

SUMMARY BUDGET INFORMATION

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2016 AGENCY FUND TRANSFERS

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

<u>Agency</u>	<u>Blanket Surety Bond Premiums ACA §21-2-710</u>	<u>Claims ACA §19-10-204</u>	<u>Workers' Compensation Administrative Cost Reimbursement ACA §11-9-307</u>
Agriculture, Department of	\$2,578	\$134	\$6,249
Career Education, Department of	\$382	\$0	\$358
Department of Career Education - AR Rehabilitation Services	\$2,197	\$3,000	\$4,996
Crowley's Ridge Technical Institute	\$253	\$0	\$273
Northwest Technical Institute	\$291	\$0	\$389
Riverside Vocational Technical School	\$162	\$0	\$15
Claims Commission, Arkansas State	\$48	\$0	\$0
Economic Development Commission	\$535	\$5,562	\$357
Emergency Management, Department of	\$444	\$0	\$1,330
Ethics Commission	\$38	\$0	\$0
Health, Arkansas Department of	\$172,757	\$17,263	\$55,879
Higher Education, Department of	\$186	\$0	\$0
Labor, Department of	\$434	\$0	\$91
Natural Resources Commission, Arkansas	\$387	\$0	\$39
Nursing, Arkansas State Board of	\$119	\$0	\$0
Public Employees Retirement System	\$434	\$3,707	\$9
Teacher Retirement System	\$481	\$23,074	\$0
Workforce Services, Department of	\$3,797	\$0	\$6,228

AGENCY POSITION USAGE REPORT

Agency	FY2016 - FY2017						3 YEAR AVERAGE(FY15,FY16,FY17)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Agriculture, Department of	588	524	67	591	-3	10.88 %	589	524	59	583	6	11.04 %
Career Education, Department of	96	76	20	96	0	20.83 %	95	77	19	96	-1	18.95 %
Department of Career Education - AR Rehabilitation Services	537	437	100	537	0	18.62 %	534	444	87	531	3	16.85 %
Crowley's Ridge Technical Institute	57	41	16	57	0	28.07 %	57	45	12	57	0	21.05 %
Northwest Technical Institute	69	63	7	70	-1	8.70 %	68	62	6	68	0	8.82 %
Riverside Vocational Technical School	36	34	2	36	0	5.56 %	36	33	2	35	1	8.33 %
Claims Commission, Arkansas State	10	10	0	10	0	0.00 %	10	10	0	10	0	0.00 %
Economic Development Commission	121	99	22	121	0	18.18 %	120	95	25	120	0	20.83 %
Emergency Management, Department of	104	90	10	100	4	13.46 %	104	91	8	99	5	12.50 %
Ethics Commission	12	8	1	9	3	33.33 %	11	8	1	9	2	27.27 %
Health, Arkansas Department of	3,058	2,250	283	2,533	525	26.42 %	3,127	2,358	375	2,733	394	24.59 %
Higher Education, Department of	49	32	17	49	0	34.69 %	50	33	17	50	0	34.00 %
Labor, Department of	99	79	17	96	3	20.20 %	99	82	12	94	5	17.17 %
Natural Resources Commission, Arkansas	93	79	14	93	0	15.05 %	93	80	13	93	0	13.98 %
Nursing, Arkansas State Board of	29	28	1	29	0	3.45 %	28	27	1	28	0	3.57 %
Public Employees Retirement System	82	76	6	82	0	7.32 %	82	73	8	81	1	10.98 %
Teacher Retirement System	101	78	22	100	1	22.77 %	102	81	14	95	7	20.59 %
Workforce Services, Department of	978	742	216	958	20	24.13 %	978	750	208	958	20	23.31 %

Agriculture (0400) - Total Budgeted positions in FY17 exceeds the Authorized number due to positions transferred from the Central Growth Pool.

Career Education (0590) - FY16 budgeted positions exceed authorized number of positions due to transfers from the Miscellaneous Federal Grant Holding Account.

Northwest Technical Institute (0552) - Budget Number of Positions exceed the Authorized Number due to transfers from the Agency Growth Pool during the 2015-2017 Biennium.

Natural Resources (0455) - FY2014-2015 Budgeted Positions exceed Authorized due to a position from a Miscellaneous Federal Grant.

AR AGRICULTURE DEPARTMENT

Enabling Laws

Act 234 of 2016

A.C.A. §2-16-201 et seq.

A.C.A. §2-33-101 et seq.

A.C.A. §2-40-201 et seq.

A.C.A. §15-31-101 et seq.

A.C.A. §25-38-201 et seq.

History and Organization

Act 1978 of the 2005 Regular Session created the Arkansas Agriculture Department. The Department came into being on August 15, 2005. The executive head of the Department is the Secretary who is selected by the Arkansas Agriculture Board and confirmed by the Governor.

The purpose of the Secretary and Department is to develop and implement policies and programs for Arkansas agriculture and forestry to keep them competitive in world markets while ensuring safe food, fiber and forest products for the citizens of Arkansas and the nation.

Act 1978 also transferred the administrative responsibilities for three previously independent agencies into the Department: the Arkansas Forestry Commission, the Arkansas Livestock and Poultry Commission and the Arkansas State Plant Board. Each maintains its own commission or board, and executive director, along with any rule making authority as provided for in legislation.

The enabling legislation directs the Secretary to administer and coordinate activities of the agencies transferred to the Department while creating new programs to enhance the marketing of Arkansas's agricultural products in state, national and international markets. It also directs the Secretary to coordinate activities of the Department with the federal government and governments of other states on matters pertaining to agriculture, forestry, aquaculture, horticulture and kindred industries. The Secretary is authorized to employ personnel to carry out activities to the extent funds are available.

The Arkansas Agriculture Department is currently working with other state agencies, other states, and federal agencies to ensure that our

programs support and assist the mission of homeland security and disaster recovery. These activities are ongoing and are complimentary to the Department's mission.

ARKANSAS FORESTRY COMMISSION

The mission of the Arkansas Forestry Commission is to promote forest resource health, conservation, and stewardship.

By Act 234 of 1931, the Arkansas Legislature created the Forestry Commission to cooperate with the United States Secretary of Agriculture, state agencies, farmers and timber owners in the prevention and suppression of forest fires, the distribution of forest planting stock, and the dissemination of information concerning Arkansas's forests. The Forestry Commission was comprised of five members and authorized to employ a State Forester, who was to employ such administrative and clerical assistants as were deemed necessary.

Act 85 of 1935 authorized employees of the Forestry Commission to enforce the fire laws of Arkansas.

Act 48 of 1939 recreated the Forestry Commission with a nine-member board.

Act 138 of 1945 abolished the Forestry Commission. The Forestry Commission's duties were transferred to the Arkansas Resources and Development Commission. The Act provided that the Division of Forestry and Parks should exercise the function formerly exercised by the Arkansas Forestry Commission. The Arkansas Resources and Development Commission had fifteen members.

Act 409 of 1947, as amended by Act 174 of 1959, Act 412 of 1961, and Act 249 of 1963, authorized and empowered the Forestry Commission to acquire and hold in the name of the State of Arkansas, title to lands which are valuable for state forests. The lands so acquired would be appropriately named, designated, administered, protected and developed as state forests.

Act 42 of 1953, as amended by Act 99 of 1955 and Act 232 of 1959, recreated the Forestry Commission, separating it from the Resources and Development Commission and giving it virtually the same duties outlined in Act 234 of 1931 plus the authority to originate and conduct research in forestry matters and cooperate with other organizations, both public and private.

Act 38 of 1971 reorganized the Executive Department of State government into thirteen major departments. The Forestry Commission became a Division of the Department of Commerce, along with twelve other state agencies. The Forestry Commission was transferred to the Principal department under a Type 1 Transfer whereby the Forestry Commission retained the same prescribed statutory powers, authority, duties and function before the transfer except all budgeting, purchasing and related management functions of the Forestry Commission were performed under the direction and supervision of the Head of the Principal Department.

Act 36 of 1979 established a Rural Fire Protection service within the Forestry Commission. The Act authorized the Forestry Commission to develop rural fire protection plans, to provide training in fire suppression, to make available to rural firefighting groups fire control equipment, and to establish a revolving loan fund for fire departments.

Act 691 of 1983 abolished the Department of Commerce and restored the Forestry Commission to the status of an independent agency. The same duty, authority and responsibility existing before transfer to the Department of Commerce were restored with the provision that the State Forester shall be employed by the Board of Forestry Commissioners, with the approval of the Governor, and shall serve at the pleasure of the Governor.

Act 135 of 1995 authorized the Forestry Commission to designate certain employees with the powers of peace officers in the enforcement of fire laws, theft of property laws to the extent they apply to theft of timber, and laws pertaining to the unlawful disposal of solid waste when the disposal occurs on forest land.

Act 136 of 1995 required the State Forester to have earned at a minimum a bachelor's degree in forestry from an accredited four-year program at an institution of higher education.

Act 27 of 1999 clarified the function, powers and duties of the Arkansas Forestry Commission.

Act 1978 of 2005 connected the Forestry Commission to the Arkansas Agriculture Department.

The primary activities of the Forestry Commission include the Forest Protection program, which is responsible for the protection of Arkansas's forests through wildland fire protection, law enforcement, and rural community fire protection. The Forest Management program works with private non-industrial forest landowners, forest industry, universities, private forestry consultants, other governmental agencies and communities to promote stewardship and sustainability of Arkansas's rural and urban forests. Bluff City Tree Improvement Complex produces genetically improved tree seed. Baucum Nursery provides tree seedlings to landowners for reforestation. Poison Springs State Forest provides timber sale revenues, demonstrates forest management techniques, and offers free recreational opportunities, including camping and hunting.

A.C.A. §15-31-102 identifies the Board of the Forestry Commission as an advisory commission. It consists of nine members to be appointed by the Governor with advice and consent of the Senate from resident electors of Arkansas having a long-standing interest in the forest resources of Arkansas. Term of office is nine years.

ARKANSAS LIVESTOCK AND POULTRY COMMISSION

The Arkansas Livestock and Poultry Commission, created by Act 87 of 1963, has authority for the control, suppression and eradication of livestock and poultry diseases and pests and supervision of livestock and poultry sanitary work in the state. The Commission is authorized to enter into cooperative agreements with federal agencies in matters relating to disease control programs. Act 150 of 1985 clarified and expanded the authority of the Commission relating to the control and eradication of diseases and has provided an important instrument in the progression and success of all programs.

The mission of the agency is to safeguard human and animal health, and to assure food safety and quality for the benefit of our citizens. Mission goals include the following:

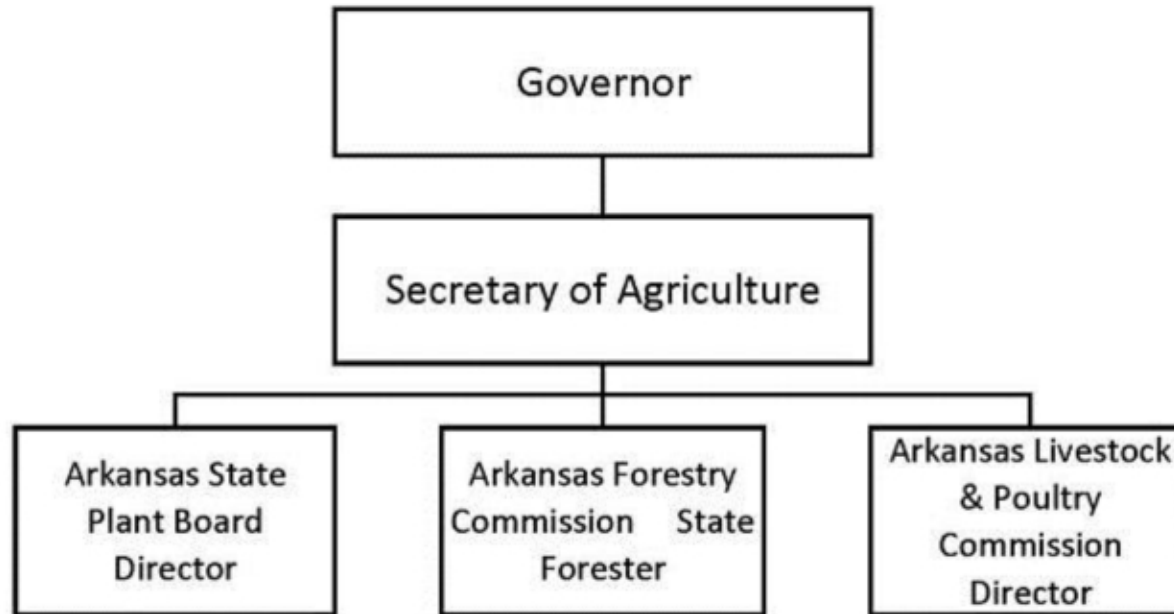
1. Protect human and animal health from zoonotic and other toxicological diseases
2. Protect humans and animals from environmental and toxicological threats
3. Protect consumers by ensuring food safety and quality.

ARKANSAS STATE PLANT BOARD

The Arkansas State Plant Board was created by the General Assembly on March 28, 1917, by the passage of Act 414, the Plant Act. In 2005 the Plant Board became an agency within the Arkansas Agriculture Department created by Act 1978 of 2005. Duties of the Board are to make rules and regulations under the laws that have been enacted by the legislature and to take action against those who violate these laws. The Board meets at least once each quarter. When created, the Board consisted of five members and the primary duty was to make and enforce plant quarantine regulations. Succeeding legislatures have increased the number of Board members to eighteen.

The Board currently has 30 laws under its jurisdiction. These are: (1) Plant Act, (2) Emergency Plant Act, (3) Pest Control Law, (4) Pesticide Control Act, (5) Pesticide Use & Application Act, (6) Seed Certification Law, (7) Nursery Act, (8) Products Grading Act, (9) Fruit and Vegetable Labeling Act, (10) Fertilizer Law, (11) Feed Law, (12) Strawberry Quality Act, (13) Liming Materials Act, (14) Apiary Law, (15) Soil Amendment Act, (16) Public Grain Warehouse Act, (17) Ginseng Act, (18) Catfish Processor Fair Practices Act, (19) Agricultural Consultants Licensing Act, (20) Natural Organic Fertilizer Law, (21) Seed Arbitration Board Act, (22) Boll Weevil Eradication Act, (23) Weights and Measures Act, (24) Grain Moisture Meter Act, (25) Petroleum Quality Act, (26) Aflatoxin Sampling Act, (27) Rice Certification Act, (28) Certification of Ornamental and Baitfish Act, (29) Grain Dealers' Act, and (30) Catfish Marketing Act.

Primary activities of the Plant Board include sampling of seed, feed, fertilizer, pesticides, and petroleum products to insure product quality. The Board maintains several plant pest quarantines, regulates the use of pesticides, and maintains a quality control program for certified seed. Other activities include checking the accuracy of all commercial weighing and measuring devices.



Agency Commentary

Prior to 2005, the State Plant Board, Arkansas Forestry Commission, and the Arkansas Livestock and Poultry Commission existed as stand-alone agencies. Their management and budgets were independent and their staffs worked only for that particular agency. Little action was taken toward consolidation of the department until 2015.

Over the past year the Arkansas Agriculture Department has taken significant steps to consolidate our Human Resources and Fiscal staff from across the subordinate agencies into one combined section for the entire department. These consolidation efforts have led to increased efficiency and productivity in the areas of human resources and accounting. The consolidation has also allowed better communication between the subordinate agencies which has helped to identify other areas for improvement and cost savings. Further, the Arkansas Agriculture Department has reorganized and rearranged several other employee positions to both create cost savings and provide support in needed areas.

OFFICE OF THE SECRETARY OF AGRICULTURE

The office of the Secretary of the Arkansas Agriculture Department requests an increase in general revenue funding and appropriation for Regular Salaries, Personal Services Matching, Operating Expenses and Conference Travel above base level. These increases are needed to provide for the full consolidation of the fiscal and human resources functions of the Department and to provide needed resources to better market Arkansas' agricultural and forest products on a global basis.

ARKANSAS FORESTRY COMMISSION

The Forestry Commission is responsible for the protection of 15.85 million acres of non-federal forest land in Arkansas. Improvement in fire suppression is often hard to measure considering the many variables that affect fire occurrence and behavior. The Forestry Commission must maintain safe and effective firefighting units and be always ready to respond to emergencies. In addition to protection, mitigation, and suppression of wildfires, the Commission is responsible for development of the forest resources of Arkansas by assisting volunteer fire departments through training and grant programs; facilitating forest stewardship and reforestation; monitoring and promoting forest health; and gathering forest inventory data and disseminating forest resource information. To provide for these mandated services, the Commission makes the following requests above Base Level:

- Continuation of capital outlay appropriation, funded by existing fund balances, special revenue and federal revenue, to provide for the replacement of firefighting equipment, including industry standard dozer units with environmental cabs, and to maintain the strategically placed firefighting facilities throughout the state.

ARKANSAS LIVESTOCK & POULTRY COMMISSION

The Livestock and Poultry Commission programs are supported by general revenue, special revenue and federal revenue.

ALPC utilizes base level appropriation and funding in the most efficient and cost effective way possible to provide for animal and poultry health, veterinary laboratory testing and egg and poultry processing plant and retail inspection. We utilize the minimum number of active employees that can reasonably cover the many and varied duties assigned to ALPC in all 75 counties. We must keep a minimum number of vacant position to allow for rapid response to livestock and poultry disease outbreaks and sudden changes to processing shifts and schedules in the egg and poultry industry. Each hiring request and expenditure of funds is scrutinized to assure that the citizens of Arkansas and our industry constituents receive the most value possible for their tax dollars or their fees paid.

The Commission makes the following requests above Base Level:

- General revenue appropriation and funding for the ARLPC Lab Quality Manager pool position that was approved by the Legislative Council Personnel Committee. This position is vital to regaining accreditation and maintaining it once achieved.
- Capital Outlay appropriation funded by existing fund balances and special revenues to replace necessary office equipment and grading equipment for use in the Egg & Poultry Grading Program.
- Capital Outlay appropriation funded by existing fund balances and special revenues to replace necessary testing equipment for use in the Animal Disease Control & Eradication Program.
- Capital Outlay appropriation funded by existing fund balances and special revenues to replace necessary laboratory testing equipment in the ALPC Veterinary Diagnostic Laboratory used for all species.
- Capital Outlay appropriation funded by existing fund balances and special revenues to replace office machines and other equipment used in the Equine Infectious Anemia Control Program.

ARKANSAS STATE PLANT BOARD

The cost of basic input items such as seed, fertilizer, feed, pesticides and fuel are high. The Plant Board must maintain a sound inspection program for these inputs to insure that farmers are getting the quality products they need for maximum efficiency.

Biotechnology, global positioning systems, satellite imagery, and other new technologies are changing production practices and increasing productivity. The impact of these new technologies is considered revolutionary and comparable with the impact on agriculture of cotton gins, and mechanical harvesters. In order to support the agricultural industries of Arkansas, the Plant Board must integrate these technologies into our regulatory programs. This requires considerable investment in equipment and continuous training of employees.

In addition to technological changes, international markets are opening and changing. The Plant Board must be in a position to support the industry in adhering to import restrictions and requirements of trading partners who buy Arkansas agricultural products. The Plant Board is responsible for enforcing and carrying out the intents and mandates of 30 laws.

To provide for these mandated services, the agency makes the following request above base level:

- Additional Capital Outlay appropriation funded by existing fund balances and special revenues for sales tax on vehicle purchases, lab equipment and office fixtures/equipment for the various divisions within the Plant Board, including data processing equipment, file servers and IT equipment
- Restore Miscellaneous Federal Grant appropriation to continue the Specialty Crop Block Grant Program

Audit Findings

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

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	379	113	492	94 %
Black Employees	10	8	18	3 %
Other Racial Minorities	8	7	15	3 %
Total Minorities			33	6 %
Total Employees			525	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
1640001	\$36,282	Checking/CD	Simmons First National Bank

Statutory/Other Restrictions on use:

A.C.A. 19-4-801 establishes this appropriation to be payable from cash funds transferred to the State Treasury, University of Arkansas and refunds for overpayment of fees collected.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 2-16-107 authorizes the agency to collect fees, fines and penalties.

Revenue Receipts Cycle:

Fees, fines and penalties are collected throughout the year.

