grand Total		42,281,075	51,273,658		56,101,606	56,101,606	56,101,606

DHS - Child Care/Early Childhood Education

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
Arkansas Department of Human Services
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

		Historical Data						Agency Request and Recommendations					
Appropriation		2014-2015		2015-2016		2015-2016		2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
320	Child Care Development-Discretionary	25,782,140	0	28,469,372	0	28,469,372	0	28,469,372	0	28,469,372	0	28,469,372	0
890	Food Program	71,471,607	0	94,291,250	0	94,291,250	0	94,291,250	0	94,291,250	0	94,291,250	0
896	Division of Child Care/Early Childhood	18,110,149	201	19,979,300	182	23,841,398	203	23,850,642	203	23,850,642	203	23,850,642	203
898	Child Care Grant/Aids	24,612,533	0	48,862,692	0	33,130,656	0	33,130,656	0	33,130,656	0	33,130,656	0
929	Child Care-Treasury Paying	0	0	33,003	0	120,863	0	120,863	0	120,863	0	120,863	0
Total		139,976,429	201	191,635,617	182	179,853,539	203	179,862,783	203	179,862,783	203	179,862,783	203

Funding Sources			%		%		%		%		%
General Revenue	4000010	7,393,893	5.3	7,429,455	3.9			7,446,106	4.1	7,446,106	4.1
Federal Revenue	4000020	129,556,770	92.6	181,220,504	94.6			169,338,423	94.1	169,338,423	94.1
Special Revenue	4000030	514,258	0.4	516,473	0.3			514,258	0.3	514,258	0.3
Cash Fund	4000045	0	0.0	33,003	0.0			120,863	0.1	120,863	0.1
Merit Adjustment Fund	4000055	0	0.0	3,774	0.0			0	0.0	0	0.0
Transfer to Medicaid Match	4000660	0	0.0	0	0.0			0	0.0	0	0.0
Various Program Support	4000730	2,511,508	1.8	2,432,408	1.3			2,443,133	1.4	2,443,133	1.4
Total Funds		139,976,429	100.0	191,635,617	100.0			179,862,783	100.0	179,862,783	100.0
Excess Appropriation/(Funding)		0		0				0		0	
Grand Total		139,976,429		191,635,617				179,862,783		179,862,783	

Budget exceeds Authorized Appropriation in FC898 Child Care Grant/Aids due to a transfer from the Miscellaneous Federal Grant Holding Account.

Analysis of Budget Request

Appropriation: 320 - Child Care Development-Discretionary

Funding Sources: FWF - DHS Federal

The Child Care and Development Block Grant (CCDF) consolidates childcare assistance programs and requires states to develop an integrated service delivery system to meet the needs of low income families. This appropriation is for the Discretionary category of funds. Specifically, these funds are targeted for low income working families and those transitioning from the Temporary Assistance for Needy Families program (TANF) Program to obtain child care; thereby allowing parents to work or obtain the training necessary to obtain employment or attend educational programs that will lead to employment.

Funding for this appropriation includes 100% federal revenue consisting of Discretionary Child Care Development Block Grant funding.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 320 - Child Care Development-Discretionary

Funding Sources: FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	25,782,140	28,469,372	28,469,372	28,469,372	28,469,372	28,469,372
Total	25,782,140	28,469,372	28,469,372	28,469,372	28,469,372	28,469,372
Funding Sources						
Federal Revenue 4000020	25,782,140	28,469,372		28,469,372	28,469,372	28,469,372
Total Funding	25,782,140	28,469,372		28,469,372	28,469,372	28,469,372
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	25,782,140	28,469,372		28,469,372	28,469,372	28,469,372

Analysis of Budget Request

Appropriation: 890 - Food Program

Funding Sources: FWF - DHS Federal

The Child and Adult Care Food Program (CACFP) provides nutritious meals in public and non-profit licensed child care centers, adult day care centers, day care homes and outside school hours centers. Private for profit organizations may qualify if they receive payments under Title XX of the Social Security Act for at least 25% of their clients. Residential programs are not eligible for participation in this food program. The CACFP assists with initiating, maintaining, and expanding nonprofit food service programs for children or adult participants in nonresidential institutions which provide care. The program is intended to enable such institutions to integrate a nutritious food service with organized care services for enrolled participants. The National School Lunch Program provides reimbursement to schools, licensed child care institutions, juvenile detention centers and hospitals serving lunches to eligible children. Participating schools and other institutions will serve lunches that are nutritionally adequate and ensure that participating children gain a full understanding of the relationship between proper eating and good health. The Special Milk Program provides reimbursement to schools and non-profit child care institutions for serving milk to eligible children. The Summer Food Service Program reimburses organizations for providing nutritious meals and snacks to children during the summer months. The program generally operates during the months of May through September at site locations where regularly scheduled food services are provided for children. Sites may also participate in the program from September through May if the school is closed because of an emergency situation. Service institutions operating food programs for children on school vacation under a continuous year-round calendar may apply for participation in other months.

Funding for this appropriation includes 100% federal revenue consisting of federal reimbursements from the U.S. Department of Agriculture.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 890 - Food Program

Funding Sources: FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	71,471,607	94,291,250	94,291,250	94,291,250	94,291,250	94,291,250
Total	71,471,607	94,291,250	94,291,250	94,291,250	94,291,250	94,291,250
Funding Sources						
Federal Revenue 4000020	71,471,607	94,291,250		94,291,250	94,291,250	94,291,250
Total Funding	71,471,607	94,291,250		94,291,250	94,291,250	94,291,250
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	71,471,607	94,291,250		94,291,250	94,291,250	94,291,250

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Child Care and Early Childhood Education (DCCECE). The purpose of DCCECE is to enhance the coordination of child care and early childhood education programs within Arkansas. The Division was created to accommodate the transfer of the Early Childhood Commission and the administrative component of the Arkansas Better Chance (ABC) Program from the Department of Education.

Funding for this appropriation consists of general revenue (DCC - Childcare and Early Childhood Education Fund Account), federal revenue, special revenue and other revenues. Federal revenue primarily includes funding from the Department of Health and Human Services Child Care Development Block Grant, Title IV-E Foster Care, and USDA Child Nutrition. Special revenue is comprised of Child Care Provider License Fees. Other revenue which is indicated as various program support is funding from the Arkansas Better Chance Program.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	6,711,946	6,548,416	7,386,334	7,393,834	7,393,834	7,393,834
	#Positions	201	182	203	203	203	203
Extra Help	5010001	116,442	153,795	153,795	153,795	153,795	153,795
	#Extra Help	9	13	13	13	13	13
Personal Services Matching	5010003	2,578,085	2,434,983	2,753,934	2,755,678	2,755,678	2,755,678
Overtime	5010006	18	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,588,913	3,738,027	4,567,990	4,567,990	4,567,990	4,567,990
Conference & Travel Expenses	5050009	64,945	89,056	72,500	72,500	72,500	72,500
Professional Fees	5060010	5,049,800	7,010,023	8,901,845	8,901,845	8,901,845	8,901,845
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		18,110,149	19,979,300	23,841,398	23,850,642	23,850,642	23,850,642
Funding Sources							
General Revenue	4000010	1,175,882	1,164,457		1,181,108	1,181,108	1,181,108
Federal Revenue	4000020	14,500,748	16,372,677		20,245,417	20,245,417	20,245,417
Special Revenue	4000030	480,984	480,984		480,984	480,984	480,984
Merit Adjustment Fund	4000055	0	3,774		0	0	0
Transfer to Medicaid Match	4000660	0	0		0	0	0
Various Program Support	4000730	1,952,535	1,957,408		1,943,133	1,943,133	1,943,133
Total Funding		18,110,149	19,979,300		23,850,642	23,850,642	23,850,642
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		18,110,149	19,979,300		23,850,642	23,850,642	23,850,642

Budget exceeds Authorized Appropriation in Conference & Travel Expenses due to a transfer from the Miscellaneous Federal Grant Holding Account.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The passage of the Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193 established the Child Care Development Fund (CCDF). This fund allows maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within the State of Arkansas; promotes parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; encourages States to provide consumer education information to help parents make informed choices about child care; assists States to provide child care to parents trying to achieve independence from public assistance; and assist States in implementing the health, safety, licensing and registration standards established in State regulations. A minimum of four percent (4%) of CCDF funds must be used to improve the quality of childcare. Quality activities include training, grants and loans to providers, and health and safety improvements.

In the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, specific funding is designated for Child Care. Funding received under the Child Care Development Fund by states is in three categories:

- **Mandatory:** Base allocations for states
- **Matching:** Additional available funds if states spend base allocations and provide state match above Maintenance of Effort
- **Discretionary:** Funding designated as the Child Care Development Block Grant

Funding for this appropriation consists of general revenue (DGF - Department of Human Services Grants Fund Account), federal revenue, other revenue and special revenue. Federal revenues include Child Care Development Block Grant funding. Other revenue which is indicated as various program support consists of reimbursements. Special revenue was derived from Beer Tax collections due to the State before the sunset of the funding source.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
DHS-Grants Paying Account	5100004	24,612,533	48,862,692	33,130,656	33,130,656	33,130,656	33,130,656
Total		24,612,533	48,862,692	33,130,656	33,130,656	33,130,656	33,130,656
Funding Sources							
General Revenue	4000010	6,218,011	6,264,998		6,264,998	6,264,998	6,264,998
Federal Revenue	4000020	17,802,275	42,087,205		26,332,384	26,332,384	26,332,384
Special Revenue	4000030	33,274	35,489		33,274	33,274	33,274
Various Program Support	4000730	558,973	475,000		500,000	500,000	500,000
Total Funding		24,612,533	48,862,692		33,130,656	33,130,656	33,130,656
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		24,612,533	48,862,692		33,130,656	33,130,656	33,130,656

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

Analysis of Budget Request

Appropriation: 929 - Child Care-Treasury Paying

Funding Sources: NHS - Cash in Treasury

The Arkansas Child Care Facilities Loan Guarantee Fund was created to provide loan guarantees to assist with the development of new or to expand existing day care facilities with target areas specifically in low income, rural areas of the State that show demonstrated need for child care. Arkansas Code Annotated §20-78-503 created the Arkansas Child Care Facilities Loan Guarantee Trust Fund with initial funds derived from interest income on the investment of state funds. Funds are authorized in \$100,000 annual increments up to a balance of \$350,000. The State Treasurer can replenish the fund when the balance reaches or falls below \$100,000.

The Division of Child Care and Early Childhood Education is authorized to develop and implement necessary rules and regulations to receive, review, and approve applications for loan deficiency guarantee assistance. Revision of a loan guarantee may be approved when it becomes necessary to ensure adequate child care financing is available. Loan guarantees should be given the following considerations: geographic distribution, community need, community income, with priority given to those communities with the lowest median family income, proof of viable administrative and financial management, and intended licensure of the facility. The Division is required to report the status of the Loan Guarantee Fund to the Legislative Council each October.

Arkansas Code Annotated §20-78-503 designates the Arkansas Child Care Facilities Loan Guarantee Fund as a Cash Fund Account. The Agency is authorized to accept moneys for the Fund from any source in addition to the allocations from the State Treasurer. The fund is a continuing fund and not subject to fiscal year limitations. Interest that has accrued during a fiscal year that is not required to cover loan defaults occurring that fiscal year is made available for non-refundable grants to child care facilities for start-up, development, training scholarships, or expansion.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 929 - Child Care-Treasury Paying

Funding Sources: NHS - Cash in Treasury

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Loan Guarantee/Grants 5900046	0	33,003	120,863	120,863	120,863	120,863
Total	0	33,003	120,863	120,863	120,863	120,863
Funding Sources						
Cash Fund 4000045	0	33,003		120,863	120,863	120,863
Total Funding	0	33,003		120,863	120,863	120,863
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	33,003		120,863	120,863	120,863

DHS - Behavioral Health Services

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
Arkansas Department of Human Services
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
193 State Operations	20,473,975	0	20,819,950	0	27,311,513	0	27,066,913	0	27,066,913	0	27,066,913	0
196 Community Mental Health Centers	8,660,398	0	7,005,603	0	8,780,603	0	8,780,603	0	8,780,603	0	8,780,603	0
1EN Community Alcohol Safety	1,924,227	0	2,372,674	0	4,094,167	1	4,094,167	1	4,094,167	1	4,094,167	1
1ET Alcohol & Drug Abuse Prevention	17,054,860	0	18,944,730	0	21,775,000	0	21,775,000	0	21,775,000	0	21,775,000	0
2MN Mental Health Grants	5,634,970	0	7,825,707	0	9,789,616	0	9,789,616	0	9,427,065	0	9,789,616	0
655 Acute Mental Health Services-Per Capita	538,538	0	503,188	0	5,633,293	0	5,633,293	0	5,633,293	0	5,633,293	0
896 Division of Behavioral Health Services	92,949,500	1,122	94,363,846	1,066	103,267,338	1,168	103,304,004	1,168	103,089,763	1,167	103,304,004	1,168
937 Canteen - Cash in Treasury	140,233	0	0	0	349,048	0	349,048	0	349,048	0	349,048	0
938 Patient Benefits-Cash in Treasury	25,235	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
F71 DBH Juv. Drug Courts	0	0	0	0	500,000	0	500,000	0	500,000	0	500,000	0
Total	147,401,936	1,122	151,910,698	1,066	181,575,578	1,169	181,367,644	1,169	180,790,852	1,168	181,367,644	1,169

Funding Sources		%		%		%		%		%	
General Revenue	4000010	78,776,317	53.4	78,870,394	51.9	79,744,397	52.1	83,386,997	53.4	79,744,397	52.1
Federal Revenue	4000020	21,445,400	14.5	26,773,213	17.6	23,777,497	15.5	23,200,705	14.9	23,777,497	15.5
Special Revenue	4000030	946,947	0.6	1,113,245	0.7	1,639,120	1.1	1,639,120	1.0	1,639,120	1.1
Cash Fund	4000045	165,468	0.1	75,000	0.0	424,048	0.3	424,048	0.3	424,048	0.3
Reallocation of Resources	4000410	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
State Administration of Justice	4000470	1,335,686	0.9	690,766	0.5	1,978,795	1.3	1,978,795	1.3	1,978,795	1.3
Transfer to Medicaid Match	4000660	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support	4000730	44,732,118	30.3	44,388,080	29.2	45,478,119	29.7	45,478,119	29.1	45,478,119	29.7
Total Funds		147,401,936	100.0	151,910,698	100.0	153,041,976	100.0	156,107,784	100.0	153,041,976	100.0
Excess Appropriation/(Funding)		0		0		28,325,668		24,683,068		28,325,668	
Grand Total		147,401,936		151,910,698		181,367,644		180,790,852		181,367,644	

Analysis of Budget Request

Appropriation: 196 - Community Mental Health Centers
Funding Sources: DBA - Mental Health Services Fund Account

This appropriation for State Assistance to Community Mental Health Centers provides the per capita funding of core services at the private non-profit Community Mental Health Centers (CMHCs). Special Language contained in Section 15 of Act 261 of 2014 sets the apportionment of funds on the basis of three dollars and six cents (\$3.06) per capita for the current biennium. Section 12 provides Allocation Restrictions for the maximum allocation of funds per CMHC. Section 13 provides a methodology for changing the Allocation Restrictions maximum allocation in the event that unforeseen circumstances occur. Section 14 in this Act established that every Mental Health Center eligible to receive any of the funds appropriated, as a condition of receiving any such funds, be subject to an annual audit of the overall operations of the CMHCs by the Division of Legislative Audit and submit a budget and go through the budget procedures process in the same manner as State Departments and Agencies. Section 16 sets the conditions for receiving funds under this appropriation to only locally-operated Centers and Clinics licensed or certified by the Division of Behavioral Health Services and 1) meet minimum standards of performance in the delivery of Mental Health Services as defined by the Department of Human Services, Behavioral Health Services Division; 2) supply statistical data to DHS-Division of Behavioral Health Services; 3) establish and maintain a sound financial management system in accordance with guidelines as set forth by DHS-Division of Behavioral Health Services; 4) establish and maintain community support programs as defined; 5) and the Board of Directors of each Center or Clinic shall adopt and submit an annual plan for the delivery of community support services for persons with long-term, severe mental illness as defined.

Funding for this appropriation is general revenue (DBA - Behavioral Health Services Fund Account) and other revenues which are indicated as various program support that become available, such as funding certified under the 45 day rule.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 196 - Community Mental Health Centers

Funding Sources: DBA - Mental Health Services Fund Account

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid	5100004	8,660,398	7,005,603	8,780,603	8,780,603	8,780,603	8,780,603
Total		8,660,398	7,005,603	8,780,603	8,780,603	8,780,603	8,780,603
Funding Sources							
General Revenue	4000010	6,957,979	7,005,603		7,005,603	7,005,603	7,005,603
Various Program Support	4000730	1,702,419	0		0	0	0
Total Funding		8,660,398	7,005,603		7,005,603	7,005,603	7,005,603
Excess Appropriation/(Funding)		0	0		1,775,000	1,775,000	1,775,000
Grand Total		8,660,398	7,005,603		8,780,603	8,780,603	8,780,603

Analysis of Budget Request

Appropriation: 1EN - Community Alcohol Safety

Funding Sources: MHS - Highway Safety Special Fund

Act 1219 of 1999 transferred the Community Alcohol Safety Program from the State Highway and Transportation Department to the Arkansas Department of Health effective July 1, 1999. Act 1717 of 2003 transferred this appropriation from the Department of Health by a Type 1 transfer as provided for in Arkansas Code Annotated §25-2-104 to the Department of Human Services, Division of Behavioral Health Services.