Fund Balance Utilization:

Funds are collected on a daily basis, deposited in bank and transferred to the State Treasury at the end of each month. This functions as an administrative account, no as an Agency cash fund. It is used primarily to transfer funds to State Treasury by check.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Arkansas Forestry Commission Annual Report	ACA 15-31-106-(a)(3)	Y	N	50	Required by state law. The annual report describes expenditures, accomplishments and future planned tasks.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
22R Agri Dept - Operations	17,391,925	261	17,297,450	259	17,586,819	253	17,298,621	259	17,523,065	263	17,243,501	257	17,304,697	259	17,529,141	263	17,249,577	257
33R Agri Dept - Federal	11,000	0	2,225	0	56,000	0	2,225	0	2,225	0	2,225	0	2,225	0	2,225	0	2,225	0
36H L&P Operations	17,938	0	77,131	0	77,131	0	77,131	0	77,131	0	77,131	0	77,131	0	77,131	0	77,131	0
36J L&P Animal Disease Control & Eradication Prgm	611,832	9	1,138,897	19	1,138,897	19	1,129,620	19	1,149,620	19	1,149,620	19	1,130,059	19	1,150,059	19	1,150,059	19
36K L&P Egg Grading Program	2,696,169	37	3,854,432	47	3,928,275	47	3,820,911	47	3,870,911	47	3,556,980	39	3,823,856	47	3,873,856	47	3,559,925	39
36M L&P Small Animal Testing Program	299,780	0	350,000	0	350,000	0	300,000	0	0	0	0	0	300,000	0	0	0	0	0
36N L&P-Diagnostic Laboratory Testing*	1,221,710	3	1,445,946	3	1,445,946	3	1,260,608	3	2,120,608	3	2,120,608	3	1,260,608	3	2,120,608	3	2,120,608	3
36P L&P Brand Registry	0	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0
36Q L&P Indemnities-Revolving	0	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0
36R L&P Show Premiums	728,772	0	729,272	0	736,780	0	729,272	0	736,780	0	736,780	0	729,272	0	736,780	0	736,780	0
36S L&P Swamp Fever Testing Program	286,956	0	325,626	0	325,699	0	250,000	0	0	0	0	0	250,000	0	0	0	0	0
36T L&P Swine Testing Program	0	0	1,500	0	1,500	0	1,500	0	1,500	0	1,500	0	1,500	0	1,500	0	1,500	0
36U L&P Equine Infect Anemia	120,863	2	442,056	3	474,723	3	342,452	3	442,452	3	431,370	3	342,575	3	442,575	3	431,493	3
36V L&P Animal Health	540,793	7	451,162	5	534,393	5	450,080	5	450,080	5	450,080	5	450,178	5	450,178	5	450,178	5
37A PB Admn/Pest Control	5,588,022	76	8,989,973	88	9,286,624	87	8,547,773	87	9,011,030	88	8,797,008	82	8,550,496	87	8,013,753	88	7,799,731	82
37C PB Public Grain Warehouse	240,376	4	276,301	4	277,099	4	277,047	4	277,047	4	277,047	4	277,784	4	277,784	4	277,784	4
37D PB Pest Surveillance	239,060	4	265,197	4	272,472	4	265,961	4	265,961	4	265,961	4	265,961	4	265,961	4	265,961	4
37E PB Apiary	177,719	3	198,067	3	211,554	3	198,606	3	198,606	3	198,606	3	198,606	3	198,606	3	198,606	3
37F PB Product Marketing Program	342,887	0	600,059	0	600,059	0	600,059	0	600,059	0	600,059	0	600,059	0	600,059	0	600,059	0
37G PB Pest/Plant Reg Program	361,675	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
37H U of A Agri Scholarships	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0
37J ASU Agri Scholarships	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0
37K AR Tech Agri Scholarships	0	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0
37M SAU Agri Scholarships	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0
37N Forestry-Operations-Special	9,964,046	144	10,087,015	145	13,541,673	157	8,964,332	141	9,707,332	141	9,682,064	140	8,967,157	141	9,710,157	141	9,684,889	140
37P Forestry-Rural Comm Fire Protection-Fed	841,600	2	1,184,741	2	1,201,705	2	854,239	2	854,239	2	854,239	2	854,239	2	854,239	2	854,239	2
37Q Forestry-Urban Forestry Services-Federal	104,811	0	199,500	0	200,000	0	199,500	0	199,500	0	199,500	0	199,500	0	199,500	0	199,500	0
37R Forestry-Rural Fire Protection Service Loans	486,130	0	1,200,000	0	1,200,000	0	1,200,000	0	1,200,000	0	1,200,000	0	1,200,000	0	1,200,000	0	1,200,000	0
37S Forestry-St Forestry Trust Program	1,180,451	0	2,500,000	0	2,500,000	0	1,500,000	0	2,500,000	0	2,500,000	0	1,500,000	0	2,500,000	0	2,500,000	0
37T Forestry-Southern Pine Beetle Prevention	170,256	0	150,000	0	750,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0
37X Forestry-Forest Legacy	3,552	0	6,599	0	6,599	0	6,599	0	6,599	0	6,599	0	6,599	0	6,599	0	6,599	0
37Y Forestry-Silvctrl Non-Point Program	36,113	0	3,200	0	21,800	0	3,200	0	3,200	0	3,200	0	3,200	0	3,200	0	3,200	0
D24 L&P Poultry Indemnities-Cash	0	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
D25 PB Refunds/Transfers	0	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0
N47 Agri Cash Operations	21,750	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0
Total	43,701,186	553	60,182,949	581	65,132,348	587	56,836,336	577	59,754,545	581	58,910,678	560	56,852,302	577	58,770,511	581	57,926,644	560

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	22,049,743	32.9	23,389,264	33.4		9,945,497	17.6	9,945,497	17.3	9,945,497	17.4	4,844,971	9.2	3,467,416	6.7	3,806,615	7.3
General Revenue	4000010	18,028,975	26.9	18,026,722	25.7		18,027,893	32.0	18,259,845	31.8	18,027,893	31.5	18,033,969	34.4	18,265,921	35.1	18,033,969	34.6
Federal Revenue	4000020	4,674,371	7.0	5,267,486	7.5		4,715,902	8.4	4,715,902	8.2	4,715,902	8.3	4,716,000	9.0	4,716,000	9.1	4,716,000	9.1
Special Revenue	4000030	19,557,271	29.2	14,882,005	21.2		15,166,245	26.9	15,909,245	27.7	15,909,245	27.8	16,240,982	31.0	16,583,982	32.7	16,983,982	32.6
Non-Revenue Receipts	4000040	565,752	0.8	700,000	1.0		700,000	1.2	700,000	1.2	700,000	1.2	700,000	1.3	700,000	1.3	700,000	1.3
Cash Fund	4000045	29	0.0	6,775,600	9.7		6,775,600	12.0	6,775,600	11.8	6,775,600	11.9	6,775,600	12.9	6,775,600	13.0	6,775,600	13.0
Trust Fund	4000050	1,888,105	2.8	1,000,000	1.4		1,000,000	1.8	1,000,000	1.7	1,000,000	1.7	1,000,000	1.9	1,000,000	1.9	1,000,000	1.9
Merit Adjustment Fund	4000055	91,722	0.1	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DFA Motor Vehicle Acquisition	4000184	136,517	0.2	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	71,725	0.1	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Revolving	4000350	0	0.0	45,000	0.1		45,000	0.1	45,000	0.1	45,000	0.1	45,000	0.1	45,000	0.1	45,000	0.1
Private Donations	4000380	26,240	0.0	42,369	0.1		35,000	0.1	35,000	0.1	35,000	0.1	35,000	0.1	35,000	0.1	35,000	0.1
Total Funds		67,090,450	100.0	70,128,446	100.0		56,411,137	100.0	57,386,089	100.0	57,154,137	100.0	52,391,522	100.0	51,988,919	100.0	52,096,166	100.0
Excess Appropriation/(Funding)		(23,389,264)		(9,945,497)			425,199		2,368,456		1,756,541		4,460,780		6,781,592		5,830,478	
Grand Total		43,701,186		60,182,949			56,836,336		59,754,545		58,910,678		56,852,302		58,770,511		57,926,644	

Variances in fund balance due to unfunded appropriation in 36J L&P Animal Disease Control & Eradication Program, 36K L&P Egg Grading Program, 36N L&P - Large Animals & Poultry, 37A PB Admn/Pest Control, and 37S Forestry - St Forestry Trust Program.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
592	528	51	579	13	10.81 %	588	520	59	579	9	11.56 %	588	524	67	591	-3	10.88 %

Total Budgeted positions in FY17 exceeds the Authorized number due to positions transferred from the Central Growth Pool.

Analysis of Budget Request

Appropriation: 2ZR - Agri Dept - Operations

Funding Sources: HAD - Department of Agriculture Fund Account

This appropriation provides general revenue funding to support the administrative operations of the Department, including the Office of the Secretary, the Arkansas Forestry Commission, the Arkansas State Plant Board and the Arkansas Livestock and Poultry Commission.

Prior to 2005, the State Board, Arkansas Forestry Commission, and the Arkansas Livestock and Poultry Commission existed as stand-alone agencies. Over the past year, the Arkansas Agriculture Department has taken steps to consolidate the Human Resources and Fiscal staff from across the three agencies into one combined section for the entire department. These consolidation efforts have led to increased efficiency and productivity in the areas of human resources and accounting.

Base Level includes appropriation and general revenue funding of \$17,298,621 in FY18 and \$17,304,697 in FY19 with Two Hundred & Fifty-Nine (259) Regular positions and Twenty-Three (23) Extra Help positions.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

OFFICE OF THE SECRETARY

Base Level for the Office of the Secretary includes appropriation and general revenue funding of \$1,241,141 in FY18 and \$1,241,285 in FY19 with seventeen (17) Regular positions and two (2) Extra Help positions.

The Agency's Change Level Request is \$202,606 each year of the biennium and is summarized as follows:

- Regular Salaries and Personal Services Matching total \$192,606 each year for the restoration of one (1) Agriculture Chief fiscal Officer and two (2) Agri Program Manager positions.
- Reallocation of \$10,000 each year from Boll Weevil Program to Operating Expenses and Conference and Travel to allow flexibility for the Secretary's Office each fiscal year.

The Executive Recommendation provides for Agency Request in appropriation only.

FORESTRY COMMISSION

The Forestry Commission requests Base Level of \$9,502,355 in FY18 and \$9,506,777 in FY19 with One-Hundred & Forty (140) Regular positions.

The Executive Recommendation provides for Agency Request.

PLANT BOARD

The Plant Board requests Base Level of \$2,608,814 in FY18 and \$2,608,937 in FY19 with Forty-Three (43) Regular positions.

The Executive Recommendation provides for Agency Request.

LIVESTOCK AND POULTRY COMMISSION

The Livestock and Poultry Commission requests Base Level of \$3,946,311 in FY18 and \$3,947,698 in FY19 with Fifty-Nine (59) Regular positions and Twenty-One (21) Extra Help positions.

The Agency's Change Level Request is for \$39,838 each year of the biennium as follows:

- Regular Salaries and Personal Services Matching of \$31,838 each year for one (1) ARLPC Lab Quality Manager.
- Reallocation of \$8,000 each year from the Buffalo Gnat Control Program to Operating Expenses to purchase Veterinary Diagnostic Lab testing supplies.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs.

The Executive Recommendation provides for the Agency Request for appropriation only, as well as reflects position reductions of one (1) Administrative Specialist II, one (1) Livestock Inspector, and one (1) ARLPC Inspector/Investigator based on the personnel evaluation.

Appropriation Summary

Appropriation: 2ZR - Agri Dept - Operations
Funding Sources: HAD - Department of Agriculture Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	10,419,434	10,400,727	10,474,006	10,274,840	10,442,243	10,196,030	10,279,765	10,447,168	10,200,955
#Positions		261	259	253	259	263	257	259	263	257
Extra Help	5010001	43,095	74,131	74,131	74,131	74,131	74,131	74,131	74,131	74,131
#Extra Help		5	23	23	23	23	23	23	23	23
Personal Services Matching	5010003	3,650,539	3,526,622	3,709,898	3,653,680	3,710,721	3,677,370	3,654,831	3,711,872	3,678,521
Overtime	5010006	12,000	16,571	16,571	16,571	16,571	16,571	16,571	16,571	16,571
Uniform Allowance	5010016	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Operating Expenses	5020002	2,851,243	2,845,438	2,878,252	2,845,438	2,858,438	2,858,438	2,845,438	2,858,438	2,858,438
Conference & Travel Expenses	5050009	55,422	56,113	56,113	56,113	61,113	61,113	56,113	61,113	61,113
Professional Fees	5060010	281,938	328,500	328,500	328,500	328,500	328,500	328,500	328,500	328,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	0	6,148	6,148	6,148	6,148	6,148	6,148	6,148	6,148
Capital Outlay	5120011	61,528	0	0	0	0	0	0	0	0
Boll Weevil Program	5900046	11,526	30,000	30,000	30,000	20,000	20,000	30,000	20,000	20,000
Buffalo Gnat Control Program	5900047	0	8,000	8,000	8,000	0	0	8,000	0	0
Total		17,391,925	17,297,450	17,586,819	17,298,621	17,523,065	17,243,501	17,304,697	17,529,141	17,249,577

Funding Sources										
General Revenue	4000010	17,300,203	17,297,450		17,298,621	17,523,065	17,298,621	17,304,697	17,529,141	17,304,697
Merit Adjustment Fund	4000055	91,722	0		0	0	0	0	0	0
Total Funding		17,391,925	17,297,450		17,298,621	17,523,065	17,298,621	17,304,697	17,529,141	17,304,697
Excess Appropriation/(Funding)		0	0		0	0	(55,120)	0	0	(55,120)
Grand Total		17,391,925	17,297,450		17,298,621	17,523,065	17,243,501	17,304,697	17,529,141	17,249,577

Budget Number of Positions may exceed the Authorized Number due to single salary section in appropriation act.

Change Level by Appropriation

Appropriation: 2ZR - Agri Dept - Operations
Funding Sources: HAD - Department of Agriculture Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	17,298,621	259	17,298,621	100.0	17,304,697	259	17,304,697	100.0
C04	Reallocation	0	0	17,298,621	100.0	0	0	17,304,697	100.0
C06	Restore Position/Approp	224,444	4	17,523,065	101.3	224,444	4	17,529,141	101.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	17,298,621	259	17,298,621	100.0	17,304,697	259	17,304,697	100.0
C04	Reallocation	0	0	17,298,621	100.0	0	0	17,304,697	100.0
C06	Restore Position/Approp	224,444	4	17,523,065	101.3	224,444	4	17,529,141	101.3
C13	Not Recommended	(33,351)	0	17,489,714	101.1	(33,351)	0	17,495,790	101.1
C19	Executive Changes	(246,213)	(6)	17,243,501	99.7	(246,213)	(6)	17,249,577	99.7

Justification

C04	Reallocation of \$8,000 from the Buffalo Gnat Program to be utilized in the Veterinary Diagnostic Lab for purchasing necessary and required testing supplies. The Arkansas State Pant Board requests to reallocate \$10,000 from boll weevil program to travel-conference and operating expense for each fiscal year to allow the Secretary's office to meet their operating plan.
C06	1 ARLPC Lab Quality Manager pool position was approved by the Legislative Council Personnel Committee. This position is vital to regaining ALPC lab accreditation and maintaining it once achieved. Also, 3 required Agriculture Dept. Fiscal/HR positions were not budgeted when Base Level was established. These 3 restored positions will be instrumental to allow full consolidation of and flexibility within the Fiscal/HR areas of Agriculture Dept. during the biennium.
C19	Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects position reductions of one (1) Administrative Specialist II, one (1) Livestock Inspector, and one (1) ARLPC Inspector/Investigator based on the personnel evaluation.

Analysis of Budget Request

Appropriation: 33R - Agri Dept - Federal

Funding Sources: FAD - Federal Funds

This appropriation supports the United States Department of Agriculture (USDA) Farm Service Agency (FSA) Livestock Assistance Grant Program (LAGP), which provides funding in state block grants to help livestock producers partially recover forage production losses due to certain drought conditions. Funding for this appropriation consists entirely of federal revenues.

The Agency requests Base Level of \$2,225 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 33R - Agri Dept - Federal

Funding Sources: FAD - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Aquaculture Administrative Costs: 5900048	11,000	2,225	56,000	2,225	2,225	2,225	2,225	2,225	2,225
Total	11,000	2,225	56,000	2,225	2,225	2,225	2,225	2,225	2,225
Funding Sources									
Federal Revenue 4000020	11,000	2,225		2,225	2,225	2,225	2,225	2,225	2,225
Total Funding	11,000	2,225		2,225	2,225	2,225	2,225	2,225	2,225
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	11,000	2,225		2,225	2,225	2,225	2,225	2,225	2,225

Analysis of Budget Request

Appropriation: 36H - L&P Operations

Funding Sources: HLP - Livestock & Poultry Fund

This appropriation provides a special revenue funded operations budget to supplement the Agency's general revenue funded operating budget. Pursuant to A.C.A. §2-33-115, fees are derived from cow tests, horses sold, and surcharges on gate admission to each state, county, and district fair. The fees are deposited in the Livestock and Poultry Special Revenue Fund and are transferred to the Livestock and Poultry Commission Fund as necessary.

The Agency requests Base Level of \$77,131 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36H - L&P Operations

Funding Sources: HLP - Livestock & Poultry Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	17,938	77,131	77,131	77,131	77,131	77,131	77,131	77,131	77,131
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	17,938	77,131	77,131	77,131	77,131	77,131	77,131	77,131	77,131
Funding Sources									
Special Revenue 4000030	17,938	77,131		77,131	77,131	77,131	77,131	77,131	77,131
Total Funding	17,938	77,131		77,131	77,131	77,131	77,131	77,131	77,131
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	17,938	77,131		77,131	77,131	77,131	77,131	77,131	77,131

Analysis of Budget Request

Appropriation: 36J - L&P Animal Disease Control & Eradication Prgm

Funding Sources: SPC - Livestock & Poultry Commission Disease and Pest Control Fund

The Arkansas Livestock & Poultry Commission's Animal Disease Control and Eradication program is funded from a fee per head of cattle sold in the state (A.C.A. §2-40-206) and all fines and penalties resulting from arrests made or citations issued by Livestock and Poultry Inspection Commission enforcement Officers (A.C.A. §2-33-113(b)). Federal funding from the United States Department of Agriculture (USDA) Animal and Plant Health Inspection Services (APHIS) and Veterinary Services (VS) also supports this program.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level includes appropriation of \$1,129,620 in FY18 and \$1,130,059 in FY19 with 19 Regular positions and 21 Extra Help positions.

The Agency's Change Level Request provides for Capital Outlay of \$20,000 each year to replace testing equipment and replacement of emergency response equipment.

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

Appropriation Summary

Appropriation: 36J - L&P Animal Disease Control & Eradication Prgm

Funding Sources: SPC - Livestock & Poultry Commission Disease and Pest Control Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	310,701	589,634	589,634	586,197	586,197	586,197	586,535	586,535	586,535
#Positions		9	19	19	19	19	19	19	19	19
Extra Help	5010001	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
#Extra Help		0	21	21	21	21	21	21	21	21
Personal Services Matching	5010003	157,870	218,671	218,671	232,831	232,831	232,831	232,932	232,932	232,932
Operating Expenses	5020002	143,261	255,592	255,592	255,592	255,592	255,592	255,592	255,592	255,592
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	20,000	20,000	0	20,000	20,000	0	20,000	20,000
Total		611,832	1,138,897	1,138,897	1,129,620	1,149,620	1,149,620	1,130,059	1,150,059	1,150,059
Funding Sources										
Fund Balance	4000005	918,485	1,002,156		263,259	263,259	263,259	0	0	0
Federal Revenue	4000020	208,407	0		0	0	0	0	0	0
Special Revenue	4000030	487,096	400,000		400,000	400,000	400,000	400,000	400,000	400,000
Total Funding		1,613,988	1,402,156		663,259	663,259	663,259	400,000	400,000	400,000
Excess Appropriation/(Funding)		(1,002,156)	(263,259)		466,361	486,361	486,361	730,059	750,059	750,059
Grand Total		611,832	1,138,897		1,129,620	1,149,620	1,149,620	1,130,059	1,150,059	1,150,059

Expenditure of Appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 36J - L&P Animal Disease Control & Eradication Prgm
Funding Sources: SPC - Livestock & Poultry Commission Disease and Pest Control Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,129,620	19	1,129,620	100.0	1,130,059	19	1,130,059	100.0
C01	Existing Program	20,000	0	1,149,620	101.8	20,000	0	1,150,059	101.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,129,620	19	1,129,620	100.0	1,130,059	19	1,130,059	100.0
C01	Existing Program	20,000	0	1,149,620	101.8	20,000	0	1,150,059	101.8

Justification

C01	Capital Outlay appropriation is requested to replace testing equipment for use by Livestock Inspectors at livestock markets and on farms. Also some emergency response equipment replacement is needed due to age of existing equipment.
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Analysis of Budget Request

Appropriation: 36K - L&P Egg Grading Program

Funding Sources: SIP - Poultry and Egg Grading Fund

This appropriation supports the poultry and egg grading program established in cooperation with the United States Department of Agriculture (USDA) and in compliance with the applicable standards and requirements as prescribed by the USDA for federal poultry and egg grading purposes. The appropriation is funded from egg and poultry grading and inspection fees as authorized by A.C.A. §19-6-301(34).

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level includes appropriation of \$3,820,911 in FY18 and \$3,823,856 in FY19 with 47 Regular positions and 5 Extra Help positions.

The Agency's Change Level Request provides for Capital Outlay of \$50,000 each year of the biennium to replace office and grading equipment.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation provides for the Agency Request as well as position reductions of eight (8) Agri Commodity Grader II based on the personnel evaluation.

Appropriation Summary

Appropriation: 36K - L&P Egg Grading Program
Funding Sources: SIP - Poultry and Egg Grading Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	1,303,167	1,580,413	1,623,591	1,581,213	1,581,213	1,358,349	1,583,613	1,583,613	1,360,749
#Positions	37	47	47	47	47	39	47	47	39
Extra Help 5010001	0	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
#Extra Help	0	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	559,625	654,799	685,464	670,478	670,478	579,411	671,023	671,023	579,956
Overtime 5010006	142,523	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Operating Expenses 5020002	126,014	230,902	230,902	230,902	230,902	230,902	230,902	230,902	230,902
Conference & Travel Expenses 5050009	5,933	18,350	18,350	18,350	18,350	18,350	18,350	18,350	18,350
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	492,162	887,968	887,968	887,968	887,968	887,968	887,968	887,968	887,968
Capital Outlay 5120011	59,872	50,000	50,000	0	50,000	50,000	0	50,000	50,000
Egg Promotion Expense 5900046	6,873	64,500	64,500	64,500	64,500	64,500	64,500	64,500	64,500
Total	2,696,169	3,854,432	3,928,275	3,820,911	3,870,911	3,556,980	3,823,856	3,873,856	3,559,925
Funding Sources									
Fund Balance 4000005	4,848,965	5,267,418		4,212,986	4,212,986	4,212,986	3,192,075	3,142,075	3,456,006
Special Revenue 4000030	3,114,622	2,800,000		2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Total Funding	7,963,587	8,067,418		7,012,986	7,012,986	7,012,986	5,992,075	5,942,075	6,256,006
Excess Appropriation/(Funding)	(5,267,418)	(4,212,986)		(3,192,075)	(3,142,075)	(3,456,006)	(2,168,219)	(2,068,219)	(2,696,081)
Grand Total	2,696,169	3,854,432		3,820,911	3,870,911	3,556,980	3,823,856	3,873,856	3,559,925

Change Level by Appropriation

Appropriation: 36K - L&P Egg Grading Program
Funding Sources: SIP - Poultry and Egg Grading Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,820,911	47	3,820,911	100.0	3,823,856	47	3,823,856	100.0
C01	Existing Program	50,000	0	3,870,911	101.3	50,000	0	3,873,856	101.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,820,911	47	3,820,911	100.0	3,823,856	47	3,823,856	100.0
C01	Existing Program	50,000	0	3,870,911	101.3	50,000	0	3,873,856	101.3
C13	Not Recommended	(91,067)	0	3,779,844	98.9	(91,067)	0	3,782,789	98.9
C19	Executive Changes	(222,864)	(8)	3,556,980	93.1	(222,864)	(8)	3,559,925	93.1

Justification

C01	Capital Outlay appropriation of \$50,000 is requested to replace necessary office equipment and grading equipment for Egg and Poultry grading staff.
C19	Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects position reductions of eight (8) Agri Commodity Grader II based on the personnel evaluation.

Analysis of Budget Request

Appropriation: 36M - L&P Small Animal Testing Program

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

The Arkansas Livestock & Poultry Commission's Small Animal Testing appropriation is used to perform diagnostic laboratory services on small animals such as dogs, cats and other animals that are considered to be household or family pets. The appropriation is funded entirely by fee revenues as authorized by A.C.A. §2-33-112.

Base Level includes appropriation of \$300,000 each year of the biennium.

The Agency's Change Level Request provides for reallocation of all appropriation to Large Animal & Poultry Testing program (FC 36N), which is considered more efficient to only have one appropriation for Diagnostic Laboratory testing.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36M - L&P Small Animal Testing Program
Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	299,780	300,000	300,000	300,000	0	0	300,000	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	50,000	50,000	0	0	0	0	0	0
Total	299,780	350,000	350,000	300,000	0	0	300,000	0	0
Funding Sources									
Special Revenue 4000030	299,780	350,000		300,000	0	0	300,000	0	0
Total Funding	299,780	350,000		300,000	0	0	300,000	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	299,780	350,000		300,000	0	0	300,000	0	0

Change Level by Appropriation

Appropriation: 36M - L&P Small Animal Testing Program
Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	300,000	0	300,000	100.0	300,000	0	300,000	100.0
C04	Reallocation	(300,000)	0	0	0.0	(300,000)	0	0	0.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	300,000	0	300,000	100.0	300,000	0	300,000	100.0
C04	Reallocation	(300,000)	0	0	0.0	(300,000)	0	0	0.0

Justification

C04	All appropriation is being reallocated to Large Animal & Poultry Testing program. It is more efficient to only have one appropriation for Diagnostic Laboratory testing.
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Analysis of Budget Request

Appropriation: 36N - L&P-Diagnostic Laboratory Testing*

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

The Arkansas Livestock & Poultry Commission Large Animals and Poultry program is used to provide diagnostic lab testing services for all species of livestock and poultry. Funding for this appropriation consists of fees charged for diagnostic services performed (A.C.A. §2-33-111). *The Agency is now requesting to amend the appropriation name to "L&P-Diagnostic Laboratory Testing."