The Community Alcohol Safety program addresses offenders arrested for DWI. Individuals arrested are evaluated by the Alcohol Safety Education Program (ASEP). The ASEP consists of 14 different sub-grantees throughout the State that provide counselors, conduct pre-sentence investigation, and provide information to the public related to DWI issues.

Funding for this appropriation includes the State Administration of Justice Fund and Special Revenues. The Special Revenue received is derived from the Drug and Alcohol Safety Education Program. Funding associated with this appropriation is allowed to be counted against the Maintenance of Effort requirement for the Substance Abuse Prevention and Treatment (SAPT) Federal Block Grant that is payable out of the Alcohol and Drug Abuse Prevention appropriation.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 1EN - Community Alcohol Safety

Funding Sources: MHS - Highway Safety Special Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	0	0	20,788	20,788	20,788	20,788
	#Positions	0	0	1	1	1	1
Personal Services Matching	5010003	4,920	0	9,870	9,870	9,870	9,870
Operating Expenses	5020002	688	0	2,000	2,000	2,000	2,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Grants and Aid	5100004	1,918,619	2,372,674	4,061,509	4,061,509	4,061,509	4,061,509
Capital Outlay	5120011	0	0	0	0	0	0
Total		1,924,227	2,372,674	4,094,167	4,094,167	4,094,167	4,094,167
Funding Sources							
Special Revenue	4000030	946,947	1,113,245		1,639,120	1,639,120	1,639,120
State Administration of Justice	4000470	894,236	487,966		1,324,795	1,324,795	1,324,795
Various Program Support	4000730	83,044	771,463		0	0	0
Total Funding		1,924,227	2,372,674		2,963,915	2,963,915	2,963,915
Excess Appropriation/(Funding)		0	0		1,130,252	1,130,252	1,130,252
Grand Total		1,924,227	2,372,674		4,094,167	4,094,167	4,094,167

Analysis of Budget Request

Appropriation: 1ET - Alcohol & Drug Abuse Prevention

Funding Sources: MDA - Drug Abuse Prevention and Treatment Fund

Act 1717 of 2003 transferred this appropriation from the Department of Health by a Type 1 transfer as provided for in Arkansas Code Annotated §25-2-104 to the Department of Human Services, Division of Behavioral Health Services. This program provides funding for alcohol and drug services which include detoxification, residential treatment, outpatient treatment, methadone maintenance treatment and Special Women's Services.

Funding for this appropriation is derived from a mix of sources that includes general revenue (DBA - Behavioral Health Services Fund Account), federal, Administration of Justice funds and other revenue. Federal revenue is comprised of Substance Abuse Prevention and Treatment Block Grant, Social Service Block Grant, U. S. Department of Education, and State Incentive Grant. Other funding which is indicated as various program support can include sources such as, City of Little Rock funds, Robert Wood Johnson funds, court costs and fees.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 1ET - Alcohol & Drug Abuse Prevention

Funding Sources: MDA - Drug Abuse Prevention and Treatment Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid	5100004	17,054,860	18,944,730	21,775,000	21,775,000	21,775,000	21,775,000
Total		17,054,860	18,944,730	21,775,000	21,775,000	21,775,000	21,775,000
Funding Sources							
General Revenue	4000010	2,231,853	2,275,023		2,231,943	2,231,943	2,231,943
Federal Revenue	4000020	13,954,821	16,180,907		15,385,941	15,385,941	15,385,941
State Administration of Justice	4000470	441,450	202,800		654,000	654,000	654,000
Various Program Support	4000730	426,736	286,000		455,000	455,000	455,000
Total Funding		17,054,860	18,944,730		18,726,884	18,726,884	18,726,884
Excess Appropriation/(Funding)		0	0		3,048,116	3,048,116	3,048,116
Grand Total		17,054,860	18,944,730		21,775,000	21,775,000	21,775,000

Analysis of Budget Request

Appropriation: 2MN - Mental Health Grants

Funding Sources: PWE - Grants Paying

This appropriation provides authority for the Mental Health Block Grant, the Mental Health Homeless Grant, Child Mental Health Incentive - ACTION grant and other miscellaneous federal grants. Grants/Aids are used primarily for support of the private non-profit Community Mental Health Centers.

Funding for this appropriation is comprised 100% from federal sources.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2MN - Mental Health Grants

Funding Sources: PWE - Grants Paying

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	5,634,970	7,825,707	9,789,616	9,789,616	9,427,065	9,789,616
Total	5,634,970	7,825,707	9,789,616	9,789,616	9,427,065	9,789,616
Funding Sources						
Federal Revenue 4000020	5,634,970	7,825,707		6,289,616	5,927,065	6,289,616
Total Funding	5,634,970	7,825,707		6,289,616	5,927,065	6,289,616
Excess Appropriation/(Funding)	0	0		3,500,000	3,500,000	3,500,000
Grand Total	5,634,970	7,825,707		9,789,616	9,427,065	9,789,616

Analysis of Budget Request

Appropriation: 655 - Acute Mental Health Services–Per Capita

Funding Sources: DBA - Mental Health Services Fund Account

This appropriation provides a per capita funding amount for private non-profit Community Mental Health Centers (CMHCs) as first established in Act 1589 of 2001. The amount of available funds for this appropriation shall be determined by the Director of the Department of Human Services and apportioned on a per capita basis up to a maximum of \$3.48 per capita each fiscal year of the biennium as set out in section 24 of Act 261 of 2014. Section 25 requires the Division of Behavioral Health Services to develop an evaluation and monitoring program to ensure all expenditures are made consistent with the intent of this appropriation and sets, as a condition of receiving funds, requirements for quarterly reporting from the CMHCs. Section 26 of this Act describes the Legislative findings and intent of this appropriation.

This appropriation is a 100% general revenue payable appropriation (DBA - Behavioral Health Services Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 655 - Acute Mental Health Services–Per Capita

Funding Sources: DBA - Mental Health Services Fund Account

Appropriation	2014-2015 Actual	2015-2016 Budget	2015-2016 Authorized	2016-2017		
				Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	538,538	503,188	5,633,293	5,633,293	5,633,293	5,633,293
Total	538,538	503,188	5,633,293	5,633,293	5,633,293	5,633,293
Funding Sources						
General Revenue 4000010	503,187	503,188		503,188	503,188	503,188
Various Program Support 4000730	35,351	0		0	0	0
Total Funding	538,538	503,188		503,188	503,188	503,188
Excess Appropriation/(Funding)	0	0		5,130,105	5,130,105	5,130,105
Grand Total	538,538	503,188		5,633,293	5,633,293	5,633,293

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

Reorganization of the Department of Human Services in 1985 by Act 348 created the Division of Mental Health Services (DMHS) and included responsibility for the Arkansas State Hospital and two other state operated Community Mental Health Centers (CMHC) located in Little Rock and Jonesboro as well as the Arkansas Health Center (formally known as the Benton Services Center). Since the reorganization, initiatives have focused on development of an integrated, client-centered community-based public mental health system that prioritizes adults with serious and persistent mental illness and children and adolescents with serious emotional disturbance. The responsibility, accountability and authority for the provision of services are placed at the community level, since most individuals serviced by the public mental health system reside in the community rather than institutions. Included in these initiatives was conversion of the two state-operated CMHCs to private non-profit status, the Little Rock CMHC on July 1 of 1993 and then the Jonesboro CMHC on July 1 of 1997.

Act 1717 of 2003 created the Division of Behavioral Health Services (DBHS), which placed under its responsibility all current programs of DMHS and, in addition, under Arkansas Code Annotated §25-2-104 transferred to DBHS by Type 1 transfer the Bureau of Alcohol and Drug Abuse Prevention from the Department of Health.

The Division of Behavioral Health Services is organized into three functional components. Those components are Central Administration, Arkansas State Hospital, and Arkansas Health Center.

The Division of Behavioral Health Services is responsible for ensuring the provision of mental health services throughout the State of Arkansas. Community-based services are provided statewide through contractual arrangements with fifteen private, non-profit Community Mental Health Centers (CMHCs), their affiliates, and three mental health clinics. There are 15 catchment areas in which the CMHCs have service sites in 69 of the 75 counties. Services are provided from 135 sites throughout the State of Arkansas.

The Division of Behavioral Health Services is responsible for the oversight and operation of the Arkansas State Hospital (ASH), a psychiatric inpatient treatment facility for those with mental or emotional disorders. The Arkansas State Hospital includes a 90-bed acute inpatient unit, a 88-bed forensic unit, a 36-bed adolescent unit, and a 20-bed adolescent sex offenders unit.

The Division also operates the Arkansas Health Center (AHC), a 310-bed long-term care psychiatric nursing facility which serves the needs of

elderly Arkansans with disabilities who require specialized services and programs not generally available through community nursing homes. The program emphasizes the provision of services to special needs groups and individuals with cognitive dysfunctions. Services are available to all residents of Arkansas, provided individuals meet admission criteria.

Funding for this appropriation includes general revenue (DBA - Behavioral Health Services Fund Account), federal and other revenues. Federal revenue includes sources such as Mental Health Block grant, Access to Recovery grant, and Substance Abuse Prevention and Treatment (SAPT) Block grant. Other revenue which is indicated as various program support includes sources such as Medicaid and Medicare reimbursements, refunds, patient collections and rent.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	37,705,766	37,558,851	40,871,449	40,899,549	40,770,549	40,899,549
	#Positions	1,122	1,066	1,168	1,168	1,167	1,168
Extra Help	5010001	5,879,916	6,032,518	6,032,518	6,032,518	6,032,518	6,032,518
	#Extra Help	326	333	336	336	336	336
Personal Services Matching	5010003	16,248,206	15,463,217	16,876,495	16,885,061	16,839,558	16,885,061
Overtime	5010006	4,138,737	4,212,006	4,212,006	4,212,006	4,212,006	4,212,006
Operating Expenses	5020002	21,916,326	24,224,263	22,224,263	22,224,263	22,192,877	22,224,263
Conference & Travel Expenses	5050009	52,074	75,725	75,725	75,725	67,373	75,725
Professional Fees	5060010	6,866,646	6,797,266	9,974,882	9,974,882	9,974,882	9,974,882
Data Processing	5090012	0	0	0	0	0	0
Grants/Patient Services	5100004	17,854,155	20,819,950	24,712,131	24,467,531	24,467,531	24,467,531
State Operations	5110015	23,500	0	0	0	0	0
Capital Outlay	5120011	141,829	0	3,000,000	3,000,000	3,000,000	3,000,000
Mental Hlth Center Transfer	5900046	2,596,320	0	2,599,382	2,599,382	2,599,382	2,599,382
Total		113,423,475	115,183,796	130,578,851	130,370,917	130,156,676	130,370,917

Funding Sources							
General Revenue	4000010	69,083,298	69,086,580		70,003,663	73,646,263	70,003,663
Federal Revenue	4000020	1,855,609	2,766,599		2,101,940	1,887,699	2,101,940
Reallocation of Resources	4000410	0	0		0	0	0
Transfer to Medicaid Match	4000660	0	0		0	0	0
Various Program Support	4000730	42,484,568	43,330,617		45,023,119	45,023,119	45,023,119
Total Funding		113,423,475	115,183,796		117,128,722	120,557,081	117,128,722
Excess Appropriation/(Funding)		0	0		13,242,195	9,599,595	13,242,195
Grand Total		113,423,475	115,183,796		130,370,917	130,156,676	130,370,917

Budget exceeds Authorized in Operating Expenses due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 937 - Canteen – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

This cash funded appropriation is for the operation of the canteen located at the Arkansas State Hospital. The canteen is stocked with food items and beverages, with the purchases made by visitors providing the funding for this appropriation.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 937 - Canteen – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	140,233	0	349,048	349,048	349,048	349,048
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		140,233	0	349,048	349,048	349,048	349,048
Funding Sources							
Cash Fund	4000045	140,233	0		349,048	349,048	349,048
Total Funding		140,233	0		349,048	349,048	349,048
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		140,233	0		349,048	349,048	349,048

Analysis of Budget Request

Appropriation: 938 - Patient Benefits–Cash in Treasury

Funding Sources: NHS - Cash in Treasury

The Patient Benefits appropriation provides funds on a cash basis to meet patient needs such as recreational activities and personal items. Cash funds are derived from proceeds from parking meters, interest and private donations.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor’s Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 938 - Patient Benefits–Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Patient Benefit Fund 5900046	25,235	75,000	75,000	75,000	75,000	75,000
Total	25,235	75,000	75,000	75,000	75,000	75,000
Funding Sources						
Cash Fund 4000045	25,235	75,000		75,000	75,000	75,000
Total Funding	25,235	75,000		75,000	75,000	75,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	25,235	75,000		75,000	75,000	75,000

Analysis of Budget Request

Appropriation: F71 - DBH Juv. Drug Courts

Funding Sources: DBA - Mental Health Services Fund Account

The Juvenile Drug Courts appropriation was established by Act 1308 of 2013, Section 11. From their inception, drug courts have focused on stopping the illicit use and abuse of all addictive substances and curtailing related criminal activity for adults. Understanding the success that adult drug courts had yielded, juvenile courts have begun and have drawn on the experience of the adult models. A juvenile drug court is a separate docket within a juvenile court that handles selected delinquency cases and status offenders that have been identified as having problems with alcohol or other drugs. When considering programs for youth populations in court settings, individualized and appropriate treatments may vary depending on the geographical location of the court. Juvenile drug courts in Arkansas are somewhat new and in many instances, they are developmental. Therefore, these courts operate by using a team approach specific to the needs of its area. The team generally comprises of members to include representatives from substance abuse treatment, juvenile justice, social services, school and vocational training entities, law enforcement, probation, the prosecution, the defense and other support services to the juvenile and his or her family. The judge typically leads and serves as a member of the team. The team draws on the perspectives and expertise of all members. Participants are rewarded for positive behavior and immediately sanctioned for failure to abide by the program guidelines.

This appropriation is a 100% general revenue payable appropriation (DBA - Behavioral Health Services Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: F71 - DBH Juv. Drug Courts

Funding Sources: DBA - Mental Health Services Fund Account

Appropriation	2014-2015 Actual	2015-2016 Budget	2015-2016 Authorized	2016-2017		
				Legislative Recommendation	Agency Request	Executive Recommendation
Juvenile Drug Treatment 5900046	0	0	500,000	500,000	500,000	500,000
Total	0	0	500,000	500,000	500,000	500,000
Funding Sources						
General Revenue 4000010	0	0		0	0	0
Total Funding	0	0		0	0	0
Excess Appropriation/(Funding)	0	0		500,000	500,000	500,000
Grand Total	0	0		500,000	500,000	500,000

DHS - Medical Services

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
4KS Nursing Home Quality	110,828	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
642 Medicaid Expansion-Medical Svcs	54,923	1	69,083	1	113,521	2	113,521	2	113,521	2	113,521	2
648 Medicaid Exp-Prescription Drugs	3,684,419	0	4,197,034	0	4,197,034	0	4,553,782	0	4,553,782	0	4,553,782	0
648 Medicaid Exp-Hospital & Medical Services	13,700,019	0	62,510,440	0	62,510,440	0	62,510,440	0	62,510,440	0	62,510,440	0
876 Nursing Home Closure Costs	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
878 Long Term Care Facility Receivership	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
896 Division of Medical Services	24,784,521	325	26,218,290	315	30,197,725	324	31,519,767	324	31,519,767	324	31,519,767	324
897 ARKIDS B Program	78,216,970	0	132,222,020	0	147,222,020	0	157,323,782	0	157,323,782	0	157,323,782	0
897 Hospital & Medical Services	4,827,309,826	0	5,731,081,193	0	6,480,004,382	0	6,729,382,816	0	6,729,382,816	0	6,729,382,816	0
897 Prescription Drugs	421,388,422	0	433,889,916	0	433,889,916	0	467,370,558	0	467,370,558	0	467,370,558	0
897 Private Nursing Home Care	625,476,236	0	682,112,888	0	692,112,888	0	726,218,533	0	726,218,533	0	726,218,533	0
898 Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898 Infant Infirmary	25,041,371	0	26,283,630	0	31,283,630	0	32,098,423	0	32,098,423	0	32,098,423	0
898 Public Nursing Home Care	197,037,131	0	205,112,018	0	255,112,018	0	264,136,947	0	264,136,947	0	264,136,947	0
Total	6,216,804,666	326	7,307,446,512	316	8,140,393,574	326	8,478,978,569	326	8,478,978,569	326	8,478,978,569	326

Funding Sources		%		%		%		%		%	
General Revenue	4000010	902,819,083	14.5	977,241,268	13.4	1,182,999,688	15.5	1,173,065,456	15.4	1,182,999,688	15.5
Federal Revenue	4000020	4,780,404,391	76.9	5,820,944,312	79.7	5,965,702,212	78.0	5,965,702,212	78.2	5,965,702,212	78.0
Trust Fund	4000050	12,410,828	0.2	41,550,000	0.6	46,443,185	0.6	46,443,185	0.6	46,443,185	0.6
Merit Adjustment Fund	4000055	0	0.0	25,250	0.0	0	0.0	0	0.0	0	0.0
Drug Rebates	4000200	46,661,399	0.8	35,424,279	0.5	54,249,094	0.7	54,249,094	0.7	54,249,094	0.7
General Improvement Fund	4000265	46,300,805	0.7	15,989,521	0.2	10,000,000	0.1	0	0.0	10,000,000	0.1
Hospital Assessment Fee	4000281	61,458,300	1.0	61,458,300	0.8	61,458,300	0.8	61,458,300	0.8	61,458,300	0.8
ICF/MR Provider Fee	4000282	10,793,551	0.2	13,596,251	0.2	11,682,065	0.2	11,682,065	0.2	11,682,065	0.2
Inter-agency Fund Transfer	4000316	(1,124,591)	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Transfers	4000355	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0
Quality Assurance Fee	4000395	76,237,823	1.2	81,852,723	1.1	75,604,017	1.0	75,604,017	1.0	75,604,017	1.0
Reimbursement	4000425	0	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Tobacco Settlement	4000495	27,950,641	0.4	22,677,096	0.3	17,930,323	0.2	17,930,323	0.2	17,930,323	0.2
Transfer from Medicaid Match	4000550	13,524,976	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2

Funding Sources		%		%		%		%		%		
Various Program Support	4000730	239,252,460	3.8	223,603,669	3.1		205,953,872	2.7	205,953,872	2.7	205,953,872	2.7
Total Funds		6,216,804,666	100.0	7,307,446,512	100.0		7,645,106,599	100.0	7,625,172,367	100.0	7,645,106,599	100.0
Excess Appropriation/(Funding)		0		0			833,871,970		853,806,202		833,871,970	
Grand Total		6,216,804,666		7,307,446,512			8,478,978,569		8,478,978,569		8,478,978,569	

Analysis of Budget Request

Appropriation: 4KS - Nursing Home Quality

Funding Sources: TLT - Long Term Care Trust Fund

The Nursing Home Quality of Life appropriation provides for two (2) new approaches to nursing home care. These approaches are as follows:

- Eden Alternative approach
- Greenhouse Project approach

Both the Eden Alternative and the Greenhouse Project are attempts to create a new model for long-term care facilities that emphasizes a more home style environment over traditional institutional settings. Evidence indicates that residents of facilities operated under either approach perform significantly better than residents of traditional long-term care facilities.

The Eden Alternative approach allows residents choices in their everyday living that are traditionally dictated to the resident by the facility. These choices include, among others, the choice of meals (what is served and when) and the care routine. It also utilizes permanent assignments of caregivers to create familiarity and trust.

The Greenhouse Project approach utilizes Eden Alternative principles, but with a strikingly different physical plant. Greenhouse Project facilities are constructed on the premise that the elders will thrive in a nursing home if it's built to resemble living in one's own house. This means that facilities are built in small, separate units with each unit housing its own kitchen and laundry, and with no more than ten (10) beds - all of which are private rooms. This gives residents more privacy and more control over their lives. Additionally, Greenhouse Project facilities stress resident participation. This is performed in a number of ways. For example:

- Residents are encouraged to participate in meal planning and preparation. The facility is constructed so that residents can both gather around the kitchen and observe or participate in meal preparation. This gives them meaningful experiences and allows a time for interaction between the elders and the staff.
- Residents are encouraged to use their skills and interests for the benefit of other residents. An emphasis is placed on what residents can do rather than just their physical ailments and disabilities.
- The use of "universal" workers. Under this concept, each unit or house is staffed by the same CNAs and nurses who not only perform traditional care, but also perform laundry and meal preparation. This aids in worker retention by varying the duties of the workers. It

also allows the workers to better learn the desires and abilities of residents, and to encourage their participation in various aspects of their own care, as if they were home. The staffs are assigned only to one particular unit or house allowing the elders to become better acquainted with their caregivers.

Facilities that adopt the Eden Alternative/Greenhouse Project model are operated at the same cost as traditional facilities. Once a facility has adopted the model, there is no additional cost, making the on going project cost-neutral. The cost of building a facility to meet Greenhouse Project requirements are approximately the same as for a traditional facility.

There are, however, one-time or initial startup costs for training and physical plant changes for existing facilities. In order to encourage the adoption of the Eden Alternative/Greenhouse Project model, the U. S. Department of Health and Human Services' proposed that the Arkansas Department of Human Services utilize some of the funding collected that is associated with the imposition of civil penalties levied on long-term care facilities in the Long-Term Care Trust Fund.

As the licensing and regulatory agency, the Office of Long Term Care believes that encouraging the adoption of these models benefits the State of Arkansas in a number of ways. First, the models provide a higher level of care for residents, at little or no cost to the State. Second, the adoption of these models results in an inarguable increase in the quality of life for residents. Third, adoption of this proposal places Arkansas in a leadership role in remaking the long-term care model, and demonstrates the State's commitment to seeking improvement in long-term care.

Funding for this program is derived from other revenues which are indicated as the Long-Term Care Trust Fund. This fund consists of all moneys and interest received from the imposition of civil penalties levied by the state on long-term care facilities found to be out of compliance with the requirements of federal or state law or regulations. Under this appropriation, funds are targeted for Eden Alternative/Greenhouse Project related grants to facilities. The funding would be provided by grants for:

- Eden Alternative Associate Training to providers; and
- Greenhouse Project development for new construction of facilities.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 4KS - Nursing Home Quality

Funding Sources: TLT - Long Term Care Trust Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	110,828	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total	110,828	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources						
Trust Fund 4000050	110,828	1,500,000		1,500,000	1,500,000	1,500,000
Total Funding	110,828	1,500,000		1,500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	110,828	1,500,000		1,500,000	1,500,000	1,500,000

Analysis of Budget Request

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

The Medicaid Expansion Program provides appropriation for the administration component of the Medicaid Expansion Program established by Initiated Act 1 of 2000 for the Division of Medical Services. The expanded Medicaid programs are as follows:

1. Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001);
2. Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001);
3. Expansion of non-institutional coverage and benefits to adults aged 65 and over. Referred to as ARSeniors, this program extends full Medicaid benefits to adults age 65 and over who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002).

Funding for this appropriation is derived from tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	37,804	37,593	69,476	69,476	69,476	69,476
	#Positions	1	1	2	2	2	2
Personal Services Matching	5010003	13,723	13,672	26,227	26,227	26,227	26,227
Operating Expenses	5020002	2,979	15,818	15,818	15,818	15,818	15,818
Conference & Travel Expenses	5050009	417	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		54,923	69,083	113,521	113,521	113,521	113,521
Funding Sources							
Federal Revenue	4000020	27,462	34,542		56,761	56,761	56,761
Tobacco Settlement	4000495	27,461	34,541		56,760	56,760	56,760
Total Funding		54,923	69,083		113,521	113,521	113,521
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		54,923	69,083		113,521	113,521	113,521

Analysis of Budget Request

Appropriation: 648 - Tobacco-Delay Draw-Paying

Funding Sources: PTD - Medicaid Expansion Program Account

Medicaid Expansion Program - Prescription Drugs referenced on page 230

The Medicaid Expansion Program - Prescription Drugs provides appropriation for the prescription drugs component of the Medicaid Expansion Program established by Initiated Act 1 of 2000. This appropriation is funded through tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Medicaid Expansion Program - Hospital and Medical Services referenced on page 231

The Medicaid Expansion Program - Hospital and Medical Services provides appropriation for the Hospital/Medical component of the Medicaid Expansion Program established by Initiated Act 1 of 2000. This appropriation is funded through tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 648 - Tobacco-Delay Draw-Paying/Medicaid Expansion - Prescription Drugs

Funding Sources: PTD - Medicaid Expansion Program Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Medicaid Exp-Prescrip Drugs 5100004	3,684,419	4,197,034	4,197,034	4,553,782	4,553,782	4,553,782
Total	3,684,419	4,197,034	4,197,034	4,553,782	4,553,782	4,553,782
Funding Sources						
General Revenue 4000010	0	0		0	336,079	0
Federal Revenue 4000020	54,068	170,088		3,217,703	3,217,703	3,217,703
Tobacco Settlement 4000495	3,630,351	4,026,946		1,000,000	1,000,000	1,000,000
Total Funding	3,684,419	4,197,034		4,217,703	4,553,782	4,217,703
Excess Appropriation/(Funding)	0	0		336,079	0	336,079
Grand Total	3,684,419	4,197,034		4,553,782	4,553,782	4,553,782

Appropriation Summary

Appropriation: 648 - Tobacco-Delay Draw-Paying/Medicaid Expansion - Hospital and Medical Services

Funding Sources: PTD - Medicaid Expansion Program Account

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Medicaid Exp-Hosp/Med Svcs	5100004	13,700,019	62,510,440	62,510,440	62,510,440	62,510,440	62,510,440
Total		13,700,019	62,510,440	62,510,440	62,510,440	62,510,440	62,510,440
Funding Sources							
Federal Revenue	4000020	9,666,511	43,894,831		40,636,877	40,636,877	40,636,877
Tobacco Settlement	4000495	4,033,508	18,615,609		16,873,563	16,873,563	16,873,563
Total Funding		13,700,019	62,510,440		57,510,440	57,510,440	57,510,440
Excess Appropriation/(Funding)		0	0		5,000,000	5,000,000	5,000,000
Grand Total		13,700,019	62,510,440		62,510,440	62,510,440	62,510,440

Analysis of Budget Request

Appropriation: 876 - Nursing Home Closure Costs

Funding Sources: TLT - Long Term Care Trust Fund

Nursing Home Closure Costs appropriation is available in the event the Division of Medical Services finds it necessary to take over the operation of a nursing home in an emergency situation. The purpose of any take-over would be for the protection of the health or property of residents of long-term care facilities, including, but not limited to, the payment for the costs of relocation of residents to other facilities, maintenance and operation of a facility pending correction of deficiencies or closure, and reimbursement of residents for personal funds lost.

Funding for this appropriation is derived from other revenues which are indicated as the Long-Term Care Trust Fund. This fund consists of all moneys and interest received from the imposition of civil penalties levied by the state on long-term care facilities found to be out of compliance with the requirements of federal or state law or regulations.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 876 - Nursing Home Closure Costs

Funding Sources: TLT - Long Term Care Trust Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Expenses 5900046	0	50,000	50,000	50,000	50,000	50,000
Total	0	50,000	50,000	50,000	50,000	50,000
Funding Sources						
Trust Fund 4000050	0	50,000		50,000	50,000	50,000
Total Funding	0	50,000		50,000	50,000	50,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	50,000		50,000	50,000	50,000

Analysis of Budget Request

Appropriation: 878 - Long Term Care Facility Receivership

Funding Sources: DLT - Long Term Care Facility Receivership Fund

As authorized by Arkansas Code Annotated §20-10-901 et seq., the Long Term Care Facility Receivership appropriation is used to pay the expenses of receivers appointed, if a nursing home is placed in receivership. Payment may not be made from this account until a court of law has found that a nursing home has insufficient funds to pay a receiver after all other operating expenses of the facility have been paid. The funding for this appropriation is from reimbursement at the beginning of a biennium from the general revenue fund account of the state apportionment fund prior to the distribution of revenue stabilization law with a maximum amount of one hundred thousand dollars (\$100,000).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 878 - Long Term Care Facility Receivership

Funding Sources: DLT - Long Term Care Facility Receivership Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Expenses 5900046	0	100,000	100,000	100,000	100,000	100,000
Total	0	100,000	100,000	100,000	100,000	100,000
Funding Sources						
Reimbursement 4000425	0	100,000		100,000	100,000	100,000
Total Funding	0	100,000		100,000	100,000	100,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	100,000		100,000	100,000	100,000

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

Act 348 of 1985 authorized the reorganization of the Department of Human Services. As part of this reorganization, the Division of Social Services became the Division of Economic and Medical Services. Act 164 of 1995 eliminated the Division of Economic and Medical Services, creating the Division of Medical Services, while functions at the county level were assigned to the Division of County Operations (formerly the Division of Program Operations). The Division of Medical Services' primary responsibility is management of the Arkansas Medicaid program, which was created by the passage of Title XIX of the Social Security Act of 1965, with Arkansas implementing the program on January 1, 1970.

Medicaid enables states to furnish:

- Medical assistance to those who have insufficient income and resources to meet the costs of necessary medical services.
- Rehabilitation and other services to help these families and individuals become or remain independent and able to care for themselves.

Each state has some sort of Medicaid program to meet the federal mandates and requirements as laid out in Title XIX. Arkansas, however, established a medical care program 26 years before passage of the federal laws requiring health care for the needy: Section 7 of Act 280 of 1939 and Act 416 of 1977 authorized the State of Arkansas to establish and maintain a medical care program for the indigent and vested responsibility for regulating and administering the program in the Arkansas Department of Human Services. This program receives federal grants under Title XIX. Thus Arkansas Medicaid is a joint federal and state program that provides necessary medical services to eligible persons who are not able to pay for such services. Individuals are certified as eligible for Medicaid services through the state's county Human Services Offices or District Social Security Offices. The Social Security Administration automatically sends SSI recipient information to DHS.

The Arkansas Medicaid Program is divided into three (3) forms of services:

1. Services Mandated by the Federal Government
2. Optional Services Chosen by Arkansas
3. Waivers Approved by the Centers for Medicare and Medicaid Services (CMS)

These services are as follows:

Services Mandated by the Federal Government:

- Child Health Services - Early and Periodic Screening, Diagnosis and Treatment (EPSDT) (Under Age 21)

- Family Planning Services and Supplies (All Ages)
- Federally Qualified Health Center (FQHC) (All Ages)
- Home Health Services (All Ages)
- Hospital Services - Inpatient and Outpatient (All Ages)
- Laboratory and X-Ray (All Ages)
- Certified Nurse-Midwife Services (All Ages)
- Medical and Surgical Services of a Dentist (All Ages)
- Nurse Practitioner (Pediatric, Family, Obstetric-Gynecologic and Gerontological) (All Ages)
- Nursing Facility Services (Age 21 and Older)
- Physician Services (All Ages)
- Rural Health Clinic (RHC) (All Ages)
- Transportation (to and from medical providers when medically necessary) (All Ages)

Optional Services Chosen by Arkansas:

- Ambulatory Surgical Center Services (All Ages)
- Audiological Services (Under Age 21)
- Certified Registered Nurse Anesthetist (CRNA) Services (All Ages)
- Child Health Management Services (CHMS) (Under Age 21)
- Chiropractic Services (All Ages)
- Dental Services (All Ages)
- Developmental Day Treatment Clinic Services (DDTCS) (Preschool and Age 18 and Older)
- Developmental Rehabilitation Services (Under Age 3)
- Domiciliary Care Services (All Ages)
- Durable Medical Equipment (DME) (All Ages)
- End-Stage Renal Disease (ESRD) Facility Services (All Ages)
- Hearing Aid Services (Under Age 21)
- Hospice Services (All Ages)
- Hyperalimentation Services (All Ages)
- Independent Choices (Age 18 and Older)
- Inpatient Psychiatric Services (Under Age 21)
- Intermediate Care Facility (ICF) Services (All Ages)
- Licensed Mental Health Practitioner Services (Under Age 21)

- Medical Supplies (All Ages)
- Medicare Crossovers (All Ages)
- Nursing Facility Services (Under Age 21)
- Occupational, Physical, Speech Therapy Services (Under Age 21)
- Orthotic Appliances (All Ages)
- PACE (Program of All-Inclusive Care for the Elderly) (Age 55 and Older)
- Personal Care Services (All Ages)
- Podiatrist Services (All Ages)
- Portable X-Ray (All Ages)
- Prescription Drugs (All Ages)
- Private Duty Nursing Services (All Ages)
- Prosthetic Devices (All Ages)
- Rehabilitative Hospital Services (All Ages)
- Rehabilitative Services for:
 - Persons with Mental Illness (RSPMI) (All Ages)
 - Persons with Physical Disabilities (RSPD) and Youth and Children (Under Age 21)
- Respiratory Care Services (Under Age 21)
- School-Based Mental Health Services (Under Age 21)
- Targeted Case Management:
 - Children's Services (Title V), SSI, TEFRA, EPSDT, Division of Children and Family Services and Division of Youth Services (Under Age 21)
 - Beneficiaries with a Developmental Disability (All Ages)
 - Adults (Age 60 and Older)
 - Pregnant Women (All Ages)
- Tuberculosis Services (All Ages)
- Ventilator Equipment (All Ages)
- Visual Care Services (All Ages)