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level includes appropriation of \$1,260,608 each year with three (3) Regular positions and one Extra Help position.

The Agency Change Level Request provides for \$860,000 each year of the biennium and is summarized as follows:

- Capital Outlay of \$310,000 each year to replace outdated and inferior laboratory testing equipment.
- Reallocation of \$300,000 in Operating Expenses from Small Animal Testing (FC 36M) and \$250,000 in Operating Expenses from Swamp Fever Testing (FC 36S) to more efficiently operate Diagnostic Laboratory testing.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36N - L&P-Diagnostic Laboratory Testing*

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	113,607	121,087	121,087	120,889	120,889	120,889	120,889	120,889	120,889
#Positions		3	3	3	3	3	3	3	3	3
Extra Help	5010001	0	0	0	14,500	14,500	14,500	14,500	14,500	14,500
#Extra Help		0	0	0	1	1	1	1	1	1
Personal Services Matching	5010003	44,751	41,782	41,782	42,142	42,142	42,142	42,142	42,142	42,142
Operating Expenses	5020002	1,036,445	1,058,077	1,058,077	1,058,077	1,608,077	1,608,077	1,058,077	1,608,077	1,608,077
Conference & Travel Expenses	5050009	24,505	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	2,402	200,000	200,000	0	310,000	310,000	0	310,000	310,000
Total		1,221,710	1,445,946	1,445,946	1,260,608	2,120,608	2,120,608	1,260,608	2,120,608	2,120,608

Funding Sources										
Fund Balance	4000005	1,405,279	1,285,201		759,863	759,863	759,863	525,255	215,255	215,255
Federal Revenue	4000020	99,166	0		0	0	0	0	0	0
Special Revenue	4000030	1,002,466	920,608		1,026,000	1,576,000	1,576,000	1,100,000	1,650,000	1,650,000
Total Funding		2,506,911	2,205,809		1,785,863	2,335,863	2,335,863	1,625,255	1,865,255	1,865,255
Excess Appropriation/(Funding)		(1,285,201)	(759,863)		(525,255)	(215,255)	(215,255)	(364,647)	255,353	255,353
Grand Total		1,221,710	1,445,946		1,260,608	2,120,608	2,120,608	1,260,608	2,120,608	2,120,608

* The Agency is requesting to amend the appropriation name to "L&P-Diagnostic Laboratory Testing".

Change Level by Appropriation

Appropriation: 36N - L&P-Diagnostic Laboratory Testing*
Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,260,608	3	1,260,608	100.0	1,260,608	3	1,260,608	100.0
C01	Existing Program	310,000	0	1,570,608	124.6	310,000	0	1,570,608	124.6
C04	Reallocation	550,000	0	2,120,608	168.2	550,000	0	2,120,608	168.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,260,608	3	1,260,608	100.0	1,260,608	3	1,260,608	100.0
C01	Existing Program	310,000	0	1,570,608	124.6	310,000	0	1,570,608	124.6
C04	Reallocation	550,000	0	2,120,608	168.2	550,000	0	2,120,608	168.2

Justification

C01	Capital Outlay appropriation is requested to replace outdated and inferior laboratory testing machinery and equipment. Additional equipment will be needed soon due to the growth of poultry in NE Arkansas.
C04	All appropriation from Small Animal Testing and Swamp Fever Testing appropriations being reallocated to Large Animal & Poultry Testing program. It is more efficient to only have one appropriation for Diagnostic Laboratory testing. We also request a name change to L&P Diagnostic Laboratory Testing.

Analysis of Budget Request

Appropriation: 36P - L&P Brand Registry

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

The Arkansas Livestock & Poultry Commission's Brand Registry appropriation is used to document the ownership of cattle, horses, and swine that are registered through the Commission. The Agency publishes a Brand Registry book every two years. Funding for this program consists entirely of brand registry and renewal fees.

The Agency requests Base Level of \$6,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36P - L&P Brand Registry

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Brand Registry 5900046	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Total	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Funding Sources									
Special Revenue 4000030	0	6,000		6,000	6,000	6,000	6,000	6,000	6,000
Total Funding	0	6,000		6,000	6,000	6,000	6,000	6,000	6,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	6,000		6,000	6,000	6,000	6,000	6,000	6,000

Analysis of Budget Request

Appropriation: 36Q - L&P Indemnities-Revolving

Funding Sources: MTA - Miscellaneous Revolving Fund

The Arkansas Livestock & Poultry Commission's Indemnities appropriation allows the Commission to purchase and destroy diseased poultry flocks if necessary to prevent contamination of commercial flocks and the public. Expenses for this program are payable from the Miscellaneous Revolving Fund (A.C.A. §9-5-1009).

The Agency requests Base Level of \$45,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36Q - L&P Indemnities-Revolving

Funding Sources: MTA - Miscellaneous Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total	0	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Funding Sources									
Miscellaneous Revolving 4000350	0	45,000		45,000	45,000	45,000	45,000	45,000	45,000
Total Funding	0	45,000		45,000	45,000	45,000	45,000	45,000	45,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	45,000		45,000	45,000	45,000	45,000	45,000	45,000

Analysis of Budget Request

Appropriation: 36R - L&P Show Premiums

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Livestock & Poultry Commission's Show Premiums appropriation provides grant appropriation to fair associations to be used for paying awards on approved livestock entry classifications. The amount of state funding provided to various fair associations is determined by a point system calculated by the Agency. This appropriation is also used to provide grant funding to the Arkansas Razorback State High School (ARSHS) Rodeo Association and refund/reimbursement funding to Arkansas High School 4-H (Head, Heart, Hands, and Health) Clubs, FFA (Future Farmers of America) Clubs and the Miss Arkansas Rodeo for expenses incurred while representing the State of Arkansas at national conferences and events outside the State.

The Agency Base Level appropriation and general revenue funding is \$729,272 each year of the biennium.

The Agency's Change Level Request provides for \$7,508 in appropriation and general revenue funding to restore to currently authorized levels.

The Executive Recommendation provides for the Agency Request in appropriation only.

Appropriation Summary

Appropriation: 36R - L&P Show Premiums

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Distr Jr Livestock Show Prem	5100004	28,140	28,140	28,430	28,140	28,430	28,430	28,140	28,430	28,430
Distr Livestock Show Premiums	5100004	142,533	142,533	144,000	142,533	144,000	144,000	142,533	144,000	144,000
State Livestock Show Premiums	5100004	118,777	118,777	120,000	118,777	120,000	120,000	118,777	120,000	120,000
4 Sts Livestock Show Premiums	5100004	23,755	23,755	24,000	23,755	24,000	24,000	23,755	24,000	24,000
ARSHS Rodeo Association	5100004	19,796	19,796	20,000	19,796	20,000	20,000	19,796	20,000	20,000
Co Livestock Show Premiums	5100004	355,832	356,332	360,000	356,332	360,000	360,000	356,332	360,000	360,000
Miss Ark Rodeo Refunds/Reimb	5110014	347	347	350	347	350	350	347	350	350
FFA Clubs Refunds/Reimb	5110014	19,796	19,796	20,000	19,796	20,000	20,000	19,796	20,000	20,000
4H Clubs Refunds/Reimb	5110014	19,796	19,796	20,000	19,796	20,000	20,000	19,796	20,000	20,000
Total		728,772	729,272	736,780	729,272	736,780	736,780	729,272	736,780	736,780
Funding Sources										
General Revenue	4000010	728,772	729,272		729,272	736,780	729,272	729,272	736,780	729,272
Total Funding		728,772	729,272		729,272	736,780	729,272	729,272	736,780	729,272
Excess Appropriation/(Funding)		0	0		0	0	7,508	0	0	7,508
Grand Total		728,772	729,272		729,272	736,780	736,780	729,272	736,780	736,780

Change Level by Appropriation

Appropriation: 36R - L&P Show Premiums
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	729,272	0	729,272	100.0	729,272	0	729,272	100.0
C01	Existing Program	7,508	0	736,780	101.0	7,508	0	736,780	101.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	729,272	0	729,272	100.0	729,272	0	729,272	100.0
C01	Existing Program	7,508	0	736,780	101.0	7,508	0	736,780	101.0

Justification

C01	County, District, State Fairs and Livestock shows and AR High School Rodeo Association, 4H Clubs, FFA Clubs and Miss AR High School Rodeo request that the appropriation as established for the 2016-2017 biennium be restored.								
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Analysis of Budget Request

Appropriation: 36S - L&P Swamp Fever Testing Program

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

The Arkansas Livestock & Poultry Commission's Swamp Fever Testing Program controls the spread of a number of diseases that are acquired in wet, swampy environments including Leptospirosis, Malaria and Equine Infections Anemia. This appropriation is funded from testing fees as authorized by A.C.A. §2-33-111, for diagnostic tests at the Little Rock laboratory.

Base Level includes appropriation of \$250,000 each year of the biennium.

The Agency's Change Level Request provides for reallocation of all appropriation to Large Animal & Poultry Testing program (FC 36N), which is considered more efficient to only have one appropriation for Diagnostic Laboratory testing.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36S - L&P Swamp Fever Testing Program
Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Extra Help	5010001	5,671	14,500	14,500	0	0	0	0	0	0
#Extra Help		1	1	1	0	0	0	0	0	0
Personal Services Matching	5010003	472	1,126	1,199	0	0	0	0	0	0
Operating Expenses	5020002	225,250	250,000	250,000	250,000	0	0	250,000	0	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	55,563	60,000	60,000	0	0	0	0	0	0
Total		286,956	325,626	325,699	250,000	0	0	250,000	0	0
Funding Sources										
Special Revenue	4000030	286,956	325,626		250,000	0	0	250,000	0	0
Total Funding		286,956	325,626		250,000	0	0	250,000	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		286,956	325,626		250,000	0	0	250,000	0	0

Change Level by Appropriation

Appropriation: 36S - L&P Swamp Fever Testing Program
Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	250,000	0	250,000	100.0	250,000	0	250,000	100.0
C04	Reallocation	(250,000)	0	0	0.0	(250,000)	0	0	0.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	250,000	0	250,000	100.0	250,000	0	250,000	100.0
C04	Reallocation	(250,000)	0	0	0.0	(250,000)	0	0	0.0

Justification

C04	All appropriation is being reallocated to Large Animal & Poultry Testing program. It is more efficient to only have one appropriation for Diagnostic Laboratory testing.
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Analysis of Budget Request

Appropriation: 36T - L&P Swine Testing Program

Funding Sources: SST - Livestock & Poultry Swine Testing Fund

The Arkansas Livestock & Poultry Commission's Swine Testing appropriation supports the pseudorabies eradication program for disease prevention in swine. Funding for this program consists of a \$1 fee collected for each spent sow and boar sold in Arkansas markets (A.C.A. § 2-40-1201).

The Agency requests Base Level of \$1,500 each year of the biennium.

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

Appropriation Summary

Appropriation: 36T - L&P Swine Testing Program

Funding Sources: SST - Livestock & Poultry Swine Testing Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Swine Testing Program 5900046	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Funding Sources									
Fund Balance 4000005	1,441	1,463		463	463	463	0	0	0
Special Revenue 4000030	22	500		500	500	500	500	500	500
Total Funding	1,463	1,963		963	963	963	500	500	500
Excess Appropriation/(Funding)	(1,463)	(463)		537	537	537	1,000	1,000	1,000
Grand Total	0	1,500		1,500	1,500	1,500	1,500	1,500	1,500

Analysis of Budget Request

Appropriation: 36U - L&P Equine Infect Anemia

Funding Sources: SIA - Livestock and Poultry Equine Infectious Anemia Control Fund

The Arkansas Livestock & Poultry Commission's Equine Infectious Anemia (EIA) program controls the spread of Equine Infectious Anemia, which is an infectious and potentially fatal disease of members of the horse family. The EIA program oversees EIA testing of horses in Arkansas and measures to quarantine animals that tested positive for this disease. This program is funded by special revenue derived from fees assessed to Arkansas veterinarians for each Arkansas domiciled animal tested (A.C.A §2-40-806).

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level includes appropriation of \$342,452 in FY18 and \$342,575 in FY19 with three (3) regular positions.

The Agency's Change Level Request is for Capital Outlay of \$100,000 each year to replace office machines and equipment needed for Equine inspection and enforcement.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation provides for the Agency Request and reflects position reduction of one (1) Livestock Inspector based on the personnel evaluation.

Appropriation Summary

Appropriation: 36U - L&P Equine Infect Anemia
Funding Sources: SIA - Livestock and Poultry Equine Infectious Anemia Control Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	53,774	79,280	101,247	79,280	79,280	79,280	79,380	79,380	79,380
#Positions		2	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	27,387	32,776	43,476	33,172	33,172	22,090	33,195	33,195	22,113
Operating Expenses	5020002	39,702	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Capital Outlay	5120011	0	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Total		120,863	442,056	474,723	342,452	442,452	431,370	342,575	442,575	431,493
Funding Sources										
Fund Balance	4000005	498,842	514,488		215,007	215,007	215,007	17,555	0	0
Special Revenue	4000030	136,509	142,575		145,000	145,000	145,000	145,000	145,000	145,000
Total Funding		635,351	657,063		360,007	360,007	360,007	162,555	145,000	145,000
Excess Appropriation/(Funding)		(514,488)	(215,007)		(17,555)	82,445	71,363	180,020	297,575	286,493
Grand Total		120,863	442,056		342,452	442,452	431,370	342,575	442,575	431,493

Change Level by Appropriation

Appropriation: 36U - L&P Equine Infect Anemia
Funding Sources: SIA - Livestock and Poultry Equine Infectious Anemia Control Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	342,452	3	342,452	100.0	342,575	3	342,575	100.0
C01	Existing Program	100,000	0	442,452	129.2	100,000	0	442,575	129.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	342,452	3	342,452	100.0	342,575	3	342,575	100.0
C01	Existing Program	100,000	0	442,452	129.2	100,000	0	442,575	129.2
C13	Not Recommended	(11,082)	0	431,370	126.0	(11,082)	0	431,493	126.0

Justification

C01	Capital Outlay appropriation is requested to replace office machines and other equipment needed for Equine inspection and enforcement.
C19	Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects position reduction of one (1) Livestock Inspector based on the personnel evaluation.

Analysis of Budget Request

Appropriation: 36V - L&P Animal Health

Funding Sources: FFA - Federal Funds

The Arkansas Livestock & Poultry Commission's Animal Health appropriation is used to increase the level of protection, preparedness, and response and recovery should a foreign animal disease enter the state. This appropriation includes the following five programs: High Path Avian Influenza control, Low Path Avian Influenza control, the National Animal ID System, John's Disease surveillance and control and Emergency Animal Disease Response. This appropriation is supported by federal funding from the United States Department of Agriculture (USDA) Animal and Plant Health Inspection Services (APHIS) and Veterinary Services (VS) as well as from the United States Department of Homeland Security.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency requests Base Level of \$450,080 in FY18 and \$450,178 in FY19 with five (5) Regular positions and two (2) Extra Help positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36V - L&P Animal Health

Funding Sources: FFA - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	299,698	238,320	296,655	236,229	236,229	236,229	236,267	236,267	236,267
#Positions	7	5	5	5	5	5	5	5	5
Extra Help 5010001	9,060	8,311	8,311	8,311	8,311	8,311	8,311	8,311	8,311
#Extra Help	1	2	2	2	2	2	2	2	2
Personal Services Matching 5010003	108,775	81,070	105,966	82,079	82,079	82,079	82,139	82,139	82,139
Operating Expenses 5020002	118,003	118,111	118,111	118,111	118,111	118,111	118,111	118,111	118,111
Conference & Travel Expenses 5050009	5,257	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	540,793	451,162	534,393	450,080	450,080	450,080	450,178	450,178	450,178
Funding Sources									
Federal Revenue 4000020	540,793	451,162		450,080	450,080	450,080	450,178	450,178	450,178
Total Funding	540,793	451,162		450,080	450,080	450,080	450,178	450,178	450,178
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	540,793	451,162		450,080	450,080	450,080	450,178	450,178	450,178

Analysis of Budget Request

Appropriation: 37A - PB Admn/Pest Control

Funding Sources: SDP - State Plant Board Fund

The State Plant Board's Administration/Pest Control appropriation is funded by special revenues derived from registration and inspection fees from various farm crops, pesticides, feeds, fertilizers, seeds, and soils as authorized in A.C.A. §20-20-206 and various sections from §2-16-209 through §2-37-109. Federal funding from the United States Department of Agriculture (USDA) and the Environmental Protection Agency (EPA) also supports this program.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level includes appropriation of \$8,547,773 in FY18 and \$8,550,496 in FY19 with eighty-seven (87) Regular positions and thirty-three (33) Extra Help positions.

The Agency's Change Level Request is \$463,257 in FY18 and \$536,743 in FY19 and is summarized as follows:

- Capital Outlay of \$935,000 in FY18 and \$435,000 in FY19 to replace aging vehicles, laboratory and data processing equipment, and weather monitoring system.
- Construction reduction of (\$500,000) in FY18 and (\$1,000,000) in FY19 due to Arkansas State Plant Board not anticipating major construction projects.
- Regular Salaries and Personal Services Matching of \$28,257 each year to properly allocate 25% of the Agriculture Chief Fiscal Officer salary and matching from the Plant Board Fund to allow for cost allocation of consolidated fiscal functions.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation provides for the Agency Request as well as reflects position reductions of one (1) Administrative Specialist I, one (1) Administrative Specialist II, one (1) Duplication Assistant, two (2) Administrative Specialists III, one (1) Seed Analyst, and one (1) Senior Seed Analyst based on the personnel evaluation.

Appropriation Summary

Appropriation: 37A - PB Admn/Pest Control
Funding Sources: SDP - State Plant Board Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,162,008	3,460,458	3,676,674	3,441,201	3,463,167	3,322,264	3,443,413	3,465,379	3,324,476
#Positions	76	88	87	87	88	82	87	88	82
Extra Help 5010001	133,197	191,116	183,616	191,116	191,116	191,116	191,116	191,116	191,116
#Extra Help	31	33	33	33	33	33	33	33	33
Personal Services Matching 5010003	1,183,911	1,229,663	1,317,598	1,241,720	1,248,011	1,174,892	1,242,231	1,248,522	1,175,403
Overtime 5010006	7,870	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Operating Expenses 5020002	931,039	1,331,613	1,331,613	1,331,613	1,331,613	1,331,613	1,331,613	1,331,613	1,331,613
Conference & Travel Expenses 5050009	72,726	83,613	83,613	83,613	83,613	83,613	83,613	83,613	83,613
Professional Fees 5060010	3,575	244,510	244,510	244,510	244,510	244,510	244,510	244,510	244,510
Construction 5090005	0	1,000,000	1,000,000	1,000,000	500,000	500,000	1,000,000	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	93,696	435,000	435,000	0	935,000	935,000	0	435,000	435,000
Pest Eradication 5900046	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total	5,588,022	8,989,973	9,286,624	8,547,773	9,011,030	8,797,008	8,550,496	8,013,753	7,799,731
Funding Sources									
Fund Balance 4000005	6,254,658	7,910,300		1,570,327	1,570,327	1,570,327	0	0	0
Federal Revenue 4000020	449,264	400,000		450,000	450,000	450,000	450,000	450,000	450,000
Special Revenue 4000030	6,794,400	2,250,000		2,500,000	2,500,000	2,500,000	3,500,000	3,500,000	3,500,000
Total Funding	13,498,322	10,560,300		4,520,327	4,520,327	4,520,327	3,950,000	3,950,000	3,950,000
Excess Appropriation/(Funding)	(7,910,300)	(1,570,327)		4,027,446	4,490,703	4,276,681	4,600,496	4,063,753	3,849,731
Grand Total	5,588,022	8,989,973		8,547,773	9,011,030	8,797,008	8,550,496	8,013,753	7,799,731

FY17 Budget amount in Extra Help exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium. Expenditure of Appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 37A - PB Admn/Pest Control
Funding Sources: SDP - State Plant Board Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	8,547,773	87	8,547,773	100.0	8,550,496	87	8,550,496	100.0
C01	Existing Program	935,000	0	9,482,773	110.9	435,000	0	8,985,496	105.1
C03	Discontinue Program	(500,000)	0	8,982,773	105.1	(1,000,000)	0	7,985,496	93.4
C06	Restore Position/Approp	28,257	0	9,011,030	105.4	28,257	0	8,013,753	93.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	8,547,773	87	8,547,773	100.0	8,550,496	87	8,550,496	100.0
C01	Existing Program	935,000	0	9,482,773	110.9	435,000	0	8,985,496	105.1
C03	Discontinue Program	(500,000)	0	8,982,773	105.1	(1,000,000)	0	7,985,496	93.4
C06	Restore Position/Approp	28,257	0	9,011,030	105.4	28,257	0	8,013,753	93.7
C13	Not Recommended	(73,119)	0	8,937,911	104.6	(73,119)	0	7,940,634	92.9
C19	Executive Changes	(140,903)	(6)	8,797,008	102.9	(140,903)	(6)	7,799,731	91.2

Justification

C01	The agency requests \$935,000 and \$435,000 for fiscal years 18 and 19 respectively for capital outlay appropriation to replace aging vehicles, laboratory equipment, data processing equipment, and weather monitoring system equipment.
C03	Arkansas State Plant Board, a division of the AR Agriculture Department, is not anticipating major construction projects in fiscal years 18 and 19.
C06	25% of the Agriculture Chief Fiscal Officer salary is requested to be budgeted from the Plant Board Fund to allow for proper cost allocation of consolidated fiscal functions.
C19	Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects position reductions of one (1) Administrative Specialist I, one (1) Administrative Specialist II, one (1) Duplication Assistant, two (2) Administrative Specialists III, one (1) Seed Analyst, and one (1) Senior Seed Analyst based on the personnel evaluation.

Analysis of Budget Request

Appropriation: 37C - PB Public Grain Warehouse

Funding Sources: SDP - Plant Board Fund

The State Plant Board's Public Grain Warehouse Inspection Program monitors public grain warehouse companies by maintaining copies of current licenses and renewals and performing annual examinations and inspections of public grain warehouses. This program is funded entirely by special revenue including license application fees and annual license fees required for persons operating public grain warehouses (A.C.A. §2-17-238).