Waivers Approved by the Centers for Medicare and Medicaid Services (CMS):

- Alternatives for Adults with Physical Disabilities (Age 21-64)
- ARKids B (Age 18 and Under)
- Autism (Age 18 months-6 years)

- Developmental Disabilities Services (DDS- Alternative Community Services) (All Ages)
- ElderChoices (Age 65 and Older)
- Living Choices (Assisted Living) (Age 21 and Older)
- Non-Emergency Transportation (All Ages)
- Tax Equity Fiscal Responsibility Act of 1982 (TEFRA) (Under Age 21)
- Women's Health (Family Planning) (All Ages)

The Arkansas Medicaid Program does have limitations on the services that are provided. The major benefit limitations on services for adults (age 21 and older) are as follows:

- Twelve visits to hospital outpatient departments allowed per state fiscal year.
- A total of twelve office visits allowed per state fiscal year for any combination of the following: certified nurse midwife, nurse practitioner, physician, medical services provided by a dentist, medical services furnished by an optometrist, and Rural Health Clinics.
- One basic family planning visit and three (3) periodic family planning visits per state fiscal year. Family planning visits are not counted toward other service limitations.
- Lab and x-ray services limited to total benefit payment of \$500 per state fiscal year, except for EPSDT beneficiaries.
- Three pharmaceutical prescriptions are allowed per month (family planning and tobacco cessation prescriptions are not counted against benefit limit; unlimited prescriptions for nursing facility beneficiaries and EPSDT beneficiaries under age 21). Extensions will be considered up to a maximum of six (6) prescriptions per month for beneficiaries at risk of institutionalization. Beneficiaries receiving services through the Assisted Living waiver may receive up to nine (9) medically necessary prescriptions per month. Medicare-Medicaid beneficiaries (dual eligibles) receive their drugs through the Medicare Part D program as of January 1, 2006.
- Inpatient hospital days limited to 24 per state fiscal year, except for EPSDT beneficiaries and certain organ transplant patients.
- Co-insurance: Some beneficiaries must pay 10% of first Medicaid covered day of hospital stay.
- Beneficiaries in the Working Disabled aid category must pay 25% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some additional services.
- Some beneficiaries must pay \$.50 - \$3 of every prescription, and \$2 on the dispensing fee for prescription services for eyeglasses. Beneficiaries in the Working Disabled aid category must pay a higher co-payment for these services and also must pay co-payments for some additional services.

Additional Information for limitations relating to children:

- The families of some children are responsible for co-insurance, co-payments, or premiums.
- Co-insurance: ARKids B beneficiaries must pay 10% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some outpatient and DME services.
- Co-Pay: ARKids B beneficiaries must pay a co-payment for most services; for example \$10.00 for most office visits and \$5.00 for most

prescription drugs (and must use generic drugs and manufacturer rebates, if available). ARKids B beneficiaries annual cost-sharing is capped at 5% of the family's gross annual income.

- Premiums: Based on family income certain TEFRA beneficiaries must pay a premium. TEFRA families whose income is at or below 150% of the Federal Poverty level cannot be assessed a premium.

Any and all exceptions to benefit limits are based on medical necessity.

The Division consists of the Director's Office and eight (8) distinct organizational units:

Program and Provider Management: The Office of Program and Provider Management includes the following operations: Provider & Member Relations, Dental, Visual and EPSDT, Behavioral Health and Utilization Review. The Provider and Member Relations, Dental, Visual and EPSDT section administers the Dental, Visual and Child Health Services (EPSDT) Medicaid programs and oversees the non-emergency transportation program, Medicaid Managed Care Systems and ConnectCare programs. This section also assists providers and beneficiaries in resolving matters related to billing and coverage. The Utilization Review section develops healthcare policies based on recognized standards of care, current healthcare initiatives and participation from community stakeholders to ensure adequate coverage benefits for Medicaid beneficiaries. Utilization review monitors the quality and medical necessity of services delivered by Medicaid health care providers. In addition this section is responsible for the prior authorization of medically necessary services such as transplants, extension of benefits, prosthetics, hearing aids, hyperalimentation services and out of state transportation.

Medicaid Information Management: The Office of Medicaid Information Management is responsible for administering the Medicaid Management Information System (MMIS) which processes all Medicaid claims. The MMIS Systems and Support Unit procures and administers the contracted fiscal agent that operates the MMIS. This Unit also monitors the fiscal agent's contract compliance, performs quality assurance reviews on how the MMIS operates, manages requests for modifications to the MMIS, develops enhancements to the MMIS, and develops and produces reports from the Medicaid data warehouse.

Long Term Care: The Office of Long Term Care (OLTC) is the unit of state government responsible for the regulation of long term care facilities in Arkansas. These facilities include Nursing Homes, Intermediate Care Facilities for the Mentally Retarded (ICF/MR), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, Assisted Living Facilities (ALF) and Psychiatric Residential Treatment Facilities (PRTF). This regulation of facilities includes conducting on-site inspections of facilities, investigations of complaints against facilities, medical need determinations for placement into facilities, and licensure of facilities and facility administrators. In addition, the Office of Long Term Care administers a criminal record background check on the employees and applicants and of facilities the Office regulates, and the Office is responsible for the administration of the training and certification of Certified Nursing Assistance (CNAs), who are long-term care facility caregivers that are employed in long term care facilities and hospital-based facilities. The Office of Long Term Care includes the following operations: Quality Assurance & Support, Survey & Certification, Special Programs, Abuse & Neglect, and State

Regulated Facilities.

Program and Administrative Support: The Office of Program and Administrative Support includes the following operations: Financial Activities, Provider Reimbursement and Third Party Liability. The Financial Activities unit performs such functions as program and operational budgeting, expenditure monitoring and evaluation, federal and state reporting, and administrative support such as personnel management, contract issuance and management, requests for proposals, and the preparation of interagency agreements. The Provider Reimbursement unit is responsible for maintaining rate files, establishing and administering methodologies for provider reimbursements, including cost reports and cost settlements, and financial aspects of the Office of Long Term Care such as budgeting, reimbursement, and audits of provider cost reports. The Third Party Liability area is responsible for implementing cost-avoidance procedures to prevent the payment of Medicaid monies when other (third) parties such as private insurance companies should pay the claim. In addition, in those instances where cost-avoidance is not successful, the Third Party Liability unit is responsible for pursuing recoupment of Medicaid monies.

Pharmacy: The Pharmacy Office is responsible for assuring that medically necessary pharmaceutical therapy is provided to Arkansas Medicaid recipients. It seeks to deliver these services cost effectively while complying with all state and federal requirements. The OBRA 90 statute requires states to cover all outpatient drugs by a manufacturer who signs a rebate agreement with the Centers for Medicare / Medicaid (CMS) as well as to establish a Drug Utilization Review (DUR) Board which is under the direction of the Pharmacy Office. The Office researches clinical data, develops the clinical criteria and edits for various drugs and drug classes, then works directly with the state's fiscal agent to apply the criteria and edits within the software, is the project manager for the stated evidenced-based prescription drug program, researches and reviews claims information to assist providers, beneficiaries and interested parties and researches exception criteria to assist physicians.

Policy, Program and Contract Oversight: The Policy, Program and Contract Oversight consists of three units. The Program Planning and Development (PPD) unit develops and maintains the Medicaid State Plan and the State's Child Health Insurance Program Plan, both required by CMS. This Unit develops and maintains fifty-seven (57) different Medicaid provider policy manuals, which include information on covered services, benefit limits, prior approvals, and billing procedures. The Waiver Quality Assurance unit is responsible for monitoring operation of the Medicaid waiver programs. The Waiver QA unit assures compliance with CMS requirements for operating the waivers through case reviews, data analysis, technical assistance to operating agencies, communication and coordination with CMS, developing new waivers and amendments to existing waivers, and developing QA strategies and interagency agreements for the waivers. The Contract Oversight unit is responsible for assisting program and contract staff in developing performance indicators for contracts and monitoring the performance of all Division of Medical Services contractors.

Healthcare Innovation: The Health Care Innovation Unit is responsible for directing the operations and activities to redesign the Medicaid payment and service delivery systems by working with multi-payers, staff, and contractors to design and deliver episodes of care for acute conditions; implement new models of population based health for chronic conditions; develop and coordinate infrastructure requirements;

and facilitate stakeholder, provider and patient engagement. Arkansas Medicaid is creating a patient-centered health care system that embraces the triple aim: (1) improving the health of the population; (2) enhancing the patient experience of care, including quality, access, and reliability; and (3) reducing, or at least controlling, the cost of health care. This will be accomplished by transforming the vast majority of care and payment from a fee for service models to models that reward and support providers for delivering improved outcomes and high quality, cost effective care.

Coordination of Coverage: The Coordination of Coverage Unit is responsible for coordinating any DMS efforts in the implementation of the Affordable Care Act, identifying potential improvement in the Medicaid consumer experience, and ongoing coordination of coverage for Medicaid recipients as they move in and out of Medicaid and other health insurance plans through the upcoming health insurance exchange. In addition, this new team will participate in other Medicaid changes, and will coordinate with all areas within DMS, several other DHS Divisions, and other State agencies.

The Agency is funded through general revenue (DEM - Medical Services Fund Account), federal and other revenues. Federal revenue is provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as various program support are derived from Third Party Liability Recovery, Nurse Aide Training and Long-Term Care Licensure Fees.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	15,296,810	15,106,931	16,137,864	16,149,964	16,149,964	16,149,964
	#Positions	325	315	324	324	324	324
Extra Help	5010001	112,974	201,892	201,892	201,892	201,892	201,892
	#Extra Help	6	8	7	7	7	7
Personal Services Matching	5010003	5,093,954	5,074,442	5,400,857	5,404,331	5,404,331	5,404,331
Overtime	5010006	5	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,359,546	4,341,565	7,363,652	8,670,120	8,670,120	8,670,120
Conference & Travel Expenses	5050009	102,612	233,728	233,728	233,728	233,728	233,728
Professional Fees	5060010	431,191	755,132	555,132	555,132	555,132	555,132
Data Processing	5090012	0	0	0	0	0	0
Grants and Aid	5100004	0	0	0	0	0	0
Capital Outlay	5120011	23,972	0	0	0	0	0
Data Processing Services	5900044	363,457	499,600	299,600	299,600	299,600	299,600
Total		24,784,521	26,218,290	30,197,725	31,519,767	31,519,767	31,519,767
Funding Sources							
General Revenue	4000010	5,094,291	7,197,500		7,862,524	7,862,524	7,862,524
Federal Revenue	4000020	15,077,316	16,925,016		13,851,041	13,851,041	13,851,041
Merit Adjustment Fund	4000055	0	25,250		0	0	0
Inter-agency Fund Transfer	4000316	(1,124,591)	0		0	0	0
Various Program Support	4000730	5,737,505	2,070,524		6,000,000	6,000,000	6,000,000
Total Funding		24,784,521	26,218,290		27,713,565	27,713,565	27,713,565
Excess Appropriation/(Funding)		0	0		3,806,202	3,806,202	3,806,202
Grand Total		24,784,521	26,218,290		31,519,767	31,519,767	31,519,767

Analysis of Budget Request

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants Paying

Private Nursing Home Care Appropriation referenced on page 248

The Private Nursing Home Care appropriation pays expenses for individuals who reside in nursing homes and are eligible to receive Medicaid Benefits. The residents in nursing home facilities have chronic medical needs. The referring physician must certify medical need with documented evidence of why services are needed in order for a person to be admitted and remain in a nursing home. Each Medicaid certified nursing facility evaluates each nursing home applicant's need for nursing home services. A thorough and complete evaluation must be conducted to ensure that individuals who do not require nursing home services are not admitted to nursing facilities. For Medicaid eligible recipients, the Office of Long Term Care cannot guarantee Medicaid reimbursement for any applicant admitted prior to approval by the Office of Long Term Care Medical Needs Determination section. No applicant with diagnoses or other indicators of mental illness, mental retardation, or developmental disabilities may be admitted to nursing home care prior to evaluation and approval by the Office of Long Term Care.

In general, nursing homes provide total care for their residents--meeting needs from social to dietary to medical. They are staffed by licensed nurses and certified nursing assistants. Nursing homes accept a variety of payment methods, such as private pay (which includes insurance), Medicaid, and Medicare. No age requirement applies to nursing home placements.

In addition to the provider payments noted above, Act 689 of 1987 created the Long-Term Care Aide Training program. Under this Act, the Office of Long Term Care was required to establish a training program to be completed by all aides in long term care facilities who provide personal care to residents. This program consists of 75 hours of training and is payable from the Private Nursing Home Care appropriation.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, various program support which can include nursing home administration fees and Medicaid match, miscellaneous transfers derived from Arkansas Code Annotated §17-24-305(b)(1)(A), and the Medicaid Trust Fund. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and

Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Prescription Drugs Appropriation referenced on page 249

The Prescription Drugs appropriation is an optional Medicaid service chosen by Arkansas. The program allows eligible recipients to obtain prescription medication through participating pharmacies in Arkansas. Reimbursement for the program is based on the drug cost and the fee for dispensing pharmaceuticals. The Omnibus Budget Reconciliation Act of 1990 authorized rebates from pharmaceutical manufacturers. The federal share is returned and the amount retained by the state is calculated based upon the state matching rate for Medicaid.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as drug rebates, the Medicaid Trust Fund, and various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Hospital and Medical Services Appropriation referenced on page 250

The Hospital and Medical Services appropriation is one of several federally supported and state administered assistance programs within the Medicaid program and consists of many services including inpatient and outpatient hospital, community mental health centers, community health centers, rural health clinics, home health, private duty nursing, personal care, hospice, practitioners such as physicians, dentists, audiologist, psychologist, speech, occupational and physical therapists, maternity clinics, family planning, laboratory and x-ray services, case management, transportation and Early and Periodic Screening, Diagnosis and Treatment (EPSDT) for children under 21 years of age which is the Child Health Services Program. Waiver services are also included in this appropriation. Waiver services are those that the Centers for Medicare and Medicaid Services have waived traditional provisions of the Medicaid regulations and allow deviations in how and where the services are provided and include programs such as Elderchoices, DDS-Non-institutional Waiver and Adults with Physical Disabilities. Payments are made directly to providers for services for individuals who are eligible for Medicaid services. The State establishes reimbursement rates and the methodology for rate setting. However, the Centers for Medicare and Medicaid Services must approve the state's policy(ies) and regulations in order for the State to be in compliance with guidelines established in federal law.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other

revenues which are indicated as Medicaid Trust Fund, intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, hospital assessment fee per Act 562 of 2009 (as amended per Act 19 of 2011), and as various program support which can include matching funds from UAMS (from general revenue), Department of Education (from cash funds), Arkansas Children's Hospital, DHS Divisions (from general revenue) for services such as Therapies, Transportation, Waiver services, UPL-Upper Payment Limit match, DSH-Disproportionate Share Hospital payments, etc. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

ARKIDS B Program Appropriation referenced on page 251

The ArKids B program appropriation provides medical services for children who are without medical insurance coverage. Many of the parents of these children are employed but are unable to afford the necessary coverage for their children. The parents earn sufficient salaries that make them ineligible for coverage by Medicaid, thereby leaving the children without medical care.

ArKids B Program is an optional Medicaid service chosen by Arkansas and is authorized through a federal waiver to the Medicaid program that expands coverage to children in families with income at or below 200 percent of the federal poverty level. Services are available only to children through 18 years of age and are otherwise ineligible to receive Medicaid benefits. Each child must have a Primary Care Physician who will either provide the needed services or make the appropriate referral for medically necessary treatment. A patient co-payment is required per physician visit and per prescription. Effective July 1, 2006, DHS set an annual cap on cost-sharing (co-payments and coinsurance) for ARKids B families. The annual cost-sharing cap is 5% of the family's annual gross (before taxes) income.

The ArKids B Program appropriation has two (2) components and they are as follows:

- Prescription Drugs
- Hospital/Medical

Prescription Drugs component has coverage limits based on medical necessity with a \$5 per prescription co-pay and the recipient must use generic and rebate manufactures.