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency requests Base Level of \$277,047 in FY18 and \$277,784 in FY19 with four (4) Regular positions each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37C - PB Public Grain Warehouse

Funding Sources: SDP - Plant Board Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	143,601	149,172	148,899	149,172	149,172	149,172	149,772	149,772	149,772
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	52,790	53,381	54,452	54,127	54,127	54,127	54,264	54,264	54,264
Operating Expenses	5020002	43,985	67,935	67,935	67,935	67,935	67,935	67,935	67,935	67,935
Conference & Travel Expenses	5050009	0	4,613	4,613	4,613	4,613	4,613	4,613	4,613	4,613
Professional Fees	5060010	0	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		240,376	276,301	277,099	277,047	277,047	277,047	277,784	277,784	277,784
Funding Sources										
Special Revenue	4000030	240,376	276,301		277,047	277,047	277,047	277,784	277,784	277,784
Total Funding		240,376	276,301		277,047	277,047	277,047	277,784	277,784	277,784
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		240,376	276,301		277,047	277,047	277,047	277,784	277,784	277,784

Analysis of Budget Request

Appropriation: 37D - PB Pest Surveillance

Funding Sources: SDP - Plant Board Fund

The State Plant Board's Pesticide Surveillance Program is used to monitor the application, sale and handling of pesticides. The program is funded entirely by special revenues derived from pesticide registration, labeling, and application fees and licenses as authorized in A.C.A. §2-16-407.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency requests Base Level of \$265,961 with four (4) Regular positions each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37D - PB Pest Surveillance

Funding Sources: SDP - Plant Board Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	136,931	152,916	157,885	152,916	152,916	152,916	152,916	152,916	152,916
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	51,420	54,215	56,521	54,979	54,979	54,979	54,979	54,979	54,979
Operating Expenses	5020002	44,954	52,066	52,066	52,066	52,066	52,066	52,066	52,066	52,066
Conference & Travel Expenses	5050009	5,755	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		239,060	265,197	272,472	265,961	265,961	265,961	265,961	265,961	265,961
Funding Sources										
Special Revenue	4000030	239,060	265,197		265,961	265,961	265,961	265,961	265,961	265,961
Total Funding		239,060	265,197		265,961	265,961	265,961	265,961	265,961	265,961
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		239,060	265,197		265,961	265,961	265,961	265,961	265,961	265,961

Analysis of Budget Request

Appropriation: 37E - PB Apiary

Funding Sources: SDP - Plant Board Fund

The State Plant Board's Apiary Program registers beekeepers and inspects beehives periodically to guard against the spread of diseases and parasites. Funding for this appropriation consists entirely of Special Revenue registration and renewal fees.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency requests Base Level of \$198,606 with three (3) regular positions each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37E - PB Apiary

Funding Sources: SDP - Plant Board Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	102,992	107,845	111,541	107,845	107,845	107,845	107,845	107,845	107,845
#Positions	3	3	3	3	3	3	3	3	3
Extra Help 5010001	0	0	7,500	0	0	0	0	0	0
#Extra Help	0	0	0	0	0	0	0	0	0
Personal Services Matching 5010003	38,632	39,137	41,428	39,676	39,676	39,676	39,676	39,676	39,676
Operating Expenses 5020002	36,095	51,085	51,085	51,085	51,085	51,085	51,085	51,085	51,085
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	177,719	198,067	211,554	198,606	198,606	198,606	198,606	198,606	198,606
Funding Sources									
Special Revenue 4000030	177,719	198,067		198,606	198,606	198,606	198,606	198,606	198,606
Total Funding	177,719	198,067		198,606	198,606	198,606	198,606	198,606	198,606
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	177,719	198,067		198,606	198,606	198,606	198,606	198,606	198,606

Analysis of Budget Request

Appropriation: 37F - PB Product Marketing Program

Funding Sources: FFA - Plant Board Federal Funds

The Product Marketing Program supports the promotion and enhancement of the agricultural industry and its products. Funding consists of a Specialty Block Grant from the United States Department of Agriculture (USDA). This Program enables the Agency to utilize federal funding for the following projects:

- Organic Cost Share - To assist specialty crop producers with organic certification cost and encourage the expansion of organic production in Arkansas.
- Farmers Markets and Naturally Arkansas Promotion - To provide promotional sacks to vendors at Arkansas Farmers' Markets to increase awareness of the "Arkansas Brand" and farmers' markets.
- Audit Fee Assistance and Food Safety Promotion - To inform Arkansas produce growers/handlers of the importance of following and documenting GAAP in their businesses for both liability issues and market access.
- Electronic Benefits Transfer (EBT) in Farmers' Markets - To establish EBT access at farmers' markets throughout Arkansas to enable Arkansas Food Stamp Program participants to utilize their food assistance benefits in Arkansas Farmers Markets.
- Produce Marketing Association Fresh Summit Show - To promote Arkansas produce growers with a booth at the Annual Fresh Summit Show.
- Floriculture Workshop - To host a two day floriculture educational workshop focusing on crop selection, post harvest handling and marketing.

The Agency requests Base Level of \$600,059 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37F - PB Product Marketing Program

Funding Sources: FFA - Plant Board Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	71,563	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Conference & Travel Expenses	5050009	1,559	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Professional Fees	5060010	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	0	97,059	97,059	97,059	97,059	97,059	97,059	97,059	97,059
Grants and Aid	5100004	269,765	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		342,887	600,059	600,059	600,059	600,059	600,059	600,059	600,059	600,059
Funding Sources										
Federal Revenue	4000020	342,887	600,059		600,059	600,059	600,059	600,059	600,059	600,059
Total Funding		342,887	600,059		600,059	600,059	600,059	600,059	600,059	600,059
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		342,887	600,059		600,059	600,059	600,059	600,059	600,059	600,059

Analysis of Budget Request

Appropriation: 37G - PB Pest/Plant Reg Program

Funding Sources: TAD - Abandoned Agricultural Pesticide and Plant Regulator Disposal Trust Fund

The State Plant Board uses the Pesticide/Plant Regulatory Program to contract with counties and other local entities approved by the Abandoned Pesticide Advisory Board for the collection and disposal of abandoned agricultural pesticides. Funding primarily consists of a \$50 fee collected for annual registration of each pesticide approved for use in Arkansas (A.C.A. §8-7-1201 et seq.). Funding by gifts and grants from other sources is also authorized.

The Agency requests Base Level of \$1,500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37G - PB Pest/Plant Reg Program

Funding Sources: TAD - Abandoned Agricultural Pesticide and Plant Regulator Disposal Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	361,675	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		361,675	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources										
Fund Balance	4000005	1,917,685	1,959,205		809,205	809,205	809,205	0	0	0
Special Revenue	4000030	403,195	350,000		400,000	400,000	400,000	400,000	400,000	400,000
Total Funding		2,320,880	2,309,205		1,209,205	1,209,205	1,209,205	400,000	400,000	400,000
Excess Appropriation/(Funding)		(1,959,205)	(809,205)		290,795	290,795	290,795	1,100,000	1,100,000	1,100,000
Grand Total		361,675	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

Analysis of Budget Request

Appropriation: 37N - Forestry-Operations-Special

Funding Sources: SDF - State Forestry Fund

This appropriation supports the staffing and general operations of the Forestry Commission. Funding consists of special revenue for the Timber Severance tax and Fire Protection tax, federal revenue for United States Department of Agriculture (USDA) Forest Service Grants as well as other revenue collected for fire protection and prescribed burn fees, seedling sales and timber sales.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level includes appropriation of \$8,964,332 in FY18 and \$8,967,157 in FY19 with one hundred forty-one (141) positions and eighty-six (86) extra help positions each year of the biennium.

The Agency's Change Level Request provides for Capital Outlay of \$743,000 each year of the biennium to replace worn and outdated firefighting aviation equipment and environmental cab dozers.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency Personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation provides for the Agency Request as well as reflects position reduction of one (1) A/D Mechanic based on the personnel evaluation.

Appropriation Summary

Appropriation: 37N - Forestry-Operations-Special

Funding Sources: SDF - State Forestry Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,133,390	5,253,767	5,584,764	5,067,437	5,067,437	5,042,169	5,069,737	5,069,737	5,044,469
#Positions		144	145	157	141	141	140	141	141	140
Extra Help	5010001	103,755	85,855	255,855	85,855	85,855	85,855	85,855	85,855	85,855
#Extra Help		22	86	86	86	86	86	86	86	86
Personal Services Matching	5010003	1,882,566	2,076,461	2,076,461	1,883,108	1,883,108	1,883,108	1,883,633	1,883,633	1,883,633
Overtime	5010006	25,907	52,400	52,400	52,400	52,400	52,400	52,400	52,400	52,400
Uniform Allowance	5010016	53,400	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Operating Expenses	5020002	1,648,745	1,292,020	4,245,681	1,292,020	1,292,020	1,292,020	1,292,020	1,292,020	1,292,020
Conference & Travel Expenses	5050009	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Fees	5060010	307,489	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Capital Outlay	5120011	773,940	743,000	743,000	0	743,000	743,000	0	743,000	743,000
Federal Initiative Program	5900047	19,854	138,512	138,512	138,512	138,512	138,512	138,512	138,512	138,512
Total		9,964,046	10,087,015	13,541,673	8,964,332	9,707,332	9,682,064	8,967,157	9,710,157	9,684,889

Funding Sources										
Fund Balance	4000005	3,355,105	1,807,955		490,940	490,940	490,940	26,608	26,608	51,876
Federal Revenue	4000020	1,866,522	2,270,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Special Revenue	4000030	6,342,132	6,500,000		6,500,000	7,243,000	7,243,000	6,500,000	7,243,000	7,243,000
DFA Motor Vehicle Acquisition	4000184	136,517	0		0	0	0	0	0	0
M & R Sales	4000340	71,725	0		0	0	0	0	0	0
Total Funding		11,772,001	10,577,955		8,990,940	9,733,940	9,733,940	8,526,608	9,269,608	9,294,876
Excess Appropriation/(Funding)		(1,807,955)	(490,940)		(26,608)	(26,608)	(51,876)	440,549	440,549	390,013
Grand Total		9,964,046	10,087,015		8,964,332	9,707,332	9,682,064	8,967,157	9,710,157	9,684,889

Change Level by Appropriation

Appropriation: 37N - Forestry-Operations-Special
Funding Sources: SDF - State Forestry Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	8,964,332	141	8,964,332	100.0	8,967,157	141	8,967,157	100.0
C01	Existing Program	743,000	0	9,707,332	108.3	743,000	0	9,710,157	108.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	8,964,332	141	8,964,332	100.0	8,967,157	141	8,967,157	100.0
C01	Existing Program	743,000	0	9,707,332	108.3	743,000	0	9,710,157	108.3
C19	Executive Changes	(25,268)	(1)	9,682,064	108.0	(25,268)	(1)	9,684,889	108.0

Justification

C01	Capital outlay appropriation is requested to replace worn and outdated firefighting aviation equipment and environmental cab dozers.
C19	Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects position reduction of one (1) A/D Mechanic based on the personnel evaluation.

Analysis of Budget Request

Appropriation: 37P - Forestry-Rural Comm Fire Protection-Fed

Funding Sources: FIT - Federal Funds

The Forestry Commission's Rural Community Fire Protection Program employs federal funds with state and local matches to assist volunteer fire departments and local communities with fire-fighting equipment purchases and upgrades. Funding consists of federal funding from the United States Department of Agriculture Forest Service Agency (USDA-FSA).

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Base Level Request includes appropriation of \$854,239 with two (2) Regular positions each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37P - Forestry-Rural Comm Fire Protection-Fed

Funding Sources: FIT - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	68,524	68,350	81,565	67,510	67,510	67,510	67,510	67,510	67,510
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	25,734	25,115	28,864	25,453	25,453	25,453	25,453	25,453	25,453
Operating Expenses	5020002	241,523	366,566	366,566	366,566	366,566	366,566	366,566	366,566	366,566
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	147,605	364,710	364,710	364,710	364,710	364,710	364,710	364,710	364,710
Capital Outlay	5120011	328,214	330,000	330,000	0	0	0	0	0	0
Total		841,600	1,184,741	1,201,705	854,239	854,239	854,239	854,239	854,239	854,239
Funding Sources										
Federal Revenue	4000020	841,600	1,184,741		854,239	854,239	854,239	854,239	854,239	854,239
Total Funding		841,600	1,184,741		854,239	854,239	854,239	854,239	854,239	854,239
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		841,600	1,184,741		854,239	854,239	854,239	854,239	854,239	854,239

Analysis of Budget Request

Appropriation: 37Q - Forestry-Urban Forestry Services-Federal

Funding Sources: SDF - State Forestry Fund

The Federal Urban Forestry Services program provides matching grants to support forestry services in urban areas. Grant awards are made in five categories: Local Government Program Development (tree ordinance development, tree inventories, management plans, etc.), Site Specific Projects (tree planting on public land, tree protection and maintenance projects), Non Profit Administration (personnel costs to help nonprofit groups support local tree management programs), Information and Education (educational programs, workshops and training sessions) and Urban Forestry or Arboricultural Training (to provide cost share funding for the development of new or continuing education or degree track courses in urban forestry).

Funding consists of federal funding from the United States Department of Agriculture (USDA) Forest Service Grant for Urban and Community Forestry.

Base Level is \$199,500 each year of the biennium.

The Agency Change Level Request provides for reallocation of \$45,000 from Grants & Aid to Professional Fees due to a change from providing grants to communities to hiring professional arborists and foresters to provide services to the communities.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37Q - Forestry-Urban Forestry Services-Federal

Funding Sources: SDF - State Forestry Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	25,940	67,500	68,000	67,500	67,500	67,500	67,500	67,500	67,500
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	4,225	5,000	5,000	5,000	50,000	50,000	5,000	50,000	50,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	74,646	127,000	127,000	127,000	82,000	82,000	127,000	82,000	82,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		104,811	199,500	200,000	199,500	199,500	199,500	199,500	199,500	199,500
Funding Sources										
Federal Revenue	4000020	104,811	199,500		199,500	199,500	199,500	199,500	199,500	199,500
Total Funding		104,811	199,500		199,500	199,500	199,500	199,500	199,500	199,500
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		104,811	199,500		199,500	199,500	199,500	199,500	199,500	199,500

Change Level by Appropriation

Appropriation: 37Q - Forestry-Urban Forestry Services-Federal
Funding Sources: SDF - State Forestry Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	199,500	0	199,500	100.0	199,500	0	199,500	100.0
C04	Reallocation	0	0	199,500	100.0	0	0	199,500	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	199,500	0	199,500	100.0	199,500	0	199,500	100.0
C04	Reallocation	0	0	199,500	100.0	0	0	199,500	100.0

Justification

C04	The nature of the Urban Forestry grant is changing from providing grants to communities to hiring professional arborists and foresters to provide services to the communities. Therefore, we request a change level reallocation from Assistance Grants & Aid to Professional Fees & Services
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Analysis of Budget Request

Appropriation: 37R - Forestry-Rural Fire Protection Service Loans

Funding Sources: MRF - Rural Fire Protection Revolving Fund

The Rural Fire Protection Service Loans Program provides loans to local fire departments for the purchase of fire-fighting equipment. Funding consists of repayments of rural fire protection loans.

The Agency requests Base Level of \$1,200,000 each year of the biennium.

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

Appropriation Summary

Appropriation: 37R - Forestry-Rural Fire Protection Service Loans

Funding Sources: MRF - Rural Fire Protection Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	486,130	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total		486,130	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Funding Sources										
Fund Balance	4000005	460,347	539,969		39,969	39,969	39,969	0	0	0
Non-Revenue Receipts	4000040	565,752	700,000		700,000	700,000	700,000	700,000	700,000	700,000
Total Funding		1,026,099	1,239,969		739,969	739,969	739,969	700,000	700,000	700,000
Excess Appropriation/(Funding)		(539,969)	(39,969)		460,031	460,031	460,031	500,000	500,000	500,000
Grand Total		486,130	1,200,000		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000

Analysis of Budget Request

Appropriation: 37S - Forestry-St Forestry Trust Program

Funding Sources: TZT - State Forestry Trust Fund

The State Forestry Trust Program is used for the acquisition and management of state forests, the purchase of fire-fighting equipment, other forest fire suppression activities, improvements at State Forestry Commission nurseries and the seedling storage and distribution system and any other purpose as may be authorized by law (A.C.A. §19-5-927). Funding consists of income derived from the management of state forests and state nurseries to the extent that this income is not needed to fund the general operations of the Commission.

Base Level is \$1,500,000 each year of the biennium.

The Agency Change Level Request is for Capital Outlay of \$1,000,000 each year of the biennium to replace worn and outdated firefighting aviation equipment and firefighting environmental cab dozers.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37S - Forestry-St Forestry Trust Program

Funding Sources: TZT - State Forestry Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	53,754	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	1,000,000	1,000,000	0	1,000,000	1,000,000	0	1,000,000	1,000,000
Fire Control/Communicate	5900046	828,249	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Management & Operations	5900047	298,448	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Total		1,180,451	2,500,000	2,500,000	1,500,000	2,500,000	2,500,000	1,500,000	2,500,000	2,500,000
Funding Sources										
Fund Balance	4000005	2,328,738	3,036,392		1,536,392	1,536,392	1,536,392	1,036,392	36,392	36,392
Trust Fund	4000050	1,888,105	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding		4,216,843	4,036,392		2,536,392	2,536,392	2,536,392	2,036,392	1,036,392	1,036,392
Excess Appropriation/(Funding)		(3,036,392)	(1,536,392)		(1,036,392)	(36,392)	(36,392)	(536,392)	1,463,608	1,463,608
Grand Total		1,180,451	2,500,000		1,500,000	2,500,000	2,500,000	1,500,000	2,500,000	2,500,000

Change Level by Appropriation

Appropriation: 37S - Forestry-St Forestry Trust Program
Funding Sources: TZT - State Forestry Trust Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0
C01	Existing Program	1,000,000	0	2,500,000	166.7	1,000,000	0	2,500,000	166.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0
C01	Existing Program	1,000,000	0	2,500,000	166.7	1,000,000	0	2,500,000	166.7

Justification

C01	Capital outlay appropriation is requested to replace worn and outdated firefighting aviation equipment and firefighting environmental cab dozers.
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Analysis of Budget Request

Appropriation: 37T - Forestry-Southern Pine Beetle Prevention

Funding Sources: FIT - Federal Funds

The Southern Pine Beetle (SPB) program provides for a cost share program to allow low density pine plantings, pre-commercial thinning and pre-commercial SPB suppression. The Arkansas Forestry Commission conducts aerial and ground surveys to identify high hazard stands. Funding consists of a federal grant from the United States Department of Agriculture Forest Service Agency (USDA-FSA).

The Agency Base Level Request includes appropriation of \$150,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37T - Forestry-Southern Pine Beetle Prevention

Funding Sources: FIT - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	0	100,000	0	0	0	0	0	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	170,256	150,000	650,000	150,000	150,000	150,000	150,000	150,000	150,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		170,256	150,000	750,000	150,000	150,000	150,000	150,000	150,000	150,000
Funding Sources										
Federal Revenue	4000020	170,256	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Total Funding		170,256	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		170,256	150,000		150,000	150,000	150,000	150,000	150,000	150,000

Analysis of Budget Request

Appropriation: 37X - Forestry-Forest Legacy

Funding Sources: FIT - Federal Funds

The Forest Legacy Program is a conservation program administered by states to conserve environmentally significant privately owned forest lands that are threatened by conversion to non-forest uses. States that enter this program are able to acquire conservation easements of critical forest lands to meet the objectives outlined in the state's Assessment of Need document as submitted to and approved by the Secretary of the United States Department of Agriculture.

The Agency requests Base Level of \$6,599 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37X - Forestry-Forest Legacy

Funding Sources: FIT - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	3,552	6,599	6,599	6,599	6,599	6,599	6,599	6,599	6,599
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	3,552	6,599	6,599	6,599	6,599	6,599	6,599	6,599	6,599
Funding Sources									
Federal Revenue 4000020	3,552	6,599		6,599	6,599	6,599	6,599	6,599	6,599
Total Funding	3,552	6,599		6,599	6,599	6,599	6,599	6,599	6,599
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	3,552	6,599		6,599	6,599	6,599	6,599	6,599	6,599

Analysis of Budget Request

Appropriation: 37Y - Forestry-Silvctrl Non-Point Program

Funding Sources: FIT - Federal Funds

The Silvicultural Nonpoint Program provides for a partnership between the state foresters and state water quality agencies to ensure nonpoint source water pollution from forestry activities are kept to a minimum and reduced where possible. This program assists with Best Management Practices (BMPs), provides Implementation Assessments and conducts training for loggers, foresters, and forest landowners. Federal funding consists of an Agroforestry (AFT) Grant from the United States Department of Agriculture (USDA) and grants from Natural Resource Conservation Service.

The Agency requests Base Level of \$3,200 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37Y - Forestry-Silvctrl Non-Point Program

Funding Sources: FIT - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	11,148	3,200	21,800	3,200	3,200	3,200	3,200	3,200	3,200
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	24,965	0	0	0	0	0	0	0	0
Total		36,113	3,200	21,800	3,200	3,200	3,200	3,200	3,200	3,200
Funding Sources										
Federal Revenue	4000020	36,113	3,200		3,200	3,200	3,200	3,200	3,200	3,200
Total Funding		36,113	3,200		3,200	3,200	3,200	3,200	3,200	3,200
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		36,113	3,200		3,200	3,200	3,200	3,200	3,200	3,200

Analysis of Budget Request

Appropriation: D24 - L&P Poultry Indemnities-Cash

Funding Sources: 125 - Livestock & Poultry - Cash

The Arkansas Livestock & Poultry Commission's Poultry Indemnities cash appropriation is used to provide indemnities (payments) to the owners of diseased poultry flocks for accomplishing depopulation, thereby lessening the threat of exposure and spread of disease into the state's commercial industry. This appropriation is funded entirely from donations from the poultry industry.

The Agency requests Base Level of \$10,000 each year of the biennium.

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

Appropriation Summary

Appropriation: D24 - L&P Poultry Indemnities-Cash

Funding Sources: 125 - Livestock & Poultry - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Funding Sources									
Cash Fund 4000045	0	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Total Funding	0	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	10,000		10,000	10,000	10,000	10,000	10,000	10,000

Analysis of Budget Request

Appropriation: D25 - PB Refunds/Transfers

Funding Sources: 164 - Plant Board Cash

The State Plant Board's cash fund is used for transfer of special revenue fee collections to the State Treasury after necessary refunds have been made and the University of Arkansas' share of fertilizer and lime tonnage fees has been paid per A.C.A. §2-19-209 and §2-19-211.

The Agency requests Base Level of \$6,765,600 each year of the biennium.

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

Appropriation Summary

Appropriation: D25 - PB Refunds/Transfers

Funding Sources: 164 - Plant Board Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	500	500	500	500	500	500	500	500
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	0	6,765,100	6,765,100	6,765,100	6,765,100	6,765,100	6,765,100	6,765,100	6,765,100
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600
Funding Sources										
Fund Balance	4000005	47,057	47,086		47,086	47,086	47,086	47,086	47,086	47,086
Cash Fund	4000045	29	6,765,600		6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600
Total Funding		47,086	6,812,686		6,812,686	6,812,686	6,812,686	6,812,686	6,812,686	6,812,686
Excess Appropriation/(Funding)		(47,086)	(47,086)		(47,086)	(47,086)	(47,086)	(47,086)	(47,086)	(47,086)
Grand Total		0	6,765,600		6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600

Analysis of Budget Request

Appropriation: N47 - Agri Cash Operations

Funding Sources: NAD - Agri Cash Operations

The Arkansas Agriculture Cash Operations appropriation is used for program and marketing activities that promote Arkansas' agriculture industry and support Arkansans involved in agriculture. This appropriation is funded through donations.

The Agency requests Base Level of \$60,000 each year of the biennium.

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

Appropriation Summary

Appropriation: N47 - Agri Cash Operations

Funding Sources: NAD - Agri Cash Operations

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	17,103	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	4,647	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		21,750	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Funding Sources										
Fund Balance	4000005	13,141	17,631		0	0	0	0	0	0
Private Donations	4000380	26,240	42,369		35,000	35,000	35,000	35,000	35,000	35,000
Total Funding		39,381	60,000		35,000	35,000	35,000	35,000	35,000	35,000
Excess Appropriation/(Funding)		(17,631)	0		25,000	25,000	25,000	25,000	25,000	25,000
Grand Total		21,750	60,000		60,000	60,000	60,000	60,000	60,000	60,000

DEPARTMENT OF CAREER EDUCATION

Enabling Laws

Act 216 of 2016

Act 892 of 2015

A.C.A. § 19-6-829

A.C.A. § 6-1-601 et seq.