Generally, the Hospital/Medical component benefits include such programs as inpatient hospital, physician visits, vision care (1 visit per year for routine exam and 1 pair of eyeglasses), dental services (2 visits per year for cleaning, x-rays, no orthodontia), medical supplies, home health services and emergency room services, ambulance (emergency only), ambulatory surgical center, durable medical equipment (\$500

per year), family planning, FQHC, nurse midwife, outpatient mental and behavior health (\$2,500 limit), podiatry, RHC and speech therapy with some form of co-pay required. Immunizations and preventative health screenings per protocols provided by the primary care physician or Division of Health require no patient co-payments.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as the Medicaid Trust Fund, and as various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account - Private Nursing Home Care

Funding Sources: PWD - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Private Nursing Home Care	5100004	625,476,236	682,112,888	692,112,888	726,218,533	726,218,533	726,218,533
Total		625,476,236	682,112,888	692,112,888	726,218,533	726,218,533	726,218,533
Funding Sources							
General Revenue	4000010	107,055,368	124,208,270		134,419,500	134,419,500	134,419,500
Federal Revenue	4000020	442,039,402	478,979,670		506,080,016	506,080,016	506,080,016
Miscellaneous Transfers	4000355	115,000	115,000		115,000	115,000	115,000
Quality Assurance Fee	4000395	76,237,823	78,791,076		75,604,017	75,604,017	75,604,017
Various Program Support	4000730	28,643	18,872		0	0	0
Total Funding		625,476,236	682,112,888		716,218,533	716,218,533	716,218,533
Excess Appropriation/(Funding)		0	0		10,000,000	10,000,000	10,000,000
Grand Total		625,476,236	682,112,888		726,218,533	726,218,533	726,218,533

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account - Prescription Drugs

Funding Sources: PWD - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Prescription Drugs	5100004	421,388,422	433,889,916	433,889,916	467,370,558	467,370,558	467,370,558
Total		421,388,422	433,889,916	433,889,916	467,370,558	467,370,558	467,370,558
Funding Sources							
General Revenue	4000010	88,482,277	107,088,347		70,966,243	70,966,243	70,966,243
Federal Revenue	4000020	285,975,947	291,377,290		301,980,036	301,980,036	301,980,036
Trust Fund	4000050	0	0		175,185	175,185	175,185
Drug Rebates	4000200	46,661,399	35,424,279		54,249,094	54,249,094	54,249,094
Various Program Support	4000730	268,799	0		0	0	0
Total Funding		421,388,422	433,889,916		427,370,558	427,370,558	427,370,558
Excess Appropriation/(Funding)		0	0		40,000,000	40,000,000	40,000,000
Grand Total		421,388,422	433,889,916		467,370,558	467,370,558	467,370,558

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account - Hospital and Medical Services

Funding Sources: PWD - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Hospital and Medical Services	5100004	4,827,309,826	5,731,081,193	6,480,004,382	6,729,382,816	6,729,382,816	6,729,382,816
Total		4,827,309,826	5,731,081,193	6,480,004,382	6,729,382,816	6,729,382,816	6,729,382,816
Funding Sources							
General Revenue	4000010	675,895,582	721,368,740		911,994,731	901,724,420	911,994,731
Federal Revenue	4000020	3,808,302,172	4,701,584,932		4,789,099,083	4,789,099,083	4,789,099,083
Trust Fund	4000050	12,300,000	39,104,889		44,718,000	44,718,000	44,718,000
General Improvement Fund	4000265	46,300,805	15,449,521		10,000,000	0	10,000,000
Hospital Assessment Fee	4000281	61,458,300	61,458,300		61,458,300	61,458,300	61,458,300
ICF/MR Provider Fee	4000282	5,707,399	6,948,226		5,041,130	5,041,130	5,041,130
Tobacco Settlement	4000495	20,259,321	0		0	0	0
Transfer from Medicaid Match	4000550	13,524,976	12,868,843		12,868,843	12,868,843	12,868,843
Various Program Support	4000730	183,561,271	172,297,742		189,473,040	189,473,040	189,473,040
Total Funding		4,827,309,826	5,731,081,193		6,024,653,127	6,004,382,816	6,024,653,127
Excess Appropriation/(Funding)		0	0		704,729,689	725,000,000	704,729,689
Grand Total		4,827,309,826	5,731,081,193		6,729,382,816	6,729,382,816	6,729,382,816

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account - ARKids B Program

Funding Sources: PWD - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
ARKids B Program	5100004	78,216,970	132,222,020	147,222,020	157,323,782	157,323,782	157,323,782
Total		78,216,970	132,222,020	147,222,020	157,323,782	157,323,782	157,323,782
Funding Sources							
General Revenue	4000010	15,960,645	6,730,101		2,000,000	2,000,000	2,000,000
Federal Revenue	4000020	62,256,325	125,491,919		140,323,782	140,323,782	140,323,782
Total Funding		78,216,970	132,222,020		142,323,782	142,323,782	142,323,782
Excess Appropriation/(Funding)		0	0		15,000,000	15,000,000	15,000,000
Grand Total		78,216,970	132,222,020		157,323,782	157,323,782	157,323,782

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Child and Family Life Institute Appropriation referenced on page 254

Arkansas Code Annotated §20-78-104 authorized Arkansas Children's Hospital to provide administration for the Child Health and Family Life Institute (CHFLI). Children's Hospital and UAMS, Department of Pediatrics act in conjunction by either contract or cooperative agreement for necessary activities in the delivery of services through the CHFLI. The mission of the institute is "an initiated state effort to explore, develop, and evaluate new and better ways to address medically, socially, and economically interrelated health and developmental needs of children with special health care needs and their families. Utilizing a multidisciplinary collaboration of professionals, the Institute's priorities include wellness and prevention, screening and diagnosis, treatment and intervention, training and education, service access, public policy and advocacy, research and evaluation". Programs include such services as KIDS FIRST - a pediatric day health treatment program for preschool age children at risk for developmental delay; CO-MEND Councils of volunteer/local community activities with pooled resources to assist families; Outreach offers specialized health care at the local level for children who live in areas without specialized care available; Community Pediatrics-a support system with a pediatric team available to provide services in medically underserved areas; Children-at-Risk - diagnostic and treatment for children who have been abused and their families; Pediatric Psychology; Developmental/Physical Medicine and Rehabilitation for children with severe disabilities; and Adolescent Medicine. Children's Hospital is specifically to fund the KIDS FIRST Program as a priority when considering program funding decisions within the Institute. The Department of Pediatrics is the administrative oversight entity for cooperative agreements or contracts for the delivery of services.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Infant Infirmary Appropriation referenced on page 255

The Infant Infirmary Nursing Home appropriation provides for services to infants with special needs. The facilities are licensed as Private Pediatric Intermediate Care Facilities for the Mentally Retarded (ICFs/MR). Facilities receiving reimbursement through this appropriation are Arkansas Pediatric Facility, Brownwood Life Care Center, Millcreek of Arkansas and Easter Seals Children's Rehabilitation Center. These programs provide a valuable service in that many children are admitted to one of these programs when discharged from a hospital and need continuing attention and medical oversight but not on-going medical treatment.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, the Medicaid Trust Fund, and various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Public Nursing Home Care Appropriation referenced on page 256

The Public Nursing Home Care appropriation includes Title XIX Medicaid reimbursement for services provided in the six (6) Human Development Centers (Intermediate Care Facilities for the Mentally Retarded-ICFs/MR), the Arkansas Health Center and the thirty-one (31) 15 Bed or Less (ICFs/MR) programs across the State. Services include 24 hour a day residential, medical, psychological, education and training, life skills training and therapy services needed through staffing and case plan determination. Annual staffings are required to reassess the progress of each individual and adjustments are made in case plans when necessary to help each person attain the goals and objectives established in the case plans.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, various program support which can include matching funds from the Human Development Centers (from general revenue), the DDS Small 10 Beds Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)(from general revenue), the Arkansas Health Center (from mixed funding). Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account - Child and Family Life Institute

Funding Sources: PWE - Grants Paying

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Child & Family Life Inst 5100004	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Total	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Funding Sources						
General Revenue 4000010	0	2,100,000		2,100,000	2,100,000	2,100,000
Total Funding	0	2,100,000		2,100,000	2,100,000	2,100,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	2,100,000		2,100,000	2,100,000	2,100,000

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account - Infant Infirmary

Funding Sources: PWE - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Infant Infirmary	5100004	25,041,371	26,283,630	31,283,630	32,098,423	32,098,423	32,098,423
Total		25,041,371	26,283,630	31,283,630	32,098,423	32,098,423	32,098,423
Funding Sources							
General Revenue	4000010	5,150,660	5,217,301		7,280,615	7,280,615	7,280,615
Federal Revenue	4000020	17,700,573	18,456,365		19,147,746	19,147,746	19,147,746
Trust Fund	4000050	0	895,111		0	0	0
General Improvement Fund	4000265	0	540,000		0	0	0
ICF/MR Provider Fee	4000282	676,917	677,152		670,062	670,062	670,062
Quality Assurance Fee	4000395	0	497,701		0	0	0
Various Program Support	4000730	1,513,221	0		0	0	0
Total Funding		25,041,371	26,283,630		27,098,423	27,098,423	27,098,423
Excess Appropriation/(Funding)		0	0		5,000,000	5,000,000	5,000,000
Grand Total		25,041,371	26,283,630		32,098,423	32,098,423	32,098,423

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account - Public Nursing Home Care

Funding Sources: PWE - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Public Nursing Home Care	5100004	197,037,131	205,112,018	255,112,018	264,136,947	264,136,947	264,136,947
Total		197,037,131	205,112,018	255,112,018	264,136,947	264,136,947	264,136,947
Funding Sources							
General Revenue	4000010	5,180,260	3,331,009		46,376,075	46,376,075	46,376,075
Federal Revenue	4000020	139,304,615	144,029,659		151,309,167	151,309,167	151,309,167
ICF/MR Provider Fee	4000282	4,409,235	5,970,873		5,970,873	5,970,873	5,970,873
Quality Assurance Fee	4000395	0	2,563,946		0	0	0
Various Program Support	4000730	48,143,021	49,216,531		10,480,832	10,480,832	10,480,832
Total Funding		197,037,131	205,112,018		214,136,947	214,136,947	214,136,947
Excess Appropriation/(Funding)		0	0		50,000,000	50,000,000	50,000,000
Grand Total		197,037,131	205,112,018		264,136,947	264,136,947	264,136,947

DHS - County Operations

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
Arkansas Department of Human Services
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
1DK Cty-Shelter Plus Care Program	1,797,321	0	1,923,644	0	2,004,028	0	2,008,800	0	2,008,800	0	2,008,800	0
396 Cty-Aid To Aged, Blind, Disabled	0	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0
410 Cty-Emergency Food Program	808,716	0	727,563	0	727,563	0	729,295	0	729,295	0	729,295	0
411 Cty-Low Income Energy Assistance Prgm	23,279,959	0	28,000,000	0	29,400,000	0	29,470,000	0	29,470,000	0	29,470,000	0
412 Cty-Refugee Resettlement Program	1,782	0	12,000	0	24,000	0	24,000	0	24,000	0	24,000	0
426 Cty-Homeless Assistance Grant	1,215,903	0	2,631,825	0	2,631,825	0	2,638,091	0	2,638,091	0	2,638,091	0
59H Hunger Coalition	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0
642 Medicaid Expansion-County Ops	2,258,517	58	2,831,558	60	2,884,501	60	2,885,980	60	2,885,980	60	2,885,980	60
896 Division of County Operations	117,807,766	1,877	115,176,923	1,705	126,853,802	1,871	126,257,222	1,871	126,257,222	1,871	126,257,222	1,871
897 TANF Block Grant	11,079,726	0	14,637,000	0	18,277,650	0	18,277,650	0	18,277,650	0	18,277,650	0
898 Community Svcs. Block Grant	8,043,675	0	9,299,077	0	9,760,062	0	9,783,146	0	9,783,146	0	9,783,146	0
898 Supplemental Nutrition Assist(SNAP)	156,041	0	343,235	0	343,235	0	343,235	0	343,235	0	343,235	0
930 Cty-Commodity Distrib & Salvage Container	23,496	0	289,087	0	291,300	0	291,300	0	291,300	0	291,300	0
Total	167,468,015	1,935	176,871,025	1,765	194,197,079	1,931	193,707,832	1,931	193,707,832	1,931	193,707,832	1,931

Funding Sources		%		%		%		%		%	
General Revenue	4000010	48,657,024	29.1	48,638,926	27.5	49,226,136	26.1	50,232,562	26.4	49,226,136	26.1
Federal Revenue	4000020	99,295,735	59.3	116,354,476	65.8	125,052,406	66.4	125,731,531	66.2	125,052,406	66.4
Cash Fund	4000045	23,496	0.0	289,087	0.2	291,300	0.2	291,300	0.2	291,300	0.2
Merit Adjustment Fund	4000055	0	0.0	281,461	0.2	0	0.0	0	0.0	0	0.0
Reallocation of Resources	4000410	0	0.0	(2,151,253)	(1.2)	0	0.0	0	0.0	0	0.0
Tobacco Settlement	4000495	1,129,259	0.7	1,415,779	0.8	1,442,990	0.8	1,442,990	0.8	1,442,990	0.8
Transfer From DWS	4000527	466,400	0.3	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to Medicaid Match	4000660	(79,000)	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support	4000730	17,975,101	10.7	12,044,549	6.8	12,368,799	6.6	12,368,799	6.5	12,368,799	6.6
Total Funds		167,468,015	100.0	176,871,025	100.0	188,381,631	100.0	190,067,182	100.0	188,381,631	100.0
Excess Appropriation/(Funding)		0		0		5,326,201		3,640,650		5,326,201	
Grand Total		167,468,015		176,871,025		193,707,832		193,707,832		193,707,832	

Analysis of Budget Request

Appropriation: 1DK - Cty-Shelter Plus Care Program

Funding Sources: FWF - DHS Federal

The Shelter Plus Care Program initially began in 1995 through a grant from the U. S. Department of Housing and Urban Development, Office of Community Planning and Development. The program provides rental assistance to hard-to-serve homeless persons (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are homeless or in emergency shelters. The Department of Human Services is the grantee for one (1) sub-grantee that has a total of four (4) grants. There are two components to the program, Tenant-Based Rental Assistance and Sponsor-Based Rental Assistance. The Tenant-Based program allows for applicants to request funds to provide rental assistance on behalf of program participants who choose their own housing. Under the Sponsor-Based program, an applicant may request funds through a contract with a non-profit organization for rental of housing owned by the non-profit organization. The program provides outreach, support and coordination of housing and services and monitoring.

Funding for this appropriation is 100% funded from federal sources such as the federal Department of Housing and Urban Development.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 1DK - Cty-Shelter Plus Care Program

Funding Sources: FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	1,797,321	1,923,644	2,004,028	2,008,800	2,008,800	2,008,800
Total	1,797,321	1,923,644	2,004,028	2,008,800	2,008,800	2,008,800
Funding Sources						
Federal Revenue 4000020	1,797,321	1,923,644		2,008,800	2,008,800	2,008,800
Total Funding	1,797,321	1,923,644		2,008,800	2,008,800	2,008,800
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	1,797,321	1,923,644		2,008,800	2,008,800	2,008,800

Analysis of Budget Request

Appropriation: 396 - Cty-Aid To Aged, Blind, Disabled

Funding Sources: DGF - DHS Grants Fund

In 1974, the Aid to Aged, Blind and Disabled (AABD) program was converted to the Supplemental Security Income (SSI) Program through an amendment to the Medicaid State Plan. This amendment allowed individuals in the AABD categories that were not eligible under SSI criteria, but meet the State Medicaid eligibility criteria to receive SSI benefits. The Aid to Aged, Blind and Disabled appropriation provides cash assistance to individuals residing in Arkansas to supplement their SSI payments. These payments are made in accordance with section 1616 of the Social Security Act and section 212 of P. L. 93-66.

Through an agreement entered into between the Social Security Administration (SSA) and the Department of Human Services, the Social Security Administration makes these payments to individuals determined eligible by SSA. The State pays Social Security Administration for making the payments to eligible individuals and for administrative fees for determining eligibility.

Funding for this appropriation is from general revenues through the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306(10)(A)(iii).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 396 - Cty-Aid To Aged, Blind, Disabled

Funding Sources: DGF - DHS Grants Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	0	4,000	4,000	4,000	4,000	4,000
Total	0	4,000	4,000	4,000	4,000	4,000
Funding Sources						
General Revenue 4000010	0	4,000		4,000	4,000	4,000
Total Funding	0	4,000		4,000	4,000	4,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	4,000		4,000	4,000	4,000

Analysis of Budget Request

Appropriation: 410 - Cty-Emergency Food Program

Funding Sources: FWF - DHS Federal

The Emergency Food Program provides food on an emergency basis for families in need and the homeless. Donated food is also made available for Disaster Assistance. Additionally, Division of County Operations (DCO) utilizes surplus USDA commodities to supplement low-income food programs in Arkansas. Agencies such as Food Banks and Community Program Action Agencies have agreements with DCO to provide food through soup kitchens, food pantries and mass distribution to households.

This appropriation also includes the Commodity Supplemental Food Program which provides food to seniors in need on a monthly basis. The caseload level can be adjusted each Federal Fiscal year based on availability of food products and administrative funding. Community Action Agencies throughout the State have agreements with DCO to distribute food to this client base.