A.C.A. § 6-5-1001 et seq.

A.C.A. § 6-11-132

A.C.A. § 25-30-101 et seq.

A.C.A. § 25-30-201 et seq.

A.C.A. § 6-11-201 et seq.

History and Organization

Mission Statement: To prepare a job-ready, career-bound workforce to meet the needs of Arkansas employers.

Agency History: Act 64 of 1981 created the Vocational and Technical Education Division (now the Department of Career Education) as a cabinet-level state agency equal to the Arkansas Department of Education (ADE). Prior to 1981, the Arkansas Department of Education had administered postsecondary and secondary vocational education, as well as adult education. The operation of the state board was changed in 1981 as well. Act 250 of 1981 required that the State Board of Vocational Education (composed of the same members as the State Board of Education) meet on different dates than its meeting dates as the State Board of Education. In 1991, the composition of the State Board of Vocational Education changed again with the passage of Act 773, which added three new board members to represent business and industry, including the service-oriented industries.

Act 803 of 1997 created the Arkansas Department of Workforce Education. The act abolished the Arkansas Vocational Technical Education Division, as well as the Governor's Commission on Adult Literacy and the Advisory Council for Vocational-Technical Education, transferring them to the newly created Arkansas Department of Workforce Education (DWE). Act 803 also abolished the State Board of Vocational Education, transferring it to the State Board of Workforce Education and Career Opportunities, which was created by the act.

Act 787 of 2009 renamed the Arkansas Department of Workforce Education as the Arkansas Department of Career Education and the State Board of Workforce Education and Career Opportunities as the State Board of Career Education.

From 1971 until 1993, Arkansas Rehabilitation Services (ARS), known then as the Division of Rehabilitation Services, was administered by the Department of Social and Rehabilitative Services (now the Department of Human Services). Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation Services and transferred ARS back to the Department of Education, where it was placed under the oversight of the State Board of Vocational Education as a division of the Vocational and Technical Education Division. With the passage of Act 803, ARS became a division of the Department of Workforce Education, now the Department of Career Education.

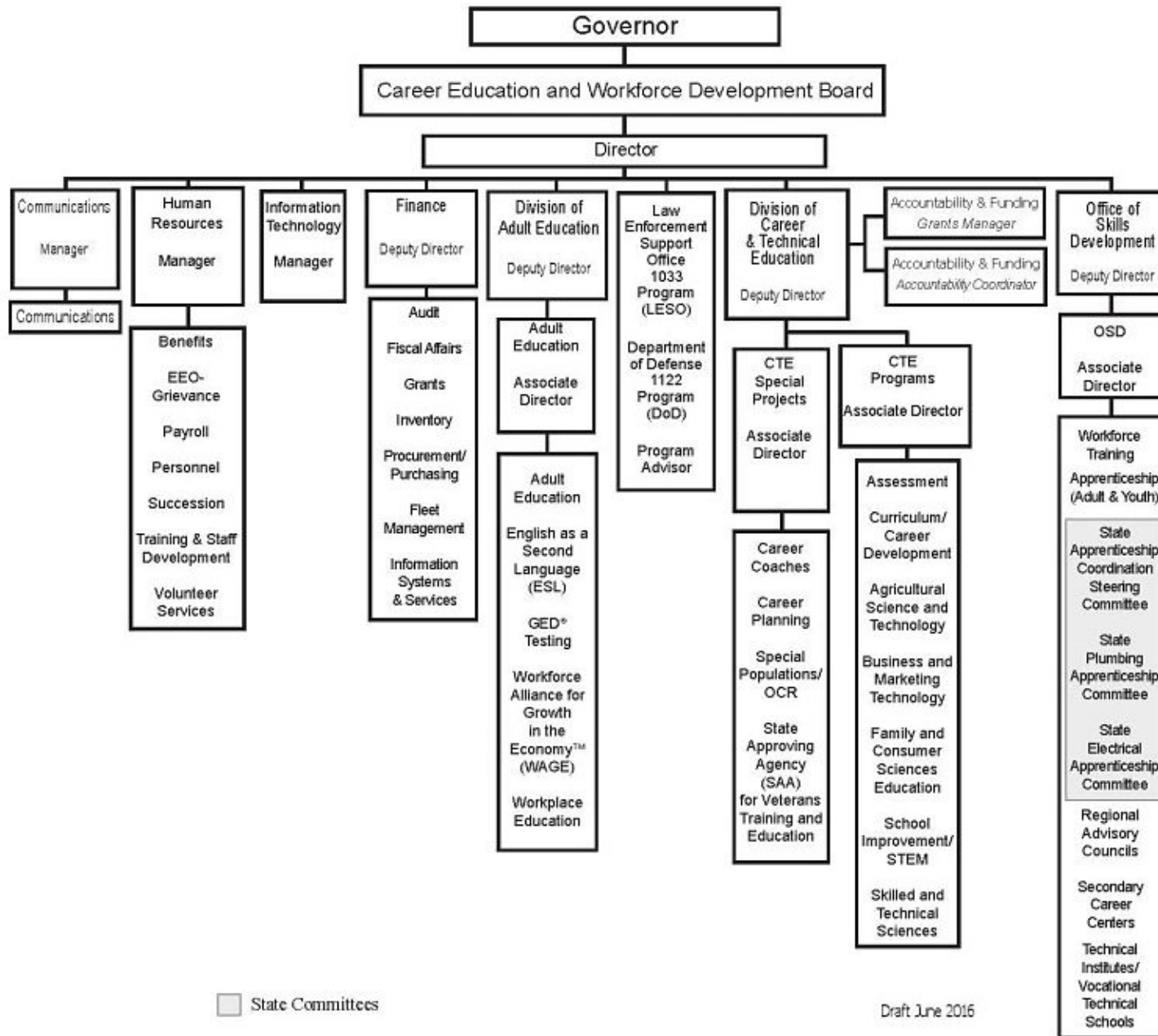
Act 892 of 2015 established the Career Education and Workforce Development Board to create and administer a coordinated approach to workforce development in Arkansas. The Board is composed of twenty-one members, appointed by the governor, including thirteen members representing industry sectors in Arkansas. The Office of Skills Development was created by Act 892 to enhance state workforce development efforts. Among other things, the Office of Skills Development is purposed with administering funds targeting workforce needs, as informed by employers, and working to improve coordination among various state agencies and resources that are working to address similar needs.

ACE is comprised of four divisions as well as administrative support services. The four divisions are Adult Education, Career and Technical Education, Office of Skills Development and Arkansas Rehabilitation Services. ACE oversees career and technical education programs in the secondary schools, secondary area technical centers, State Apprenticeship Office, Arkansas Rehabilitation Services, and adult education programs. ACE is the state approving agency for the Veterans Administration to approve state educational programs for veterans' benefits and has oversight authority for the Law Enforcement Support Office 1033 and the Department of Defense 122 Program.

Statutory Responsibility and Primary Activities: The enabling legislation and the powers and duties of the Arkansas Department of Career Education are codified in Arkansas Code Annotated 25-30-101 et. seq., 25-30-201 et. seq., 25-30-201 et. seq., 19-6-829, 6-11-201 et. seq., and 6-11-132. These responsibilities include, but are not limited to, the following:

1. Establishment of policies and procedures, criteria, and priorities for use in approving local programs of career and technical education, adult education, and vocational rehabilitation in all areas of the state.
2. Monitoring of local programs of career and technical education, adult education, vocational rehabilitation and provision of technical assistance to assist these programs in meeting federal and state mandates and accountability measures.
3. Performance of all administrative functions in relation to the management, control, and supervision of all programs of career and technical education, adult education, and vocational rehabilitation in Arkansas's public educational institutions, with the exception of technical colleges, community colleges, and colleges and universities.
4. Development of state plans required by state or federal laws and regulations as prerequisites to receiving federal funds for career and technical education, adult education, or vocational rehabilitation.
5. Receipt and distribution of all state and federal funds designated for adult education, federal funds provided by the Carl D. Perkins Career and Technical Education Act of 2006, and Title I formula grant funds provided by the U.S. Department of Education/Rehabilitation Services Administration.
6. Development of programs and services that prepare high school students for postsecondary education and careers through an integrated course of study blending specialized training and real-world work experience with strong academic instruction.

7. Development of programs and services designed to provide persons age 18 and older with less than a high school diploma opportunities to increase their basic academic skills and earn the General Educational Development (GED®) credential (In certain cases, 16- and 17-year-olds who have dropped out of the public schools can be served in adult education programs.)
8. Development of programs and services designed to provide increased employment of individuals with disabilities through the provision of individualized training, independent living services, educational and support services, and meaningful opportunities for employment in integrated work settings.
9. Award grants to public and private organizations for the development and implementation of workforce training programs, including designing procedures and criteria for awarding grants, receiving and reviewing applications, auditing and inspecting the records of the grants, and utilizing available labor market information systems to collect, analyze, and disseminate information on current and projected employment opportunities in this state and other appropriate information relating to labor market dynamics as determined by the office.



Draft June 2016

Agency Commentary

Proposed Budget Requests

ACA § 6-5-10 outlines guidelines to develop, implement and sustain model Career and Technical (CTE) programs of study. In order to successfully support the efforts of our teachers, counselors and administrators to create a college and career ready environment in their schools, additional funding and appropriation will be needed to expand and enhance existing programs and resources. The funding request increases are as follows:

Vocational Start-Up Grants and Aids, Fund Center 200:

Most recent funding increase - 1995. Received requests to fund new programs and equipment averaging \$6 million per year for the past 7 years. Due to lack of funding and appropriation, only \$2.3 million has been approved. To meet the needs of school districts and to develop and implement new high-skill, high wage programs, an increase in funding and appropriation in the amount of \$4.7 million per year is requested.

While this increase will provide funding for new programs, it doesn't adequately address the need for outdated and obsolete equipment. Although many of those programs have operated for decades, they have not received state funds to replace and upgrade equipment since the 1999-2000 school year. Federal funds cannot be used for equipment replacement purposes. As a result of the absence of any state or federal funds for equipment replacement, local school districts have been required to upgrade outdated equipment with local funding sources.

Secondary Career Centers, Fund Center 201:

Most recent funding increase - 2003. Secondary Career Centers serve as a great resource to allow students to enroll in high-quality, demand-driven programs that, due to costs, are not offered at most individual high school campuses. Increased funding is needed to add new Secondary Career Centers, which are not accessible at all in 25 Arkansas counties, to expand course offerings, and to accommodate continued growth in enrollment, which is currently averaging 3-4% per year. However, no funding increase is requested at this time. The agency is reviewing the current structure and funding model and will make recommendations for a new model in fall 2016. The funding for centers of \$20.1 million and the appropriation of \$20.4 million has remained the same since 2004, while the number of Secondary Career Center sites (centers and satellites) has increased from 24 to 50 since 2004. A renewal of the current funding amount is requested, along with backing to restructure legislation and policy and to increase funding going forward.

College and Career Planning System, M77:

No dedicated funding has been provided in the past. To provide students in grades 7-12 with an opportunity for career exploration through career interests and aptitude assessment, funding is needed to support an on-line career planning tool. To support the continuation and maintenance of on-line college and career planning system, a request of \$120,000 per year in funding and appropriation is requested.

ACA § 6-1-602 was designed to allow all students, grades 8-12, access to a College and Career Coach.

College and Career Coach program, Fund Center M77:

No dedicated funding has been provided in the past. The College and Career Coach Initiative has shown great results for five years by meeting and exceeding all established Performance Measure goals including college going rates, ACT Scores, Remediation Rates and Financial Aid application submissions. Currently the program provides career coaches in 43 counties and is supported by school districts, postsecondary entities, and temporary funding and aids, leaving 193 school districts without access to a College and Career Coach. To expand the program statewide, an appropriation increase of \$1,676,000 for salary and matching of career coaches for an additional 32 counties; and total funding for \$2,653,812 per year is requested.

Arkansas Adult Education provides adults with instruction to improve reading, writing, mathematics, English language, and employability skills and to earn the Arkansas High School Diploma by passing a high school equivalency exam, such as the General Educational Development (GED) test, according to A.C.A. §§ 25-30-102 to -103, § 6-18-201, and programs and activities authorized by the Adult Education and Family Literacy Act (Title II of the Workforce Innovation and Opportunity Act of 2014 (P.L. 113-128)).

GED Testing Services and Expenses, Fund Center F86:

No dedicated funding has been provided in the past. In 2014, \$1.87 million was appropriated for the GED® test but provided no funding. As of January 1, 2014, the GED® Testing Service introduced a new test that is computer-based, eliminating the paper and pencil test. The new computer-based test is more expensive to administer and the increased costs will have to be passed on to the test-takers unless funding can be provided. The cost for the GED® test is \$120, leaving the test taker with paying only \$16. The GED test funding is currently being subsidized with adult education funds resulting in a decrease in critical adult education programming at all statewide sites. Seventy-six percent (76%) of the 4,330 Arkansans who took the GED® test in the 2015 calendar year reported earning less than \$5,000/year, however, the return on investment for the state shows that Arkansans with a high school diploma earn \$5,000 more a year than those without one. To fund the test and to continue to alleviate the full financial burden on GED test takers, funding in the amount of \$788,326 per year is requested.

Full-Time Teachers for Adult Education Centers, Fund Center 453:

Most recent funding increase - 1992. There has been no increase in funding since 1992, despite sharp increases in administrative costs, teacher salaries, and general operating costs. This disparity has resulted in a steady reduction in services to the citizens of Arkansas and an inability to meet the growing need for basic academic skills instruction. In many parts of the state, local programs have had to reduce the

number of teachers, classes, sites, and instructional materials and equipment. Additionally, many full-time positions have been reduced to part-time, often resulting in instructional staff turnover and diminishing the number of adults that can be served. An investment in adult basic and general education will provide greater access to quality instruction in all 75 counties. To ensure that Arkansas citizens are educated and trained in order to provide a skilled workforce for current and potential employers, an increase in funding and appropriation in the amount of \$1.06 million per year is requested.

Audit Findings

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

Findings

During field work, Agency management brought to the attention of Arkansas Legislative Audit (ALA) staff that funds were currently being held at multiple locations, for various purposes, on behalf of the Agency. In addition, none of these funds were being reported in AASIS, and some of these funds may have been maintained outside of the State's accounting system for several years.

These accounts appear to be unappropriated "cash funds." Ark. Code Ann. § 19-4-801 defines *cash funds* as all monies, negotiable instruments, certificates of indebtedness, stocks, and bonds held by or owned by any state agency that are not on deposit with or in the trust of the Treasurer of State. The Agency did not comply with Ark. Code Ann. § 19-4-802, which requires that cash funds be budgeted and proposed expenditures be approved by the General Assembly; transactions be recorded in the State's financial management system in accordance with procedures established by the Chief Fiscal Officer of the State; and cash balances be invested in accordance with State Board of Finance policies. It was also noted that supporting documentation detailing receipts and expenditures was inadequate. Since these transactions were not recorded in AASIS, financial information produced by the State's accounting system, such as ending balances, revenues, and expenditures, was understated for many years. The following types of accounts were identified:

- Approximately 33 separate bank accounts for various Career and Technical Student Organizations were being maintained by Agency personnel who were serving as program advisors. As of September 25, 2015, the balance of these accounts was \$1,145,281. State employees directly influence the use of these funds. The checks and related expense documents are mailed or delivered directly

Recommendations

We recommend the Agency strengthen internal controls to ensure all funds are maintained in AASIS and comply with all laws and regulations related to budgeting, travel, and purchasing regulations. We also recommend the Agency seek assistance from the Department of Finance and Administration regarding properly recording the Career and Technical Student Organizations in AASIS.

Agency's Response:

Agency staff met with the Department of Finance and Administration, and we are following their recommendations to ensure proper procedures are in place.

- Accounts for Career and Technical Student Organizations will no longer be maintained by Agency employees or held on state property. The newly established Arkansas Student Leadership Center, whose board will consist of a representative from the board of each student organization, will manage the budgets of the student organizations. Center employees will maintain the fiscal accounts of the student organizations and plan the local, regional, district, state, and national conferences for each student organization. Agency staff will continue to serve as State Advisors of the organizations, leading the curriculum components.
- The accounts for professional development training will now be recorded in the Agency's accounting records through AASIS, complying with Arkansas Code Title 19, Chapter 4, Subchapter 8.
- National dues payments for July 1, 2015 - June 30, 2016, did not include payments above the amount required for dues. The Agency has ceased this practice.

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

Findings

Recommendations

to the Agency, and the checkbooks are maintained on state property. These accounts are funded by student dues and fees, which are charged for membership and participation in particular student organizations. Revenues are collected for and expenses paid from these accounts for the student organizations' activities. Also, these funds are used to pay for Agency employees' travel expenses and other expenses related to the respective organizations, thus circumventing both state travel regulations and budget constraints.

- Nine operating accounts totaling \$189,255 as of September 1, 2015, were maintained at Arch Ford Education Service Cooperative for sponsoring professional development for the Agency's Career and Technical division. These accounts are used to collect money on behalf of the Agency from participants attending professional training, and the funds are expended for professional development items and speakers. These payments are circumventing both state purchasing laws as well as budget constraints.

- The Agency has made extra cash deposits with three outside organizations, above and beyond the required national dues, to fund travel and other related expenses. One organization ceased this practice at the end of 2013 and applied the remaining \$2,722 to the Agency's annual national dues. Two organizations were each sent extra amounts in the annual dues payments totaling anywhere from \$10,000 to \$25,000 per year for professional development in fiscal years 2013 and 2014. Most of these funds were paid out of general revenue at year-end and, thus, were not subject to being reclaimed. The Agency then sent travel reimbursement requests to those entities, circumventing both state travel regulations and budget constraints. Also, food costs for a senior management retreat were paid from one of these accounts. The Agency also disbursed funds as assistance, grants, and aid to Wilbur D. Mills Educational Services Cooperative to fund Jobs for America's Graduates Technical Assistant Coordinator and disbursed to the Cooperative an extra \$20,000 in fiscal years 2013 and 2014 for professional development. Once again, the extra funding was for the Agency's travel-related expenses and was paid out of general revenue before year-end; therefore, the funding was not subject to being reclaimed.

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

Findings

Review of Selected Federal Awards

For the Year Ended June 30, 2014

Arkansas Department of Career Education

Career and Technical Education - Basic Grants to States (Perkins Grant)

Activities Allowed or Unallowed; Allowable Costs/Cost Principles;

Cash Management - Intra-Agency Transfers

In accordance with 34 CFR § 80.22(a), use of grant funds is limited to the allowable costs of the grantee, subgrantee, or contractor. In addition, use of the Perkins Grant is restricted to costs related to developing the academic, career, and technical skills of secondary and post-secondary students who elect to enroll in career and technical education programs.

ALA staff review of Agency transfers revealed the Agency improperly transferred Perkins Grant funds to three other federal program grant accounts to meet payroll obligations of those federal programs. These transfers are not an authorized use of the Perkins Grant or any other federal program grant and are an improper use of federal funds.

Six transfers totaling \$21,000 were improperly made to the following federal program grant accounts:

- WIA Incentive Grants (CFDA 17.267).
- College Access Challenge Grant Program (CFDA 84.378).
- Temporary Assistance for Needy Families (CFDA 93.558).

Agency personnel stated that all funds “borrowed” were paid (transferred) back to the original federal program grant account, which ALA staff confirmed.

Subrecipient Monitoring

ALA staff reviewed subrecipient reimbursement requests, totaling \$1,699,390, to determine if costs were allowable (2 CFR § 225, Appendix A) and if sufficient, appropriate evidence was maintained to support the reimbursement requests (34 CFR

Recommendations

Recommendation

ALA staff recommend the Agency immediately cease transferring monies between federal program grant accounts.

Management Response: The Agency has transferred funds between federal program grant accounts since the transfers outlined above and will make no such transfers in the future.

Recommendation

ALA staff recommend the Agency review and strengthen existing controls to ensure that subrecipient reimbursement requests contain sufficient, appropriate evidence prior

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

Findings

§ 80.40). In addition to federal code, the Agency has prepared a Perkins Grants Manual that subrecipients are required to follow to ensure compliance. This review revealed six instances, totaling \$49,967, for which sufficient, appropriate evidence was not provided by the subrecipient for salaries, travel, administrative, and other miscellaneous activities. Lack of adequate management review of the subrecipient reimbursement requests led to the six exceptions noted.

Recommendations

to processing the reimbursement.

Management Response: The Agency has reviewed reimbursement procedures and has strengthened the procedures listed in the Arkansas Department of Career Education Perkins Manual. Communication has been sent to the subrecipients concerning updated internal control procedures.

Performance Audit Findings

DEPARTMENT OF CAREER EDUCATION

Findings and Conclusions:

Subrecipient Monitoring

ALA staff reviewed subrecipient reimbursement requests, totaling \$1,699,390, to determine if costs were allowable (2 CFR § 225, Appendix A) and if sufficient, appropriate evidence was maintained to support the reimbursement requests (34 CFR § 80.40). In addition to federal code, the Agency has prepared a Perkins Grants Manual that subrecipients are required to follow to ensure compliance. This review revealed six instances, totaling \$49,967, for which sufficient, appropriate evidence was not provided by the subrecipient for salaries, travel, administrative, and other miscellaneous activities. Lack of adequate management review of the subrecipient reimbursement requests led to the six exceptions noted.

Recommendations:

Recommendation

ALA staff recommend the Agency review and strengthen existing controls to ensure that subrecipient reimbursement requests contain sufficient, appropriate evidence prior to processing the reimbursement.

Management Response: The Agency has reviewed reimbursement procedures and has strengthened the procedures listed in the Arkansas Department of Career Education Perkins Manual. Communication has been sent to the subrecipients concerning updated internal control procedures.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	16	32	48	63 %
Black Employees	5	20	25	33 %
Other Racial Minorities	1	2	3	4 %
	Total Minorities		28	37 %
	Total Employees		76	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
1500200	\$325,270	Checking, Money Market	Simmons First National Bank

Statutory/Other Restrictions on use:

A.C.A. 24-7-904 establishes that the Agency has the authority to administer retirement plans and authorities such functions as may be reasonable appropriate.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 24-7-908 authorizes collection of contributions to plans established under the authority of the Agency.

Revenue Receipts Cycle:

Received at irregular intervals throughout the year.