Funding for this appropriation is 100% federal from the U. S. Department of Agriculture, Food and Consumer Services.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 410 - Cty-Emergency Food Program

Funding Sources: FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	808,716	727,563	727,563	729,295	729,295	729,295
Total	808,716	727,563	727,563	729,295	729,295	729,295
Funding Sources						
Federal Revenue 4000020	808,716	727,563		729,295	729,295	729,295
Total Funding	808,716	727,563		729,295	729,295	729,295
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	808,716	727,563		729,295	729,295	729,295

Analysis of Budget Request

Appropriation: 411 - Cty-Low Income Energy Assistance Prgm

Funding Sources: FWF - DHS Federal

The Low Income Home Energy Assistance (LIHEAP) program provides federal funds to assist low-income households with the cost of their home energy expenses such as gas, electricity, propane, etc. The agency administers the Winter/Summer Assistance Program and Crisis Intervention Program. Assistance is provided in the form of a one-time per year payment to the energy supplier of an eligible household, or in some cases, directly to the applicant. The Crisis Intervention Program provides assistance to eligible households in energy related emergencies. Eligibility is based on 150% of current Office of Management and Budget (OMB) income poverty guidelines for all households.

Funding for this appropriation is 100% federal from the U. S. Department of Health and Human Services, Administration for Children and Families.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 411 - Cty-Low Income Energy Assistance Prgm

Funding Sources: FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	23,279,959	28,000,000	29,400,000	29,470,000	29,470,000	29,470,000
Total	23,279,959	28,000,000	29,400,000	29,470,000	29,470,000	29,470,000
Funding Sources						
Federal Revenue 4000020	23,279,959	28,000,000		29,470,000	29,470,000	29,470,000
Total Funding	23,279,959	28,000,000		29,470,000	29,470,000	29,470,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	23,279,959	28,000,000		29,470,000	29,470,000	29,470,000

Analysis of Budget Request

Appropriation: 412 - Cty-Refugee Resettlement Program

Funding Sources: FWF - DHS Federal

The Refugee Resettlement Program provides temporary assistance to refugees and entrants to the state to help in becoming self-sufficient and self-reliant. This program was established by the 1980 Immigration and Nationality Act and authorizes cash assistance and medical assistance for up to eight months following entry. Social services may be provided to refugees for up to five years. Refugees may apply for cash, medical and the supplemental nutrition assistance program (SNAP) assistance at Department of Human Services offices in their county of residence.

Due to the steady decline in eligibles, Arkansas chose to discontinue the optional Social Services component of the program effective October 1, 2002. Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) will continue to be available through the county offices to any new arrivals entering the state in the future. The federal Office of Refugee Resettlement contracts directly with an agency outside of DHS for the social services aspects of the program.

Funding for this appropriation is 100% federal from the U. S. Department of Health and Human Services, Administration for Children and Families and is available to states as well as non-profit organizations to help offset costs related to resettlement efforts.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 412 - Cty-Refugee Resettlement Program

Funding Sources: FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	1,782	12,000	24,000	24,000	24,000	24,000
Total	1,782	12,000	24,000	24,000	24,000	24,000
Funding Sources						
Federal Revenue 4000020	1,782	12,000		24,000	24,000	24,000
Total Funding	1,782	12,000		24,000	24,000	24,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	1,782	12,000		24,000	24,000	24,000

Analysis of Budget Request

Appropriation: 426 - Cty-Homeless Assistance Grant

Funding Sources: FWF - DHS Federal

The Homeless Assistance Grant is a federal program through the U. S. Department of Housing and Urban Development. This program is designed to assist local communities in helping to improve the quality of life for the homeless by providing grants for renovation, rehabilitation or conversion of buildings to be used as emergency shelters. Funds can be used for paying for operations, maintenance, insurance, utilities, and furnishings, essential social services that are connected with the shelters and for prevention efforts. The estimated homeless count in the State of Arkansas for 2011 is 19,135. Funding for this appropriation is 100% federal.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 426 - Cty-Homeless Assistance Grant

Funding Sources: FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	1,215,903	2,631,825	2,631,825	2,638,091	2,638,091	2,638,091
Total	1,215,903	2,631,825	2,631,825	2,638,091	2,638,091	2,638,091
Funding Sources						
Federal Revenue 4000020	1,215,903	2,631,825		2,638,091	2,638,091	2,638,091
Total Funding	1,215,903	2,631,825		2,638,091	2,638,091	2,638,091
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	1,215,903	2,631,825		2,638,091	2,638,091	2,638,091

Analysis of Budget Request

Appropriation: 59H - Hunger Coalition
Funding Sources: DCO - County Operations Account

This appropriation was originally authorized by Act 1385 of 2009. Arkansas food banks have reported an increase in utilization which is attributed to poor economic conditions and local disasters coupled with the increased cost of food storage and transportation. To address this need, the State Food Purchasing Program was created and funded with state general revenues generated from an increase in the tax on cigarettes and other tobacco products provided in Act 180 of 2009. The Division of County Operations grants these funds to the Arkansas Hunger Relief Alliance for distribution to the local food distribution networks for the purpose of purchasing Arkansas products through the State Food Purchasing Program.

Funding for this appropriation is 100% general revenue (DCO - County Operations Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 59H - Hunger Coalition

Funding Sources: DCO - County Operations Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	995,113	995,113	995,113	995,113	995,113	995,113
Total	995,113	995,113	995,113	995,113	995,113	995,113
Funding Sources						
General Revenue 4000010	995,113	995,113		995,113	995,113	995,113
Total Funding	995,113	995,113		995,113	995,113	995,113
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	995,113	995,113		995,113	995,113	995,113

Analysis of Budget Request

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

This appropriation is for the additional administrative costs to the Division of County Operations associated with the Medicaid Expansion Programs established by Initiated Act 1 of 2000. The expanded Medicaid programs are as follows:

1. Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001);
2. Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001);
3. Expansion of non-institutional coverage and benefits to adults aged 65 and over. Referred to as ARSeniors, this program extends full Medicaid benefits to adults age 65 and over who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002).

Funding for this appropriation is derived from tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	1,491,675	1,775,664	1,814,589	1,815,789	1,815,789	1,815,789
	#Positions	58	60	60	60	60	60
Personal Services Matching	5010003	641,515	710,099	724,117	724,396	724,396	724,396
Operating Expenses	5020002	125,327	295,795	295,795	295,795	295,795	295,795
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Data Processing Services	5900044	0	50,000	50,000	50,000	50,000	50,000
Total		2,258,517	2,831,558	2,884,501	2,885,980	2,885,980	2,885,980
Funding Sources							
Federal Revenue	4000020	1,129,258	1,415,779		1,442,990	1,442,990	1,442,990
Tobacco Settlement	4000495	1,129,259	1,415,779		1,442,990	1,442,990	1,442,990
Total Funding		2,258,517	2,831,558		2,885,980	2,885,980	2,885,980
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		2,258,517	2,831,558		2,885,980	2,885,980	2,885,980

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Division of County Operations was established originally in Act 348 of 1985 in the reorganization of the Department of Human Services under the title of Program Operations. Act 164 of 1995 amended Arkansas Code Annotated §25-10-102 and created the Division of Medical Services, renamed the Division of Program Operations to County Operations and transferred functions that were a part of the Division of Economic and Medical Services to County Operations. Functions transferred to the Division of County Operations were Aid to Families with Dependent Children, Food Stamp Program (now called Supplemental Nutrition Assistance Program - SNAP), Project Success and the Community Services Block Grant.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, eliminated the open-ended federal entitlement program of Aid to Families with Dependent Children (AFDC) and created a federal block grant program for states to provide cash assistance to families on a time-limited basis under the Temporary Assistance to Needy Families (TANF) program. The Arkansas Personal Responsibility and Public Assistance Reform Act, Act 1058 of 1997 was enacted during the 81st General Assembly and signed by the Governor on April 3, 1997, thereby establishing the Transitional Employment Assistance (TEA) program. With the enactment of these laws, the AFDC and Project Success programs were eliminated and replaced by the TEA program. Enacted during the 85th General Assembly and signed by the Governor, Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS) and also created the Work Pays program, which is an extension of the TEA program for former TEA recipients who are working. Pursuant to this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remains with the Division of County Operations while DWS is responsible for the provision of case management services and overall administration of the program.

The Division of County Operations has the primary responsibility for providing the leadership and support in each of the eighty-three (83) county offices in the 75 counties, a new Access Arkansas Center is being constructed in Batesville and will process approximately 28,000 applications and reevaluations each month, many of which are being filed online. The Division of County Operations is responsible for administering the SNAP, TEA, Medicaid and ARKids Programs to citizens across Arkansas. Additional programs administered at the county level though local organizations include the Community Services Block Grant; Energy and Weatherization Assistance for low income elderly, people with disabilities and families with children; Homeless and Housing Assistance; and Commodity Distribution. The Division is responsible for the physical office space in each of the counties including rent, utilities, telephone charges, janitorial services and other items needed at the local level. The Division coordinates the services of the various DHS Divisions at the local level and provides clerical support. The Division currently has four (4) distinct areas of operation: Field Operations, Program Planning and Development, Community Services and Administrative Support.

Funding for this appropriation is derived from a mix of sources that includes general revenue (DCO - County Operations Fund Account), federal and other revenues. Federal funding sources include revenues derived from administrative costs for TEA, SNAP, Community Services Block Grant, Refugee Resettlement, Emergency Shelter, Commodities, Child Health Insurance (CHIP) and Medicaid (Regular and Enhanced) programs. Other funding which is indicated as various program support can also include sources such as Title XIX match, miscellaneous collections, federal awards, fees, third party reimbursements and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	59,732,926	56,619,017	62,016,991	62,075,491	62,075,491	62,075,491
	#Positions	1,877	1,705	1,871	1,871	1,871	1,871
Extra Help	5010001	289,667	390,052	390,052	390,052	390,052	390,052
	#Extra Help	33	27	37	37	37	37
Personal Services Matching	5010003	23,044,516	21,631,894	23,881,726	23,895,316	23,895,316	23,895,316
Overtime	5010006	4,764	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	22,424,213	24,760,944	24,881,024	24,091,064	24,091,064	24,091,064
Conference & Travel Expenses	5050009	96,408	167,081	172,081	172,081	172,081	172,081
Professional Fees	5060010	5,448,189	6,364,234	6,393,445	6,499,735	6,499,735	6,499,735
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	124,051	20,000	20,000	20,000	20,000	20,000
Data Processing Services	5900044	6,643,032	5,198,701	9,073,483	9,088,483	9,088,483	9,088,483
Total		117,807,766	115,176,923	126,853,802	126,257,222	126,257,222	126,257,222

Funding Sources							
General Revenue	4000010	47,587,706	47,486,374		48,073,584	49,080,010	48,073,584
Federal Revenue	4000020	52,932,703	57,517,792		64,129,288	64,808,413	64,129,288
Merit Adjustment Fund	4000055	0	281,461		0	0	0
Reallocation of Resources	4000410	0	(2,153,253)		0	0	0
Transfer to Medicaid Match	4000660	(79,000)	0		0	0	0
Various Program Support	4000730	17,366,357	12,044,549		12,368,799	12,368,799	12,368,799
Total Funding		117,807,766	115,176,923		124,571,671	126,257,222	124,571,671
Excess Appropriation/(Funding)		0	0		1,685,551	0	1,685,551
Grand Total		117,807,766	115,176,923		126,257,222	126,257,222	126,257,222

Analysis of Budget Request

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants 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 federal block grant funding to states. The Arkansas program is entitled Transitional Employment Assistance (TEA). The Arkansas 81st General Assembly passed Act 1058 of 1997 declaring 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 remains with the Division of County Operations (DCO) while DWS is responsible for the provision of case management services and overall administration of the program. 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 ongoing 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 Temporary Assistance for Needy Families (TANF) block grant and general revenue from the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306 (10)(A)(iv) and general revenue fund transfers from the Department of Workforce Services as authorized in Section 9 of Act 271 of 2014 for FY2015. Other funding which is indicated as various program support can also include sources such as the payback of the federal share of overpayment collections on AFDC and interest on TEA cash assistance.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants Paying

Appropriation	2014-2015 Actual	2015-2016 Budget	2015-2016 Authorized	2016-2017		
				Legislative Recommendation	Agency Request	Executive Recommendation
TANF Block Grant 5100004	11,079,726	14,637,000	18,277,650	18,277,650	18,277,650	18,277,650
Total	11,079,726	14,637,000	18,277,650	18,277,650	18,277,650	18,277,650
Funding Sources						
Federal Revenue 4000020	10,586,922	14,637,000		14,637,000	14,637,000	14,637,000
Transfer From DWS 4000527	466,400	0		0	0	0
Various Program Support 4000730	26,404	0		0	0	0
Total Funding	11,079,726	14,637,000		14,637,000	14,637,000	14,637,000
Excess Appropriation/(Funding)	0	0		3,640,650	3,640,650	3,640,650
Grand Total	11,079,726	14,637,000		18,277,650	18,277,650	18,277,650

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The Community Services Block Grant program helps low-income persons become more independent by providing a range of services through local Community Action Agencies. The services are designed to impact the causes of poverty and assist low-income persons gain the skills necessary for employment, offer better educational and training activities to handle finances, improve housing, make use of social services available to them and become involved in community activities. Additionally, the program provides funds for involvement of low-income persons in community development activities, essential services to homeless persons and development of innovative approaches, at both the local and state level, to meet the nutritional needs of low-income persons. Eligibility is based on current OMB poverty income guidelines.

Social Services Block Grant (SSBG) funds are used to provide supportive services to help low-income children and families achieve and maintain self-sufficiency. These services include case management, employment services, nutrition, emergency assistance, and other social services to address the needs of families in crisis. SSBG funds also provide special services and supportive activities for the disabled through job placement, employment counseling, and referrals to community resources and opportunities.

Supplemental Nutrition Assistance Program (SNAP) - The Employment and Training (E & T) Program (formerly the Food Stamp Employment and Training Program) provides Employment and Training activities which promote long term self sufficiency to SNAP recipients classified as an ABAWD (able-bodied adult without dependent children) and who live in one of the counties where an E & T Program is operational. Services include independent job search, job search training, education, work experience and vocational training. Client reimbursements for expenses associated with participation in the E & T Program, such as travel reimbursements, are funded with 50% State General Revenue and 50% Federal funds.

Supplemental Nutrition Assistance Program (SNAP) - The Farmers Market Program has been established by U.S. Department of Agriculture (USDA) to allow consumers to have access to locally grown farm fresh produce, enable farmers the opportunity to expand their customer base, and cultivate consumer loyalty with the farmers who grow the produce. In order to participate in the Electronic Benefits Transfer (EBT) Farmers Market Program, each market must be authorized by the USDA Food and Nutrition Service (FNS) to accept Supplemental Nutrition Assistance Program (SNAP) benefits. The USDA provides funds for the purchase of Point of Sale devices and monthly wireless fees so fruits and vegetables can be purchased by SNAP recipients with their Electronic Benefits Transfer card. The grants are paid with 100% Federal funds.

Funding for this appropriation is derived from the federal Community Services Block Grant, U. S. Department of Health and Human Services,

Administration for Children and Families, federal Social Services Block Grant (SSBG) funds, federal USDA funds and general revenue from the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306(10)(A)(ii) and §19-5-306(10)(A)(xi).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Suppl Nutrition Assist(SNAP)	5100004	156,041	343,235	343,235	343,235	343,235	343,235
Community Srvs. Block Grant	5100004	8,043,675	9,299,077	9,760,062	9,783,146	9,783,146	9,783,146
Total		8,199,716	9,642,312	10,103,297	10,126,381	10,126,381	10,126,381
Funding Sources							
General Revenue	4000010	74,205	153,439		153,439	153,439	153,439
Federal Revenue	4000020	7,543,171	9,488,873		9,972,942	9,972,942	9,972,942
Various Program Support	4000730	582,340	0		0	0	0
Total Funding		8,199,716	9,642,312		10,126,381	10,126,381	10,126,381
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		8,199,716	9,642,312		10,126,381	10,126,381	10,126,381

Analysis of Budget Request

Appropriation: 930 - Cty-Commodity Distrib & Salvage Container

Funding Sources: NHS - Cash in Treasury

The Commodity Distribution and Salvage Container Program receives United States Department of Agriculture (USDA) donated foods for distribution to school districts, food banks, soup kitchens and food pantries, etc. The donated foods are distributed through a contract with a local warehouse. In the event, that the donated food is damaged or destroyed from improper storage, care or handling, it is classified as a "food loss" claim. Compensation of the value of the donated food is provided by the contractor and/or recipient agency, to the distributing agency (Division of County Operations Commodity Distribution Program). Compensation is deposited in the Salvage and Container Cash Fund. Upon approval by USDA, these funds may be used for training, equipment and vehicle purchases utilized by the Commodity Distribution Program for enhancements to the program.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 930 - Cty-Commodity Distrib & Salvage Container

Funding Sources: NHS - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	17,634	279,597	281,810	281,810	281,810	281,810
Conference & Travel Expenses	5050009	5,862	9,490	9,490	9,490	9,490	9,490
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		23,496	289,087	291,300	291,300	291,300	291,300
Funding Sources							
Cash Fund	4000045	23,496	289,087		291,300	291,300	291,300
Total Funding		23,496	289,087		291,300	291,300	291,300
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		23,496	289,087		291,300	291,300	291,300

DHS - Developmental Disabilities Services

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
147 Special Olympics	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0
397 Children's Medical Services	1,402,922	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0
408 Children's Medical Services-Federal	602,163	0	1,144,083	0	1,446,205	0	1,446,205	0	1,446,205	0	1,446,205	0
59J Autism Treat/Coord	0	0	273,974	0	273,974	0	273,974	0	273,974	0	273,974	0
653 DDS-State Operations	3,516,729	0	5,354,325	0	7,119,242	0	7,119,242	0	7,119,242	0	7,119,242	0
657 Community Programs	10,399	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
658 Grants to Community Providers	15,665,850	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0
896 Division of Developmental Disabilities Srvs	136,777,963	2,643	142,136,413	2,438	156,887,627	2,713	156,892,986	2,713	156,892,986	2,713	156,892,986	2,713
982 Inter-Divisional Programs	70,139	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0
Total	158,224,933	2,643	166,867,531	2,438	183,685,784	2,713	183,691,143	2,713	183,691,143	2,713	183,691,143	2,713

Funding Sources		%		%		%		%		%	
General Revenue 4000010	67,504,585	42.7	67,600,248	40.5		68,346,930	39.7	68,640,132	39.6	68,346,930	39.7
Federal Revenue 4000020	13,920,967	8.8	23,314,529	14.0		25,546,210	14.8	25,881,650	14.9	25,546,210	14.8
Special Revenue 4000030	10,399	0.0	50,000	0.0		50,000	0.0	50,000	0.0	50,000	0.0
Merit Adjustment Fund 4000055	0	0.0	233,131	0.1		0	0.0	0	0.0	0	0.0
Transfer to Medicaid Match 4000660	(12,836,261)	(8.1)	(12,836,261)	(7.7)		(12,836,261)	(7.5)	(12,836,261)	(7.4)	(12,836,261)	(7.5)
Various Program Support 4000730	89,625,243	56.6	88,505,884	53.0		91,064,784	52.9	91,639,142	52.9	91,064,784	52.9
Total Funds	158,224,933	100.0	166,867,531	100.0		172,171,663	100.0	173,374,663	100.0	172,171,663	100.0
Excess Appropriation/(Funding)	0		0			11,519,480		10,316,480		11,519,480	
Grand Total	158,224,933		166,867,531			183,691,143		183,691,143		183,691,143	

Analysis of Budget Request

Appropriation: 147 - Special Olympics

Funding Sources: DEA - Developmental Disabilities Services Fund

This appropriation is for a grant to the Arkansas Special Olympics, Inc. This program provides sports training and competitive opportunities throughout the year for athletes who are developmentally challenged.

Funding for this appropriation is 100% general revenue (DEA-Developmental Disabilities Services Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 147 - Special Olympics

Funding Sources: DEA - Developmental Disabilities Services Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	178,768	178,768	178,768	178,768	178,768	178,768
Total	178,768	178,768	178,768	178,768	178,768	178,768
Funding Sources						
General Revenue 4000010	178,768	178,768		178,768	178,768	178,768
Total Funding	178,768	178,768		178,768	178,768	178,768
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	178,768	178,768		178,768	178,768	178,768

Analysis of Budget Request

Appropriation: 397 - Children's Medical Services

Funding Sources: DGF - DHS Grants Fund

The State Children's Medical Services (CMS) program provides services to children with special health care needs. CMS assists in the provision of services through service teams, satellite offices and parent support groups. In addition to the children with special health care needs, CMS also assists children with special needs on the Tax Equity and Fiscal Responsibility Act (TEFRA) program. TEFRA considers just the child and the child's income for eligibility and is broader in scope than Medicaid. A medical condition must be present to be eligible.

CMS programs are community based with staff at the local level making decisions on behalf of the families receiving services. CMS staff members assist families by coordinating care in areas such as assessments, arranging medical appointments, determining additional needed services, payment authorization, coordinating parent support groups, arranging respite care and transportation, and coordinating the TEFRA program.

Funding for this appropriation is 100% general revenue (DGF - Department of Human Services Grants Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 397 - Children's Medical Services

Funding Sources: DGF - DHS Grants Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	1,402,922	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279
Total	1,402,922	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279
Funding Sources						
General Revenue 4000010	1,402,922	1,729,279		1,729,279	1,729,279	1,729,279
Total Funding	1,402,922	1,729,279		1,729,279	1,729,279	1,729,279
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	1,402,922	1,729,279		1,729,279	1,729,279	1,729,279

Analysis of Budget Request

Appropriation: 408 - Children's Medical Services-Federal

Funding Sources: FWF - DHS Federal

The Federal Children's Medical Services (CMS) appropriation is a companion to the State Children's Medical Services appropriation 397 and provides for community based services for children with special health care needs, including chronic illnesses and physical disabilities. Examples of services include therapies, medications, transportation, medical treatments and equipment. The community based offices allow for more rapid responses to the needs of the children and their families. This appropriation supports the programs and services detailed in the State CMS program appropriation.

Funding for this appropriation is 100% federal revenue consisting of Title V funding.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 408 - Children's Medical Services-Federal

Funding Sources: FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	602,163	1,144,083	1,446,205	1,446,205	1,446,205	1,446,205
Total	602,163	1,144,083	1,446,205	1,446,205	1,446,205	1,446,205
Funding Sources						
Federal Revenue 4000020	602,163	1,144,083		1,446,205	1,446,205	1,446,205
Total Funding	602,163	1,144,083		1,446,205	1,446,205	1,446,205
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	602,163	1,144,083		1,446,205	1,446,205	1,446,205

Analysis of Budget Request

Appropriation: 59J - Autism Treat/Coord

Funding Sources: DEA - Developmental Disabilities Services Fund Account

An increasing number of Arkansans are being diagnosed with Autism Spectrum Disorders. Children and adults with Autism Spectrum Disorders require specialized treatment. To address this need, state general revenues generated from an increase in the tax on cigarettes and other tobacco products as a result of Act 180 of 2009 were provided to the Division of Developmental Disabilities Services.

The Division of Developmental Disabilities Services is working closely with the Legislative Task Force on Autism to identify and prioritize needed services to this population.

Funding is 100% general revenue (DEA - Developmental Disabilities Services Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 59J - Autism Treat/Coord

Funding Sources: DEA - Developmental Disabilities Services Fund Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	0	273,974	273,974	273,974	273,974	273,974
Total	0	273,974	273,974	273,974	273,974	273,974
Funding Sources						
General Revenue 4000010	0	273,974		273,974	273,974	273,974
Total Funding	0	273,974		273,974	273,974	273,974
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	273,974		273,974	273,974	273,974

Analysis of Budget Request

Appropriation: 657 - Community Programs

Funding Sources: SDT - DDS Dog Track Special Revenue Fund

The Community Programs appropriation is utilized to provide services for eligible individuals through licensed community providers. Pursuant to Arkansas Code Annotated §23-111-503, this appropriation is funded by fees generated from proceeds of the Southland Greyhound Park. Generally, this appropriation is used to supplement contracts with community providers for a wide range of services provided to individuals with developmental disabilities.

Funding for this appropriation includes 100% special revenue consisting of two-thirds (2/3) of the net proceeds derived from the three (3) additional days of racing authorized by the Arkansas Racing Commission for any dog racing meet, and is to be used for the sole benefit for Community Programs of the Division of Developmental Disabilities Services.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 657 - Community Programs

Funding Sources: SDT - DDS Dog Track Special Revenue Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Community Programs 5900046	10,399	50,000	50,000	50,000	50,000	50,000
Total	10,399	50,000	50,000	50,000	50,000	50,000
Funding Sources						
Special Revenue 4000030	10,399	50,000		50,000	50,000	50,000
Total Funding	10,399	50,000		50,000	50,000	50,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	10,399	50,000		50,000	50,000	50,000

Analysis of Budget Request

Appropriation: 658 - Grants to Community Providers

Funding Sources: DEA - Developmental Disabilities Services Fund Account

The Grants to Community Providers appropriation provides for community based services through private non-profit service providers throughout the state for individuals who do not meet Medicaid eligibility criteria for services such as speech, occupational and physical therapy, adult development and preschool services. In addition to grants to community providers for contracted services, this appropriation provides Medicaid Match paid by warrant for Developmental Day Treatment Clinic Services (5 day week clinics that provide work training for adults and preschool training for children), Therapy, Personal Care and Case Management.

Funding for this appropriation is 100% general revenue (DEA - Developmental Disabilities Services Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 658 - Grants to Community Providers

Funding Sources: DEA - Developmental Disabilities Services Fund Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	15,665,850	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045
Total	15,665,850	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045
Funding Sources						
General Revenue 4000010	15,665,850	15,892,045		15,892,045	15,892,045	15,892,045
Total Funding	15,665,850	15,892,045		15,892,045	15,892,045	15,892,045
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	15,665,850	15,892,045		15,892,045	15,892,045	15,892,045

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Developmental Disabilities (DDS). This Division administers state programs and services for people with developmental disabilities. Arkansas Statutes define a developmental disability as impairment generally attributable to mental retardation, cerebral palsy, epilepsy or autism. Services through DDS are available for persons diagnosed as having a disability occurring prior to age 22.

In addition to the coordination of community programs and services for individuals with disabilities, DDS is responsible for the management and operation of five (5) state-owned and controlled Human Development Centers (HDCs). These institutional facilities provide 24-hour residential services, habilitation, medical services, therapies and education at the following:

Conway HDC: Provides comprehensive services including a skilled nursing facility for children and adults. Primary emphasis is on medical services, special education, domestic and personal skill development, habilitation training, workshop opportunities, employment training, recreation opportunities and development.

Arkadelphia HDC: Provides comprehensive services for adults of all functioning levels except for those with severe medical needs. Primary emphasis is on adult enrichment, vocational training and transitional placement.

Jonesboro HDC: Provides comprehensive services for adults of all functioning levels except those with severe medical needs. Primary emphasis is on serving individuals with a primary diagnosis of mental retardation.

Booneville HDC: Provides varied services for adults who are ambulatory with no severe medical needs. Primary emphasis is training programs and living options for those that do not require extensive medical care, but may need behavioral services due to mental illness.

Southeast Arkansas (Warren) HDC: Provides both institutional and group home services for adults. Primary emphasis includes functional training for daily living skills and vocational training.

Funding for this appropriation consists of general revenue (DEA - Developmental Disabilities Services Fund Account), federal revenue and other revenue. Federal revenue primarily includes Title XIX, Title V, Early Intervention, Foster Grandparent and Social Service Block Grant

Case Management, and Medicaid reimbursements.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	72,962,678	70,859,309	79,497,145	79,564,445	79,564,445	79,564,445
	#Positions	2,643	2,438	2,713	2,713	2,713	2,713
Extra Help	5010001	1,258,403	1,436,484	1,889,553	1,889,553	1,889,553	1,889,553
	#Extra Help	179	194	200	200	200	200
Personal Services Matching	5010003	29,587,681	28,923,691	32,842,642	32,860,701	32,860,701	32,860,701
Overtime	5010006	1,168,216	1,171,609	2,310,000	2,310,000	2,310,000	2,310,000
Extra Salaries	5010008	0	27,000	27,000	27,000	27,000	27,000
Operating Expenses	5020002	25,289,789	30,383,422	30,396,008	30,396,008	30,396,008	30,396,008
Conference & Travel Expenses	5050009	51,899	103,253	103,253	103,253	103,253	103,253
Professional Fees	5060010	804,166	1,012,518	1,318,147	1,318,147	1,318,147	1,318,147
Data Processing	5090012	0	0	0	0	0	0
Grants/Patient Services	5100004	3,316,950	4,987,134	6,752,051	6,752,051	6,752,051	6,752,051
Capital Outlay	5120011	605,528	641,150	783,000	703,000	703,000	703,000
Foster Grandparent Stipends	5900038	199,779	300,000	300,000	300,000	300,000	300,000
Data Processing Services	5900044	521,579	600,005	600,000	600,000	600,000	600,000
Vocational Trainees	5900046	127,918	212,500	239,000	239,000	239,000	239,000
Purchase of Services	5900047	4,400,106	6,765,472	6,881,879	6,881,879	6,881,879	6,881,879
Children & Adolescent Svcs	5900047	0	67,191	67,191	67,191	67,191	67,191
Total		140,294,692	147,490,738	164,006,869	164,012,228	164,012,228	164,012,228
Funding Sources							
General Revenue	4000010	50,186,906	49,417,538		50,164,220	50,457,422	50,164,220
Federal Revenue	4000020	13,318,804	22,170,446		24,100,005	24,435,445	24,100,005
Merit Adjustment Fund	4000055	0	233,131		0	0	0
Transfer to Medicaid Match	4000660	(12,836,261)	(12,836,261)		(12,836,261)	(12,836,261)	(12,836,261)
Various Program Support	4000730	89,625,243	88,505,884		91,064,784	91,639,142	91,064,784
Total Funding		140,294,692	147,490,738		152,492,748	153,695,748	152,492,748
Excess Appropriation/(Funding)		0	0		11,519,480	10,316,480	11,519,480
Grand Total		140,294,692	147,490,738		164,012,228	164,012,228	164,012,228

Analysis of Budget Request

Appropriation: 982 - Inter-Divisional Programs

Funding Sources: DEA - Developmental Disabilities Services Fund Account

The DHS Inter-Divisional Program appropriation provides integrated services and programs for individuals with complex needs requiring the combined efforts of multiple DHS Divisions. The programs/services are for individualized “wrap around” services (e.g. respite care, in-home assistance, out of home support, etc.) to supplement and enhance available program options. These individualized services are alternatives to out-of-state placements and in-state residential options that allow the individual to remain in the community. The Division of Developmental Disabilities (DDS) staff coordinates the provision of services to ensure that those individuals with special needs that cross divisional lines receive needed services.

Funding for this appropriation is 100% general revenue (DEA - Developmental Disabilities Services Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor’s Letters adopted and member amendments.

Appropriation Summary

Appropriation: 982 - Inter-Divisional Programs

Funding Sources: DEA - Developmental Disabilities Services Fund Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	70,139	108,644	108,644	108,644	108,644	108,644
Total	70,139	108,644	108,644	108,644	108,644	108,644
Funding Sources						
General Revenue 4000010	70,139	108,644		108,644	108,644	108,644
Total Funding	70,139	108,644		108,644	108,644	108,644
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	70,139	108,644		108,644	108,644	108,644

DHS - Services For The Blind

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

Appropriation	Historical Data						Agency Request and Recommendations					
	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
896 Division of Services for the Blind	4,692,187	77	7,381,161	82	6,706,020	76	6,707,870	76	6,707,870	76	6,707,870	76
898 Purchase of Services	3,589,261	0	6,720,187	0	5,019,977	0	5,019,977	0	5,019,977	0	5,019,977	0
Total	8,281,448	77	14,101,348	82	11,725,997	76	11,727,847	76	11,727,847	76	11,727,847	76
Funding Sources		%		%			%		%		%	
General Revenue 4000010	1,902,108	23.0	1,883,424	13.4		1,904,194	16.7	1,904,194	16.7	1,904,194	16.7	
Federal Revenue 4000020	6,379,340	77.0	12,207,215	86.6		9,523,653	83.3	9,523,653	83.3	9,523,653	83.3	
Various Program Support 4000730	0	0.0	10,709	0.1		0	0.0	0	0.0	0	0.0	
Total Funds	8,281,448	100.0	14,101,348	100.0		11,427,847	100.0	11,427,847	100.0	11,427,847	100.0	
Excess Appropriation/(Funding)	0		0			300,000		300,000		300,000		
Grand Total	8,281,448		14,101,348			11,727,847		11,727,847		11,727,847		

Budget exceeds Authorized Appropriation in FC 896 Division of Services for the Blind and FC 898 Purchase of Services due to a transfer from the Miscellaneous Federal Grant Holding Account.

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

In 1983, Act 481 was passed, creating the Division of State Services for the Blind (DSB). The Act removed the Division from the jurisdiction of the Department of Rehabilitation Services and made it an autonomous state agency within the Department of Human Services. The Division is responsible for its own State Plan under the Federal Rehabilitation Act. Agency direction and performance responsibility lies with a seven (7) member consumer board comprised of organization representatives involved in providing services for people who have visual impairments. The member organizations include those such as Arkansas Lions, Blinded Veterans Association, Lions World Services for the Blind, Arkansas School for the Blind, and the Arkansas Affiliate of the National Federation of the Blind. By law, the majority of the members of the Board must be persons who are blind. This organizational structure was maintained in the reorganization of the Department when Act 348 of 1985 was passed. Services to individuals with visual impairments are provided by agency staff and by contracting with service providers who specialize in services for people with visual impairments.