Fund Balance Utilization:

To be used for operations of the Alternate Retirement Plan.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Report of the Office of Skills Development activities and expenditures for the preceding calendar year.	A.C.A. § 25-30-109 (c)	Y	Y	0	Required- A.C.A. § 25-30-109 (c). Hardcopy available upon request.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
179 High-Tech Scholarship Program	8,250	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0
200 Vocational Start-Up Grants	2,369,876	0	2,370,000	0	2,370,000	0	2,370,000	0	7,070,000	0	2,370,000	0	2,370,000	0	7,070,000	0	2,370,000	0
201 Vocational Center Aid	20,274,280	0	20,436,383	0	20,436,383	0	20,436,383	0	20,436,383	0	20,436,383	0	20,436,383	0	20,436,383	0	20,436,383	0
35S Housing Construction Program	0	0	329,613	0	329,613	0	329,613	0	329,613	0	329,613	0	329,613	0	329,613	0	329,613	0
427 Governor's Commission on Adult Literacy	780,298	1	769,218	1	793,688	1	769,234	1	769,234	1	769,234	1	769,234	1	769,234	1	769,234	1
453 Adult Basic & General Education	19,631,329	0	19,860,569	0	19,860,569	0	19,860,569	0	20,920,569	0	19,860,569	0	19,860,569	0	20,920,569	0	19,860,569	0
640 Vo Tech Admin-Operations	6,345,295	56	6,698,035	58	6,674,637	58	6,702,131	58	6,702,131	58	6,702,131	58	6,703,049	58	6,703,049	58	6,703,049	58
641 Fed Voc Educ-Operations	11,372,686	11	16,535,791	18	19,592,925	18	16,536,613	18	16,036,613	18	15,883,168	15	16,536,613	18	16,036,613	18	15,883,168	15
644 Adult Basic Education	448,009	7	550,069	9	540,134	9	551,167	9	551,167	9	551,167	9	551,289	9	551,289	9	551,289	9
645 Fed-Adult Basic Education	5,346,821	3	8,292,042	2	8,292,042	2	8,293,166	2	8,293,166	2	8,293,166	2	8,293,166	2	8,293,166	2	8,293,166	2
647 Fed Equipment & Training-Operations	1,376	0	14,800	0	14,800	0	14,800	0	14,800	0	14,800	0	14,800	0	14,800	0	14,800	0
649 Fed-Veteran's Approving Agency	275,618	4	308,794	4	307,159	4	308,904	4	308,904	4	308,904	4	309,149	4	309,149	4	309,149	4
681 Coordinated Career Education Services	1,119,374	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0
755 Construction Craft	811,523	1	885,928	1	885,485	1	885,958	1	885,958	1	885,958	1	885,958	1	885,958	1	885,958	1
82V LESO Program	12,090	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
A88 Alternate Retirement Plan	18,193	0	122,520	0	122,522	0	122,520	0	122,520	0	122,520	0	122,520	0	122,520	0	122,520	0
F48 AR Works - School Districts	892,175	0	86,000	0	1,537,500	0	86,000	0	0	0	0	0	86,000	0	0	0	0	0
F86 GED Testing	277,000	0	1,870,000	0	1,870,000	0	1,870,000	0	788,326	0	788,326	0	1,870,000	0	788,326	0	788,326	0
M77 Career Coaches Public School Fund	222,147	1	857,794	1	972,753	1	857,812	1	2,653,812	1	857,812	1	857,812	1	2,653,812	1	857,812	1
N61 Office of Skills Development	1,301,448	1	26,530,242	2	32,526,669	2	26,330,505	2	26,330,505	2	26,330,505	2	26,330,505	2	26,330,505	2	26,330,505	2
Total	71,507,788	84	107,722,231	95	118,331,312	95	107,529,808	95	113,418,134	95	105,708,689	92	107,531,093	95	113,419,419	95	105,709,974	92

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	5,742,918	5.9	26,036,163	23.7			2,268,427	2.6	2,268,427	2.4	2,268,427	2.7	1,748,866	2.0	1,883,781	2.0	1,748,866	2.1
General Revenue	4000010	4,376,507	4.5	4,790,510	4.4			4,834,623	5.6	4,834,623	5.1	4,834,623	5.7	4,835,663	5.7	4,835,663	5.1	4,835,663	5.7
Federal Revenue	4000020	16,989,235	17.4	25,108,469	22.9			25,119,179	29.2	24,619,179	26.0	24,465,734	28.7	25,121,921	29.4	24,621,921	26.1	24,468,476	28.9
Special Revenue	4000030	740,094	0.8	650,000	0.6			670,000	0.8	670,000	0.7	670,000	0.8	640,000	0.7	640,000	0.7	640,000	0.8
Cash Fund	4000045	960,885	1.0	55,000	0.1			53,700	0.1	53,700	0.1	53,700	0.1	53,065	0.1	53,065	0.1	53,065	0.1
Merit Adjustment Fund	4000055	0	0.0	38,919	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DFA Motor Vehicle Acquisition	4000184	20,203	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Educational Excellence Fund	4000220	16,054,750	16.5	16,843,433	15.4			16,843,433	19.6	16,843,433	17.8	16,843,433	19.7	16,843,433	19.7	16,843,433	17.9	16,843,433	19.9
Inter-agency Fund Transfer	4000316	13,160,608	13.5	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	540	0.0	800	0.0			800	0.0	800	0.0	800	0.0	800	0.0	800	0.0	800	0.0

Funding Sources			%		%		%		%		%		%		%
Miscellaneous Adjustments	4000345	170,886	0.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer From DWS	4000527	2,500,000	2.6	2,500,000	2.3	2,500,000	2.9	2,500,000	2.6	2,500,000	2.9	2,500,000	2.9	2,500,000	3.0
Workforce 2000	4000740	4,862,870	5.0	1,386,513	1.3	1,386,513	1.6	1,386,513	1.5	1,386,513	1.6	1,386,513	1.6	1,386,513	1.6
Career Ed PSF	4000745	31,964,455	32.8	32,261,311	29.4	32,261,327	37.5	41,463,465	43.8	32,261,327	37.8	32,261,327	37.8	41,463,465	38.1
Total Funds		97,543,951	100.0	109,671,118	100.0	85,938,002	100.0	94,640,140	100.0	85,284,557	100.0	85,391,588	100.0	94,228,641	100.0
Excess Appropriation/(Funding)		(26,036,163)		(1,948,887)		21,591,806		18,777,994		20,424,132		22,139,505		19,190,778	
Grand Total		71,507,788		107,722,231		107,529,808		113,418,134		105,708,689		107,531,093		113,419,419	

Variance in fund balance due to unfunded appropriation.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
93	78	15	93	0	16.13 %	96	77	22	99	-3	19.79 %	96	76	20	96	0	20.83 %

FY16 budgeted positions exceed authorized number of positions due to transfers from the Miscellaneous Federal Grant Holding Account.

Analysis of Budget Request

Appropriation: 179 - High-Tech Scholarship Program

Funding Sources: EGB - Career Education Fund

Scholarships are awarded to eligible students who are state residents attending Arkansas educational institutions as required under A.C.A. § 6-82-401 et seq. Scholarships of \$500 shall be awarded for one (1) academic year and may be renewed annually for up to three (3) years. For FY16, fifteen (15) full scholarships and three (3) half scholarships were awarded. This a general revenue funded appropriation.

The Agency Request is for Base Level of \$10,000 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 179 - High-Tech Scholarship Program

Funding Sources: EGB - Career Education Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Scholarships 5100030	8,250	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	8,250	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Funding Sources									
General Revenue 4000010	8,250	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Total Funding	8,250	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	8,250	10,000		10,000	10,000	10,000	10,000	10,000	10,000

Analysis of Budget Request

Appropriation: 200 - Vocational Start-Up Grants

Funding Sources: JWE - Career Education Public School Fund

Vocational start up grants are awarded to schools to purchase capital equipment, non-consumable supplies, and program software to start newly approved vocational programs of the occupational program areas, support the minimum required equipment to meet program standards, and support short-term adult skills training classes. This program is funded by the Career Education Public School Fund.

The Base Level Request is \$2,370,000 for each year of the 2017-2019 Biennium.

The Agency Request is for a Change Level increase of \$4,700,000 each year as follows:

- Grants and Aid of \$4,700,000 to meet the needs of school districts and to develop and implement new high-skill, high-wage programs. New programs and equipment requests averaged \$6 million per year for the past seven (7) years.

The Executive recommendation provides for Base Level.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	2,369,876	2,370,000	2,370,000	2,370,000	7,070,000	2,370,000	2,370,000	7,070,000	2,370,000
Total	2,369,876	2,370,000	2,370,000	2,370,000	7,070,000	2,370,000	2,370,000	7,070,000	2,370,000
Funding Sources									
Career Ed PSF 4000745	2,369,876	2,370,000		2,370,000	7,070,000	2,370,000	2,370,000	7,070,000	2,370,000
Total Funding	2,369,876	2,370,000		2,370,000	7,070,000	2,370,000	2,370,000	7,070,000	2,370,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,369,876	2,370,000		2,370,000	7,070,000	2,370,000	2,370,000	7,070,000	2,370,000

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,370,000	0	2,370,000	100.0	2,370,000	0	2,370,000	100.0
C01	Existing Program	4,700,000	0	7,070,000	298.3	4,700,000	0	7,070,000	298.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,370,000	0	2,370,000	100.0	2,370,000	0	2,370,000	100.0
C01	Existing Program	0	0	2,370,000	100.0	0	0	2,370,000	100.0

Justification

C01	<p>Vocational Start-Up Grants and Aids, Fund Center 200: Most recent funding increase – 1995. Received requests to fund new programs and equipment averaging \$6 million per year for the past 7 years. Due to lack of funding and appropriation, only \$2.3 million has been approved. To meet the needs of school districts and to develop and implement new high-skill, high-wage programs, an increase in funding and appropriation in the amount of \$4.7 million per year is requested. While this increase will provide funding for new programs, it doesn't adequately address the need for outdated and obsolete equipment. Although many of those programs have operated for decades, they have not received state funds to replace and upgrade equipment since the 1999-2000 school year. Federal funds cannot be used for equipment replacement purposes. As a result of the absence of any state or federal funds for equipment replacement, local school districts have been required to upgrade outdated equipment with local funding sources.</p>								
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Analysis of Budget Request

Appropriation: 201 - Vocational Center Aid

Funding Sources: JWE - Career Education Public School Fund

Distribution of aid to vocational centers, in a partnership with public high schools and two-year colleges, is based upon full-time equivalency under the rules and regulations of the State Board. Vocational centers provide high school students affordable training for entry-level skills in areas where employment opportunities exist or need to be developed. Programs are approved on the basis of student interest and local economic development opportunities. This program is funded by the Career Education Public School Fund.

The Agency Request is for Base Level of \$20,436,383 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 201 - Vocational Center Aid

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,274,280	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383
Total		20,274,280	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383
Funding Sources										
Career Ed PSF	4000745	20,274,280	20,436,383		20,436,383	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383
Total Funding		20,274,280	20,436,383		20,436,383	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		20,274,280	20,436,383		20,436,383	20,436,383	20,436,383	20,436,383	20,436,383	20,436,383

Analysis of Budget Request

Appropriation: 35S - Housing Construction Program

Funding Sources: MTR - Building Trades Revolving Fund

This revolving loan program allows the Department of Career Education to make loans available to secondary area technical centers or comprehensive lifelong learning centers to purchase lots, building materials, supplies, and fixtures necessary to construct dwellings on such lots as set out in A.C.A. § 6-51-501 et seq. Funds are appropriated for the building trades program from the sale of dwelling units or other building projects constructed under the provisions of § 6-51-501 et seq.

The Agency Request is for Base Level of \$329,613 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35S - Housing Construction Program

Funding Sources: MTR - Building Trades Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	0	329,613	329,613	329,613	329,613	329,613	329,613	329,613	329,613
Total	0	329,613	329,613	329,613	329,613	329,613	329,613	329,613	329,613
Funding Sources									
Fund Balance 4000005	329,613	329,613		329,613	329,613	329,613	329,613	329,613	329,613
Total Funding	329,613	329,613		329,613	329,613	329,613	329,613	329,613	329,613
Excess Appropriation/(Funding)	(329,613)	0		0	0	0	0	0	0
Grand Total	0	329,613		329,613	329,613	329,613	329,613	329,613	329,613

Expenditure of appropriation is contingent upon available funding carried forward from the previous year.

Analysis of Budget Request

Appropriation: 427 - Governor's Commission on Adult Literacy

Funding Sources: JWE - Career Education Public School Fund

Grants from the Governor's Commission on Adult Literacy are awarded to literacy councils. This program is funded by the Career Education Public School Fund.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$769,234 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 427 - Governor's Commission on Adult Literacy

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	24,644	27,499	26,410	27,499	27,499	27,499	27,499	27,499	27,499
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	8,646	8,472	9,031	8,488	8,488	8,488	8,488	8,488	8,488
Operating Expenses	5020002	46,090	52,242	52,242	52,242	52,242	52,242	52,242	52,242	52,242
Conference & Travel Expenses	5050009	918	6,005	6,005	6,005	6,005	6,005	6,005	6,005	6,005
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	700,000	675,000	700,000	675,000	675,000	675,000	675,000	675,000	675,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		780,298	769,218	793,688	769,234	769,234	769,234	769,234	769,234	769,234
Funding Sources										
Career Ed PSF	4000745	780,298	769,218		769,234	769,234	769,234	769,234	769,234	769,234
Total Funding		780,298	769,218		769,234	769,234	769,234	769,234	769,234	769,234
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		780,298	769,218		769,234	769,234	769,234	769,234	769,234	769,234

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 453 - Adult Basic & General Education

Funding Sources: JWE - Career Education Public School Fund

This Adult Basic and General Education program provides grants for educating those adults with less than a high school equivalency and for retraining those already in the workforce. Adult education serves learners through adult basic education classes designed for adults functioning up to the 8th grade level. General adult education classes prepare adults who score at the 9th to 12th grade levels. This program is funded by the Career Education Public School Fund.

The Base Level Request is \$19,860,569 for each year of the 2017-2019 Biennium.

The Agency Requests a Change Level increase of \$1,060,000 for each year as follows:

- Grants and Aid of \$1,060,000 for an additional 36 teachers to staff the programs offered throughout the state. There has been no funding increase since 1992, despite increases in teacher salaries, operating expenses, and administrative costs. This has resulted in a reduction in the number of teachers, classes, and instructional materials and equipment.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 453 - Adult Basic & General Education

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	19,631,329	19,860,569	19,860,569	19,860,569	20,920,569	19,860,569	19,860,569	20,920,569	19,860,569
Total		19,631,329	19,860,569	19,860,569	19,860,569	20,920,569	19,860,569	19,860,569	20,920,569	19,860,569
Funding Sources										
Fund Balance	4000005	0	170,886		170,886	170,886	170,886	170,886	170,886	170,886
Educational Excellence Fund	4000220	12,348,673	12,294,292		12,294,292	12,294,292	12,294,292	12,294,292	12,294,292	12,294,292
Miscellaneous Adjustments	4000345	170,886	0		0	0	0	0	0	0
Career Ed PSF	4000745	7,282,656	7,566,277		7,566,277	8,626,277	7,566,277	7,566,277	8,626,277	7,566,277
Total Funding		19,802,215	20,031,455		20,031,455	21,091,455	20,031,455	20,031,455	21,091,455	20,031,455
Excess Appropriation/(Funding)		(170,886)	(170,886)		(170,886)	(170,886)	(170,886)	(170,886)	(170,886)	(170,886)
Grand Total		19,631,329	19,860,569		19,860,569	20,920,569	19,860,569	19,860,569	20,920,569	19,860,569

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	19,860,569	0	19,860,569	100.0	19,860,569	0	19,860,569	100.0
C01	Existing Program	1,060,000	0	20,920,569	105.3	1,060,000	0	20,920,569	105.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	19,860,569	0	19,860,569	100.0	19,860,569	0	19,860,569	100.0
C01	Existing Program	0	0	19,860,569	100.0	0	0	19,860,569	100.0

Justification

C01	Full-Time Teachers for Adult Education Centers, Fund Center 453: Most recent funding increase – 1992. There has been no increase in funding since 1992, despite sharp increases in administrative costs, teacher salaries, and general operating costs. This disparity has resulted in a steady reduction in services to the citizens of Arkansas and an inability to meet the growing need for basic academic skills instruction. In many parts of the state, local programs have had to reduce the number of teachers, classes, sites, and instructional materials and equipment. Additionally, many full-time positions have been reduced to part-time, often resulting in instructional staff turnover and diminishing the number of adults that can be served. An investment in adult basic and general education will provide greater access to quality instruction in all 75 counties. To ensure that Arkansas citizens are educated and trained in order to provide a skilled workforce for current and potential employers, an increase in funding and appropriation in the amount of \$1.06 million per year is requested. This will provide for an additional 36 teachers for the programs offered.
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Analysis of Budget Request

Appropriation: 640 - Vo Tech Admin-Operations

Funding Sources: EGB - Career Education Fund

This appropriation supports the administrative functions of the Department of Career Education. Programs such as the Plumbing Apprenticeship program, is included in the activities of this appropriation. In addition to general revenue, Educational Excellence funds are used to provide support.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments to eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency Request is for Base Level of \$6,702,131 for FY18 and \$6,703,049 for FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 640 - Vo Tech Admin-Operations

Funding Sources: EGB - Career Education Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,943,222	3,094,159	3,064,359	3,095,475	3,095,475	3,095,475	3,095,875	3,095,875	3,095,875
#Positions	56	58	58	58	58	58	58	58	58
Extra Help 5010001	5,773	13,923	13,541	13,923	13,923	13,923	13,923	13,923	13,923
#Extra Help	1	69	69	69	69	69	69	69	69
Personal Services Matching 5010003	965,687	959,873	966,657	962,653	962,653	962,653	963,171	963,171	963,171
Operating Expenses 5020002	773,996	979,873	979,873	979,873	979,873	979,873	979,873	979,873	979,873
Conference & Travel Expenses 5050009	22,970	36,251	36,251	36,251	36,251	36,251	36,251	36,251	36,251
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	20,203	0	0	0	0	0	0	0	0
Apprenticeship Program 5900047	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456
Motor Vehicle Education Prgm 5900048	1,988	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total	6,345,295	6,698,035	6,674,637	6,702,131	6,702,131	6,702,131	6,703,049	6,703,049	6,703,049
Funding Sources									
General Revenue 4000010	2,619,015	2,938,327		2,972,223	2,972,223	2,972,223	2,973,141	2,973,141	2,973,141
Merit Adjustment Fund 4000055	0	29,800		0	0	0	0	0	0
DFA Motor Vehicle Acquisition 4000184	20,203	0		0	0	0	0	0	0
Educational Excellence Fund 4000220	3,706,077	3,729,908		3,729,908	3,729,908	3,729,908	3,729,908	3,729,908	3,729,908
Total Funding	6,345,295	6,698,035		6,702,131	6,702,131	6,702,131	6,703,049	6,703,049	6,703,049
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	6,345,295	6,698,035		6,702,131	6,702,131	6,702,131	6,703,049	6,703,049	6,703,049

FY17 Budget amount in Regular Salaries and Extra Help exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 641 - Fed Voc Educ-Operations

Funding Sources: FEV - Federal Vocational Education

This is the federal counterpart to the Vo Tech Administration-Operations appropriation (640); together they serve as the basis of administrative support for the agency. Funds are provided by the U.S. Department of Education through the Vocational Education-Basic Grants to States (PL 109-270 1 Carl D. Perkins Career and Technical Education Act of 2006. 20 U.S.C. 2301 et seq.).

The Vo Tech Administration-Operations appropriation (640) provides the match to the 5% administrative funds in the Carl Perkins Basic Grant.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total state match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$16,536,613 for each year of the 2017-2019 Biennium.

The Agency Requests a Change Level reduction of \$500,000 each year as follows:

- Grants and Aid reduction of \$500,000 due to reduction of federal grants from the Department of Higher Education for adult education programs.

The Executive Recommendation provides for the Agency Request; and subsequent to the Agency's Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects a reduction of three (3) positions based on the personnel evaluations.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	475,542	720,174	908,515	720,774	720,774	607,147	720,774	720,774	607,147
#Positions	11	18	18	18	18	15	18	18	15
Extra Help 5010001	0	13,923	14,305	13,923	13,923	13,923	13,923	13,923	13,923
#Extra Help	0	4	4	4	4	4	4	4	4
Personal Services Matching 5010003	180,280	248,084	310,152	248,306	248,306	208,488	248,306	248,306	208,488
Operating Expenses 5020002	278,632	666,755	1,673,381	666,755	666,755	666,755	666,755	666,755	666,755
Conference & Travel Expenses 5050009	39,734	46,175	46,175	46,175	46,175	46,175	46,175	46,175	46,175
Professional Fees 5060010	9,911	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	10,388,587	14,740,680	16,540,397	14,740,680	14,240,680	14,240,680	14,740,680	14,240,680	14,240,680
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	11,372,686	16,535,791	19,592,925	16,536,613	16,036,613	15,883,168	16,536,613	16,036,613	15,883,168
Funding Sources									
Federal Revenue 4000020	11,372,686	16,535,791		16,536,613	16,036,613	15,883,168	16,536,613	16,036,613	15,883,168
Total Funding	11,372,686	16,535,791		16,536,613	16,036,613	15,883,168	16,536,613	16,036,613	15,883,168
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	11,372,686	16,535,791		16,536,613	16,036,613	15,883,168	16,536,613	16,036,613	15,883,168

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	16,536,613	18	16,536,613	100.0	16,536,613	18	16,536,613	100.0
C03	Discontinue Program	(500,000)	0	16,036,613	97.0	(500,000)	0	16,036,613	97.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	16,536,583	18	16,536,583	100.0	16,536,583	18	16,536,583	100.0
C03	Discontinue Program	(500,000)	0	16,036,583	97.0	(500,000)	0	16,036,583	97.0
C13	Not Recommended	(39,788)	0	15,996,795	96.7	(39,788)	0	15,996,795	96.7
C19	Executive Changes	(113,627)	(3)	15,883,168	96.0	(113,627)	(3)	15,883,168	96.0

Justification

C03	The Agency requests a decrease in Grants and Aid of \$500,000 due to discontinuation of federal grants from the Department of Higher Education for Adult Education programs.
C19	Subsequent to Agency's Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects position reductions based on the personnel evaluation.

Analysis of Budget Request

Appropriation: 644 - Adult Basic Education

Funding Sources: EGB - Career Education Fund

Administration of the State's adult education programs is provided through this appropriation. These programs are generally found in adult education centers, community colleges, post-secondary vocational institutions, and area high schools. This appropriation is funded by general revenue.

Base Level Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total state match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$551,167 for FY18 and \$551,289 for FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 644 - Adult Basic Education
Funding Sources: EGB - Career Education Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	317,726	396,122	392,990	396,812	396,812	396,812	396,912	396,912	396,912
#Positions	7	9	9	9	9	9	9	9	9
Personal Services Matching 5010003	105,977	129,440	122,637	129,848	129,848	129,848	129,870	129,870	129,870
Operating Expenses 5020002	24,306	24,507	24,507	24,507	24,507	24,507	24,507	24,507	24,507
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	448,009	550,069	540,134	551,167	551,167	551,167	551,289	551,289	551,289
Funding Sources									
General Revenue 4000010	448,009	540,950		551,167	551,167	551,167	551,289	551,289	551,289
Merit Adjustment Fund 4000055	0	9,119		0	0	0	0	0	0
Total Funding	448,009	550,069		551,167	551,167	551,167	551,289	551,289	551,289
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	448,009	550,069		551,167	551,167	551,167	551,289	551,289	551,289

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 645 - Fed-Adult Basic Education

Funding Sources: FEA - Federal Adult Basic Education

This appropriation is used for administration of federal adult education programs. The U.S. Department of Education provides funding and requires a 25% State match. The match requirement is provided by the Adult Basic Education appropriation (644), as well as Public School Funds received by the Agency.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments to eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for at Cost of Living Adjustment or Merit Pay Increases. The Base Level of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

The Agency Request is for Base Level of \$8,293,166 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 645 - Fed-Adult Basic Education

Funding Sources: FEA - Federal Adult Basic Education

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	146,465	148,765	76,472	149,596	149,596	149,596	149,596	149,596	149,596
#Positions		3	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	44,520	41,450	27,624	41,743	41,743	41,743	41,743	41,743	41,743
Operating Expenses	5020002	6	77,467	77,467	77,467	77,467	77,467	77,467	77,467	77,467
Conference & Travel Expenses	5050009	16,276	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200
Professional Fees	5060010	0	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	5,139,554	7,990,160	8,076,279	7,990,160	7,990,160	7,990,160	7,990,160	7,990,160	7,990,160
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		5,346,821	8,292,042	8,292,042	8,293,166	8,293,166	8,293,166	8,293,166	8,293,166	8,293,166
Funding Sources										
Federal Revenue	4000020	5,346,821	8,292,042		8,293,166	8,293,166	8,293,166	8,293,166	8,293,166	8,293,166
Total Funding		5,346,821	8,292,042		8,293,166	8,293,166	8,293,166	8,293,166	8,293,166	8,293,166
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		5,346,821	8,292,042		8,293,166	8,293,166	8,293,166	8,293,166	8,293,166	8,293,166

Analysis of Budget Request

Appropriation: 647 - Fed Equipment & Training-Operations

Funding Sources: FEM - Federal Equipment & Training Operations

This appropriation is used for inventory control and is funded from Marketing & Redistribution (M&R) Proceeds from the sale of equipment purchased with federal funds.

The Agency Request is for Base Level of \$14,800 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 647 - Fed Equipment & Training-Operations
Funding Sources: FEM - Federal Equipment & Training Operations

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	1,376	0	0	0	0	0	0	0	0
Total		1,376	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
Funding Sources										
Fund Balance	4000005	20,200	19,364		5,364	5,364	5,364	0	0	0
M & R Sales	4000340	540	800		800	800	800	800	800	800
Total Funding		20,740	20,164		6,164	6,164	6,164	800	800	800
Excess Appropriation/(Funding)		(19,364)	(5,364)		8,636	8,636	8,636	14,000	14,000	14,000
Grand Total		1,376	14,800		14,800	14,800	14,800	14,800	14,800	14,800

FY16 Capital Outlay appropriation and expenditure authorized under ACA § 22-8-206 regarding sales tax payment for vehicle purchases.

Analysis of Budget Request

Appropriation: 649 - Fed-Veteran's Approving Agency

Funding Sources: FEW - Federal Veteran's Approving Agency

Educational programs or courses offered at a school or training facility other than an installation of the federal government must be approved by the Arkansas State Approving Agency before an eligible veteran, service person, or eligible dependent can receive education benefits. The Approving Agency evaluates public and private schools, as well as specialized training programs, such as apprenticeship and on-the-job training programs. Funding is provided by the U.S. Veterans Administration.

Base Level Salaries and Personal Services Matching includes the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$308,904 for FY18 and \$309,149 for FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 649 - Fed-Veteran's Approving Agency

Funding Sources: FEW - Federal Veteran's Approving Agency

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	193,071	184,846	183,035	184,846	184,846	184,846	185,046	185,046	185,046
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	62,662	60,179	60,355	60,289	60,289	60,289	60,334	60,334	60,334
Operating Expenses	5020002	12,488	53,546	53,546	53,546	53,546	53,546	53,546	53,546	53,546
Conference & Travel Expenses	5050009	7,397	9,623	9,623	9,623	9,623	9,623	9,623	9,623	9,623
Professional Fees	5060010	0	600	600	600	600	600	600	600	600
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		275,618	308,794	307,159	308,904	308,904	308,904	309,149	309,149	309,149
Funding Sources										
Fund Balance	4000005	479,398	473,508		445,350	445,350	445,350	425,846	425,846	425,846
Federal Revenue	4000020	269,728	280,636		289,400	289,400	289,400	292,142	292,142	292,142
Total Funding		749,126	754,144		734,750	734,750	734,750	717,988	717,988	717,988
Excess Appropriation/(Funding)		(473,508)	(445,350)		(425,846)	(425,846)	(425,846)	(408,839)	(408,839)	(408,839)
Grand Total		275,618	308,794		308,904	308,904	308,904	309,149	309,149	309,149

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 681 - Coordinated Career Education Services

Funding Sources: JWE - Career Education Public School Fund

Coordinated Career Education Services provides grants to career education programs in which special needs students attend academic classes in the morning and work in the afternoon. Special needs programs provide projects and adaptive equipment for secondary and post-secondary career and technical education students with disabilities and vocational counselors at secondary area vocational centers. Funding is provided by the Career Education Public School Fund.

The Agency Request is for Base Level of \$1,119,433 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 681 - Coordinated Career Education Services

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	1,119,374	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Total	1,119,374	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Funding Sources									
Career Ed PSF 4000745	1,119,374	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Total Funding	1,119,374	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,119,374	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433

Analysis of Budget Request

Appropriation: 755 - Construction Craft

Funding Sources: TCI - Construction Industry Craft Training Trust Fund

This appropriation is funded by a \$0.50 surcharge per each one thousand dollars (\$1,000) of construction authorized on any nonresidential construction permit issued by any political subdivision of the state. The maximum surcharge for any construction project permitted is one thousand dollars (\$1,000). The State Apprenticeship Coordination Steering Committee is authorized to develop a plan to include, but not limited to, formulas and administrative procedures to be used in distribution of funds to construction craft training programs.

Base Level Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$885,958 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 755 - Construction Craft

Funding Sources: TCI - Construction Industry Craft Training Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	52,694	50,463	49,971	50,463	50,463	50,463	50,463	50,463	50,463
#Positions	1	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	16,639	15,965	16,014	15,995	15,995	15,995	15,995	15,995	15,995
Operating Expenses 5020002	4	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Conference & Travel Expenses 5050009	0	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	742,186	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	811,523	885,928	885,485	885,958	885,958	885,958	885,958	885,958	885,958
Funding Sources									
Fund Balance 4000005	1,041,823	970,394		734,466	734,466	734,466	518,508	518,508	518,508
Special Revenue 4000030	740,094	650,000		670,000	670,000	670,000	640,000	640,000	640,000
Total Funding	1,781,917	1,620,394		1,404,466	1,404,466	1,404,466	1,158,508	1,158,508	1,158,508
Excess Appropriation/(Funding)	(970,394)	(734,466)		(518,508)	(518,508)	(518,508)	(272,550)	(272,550)	(272,550)
Grand Total	811,523	885,928		885,958	885,958	885,958	885,958	885,958	885,958

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 82V - LESO Program

Funding Sources: NCE - Cash in Treasury

The Law Enforcement Safety Office (LESO) program assists local law enforcement agencies in acquisition of federal property for qualified participants to assist them in performing their mission with special emphasis given to counter drug and counter terrorism. The Department collects a fee on each property transaction.

The Agency Request is for Base Level of \$75,000 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 82V - LESO Program

Funding Sources: NCE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Law Enforcement Safety Program 5900046	12,090	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total	12,090	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Funding Sources									
Fund Balance 4000005	255,418	265,083		210,083	210,083	210,083	153,583	153,583	153,583
Cash Fund 4000045	21,755	20,000		18,500	18,500	18,500	19,200	19,200	19,200
Total Funding	277,173	285,083		228,583	228,583	228,583	172,783	172,783	172,783
Excess Appropriation/(Funding)	(265,083)	(210,083)		(153,583)	(153,583)	(153,583)	(97,783)	(97,783)	(97,783)
Grand Total	12,090	75,000		75,000	75,000	75,000	75,000	75,000	75,000

Analysis of Budget Request

Appropriation: A88 - Alternate Retirement Plan

Funding Sources: 150 - Vo Tech Retirement

This appropriation provides for administration of various retirement plans available to their employees. Funding is provided by employee deductions and matching for retirement which are forwarded to the companies offering the retirement plans.

The Agency Request is for Base Level of \$122,520 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: A88 - Alternate Retirement Plan

Funding Sources: 150 - Vo Tech Retirement

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services Matching	5010003	18,135	110,220	110,222	110,220	110,220	110,220	110,220	110,220	110,220
Operating Expenses	5020002	58	12,300	12,300	12,300	12,300	12,300	12,300	12,300	12,300
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		18,193	122,520	122,522	122,520	122,520	122,520	122,520	122,520	122,520
Funding Sources										
Fund Balance	4000005	323,431	325,270		237,750	237,750	237,750	150,430	150,430	150,430
Cash Fund	4000045	20,032	35,000		35,200	35,200	35,200	33,865	33,865	33,865
Total Funding		343,463	360,270		272,950	272,950	272,950	184,295	184,295	184,295
Excess Appropriation/(Funding)		(325,270)	(237,750)		(150,430)	(150,430)	(150,430)	(61,775)	(61,775)	(61,775)
Grand Total		18,193	122,520		122,520	122,520	122,520	122,520	122,520	122,520

Analysis of Budget Request

Appropriation: F48 - AR Works - School Districts

Funding Sources: NCE - Cash in Treasury

The Department of Career Education is the administrative agency for the Arkansas Works Initiative for career coaches program. To support the career coach positions serving middle and high schools in twenty-one counties and the Little Rock school district, school districts submit a portion of the funding to the Department. The Department then reimburses the participating two-year colleges and cooperative education center in the form of grants, for costs associated with travel, training, supplies and services, utilizing this appropriation.

The Base Level Request is \$85,000 for each year of the 2017-2019 Biennium.

The Agency Request is for a Change Level reduction of \$86,000 each year as follows:

- Grants and Aid reduction of \$86,000 each year due to completion of this portion of the program and funds expended by the end of FY17. Any remaining/unused funds will be returned to the schools/districts by the end of FY17.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F48 - AR Works - School Districts

Funding Sources: NCE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	892,175	86,000	1,537,500	86,000	0	0	86,000	0	0
Total		892,175	86,000	1,537,500	86,000	0	0	86,000	0	0
Funding Sources										
Fund Balance	4000005	69,150	96,073		0	0	0	0	0	0
Cash Fund	4000045	919,098	0		0	0	0	0	0	0
Total Funding		988,248	96,073		0	0	0	0	0	0
Excess Appropriation/(Funding)		(96,073)	(10,073)		86,000	0	0	86,000	0	0
Grand Total		892,175	86,000		86,000	0	0	86,000	0	0

Any remaining/unused funds will be returned to the schools/districts by the end of FY17.

Change Level by Appropriation

Appropriation: F48 - AR Works - School Districts
Funding Sources: NCE - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	86,000	0	86,000	100.0	86,000	0	86,000	100.0
C03	Discontinue Program	(86,000)	0	0	0.0	(86,000)	0	0	0.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	86,000	0	86,000	100.0	86,000	0	86,000	100.0
C03	Discontinue Program	(86,000)	0	0	0.0	(86,000)	0	0	0.0

Justification

C03	The agency requests a reduction of \$86,000 each year due to this portion of Arkansas Works Initiative program will be completed and funds expended by the end of FY17. Any remaining/unused funds will be returned to the schools/districts by the end of FY17.
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Analysis of Budget Request

Appropriation: F86 - GED Testing

Funding Sources: JWE - Career Education Public School Fund

In January 2014, the GED® Testing Service introduced a new computer-based test eliminating the paper-and-pencil test. The new test is more expensive to administer and the increased costs will be passed on to test-takers, unless funding is provided. The Department of Career Education utilizes this program to defer the increased practice test and test costs for test-takers.

The program is currently funded by the Career Education Public School Fund fund balance.

The Base Level Request is \$1,870,000 for each year of the 2017-2019 Biennium.

The Agency Request is for a Change Level reduction of \$1,081,674 each year as follows:

- GED Test Costs reduction of \$1,081,674 each year due to the reduced number of test takers from 2014. The agency estimates ~ 7,400 test takers in FY17 and estimates an increase of ~10% each year in test takers. The agency requests appropriation and funding of \$788,326 for each year of the biennium.

The Executive Recommendation provides for Agency Request, appropriation only.

Appropriation Summary

Appropriation: F86 - GED Testing

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
GED Test Costs	5900046	277,000	1,870,000	1,870,000	1,870,000	788,326	788,326	1,870,000	788,326	788,326
Total		277,000	1,870,000	1,870,000	1,870,000	788,326	788,326	1,870,000	788,326	788,326
Funding Sources										
Fund Balance	4000005	2,147,000	1,870,000		0	0	0	0	0	0
Career Ed PSF	4000745	0	0		0	788,326	0	0	788,326	0
Total Funding		2,147,000	1,870,000		0	788,326	0	0	788,326	0
Excess Appropriation/(Funding)		(1,870,000)	0		1,870,000	0	788,326	1,870,000	0	788,326
Grand Total		277,000	1,870,000		1,870,000	788,326	788,326	1,870,000	788,326	788,326

Change Level by Appropriation

Appropriation: F86 - GED Testing
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,870,000	0	1,870,000	100.0	1,870,000	0	1,870,000	100.0
C03	Discontinue Program	(1,081,674)	0	788,326	42.2	(1,081,674)	0	788,326	42.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,870,000	0	1,870,000	100.0	1,870,000	0	1,870,000	100.0
C03	Discontinue Program	(1,081,674)	0	788,326	42.2	(1,081,674)	0	788,326	42.2

Justification

C03	GED Testing Services and Expenses, Fund Center F86:No dedicated funding has been provided in the past. In 2014, \$1.87 million was appropriated for the GED® test but provided no funding. As of January 1, 2014, the GED® Testing Service introduced a new test that is computer-based, eliminating the paper and pencil test. The new computer-based test is more expensive to administer and the increased costs will have to be passed on to the test-takers unless funding can be provided. The cost for the GED® test is \$120, leaving the test taker with paying only \$16. The GED test funding is currently being subsidized with adult education funds resulting in a decrease in critical adult education programming at all statewide sites. Seventy-six percent (76%) of the 4,330 Arkansans who took the GED® test in the 2015 calendar year reported earning less than \$5,000/year, however, the return on investment for the state shows that Arkansans with a high school diploma earn \$5,000 more a year than those without one. To fund the test and to continue to alleviate the full financial burden on GED test takers, funding in the amount of \$788,326 per year is requested. The agency requests a reduction of \$1,081,674 due to the reduction in the number of GED test takers from 2014. The agency esitmates ~7,400 test takers in FY17 and estimates an increase of ~10% each year in test takers.
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Analysis of Budget Request

Appropriation: M77 - Career Coaches Public School Fund

Funding Sources: JWE - Career Education Public School Fund

The Department of Career Education is the administrative agency for the Arkansas College and Career Coaches Program. The College and Career Coaches Program was established by Act 1285 of 2013 (A.C.A. § 6-1-601 et seq.) to assist students in middle and high school preparing for post-secondary education or careers. Postsecondary institutions, education service cooperatives, or nonprofit entities, in partnership with school districts, are eligible to receive administrative and supplemental grants from the department. A school district may use national school lunch state categorical funds to support participation in the program. Participation and grant awards are contingent upon the availability of funding from the Career Education Public School Fund and the Office of Skills Development Fund.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total state match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$875,812 for each year of the 2017-2019 Biennium.

This program is currently funded by the Career Education Public School Fund fund balance.

The Agency Request is for a Change Level increase of \$1,796,000 each year as follows:

- Operating Expenses increase of \$120,000 to continue support and maintenance of the on-line college and career planning system.
- Grants and Aid increase of \$1,060,000 to expand the College and Career Coach program statewide. The program provides career coaches in 43 counties and is supported by school districts, postsecondary entities, and temporary funding and aid.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: M77 - Career Coaches Public School Fund
Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	31,806	31,035	81,266	31,035	31,035	31,035	31,035	31,035	31,035
#Positions	1	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	12,058	11,759	26,487	11,777	11,777	11,777	11,777	11,777	11,777
Operating Expenses 5020002	2,058	7,000	50,000	7,000	127,000	7,000	7,000	127,000	7,000
Conference & Travel Expenses 5050009	0	8,000	15,000	8,000	8,000	8,000	8,000	8,000	8,000
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	176,225	800,000	800,000	800,000	2,476,000	800,000	800,000	2,476,000	800,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	222,147	857,794	972,753	857,812	2,653,812	857,812	857,812	2,653,812	857,812
Funding Sources									
Fund Balance 4000005	1,076,885	992,709		134,915	134,915	134,915	0	134,915	0
Career Ed PSF 4000745	137,971	0		0	2,653,812	0	0	2,653,812	0
Total Funding	1,214,856	992,709		134,915	2,788,727	134,915	0	2,788,727	0
Excess Appropriation/(Funding)	(992,709)	(134,915)		722,897	(134,915)	722,897	857,812	(134,915)	857,812
Grand Total	222,147	857,794		857,812	2,653,812	857,812	857,812	2,653,812	857,812

Change Level by Appropriation

Appropriation: M77 - Career Coaches Public School Fund
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	857,812	1	857,812	100.0	857,812	1	857,812	100.0
C01	Existing Program	1,796,000	0	2,653,812	309.4	1,796,000	0	2,653,812	309.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	857,812	1	857,812	100.0	857,812	1	857,812	100.0
C01	Existing Program	0	0	857,812	100.0	0	0	857,812	100.0

Justification

C01	<p>College and Career Planning System:No dedicated funding has been provided in the past. To provide students in grades 7-12 with an opportunity for career exploration through career interests and aptitude assessment, funding is needed to support an on-line career planning tool. To support the continuation and maintenance of on-line college and career planning system, a request of \$120,000 per year in funding and appropriation is requested.</p> <p>College and Career Coach program, Fund Center M77:No dedicated funding has been provided in the past. The College and Career Coach Initiative has shown great results for five years by meeting and exceeding all established Performance Measure goals including college going rates, ACT Scores, Remediation Rates and Financial Aid application submissions. Currently the program provides career coaches in 43 counties and is supported by school districts, postsecondary entities, and temporary funding and aids, leaving 193 school districts without access to a College and Career Coach. To expand the program statewide, an additional 42 counties; appropriation increase of \$1,676,000 and total funding of \$ 2,653,812 per year is requested.</p>
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Analysis of Budget Request

Appropriation: N61 - Office of Skills Development

Funding Sources: SKL - Skills Development Fund

The Office of Skills Development was created by Act 892 of 2015 with the exclusive authority to award grants to private and public organizations for the development and implementation of workforce training programs. The office is responsible for the procedures and criteria for awarding grants; receive and review grant applications; and prescribe the information contained in a grant application. The office is required to consult with the Arkansas Economic Development Commission in reviewing applications for workforce training grants. On or before October 1 of each year, the office is required to submit a report to the Governor and the co-chairs of the Legislative Council reporting the activities and expenditures of the office during the preceding calendar year.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$26,330,505 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: N61 - Office of Skills Development

Funding Sources: SKL - Skills Development Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	13,114	80,424	40,367	80,424	80,424	80,424	80,424	80,424	80,424
#Positions		1	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	7,926	27,491	11,302	27,539	27,539	27,539	27,539	27,539	27,539
Operating Expenses	5020002	9,043	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Conference & Travel Expenses	5050009	155	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Capital Outlay	5120011	0	200,000	200,000	0	0	0	0	0	0
Industry Training Program	5900046	1,271,210	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Workforce Improvement Grants	5900047	0	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Career Coaches Expenses	5900048	0	2,947,327	9,000,000	2,947,542	2,947,542	2,947,542	2,947,542	2,947,542	2,947,542
Industry Certification Testing	5900049	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total		1,301,448	26,530,242	32,526,669	26,330,505	26,330,505	26,330,505	26,330,505	26,330,505	26,330,505

Funding Sources									
Fund Balance	4000005	0	20,523,263		0	0	0	0	0
General Revenue	4000010	1,301,233	1,301,233		1,301,233	1,301,233	1,301,233	1,301,233	1,301,233
Educational Excellence Fund	4000220	0	819,233		819,233	819,233	819,233	819,233	819,233
Inter-agency Fund Transfer	4000316	13,160,608	0		0	0	0	0	0
Transfer From DWS	4000527	2,500,000	2,500,000		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Workforce 2000	4000740	4,862,870	1,386,513		1,386,513	1,386,513	1,386,513	1,386,513	1,386,513
Total Funding		21,824,711	26,530,242		6,006,979	6,006,979	6,006,979	6,006,979	6,006,979
Excess Appropriation/(Funding)		(20,523,263)	0		20,323,526	20,323,526	20,323,526	20,323,526	20,323,526
Grand Total		1,301,448	26,530,242		26,330,505	26,330,505	26,330,505	26,330,505	26,330,505

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium. Inter-agency Fund Transfer is from the Department of Economic Development Economic Commission Fund.

CAREER EDUCATION-AR REHABILITATION SERVICES

Enabling Laws

Act 120 of 2016
A.C.A. §§ 6-52-101- 6-52-105
A.C.A. § 20-79-101 et seq.

History and Organization

Mission

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

This mission statement provides the foundation for the many programs and comprehensive services provided by ARS to individuals with disabilities to assist them in preparing for and entering the state's workforce, thus enabling them to become employed tax-paying citizens participating in communities throughout the state. There are approximately 264,465 people with disabilities residing in Arkansas ages 18-64 (Disability Compendium), meaning that Arkansas has one of the highest percentages of working-age adults with disabilities in the nation. The unemployment rate among Arkansans with disabilities is approximately 70.8 percent (Disability Compendium), a figure higher than the national average. The role of ARS is stipulated to increase the number of persons with disabilities returning to the workplace where they become productive and independent taxpayers instead of tax revenue dependent.

History

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

In 1971, Arkansas legislation transferred administration of the state VR program to the Department of Social and Rehabilitative Services (now

the Department of Human Services). During the time it was administered by the Department of Social and Rehabilitative Services, the program was known as the Division of Rehabilitation Services. Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation Services and transferred it back to the Department of Education, where it was placed under the oversight of the State Board of Vocational Education as a division of the Vocational and Technical Education Division (now the Department of Career Education).

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

Recent changes in federal legislation continue to increase an emphasis on serving special education students as they transition to the world of work. ARS is actively involved in welfare-to-work and school-to-work initiatives (such as the PROMISE grant) in order to ensure that Arkansans with disabilities participating in these programs are provided opportunities to prepare for and achieve gainful employment. ARS continues its efforts in the area of disability management focusing on assisting employers in developing stay-at-work/return-to-work (SAW/RTW) programs for employees who experience injury or illness that result in disability thereby reducing employer related costs such as workers' compensation. ARS continues to develop its capacity to provide needed assistive technology services and devices in order to enhance training and employment opportunities for individuals who are severely disabled.

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

The Workforce Innovation and Opportunities Act of 2014 included the reauthorization of the Rehabilitation Act of 1973. It reinforces a state's requirement to establish a seamless service delivery system, a "one-stop shop" approach involving all agencies that serve people who are unemployed, including those with disabilities. As one of the required partners in Arkansas's one-stop system called the Career Development Network (CDN), ARS participates in each of 10 local regions with office space, resources, and personnel. ARS's involvement in the CDN system provides Arkansans with disabilities increased opportunities to achieve gainful employment or independent living.

ARS currently serves approximately 18,000 individuals with disabilities each year in a variety of programs. Federal Fiscal Year (FFY) 2015 results were 3,077 individuals placed in competitive employment at an average cost of \$4,100. Of these individuals, 97.3% are significantly disabled. The placement of these individuals in competitive employment represents a significant investment in the state's economy. For example, in FFY 2015 our clients earned an average of \$150.00 per week, and after vocational rehabilitation services, this increased to \$408.00, a 172% increase in earning power. Additionally, employer provided insurance increased 93% following a successful employment outcome.