DSB serves consumers through three interdependent units: Field Services, Vending Facility Program, and the DSB Directors Office. These three service units were designed by the DSB Board to offer two advantages to the State of Arkansas:

- First, to enhance the personal self-sufficiency of consumers eliminating costs associated with unnecessary skilled care; and
- Second, to maximize the potential contributions made by consumers as citizens and taxpayers.

The agency is funded through general revenue (DSB - State Services for the Blind Fund Account). Federal funding sources include revenues derived from the federal Department of Education - Rehabilitation Services Administration, Social Security Administration; as well as, federal grant funding such as the Social Services Block Grant. Other revenues which are indicated as various program support can include sources such as M&R proceeds and refunds.

896 DHS - Administrative Paying Account

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

898 DHS - Grants Paying Account

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	2,563,531	3,056,181	2,903,231	2,904,731	2,904,731	2,904,731
	#Positions	77	82	76	76	76	76
Extra Help	5010001	51,828	384,174	384,174	384,174	384,174	384,174
	#Extra Help	15	30	30	30	30	30
Personal Services Matching	5010003	974,015	1,147,494	1,090,478	1,090,828	1,090,828	1,090,828
Operating Expenses	5020002	957,596	1,999,812	1,584,637	1,584,637	1,584,637	1,584,637
Conference & Travel Expenses	5050009	63,389	105,000	55,000	55,000	55,000	55,000
Professional Fees	5060010	63,406	663,500	663,500	663,500	663,500	663,500
Data Processing	5090012	0	0	0	0	0	0
Purchase of Services	5100004	3,589,261	6,720,187	5,019,977	5,019,977	5,019,977	5,019,977
Capital Outlay	5120011	18,422	25,000	25,000	25,000	25,000	25,000
Total		8,281,448	14,101,348	11,725,997	11,727,847	11,727,847	11,727,847
Funding Sources							
General Revenue	4000010	1,902,108	1,883,424		1,904,194	1,904,194	1,904,194
Federal Revenue	4000020	6,379,340	12,207,215		9,523,653	9,523,653	9,523,653
Various Program Support	4000730	0	10,709		0	0	0
Total Funding		8,281,448	14,101,348		11,427,847	11,427,847	11,427,847
Excess Appropriation/(Funding)		0	0		300,000	300,000	300,000
Grand Total		8,281,448	14,101,348		11,727,847	11,727,847	11,727,847

Budget exceeds Authorized Appropriation in Regular Salaries, Personal Services Matching, Operating Expenses, Conference & Travel Expenses, and Purchase of Services due to a transfer from the Miscellaneous Federal Grant Holding Account.

DHS - Youth Services

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

Historical Data

Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
2QZ Community Based Sanctions	2,480,444	0	2,550,000	0	2,550,000	0	2,550,000	0	2,550,000	0	2,550,000	0
2RA Juvenile Account Incentive Block Grant	214,381	0	669,097	0	1,671,520	0	1,671,520	0	1,671,520	0	1,671,520	0
2RB Community Services	15,668,023	0	15,809,827	0	20,150,017	0	20,150,017	0	20,150,017	0	20,150,017	0
2RC Federal Child & Youth Service Grants	4,324,467	0	4,631,685	0	6,262,546	0	6,262,546	0	6,262,546	0	6,262,546	0
2YH Residential Services	25,593,124	0	26,898,250	0	29,291,690	0	29,291,690	0	29,291,690	0	29,291,690	0
896 Division of Youth Services	6,682,973	92	8,290,416	87	10,580,680	90	10,583,142	90	10,583,142	88	10,583,142	90
Total	54,963,412	92	58,849,275	87	70,506,453	90	70,508,915	90	70,508,915	88	70,508,915	90

Funding Sources		%		%		%		%		%	
General Revenue	4000010	48,258,558	87.8	47,808,456	81.2	48,311,143	80.1	52,361,452	81.4	48,311,143	80.1
Federal Revenue	4000020	4,595,694	8.4	5,384,933	9.2	7,229,083	12.0	7,229,083	11.2	7,229,083	12.0
Trust Fund	4000050	214,381	0.4	669,097	1.1	1,671,520	2.8	1,671,520	2.6	1,671,520	2.8
Merit Adjustment Fund	4000055	0	0.0	35,091	0.1	0	0.0	0	0.0	0	0.0
Transfer to Ar Pub Defender	4000603	(93,634)	(0.2)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)
Transfer to DFA Disbursing	4000610	(400,000)	(0.7)	(400,000)	(0.7)	(400,000)	(0.7)	(400,000)	(0.6)	(400,000)	(0.7)
Transfer to Medicaid Match	4000660	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support	4000730	2,388,413	4.3	5,591,698	9.5	3,739,698	6.2	3,739,698	5.8	3,739,698	6.2
Total Funds		54,963,412	100.0	58,849,275	100.0	60,311,444	100.0	64,361,753	100.0	60,311,444	100.0
Excess Appropriation/(Funding)		0		0		10,197,471		6,147,162		10,197,471	
Grand Total		54,963,412		58,849,275		70,508,915		70,508,915		70,508,915	

Analysis of Budget Request

Appropriation: 2QZ - Community Based Sanctions

Funding Sources: DYS - Youth Services Fund Account

This Community Based Sanctions appropriation is used by the Division of Youth Services (DYS) to ensure appropriate sanctions for juveniles adjudicated delinquent. This program is intended to provide a range of sanction alternatives for juveniles who are adjudicated delinquent and for those who fail to comply with aftercare plans or orders of the Court.

The intent of this program is to provide more options for the Courts and Community Based Providers in working with juveniles in the community rather than committing them to DYS. The primary goal of graduated (progressive) sanctions is to reduce problem behaviors, and include the following examples:

- Verbal Warnings
- Contracts with conditions (curfews, increased treatment, increased drug testing, etc.)
- Community Service/Work Crew hours
- Day Reporting
- Electronic Monitoring
- Short Term Confinement (requires court involvement)
- Long Term Confinement (requires court involvement)

Funding for this appropriation is general revenue (DYS-Youth Services Fund Account) and other revenues which are indicated as various program support that become available, such as funding certified under the 45 day rule.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2QZ - Community Based Sanctions

Funding Sources: DYS - Youth Services Fund Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	2,480,444	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000
Total	2,480,444	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000
Funding Sources						
General Revenue 4000010	2,480,444	2,550,000		2,550,000	2,550,000	2,550,000
Total Funding	2,480,444	2,550,000		2,550,000	2,550,000	2,550,000
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	2,480,444	2,550,000		2,550,000	2,550,000	2,550,000

Analysis of Budget Request

Appropriation: 2RA - Juvenile Account Incentive Block Grant

Funding Sources: TYS - Juvenile Accountability Incentive Block Grant (JAIBG) Trust Fund

The Juvenile Accountability Incentive Block Grant (JAIBG) appropriation is a federal program administered by the Office of Juvenile Justice and Delinquency Prevention program within the US Department of Justice. The JAIBG is designed to promote greater accountability in the juvenile justice system by targeting 16 specified program purpose areas, including the following:

- Graduated sanctions for juvenile offenders
- Construction of juvenile detention or correctional facilities
- Hiring of judges/probation officers/public defenders and pre-trial services
- Hiring prosecutors
- Funding to prosecutors, including technology, equipment and training programs
- Training for law enforcement & court personnel
- Juvenile gun courts
- Juvenile drug courts
- Juvenile records system
- Inter-agency information sharing programs
- Accountability based programs
- Risk and Needs assessment
- School safety accountability based programs
- Restorative justice programs
- Juvenile courts and probation programs
- Hiring/training detention & corrections personnel

Funding for this appropriation is 100% federal JAIBG funds that are designated for local units of government. The State established and utilizes an interest bearing trust fund to deposit program funds received through a grant award under the JAIBG program. State and local governments that are eligible to receive JAIBG funds must establish a coordinated enforcement plan developed by a Juvenile Crime Enforcement Coalition (JCEC) at either the state or local level for the purpose of reducing juvenile crime.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and

Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2RA - Juvenile Account Incentive Block Grant

Funding Sources: TYS - Juvenile Accountability Incentive Block Grant (JAIBG) Trust Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	214,381	669,097	1,671,520	1,671,520	1,671,520	1,671,520
Total	214,381	669,097	1,671,520	1,671,520	1,671,520	1,671,520
Funding Sources						
Trust Fund 4000050	214,381	669,097		1,671,520	1,671,520	1,671,520
Total Funding	214,381	669,097		1,671,520	1,671,520	1,671,520
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	214,381	669,097		1,671,520	1,671,520	1,671,520

Analysis of Budget Request

Appropriation: 2RB - Community Services

Funding Sources: DYS - Youth Services Fund Account

The Community Services appropriation is utilized by the Division of Youth Services (DYS) to purchase services from community based providers for non-committed youth who are considered at risk or low risk, and for juveniles transferred from a DYS residential program to aftercare. These services include electronic monitoring, intensive supervision and tracking, day services (educational services for youth admitted to the program who are not enrolled in school), crime prevention/intervention and aftercare supervision for state custody youth.

In addition to non-residential programs offered, emergency shelter services are provided along with community based non secure residential treatment for juveniles whose emotional and/or behavioral problems cannot be remedied in his/her home. These services are available in each of the 28 judicial districts, and are provided by privately operated, nonprofit organizations to juveniles up to 18 years of age. Aftercare services are provided to juveniles up to 21 years of age.

Funding for this appropriation is general revenue (DYS-Youth Services Fund Account) and other revenues which are indicated as various program support that become available, such as Targeted Case Management and Rehab funding.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2RB - Community Services

Funding Sources: DYS - Youth Services Fund Account

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid	5100004	15,668,023	15,809,827	20,150,017	20,150,017	20,150,017	20,150,017
Total		15,668,023	15,809,827	20,150,017	20,150,017	20,150,017	20,150,017
Funding Sources							
General Revenue	4000010	15,409,701	14,126,334		14,637,608	18,075,017	14,637,608
Various Program Support	4000730	258,322	1,683,493		75,000	75,000	75,000
Total Funding		15,668,023	15,809,827		14,712,608	18,150,017	14,712,608
Excess Appropriation/(Funding)		0	0		5,437,409	2,000,000	5,437,409
Grand Total		15,668,023	15,809,827		20,150,017	20,150,017	20,150,017

Analysis of Budget Request

Appropriation: 2RC - Federal Child & Youth Service Grants

Funding Sources: FWF - DHS Federal

This appropriation enables the Division of Youth Services to provide grants to various entities for delinquency programs in accordance with the U.S. Department of Justice. Programs focus on training local officials and staff to work with juveniles to prevent delinquency at the local level by developing comprehensive strategies for prevention, community policing, reducing disproportionate minority confinement, ensuring separation of children from adults in confinement when detention is unavoidable, removing non-offending youth from correctional facilities and promoting gender specific services to meet the needs of females to prevent them entering the juvenile justice system.

Funding for this appropriation is 100% federal revenue. The federal funds are derived from Juvenile Justice and Delinquency Prevention grants (JJPD), Social Service Block Grants (SSBG) and Title I funding.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2RC - Federal Child & Youth Service Grants

Funding Sources: FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	4,324,467	4,631,685	6,262,546	6,262,546	6,262,546	6,262,546
Total	4,324,467	4,631,685	6,262,546	6,262,546	6,262,546	6,262,546
Funding Sources						
Federal Revenue 4000020	4,324,467	4,631,685		6,262,546	6,262,546	6,262,546
Total Funding	4,324,467	4,631,685		6,262,546	6,262,546	6,262,546
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	4,324,467	4,631,685		6,262,546	6,262,546	6,262,546

Analysis of Budget Request

Appropriation: 2YH - Residential Services

Funding Sources: DYS - Youth Services Fund Account

This appropriation provides residential services for juveniles committed to the Division of Youth Services. Following evaluation at the state operated observation and assessment facility; juveniles are placed in an appropriate program in a secure and/or specialized treatment environment. The Division operates seven juvenile residential facilities that house and treat the state's most serious chronic or violent juvenile offenders committed to the Division by the State's District Courts.

Residential services are provided to juveniles through contracts with private community providers and include the following:

Arkansas Juvenile Assessment & Treatment Center (AJATC)

Provides centralized intake for all juveniles assigned to DYS and is assigned for the most serious violent/sexual offenders and for those that disrupt placement due to behavior issues. This facility houses 143 youth.

Eight Regional Juvenile Treatment Centers

Provide services for males age 14-18, females age 14-21 (housed at the Mansfield female unit) and males age 18-21 housed at the Dermott Juvenile Correctional Facility (JCF). These facilities house a total of 204 youth.

Alternative placement and Specialized Treatment Programs

The Division contracts with 12 different provider groups throughout the state to provide specialized treatment including Psychiatric/Therapeutic Treatments, Sex Offender Treatment and Substance Abuse Treatment.

Funding for this appropriation is general revenue (DYS-Youth Services Fund Account) and other revenues which are indicated as various program support that become available, such as Targeted Case Management and Rehab funding.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 2YH - Residential Services

Funding Sources: DYS - Youth Services Fund Account

Appropriation	2014-2015 Actual	2015-2016 Budget	2015-2016 Authorized	2016-2017		
				Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	25,593,124	26,898,250	29,291,690	29,291,690	29,291,690	29,291,690
Total	25,593,124	26,898,250	29,291,690	29,291,690	29,291,690	29,291,690
Funding Sources						
General Revenue 4000010	23,525,157	23,047,682		23,036,921	23,649,821	23,036,921
Various Program Support 4000730	2,067,967	3,850,568		3,641,869	3,641,869	3,641,869
Total Funding	25,593,124	26,898,250		26,678,790	27,291,690	26,678,790
Excess Appropriation/(Funding)	0	0		2,612,900	2,000,000	2,612,900
Grand Total	25,593,124	26,898,250		29,291,690	29,291,690	29,291,690

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Division of Youth Services was created by Act 1296 of 1993 to be entirely devoted “to handling the problems of youths involved with the juvenile justice system.” The primary responsibilities of DYS as it functions today are to coordinate components of the juvenile justice system, establish serious offender programs, expand community based-services, and provide services to delinquent and Family-in-Need-of-Services (FINS) youth. Other responsibilities of the agency include research related to juvenile delinquency and related problems, development of programs for early intervention and prevention of juvenile delinquency and maintenance of information on juvenile delinquents in the state. This appropriation provides administrative support for the Division of Youth Services.

Funding for this appropriation includes general revenue (DYS - Youth Services Fund Account), federal revenues, and other revenues that become available, which are indicated as various program support. The federal funds are derived from Juvenile Justice and Delinquency Prevention Program (JJDP) funds, Juvenile Accountability Block Grant (JAPBG) funds and Title I funds. Various program support can also include sources such as Carl Perkins Grant funding, McArthur Private Grant funding and Attorney General’s Office settlements.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor’s Letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	3,336,899	3,630,269	3,648,965	3,650,965	3,650,965	3,650,965
	#Positions	92	87	90	90	88	90
Extra Help	5010001	39,860	40,008	40,008	40,008	40,008	40,008
	#Extra Help	2	34	34	34	34	34
Personal Services Matching	5010003	1,216,285	1,277,227	1,296,814	1,297,276	1,297,276	1,297,276
Overtime	5010006	0	8,004	8,004	8,004	8,004	8,004
Operating Expenses	5020002	1,827,344	2,883,630	3,013,339	3,013,339	3,013,339	3,013,339
Conference & Travel Expenses	5050009	81,734	97,228	114,500	114,500	114,500	114,500
Professional Fees	5060010	81,755	354,050	354,050	354,050	354,050	354,050
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	99,096	0	105,000	105,000	105,000	105,000
Statewide Prevention/Inervention Youth Dev Service	5900048	0	0	2,000,000	2,000,000	2,000,000	2,000,000
Total		6,682,973	8,290,416	10,580,680	10,583,142	10,583,142	10,583,142
Funding Sources							
General Revenue	4000010	6,843,256	8,084,440		8,086,614	8,086,614	8,086,614
Federal Revenue	4000020	271,227	753,248		966,537	966,537	966,537
Merit Adjustment Fund	4000055	0	35,091		0	0	0
Transfer to Ar Pub Defender	4000603	(93,634)	(240,000)		(240,000)	(240,000)	(240,000)
Transfer to DFA Disbursing	4000610	(400,000)	(400,000)		(400,000)	(400,000)	(400,000)
Transfer to Medicaid Match	4000660	0	0		0	0	0
Various Program Support	4000730	62,124	57,637		22,829	22,829	22,829
Total Funding		6,682,973	8,290,416		8,435,980	8,435,980	8,435,980
Excess Appropriation/(Funding)		0	0		2,147,162	2,147,162	2,147,162
Grand Total		6,682,973	8,290,416		10,583,142	10,583,142	10,583,142