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

Over the years, ARS has focused on innovative program-modifications that not only comply with new federal and state initiatives but also enhance the quality of services and improve the employment outcomes of individuals with disabilities. As a result, ARS has received strong support from the executive and legislative branches, as well as from customers we serve. However, despite the successes ARS has had in assisting individuals with disabilities, ARS has received only basic cost-of-living increases in state and federal funds over the past several years with no significant increase in state general revenue. These cost-of-living increases have not kept pace with the costs of providing employment-related services. As a result, the demand for services now significantly exceeds the resources available, a trend that will continue if funding increases are limited to cost-of-living adjustments.

Structure

Arkansas Rehabilitation Services is designed to assure a comprehensive, statewide system of service delivery that addresses the diverse needs of Arkansans living with disabilities. (See the accompanying organizational chart). The major service delivery components are: (1) the Field Services Program, which operates offices in 19 locations serving persons with severe disabilities (except individuals whose primary disability is blindness and served through DHS-Division of Services for the Blind) in all seventy-five (75) counties; (2) the Arkansas Career Training Institute, which is a comprehensive vocational rehabilitation center providing education, medical and vocational training for clients throughout the State and region; (3) Access & Accommodations, consisting of several programs that have been aligned to support Arkansas Rehabilitation Services' Vocational Rehabilitation Counselors, clients and employers with a primary focus to provide assistive technology and accommodations to Arkansans with disabilities.

AT@Work, Stay-at-Work/Return-to-Work-provides assistive technology evaluations, ergonomic and other specialized evaluations necessary to identify accommodations for clients through referrals from Arkansas Rehabilitation Services, self-employee referrals, and employer referrals. Providing good assistive technology and accommodation assessments are essential to a successful employment outcome.

Supported Housing/Independent Living - Supported Housing is a resource to ARS clients when obtaining affordable, accessible housing. Services include; information and referral regarding various local, state, and federal affordable housing programs, such as block grants. Independent Living Services are provided that will enhance the ability of an individual with disabilities to live independently and function within the family and community, including appropriate accommodations to and modification of any space to serve individuals with disabilities.

Telecommunications Access Program (TAP) -State enacted legislation and special funding allows TAP to provide telecommunication equipment for any eligible Arkansan in order for them to be able to access the telecommunications network. Eligible disabilities include deaf, hard of hearing, deaf blind, speech impaired, visually impaired, or those with a cognitive or physical impairment.

Alternative Financing Plan -Provides below market interest rates, extended term loans to persons with disabilities for the purchase of assistive technology. The plan was initially funded through a onetime grant.

Increasing Capabilities Access Network - A federal grant housed within Arkansas Rehabilitation Services, the ICAN program receives no state funds. ICAN is beneficial to Arkansas residents helping to identify appropriate assistive technology that would either provide an accommodation at work, school or assist the family or person with disability to remain home and live independently. ICAN includes assistive technology demonstration, training, loans and reuse program.

Arkansas Governor's Commission on People with Disabilities- Enacted by state legislation to advise and assist the Governor in developing programs and policy pertaining to people with disabilities. Projects include The Scholarship Program, Disability Awareness Day, Mentoring Program, and Youth Leadership Forum.

Arkansas Kidney Disease Commission- A state legislatively initiated and funded program established for the care and treatment for persons suffering from chronic renal diseases.

- (4) The Office for the Deaf and Hearing Impaired which serves persons who are deaf or hearing impaired, as well as those who are deaf-blind, with vocational rehabilitation and independent living services; and
- (5) Supporting these service delivery operations are Financial Management, Human Resources Management, Information Systems and Services, and Program Planning, Development and Evaluation sections.

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

General Field Program

The Field Program has 93 counselors serving individuals with disabilities in all 75 counties. All applicants are assigned a rehabilitation counselor. The counselor is responsible for interviewing and assessing disability and functional limitations, exploring the background, abilities, interests, and existing and potential barriers to employment. The determination of eligibility normally occurs within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, a realistic time frame for goal accomplishment, and the assignment of responsibilities. Eligible persons may receive one or more of the following services:

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

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

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

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

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

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

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

Supported Employment (Title VI): With the collaboration of the Division of Developmental Disabilities and the Division of Behavioral Mental Health of the Department of Human Services, along with the support of community organizations, ARS provides supported services to the most severely disabled individuals, those who cannot function in the work place without ongoing assistance. Job coaches are assigned to

the clients to help them adapt more readily to employment. These services provide meaningful employment to people who have historically been excluded from the workforce and placed in institutions or in segregated programs. During Federal Fiscal Year 2007, 131 individuals received vocational & occupational skills assistance from the Supported Employment program.

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

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

Arkansas Career Training Institute

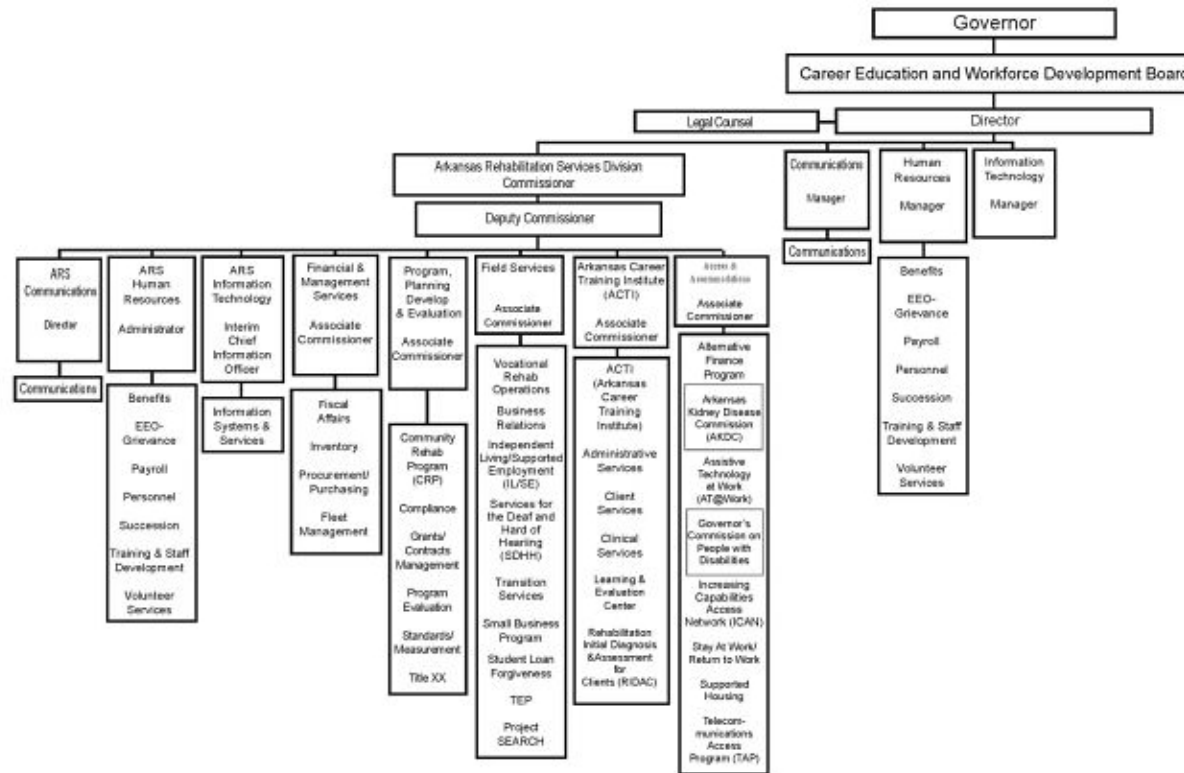
The Arkansas Career Training Institute (ACTI) is a comprehensive rehabilitation program. It offers both residential and non-resident medical and vocational services to approximately 450 Arkansas citizens with disabilities each year at the Hot Springs Campus, serving a population average of 270 at any one time. ACTI is a 24-hour a day facility focused on preparing people with disabilities for careers. The Administrator of the ACTI has responsibility for the management of the facility and reports to the Commission of Arkansas Rehabilitation Services Commissioner. The Center employs 210 people.

In addition to the services provided at the Hot Springs Campus, ACTI also coordinates a comprehensive vocational/psychological evaluation network through its Rehabilitation Initial Diagnosis and Assessment for Clients (RIDAC) program. In addition, the Learning and Evaluation Center (LEC) provides specialized evaluation services for persons who have been diagnosed with mental health and learning disabilities. RIDAC and the LEC provide services to over 5000 per year.

ACTI provides a wide variety of services to prepare clients of ARS to become employed. Services include counseling, case management, vocational evaluation, vocational training, employment readiness, recreation, student living, medical services (clinic, occupational therapy, physical therapy, speech therapy, lab, pharmacy, and psychological services), behavioral enhancement, and job placement.

Vocational Training is provided in nine (9) different programs which are accredited by the Council on Occupational Education, with many programs offering multiple courses of study which can be tailored to meet the learning style and rehabilitation needs of the client/student. ACTI also offers short-term (less than 30 days) training that allow students to earn industry recognized certificates and limit their time away from home.

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



Agency Commentary

Vocational Rehabilitation Services

The Workforce Innovation and Opportunities Act of 2014, which included reauthorization of the Rehabilitation Act of 1973, requires state rehabilitation agencies to provide a coordinated set of activities designed to help persons with physical or mental impairments prepare for and achieve gainful employment. These activities are designed to meet Rehabilitation Services Administration (RSA) standards and indicators of achievement and are outcome-oriented in collaboration with other agencies such as the Arkansas Departments of Education and Higher Education, local workforce centers, and local school districts. These activities can consist of postsecondary education, vocational training, integrated employment, continuing employment, continuing and adult education, adult services, and independent living.

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

General Field Program

There are currently 93 Vocational Rehabilitation (VR) counselors in the general field program servicing 16,000 - 18,000 clients annually in all 75 counties. The Field Program is divided into 10 districts with a manager assigned to each district. There are 19 offices located throughout the state. The Chief of Field Services oversees the program with the guidance and approval of the Commissioner. The Vocational Rehabilitation Program is eligibility based and all applicants are assigned a rehabilitation counselor after the referral process. The counselor is responsible for interviewing and assessing disabilities as they relate to functional limitations. The determination of eligibility by field counselors is required by federal law within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, and a realistic time frame for goal accomplishment. Once the client has completed all assigned tasks, goals and objectives, the client is placed with an employment provider and after 90 days of employment the case will be closed as rehabilitated. This is considered a successful closure.

Partnerships

ARS is involved in developing and maintaining partnerships with other agencies and organizations to increase our service to people with disabilities. The Agency's Business Relations section has recently collaborated with Sources for Community Independent Living to help establish a Business Leadership Network (BLN) affiliate in Northwest Arkansas. BLN is a national nonprofit organization that helps business drive performance by leveraging disability inclusion in the workplace. ARS continues to partner on a project with Public Employee Claims Division called Stay-at-Work/Return-to-Work. Efforts are focused on assisting state employees that experience work-related injury or illness that results in disability in remaining at work or returning to work as soon as it medically feasible. Services provided to the employee include assessment, counseling as it relates to the adjustment of a disability and recommendations regarding specific workplace accommodation needs. The benefit to state agencies is retaining productive workers by having access to technical expertise to determine specific individual

accommodation needs as well as reducing and/or eliminating recruiting costs. ARS is also partnering with the DHS divisions of Developmental Disabilities and Behavioral Health and a variety of community providers attempting to transform provider services from a facility-based model to a community-based model. The Agency supports the development and implementation of comprehensive and sustainable individual and employer-centered systems to support and promote access, success, and career entry for individuals with the most significant disabilities into high growth industries. ARS continues to partner with the Access Group in Little Rock and other community partners to introduce Project Search sites across the State. The success of the sites at UAMS and Children's Hospital cannot be understated.

ARS FY2016 Minority State Contracts Issued

ARS did not issue any minority state contracts over \$50,000 during FY 2016.

ARS Rehab Services - Operations Appropriation Request

Proposed appropriation increase request: \$300,000 for FY 2017-2018; \$300,000 for FY 2018-2019. This reallocation of resources to Operations from the Cash in Treasury appropriation counterpart (902) is to consolidate agency marketing and communications; and support the overall agency communications plan under direct supervision of the agency Communications Director. These changes will allow more efficient use of agency funds and better support agency operational goals.

ARS Rehab Services - Cash in Treasury Appropriation Request

Proposed appropriation reduction request: \$300,000 for FY 2017-2018; \$300,000 for FY 2018-2019. This reallocation of resources from the Cash in Treasury appropriation counterpart to the Operations appropriation is to consolidate agency marketing and communications for support of the overall agency communications plan. This appropriation is used exclusively for Vocational Rehabilitation (VR) grant program expenditures. There were no expenditures in FY 2016 because of the reduction in overall VR expenditures. This was due mainly to a lack of available counselors to process VR services and expenditures. Subsequent hiring of qualified counselors has restored the level of services on behalf of our clients. The agency expects more extensive use of this fund in FY 2017 and the 2017-2019 Biennium.

ARS Arkansas PROMISE Appropriation Request

Proposed Appropriation Increase Request: \$13,000 for FY 2017-2018; \$13,000 for FY 2018-2019. Arkansas PROMISE (Promoting the Readiness of Minors in Supplemental Security Income) Grant - This appropriation will continue a previously approved Miscellaneous Federal Grant request for an overall program travel cost increase and associated travel with an additional personnel position. Funding for this program is 100% federal.

Position Request

Arkansas Promise

This position request will continue a previously approved 8th personnel position to support Arkansas PROMISE program delivery. This position is funded from 100% federal funds.

Audit Findings

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Based on information obtained, ALA reviewed expenditures to 5Linx Enterprises, Inc., a multi-level marketing company, through fiscal year 2015. The Agency made payments totaling \$13,302 to 5Linx, based on what appear to be falsified invoices submitted on behalf of three clients. According to the Chief of Field Services, these clients were referred to the Agency by the Director of the Department of Career Education - Arkansas Rehabilitation Services (ARS), who retired January 21, 2015, and was also a 5Linx sales representative. The retired Director indicated he was not directly involved in the referral process for these three clients. The clients were all approved by the Small Business Consultant to start their own 5Linx businesses without being required to formally document the feasibility of the business plan or submit the mandatory 10% financial participation. The documentation in the respective case files was very similar, if not identical, for these three clients. We were unable to determine the origin of the apparently falsified invoices.

The Agency used atypical procedures to pay these invoices. According to the Chief of Field Services, he was directed by the retired Director to pick up the two warrants written to 5Linx (one for \$8,868 issued on October 22, 2014, and cashed on January 22, 2015; and one for \$4,434 issued on November 2, 2014, and voided on August 20, 2015) directly from the Finance office; typically, these warrants would have been mailed, and the Chief of Field Services would have never had custody of them. The retired Director indicated he did not issue this directive. The Chief of Field Services directed that the \$8,868 warrant be sent overnight via FedEx to the attention of a specific 5Linx employee.

Although 5Linx personnel stated to auditors that they did not create the invoices, the vendor did receive the \$8,868 warrant prior to any order being placed. According to the Vice President of Product Development & Marketing for 5Linx, he received the warrant and subsequently negotiated directly with the retired Director about what the warrant would be used to purchase. The retired Director indicated he was not involved in any conversations

Recommendations

We recommend the Agency management set a tone reflecting a commitment to integrity and ethical values. We also recommend the Agency strengthen controls and procedures to ensure that employees are properly trained on the policies and procedures related to the small business program. In addition, we recommend the Agency strengthen segregation of duties and minimize instances in which field services personnel have access to warrants authorized under their purview.

Agency Response:

ARS acknowledges that the Small Business Consultant did not seek approval from Chief of Field Services to grant an exception for the 10% participation requirement.

The Small Business Consultant was disciplined for the violation of policy and procedures with a counseling statement following the Agency's policy of progressive discipline. The Agency has completed training with the Small Business Consultant. The training specifically focused on documentation for the required 10% commitment to all business plans for clients. Additionally, we have updated internal policies by requiring the approval of the Chief of Field Services to sign off on waivers for the 10% commitment to business plan. Furthermore, the Agency has updated the procedures to policy by prohibiting multilevel marketing ventures. Lastly, the Agency has provided training on documentation of case management and securing adequate invoices for processing payment. Additional training will be provided to field staff regarding the provision of authorization of services to vendors and follow up to verify goods and services have been rendered before final payment.

The Agency has instituted written policies for check pickup, with approvals required by the senior management and Commissioner.

Agency management has reemphasized the ethical and moral standards required of all

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with 5Linx personnel about the warrant. According to 5Linx personnel, the warrant was used to pay for services and products for two of the aforementioned clients, but 5Linx was not able to provide a detailed list of these services and products. 5Linx personnel confirmed that the retired Director would have received compensation from 5Linx if these clients had been successful in the business.

As of November 4, 2015, case files reflected the following:

- Client 1 had received products but had not done anything with them. The counselor and client had not had contact since May 18, 2015.
- Client 2 had not received any products. The counselor and client had not had contact since February 3, 2015.
- Client 3 had not received any products. The warrant for \$4,434, which was cancelled, had not been reissued. The client stated on July 6, 2015, that he no longer wished to work with 5Linx.

Ark. Code Ann. § 19-11-705(a) states the following:

(a)(1) Conflict of interest. It shall be a breach of ethical standards for any employee to participate directly or indirectly in any proceeding or application, in any request for ruling or other determination, in any claim or controversy, or in any other particular matter pertaining to any contract, or subcontract, and any solicitation or proposal therefore, in which to the employee's knowledge:

- (A) The employee or any member of the employee's immediate family has a financial interest;
- (B) A business or organization has a financial interest, in which business or organization the employee, or any other member of the employee's immediate family, has financial interest; or
- (C) Any other person, business, or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is a party.

Recommendations

employees. Senior managers and staff were also reminded of the personnel assurances they are required to make each year through completing and signing of the Agency's Anti-Fraud and Code of Ethics policy statement and the importance it carries throughout the execution of their duties.

The initial investigation of this finding was conducted by DF&A Office of Internal Audit and the results were forwarded to the investigative authorities.

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(2) "Direct or indirect participation" shall include, but not be limited to, involvement through decision, approval, disapproval, recommendation, preparation of any part of a procurement request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity.

By recommending these clients to his Agency, being involved in getting payments to 5Linx, and potentially benefitting from clients' sales, the retired Director indirectly participated in a contract in which he had a financial interest. In addition, the Agency entered into voice over internet protocol (VOIP) phone contracts for several field offices with Globalinx, a subsidiary of 5Linx. Payments to 5Linx for the Globalinx product totaled \$13,343. Although immaterial, it appears the retired Director indirectly benefited from these transactions.

Ark. Code Ann. § 21-8-304(a) states the following:

(a) No public servant shall use or attempt to use his or her official position to secure special privileges or exemptions for himself or herself or his or her spouse, child, parents, or other persons standing in the first degree of relationship, or for those with whom he or she has a substantial financial relationship that are not available to others except as may be otherwise provided by law.

The retired Director used his official position to influence the Agency to assist these clients, knowing he could potentially benefit (a "special privilege") when the clients made sales.

Review of out-of-state travel for 67 conferences attended between July 1, 2013 and June 30, 2015, revealed the Agency failed to follow state travel regulations in the following instances:

- Commercial airline tickets should be purchased at least 14 days prior to travel if possible. Airline tickets purchased with less than a 14-day advance shall be explained in writing to the head of the agency and approved by him/her in writing prior to purchase. Airline tickets were purchased for employees in 48 instances among 16 conferences within the 14 days prior to travel with no letters of approval.
- Lodging costs that exceed the rates listed in the Federal Travel Directory, administered by the Government Services Administration (GSA), by more than room tax may not be paid without a letter of authorization by the travel administrator

Recommendations

We recommend the Agency strengthen internal controls related to travel expenditures. Agency personnel should also be trained in state travel regulations, and management should establish procedures to ensure compliance with state laws and regulations.

Agency Response:

- A. The Agency will strictly enforce the state regulation that no commercial airline tickets will be booked within the 14-day purchase window without prior written approval from the Agency head. Travel approval deadlines for submission of training requests have been moved to allow adequate time to book flights. Purchasing agents booking travel and travel supervisors have been made aware of the restriction, and procedures are in place to eliminate travel booked within 14 days

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- of the agency and must include a justification as to why it was in the best interest of the State to exceed the standard reimbursement rate. For each occurrence, such letters of authorization must be maintained by the agency with the travel payment document for the trip. Forty-five employees attended 15 conferences in which lodging costs either exceeded the GSA per diem rate without justification, there was no waiver to exceed the per diem amount, or the approved waiver indicated a specific amount to exceed and the actual hotel rate exceeded that higher approved amount. Amounts paid in excess of the approved waivers were \$1,735 and \$4,538 in fiscal years 2014 and 2015, respectively.
- The administrative head or travel administrator shall authorize, in writing, the use of a rental vehicle only when it is more economical than the use of a taxi, airport shuttle, etc. One employee rented a vehicle on two different occasions, totaling \$187, without prior written approval. Subsequent to audit field work, the Agency requested and received reimbursement from the employee for these charges.
 - Travel expenses for lodging, commercial transportation, and conference registration fees may be billed directly to the State using an Arkansas Sponsored Business Travel Card. The agency/institution is responsible for payment of this account. Our review noted 23 instances among 14 conferences in which the Agency made payments for conference fees and airfare on behalf of employees; however, the employees did not attend the conference, and the Agency was not reimbursed by the vendor. Amounts paid for unused airfare and conference fees totaled \$6,260 and \$2,015 in fiscal years 2014 and 2015, respectively.
 - State employees loaned from one state agency to another may be reimbursed for travel expenses by the agency benefiting from the travel. An employee of ARS attended a conference to assist Department of Career Education staff at an event related to that Agency. Even though ARS did not pay for the lodging or flight, it did reimburse the employee \$366 for expenses not related to ARS activity, including meals, baggage, and parking.
 - The following travel reimbursements appeared to be overpayments:
 - One employee was reimbursed \$119 for an additional night of meals and lodging for personal reasons, in conjunction with conference attendance.

Recommendations

- without prior approval.
- B. The Agency procedure for processing Waiver of State Per Diem forms has been revised to reflect that, upon review by the purchasing agent, if the requested waiver amount will be exceeded when hotel room is reserved, the waiver is returned to the Agency head for correction and re-approval. When the travel reimbursement is submitted to Accounts Payable for processing, fiscal personnel will review the reimbursement packet to verify the presence of the waiver and its accuracy.
 - C. ARS is strictly enforcing the regulation regarding prior written approval by the Agency head for the use of rental vehicles. Purchasing agents will verify prior to reservation that the use of a rental vehicle would be more economical for the State and verify the presence of written approval.
 - D. The Agency has implemented an Agency-wide out-of-state travel planning tool to forecast travel expenditures and to help prevent scheduling conflicts. Agency leadership has reemphasized senior managers' responsibility to oversee all travel under their control and to minimize short-notice cancellations that prevent recoupment of funds.
 - E. Fiscal personnel will be more aware of conferences or training that benefits another agency when reviewing travel reimbursement claims by the employee. If another agency benefits, the reimbursement form will be sent back to the traveler unpaid, with instructions to submit to the proper agency.
 - F. Fiscal personnel will be more diligent in reviewing travel reimbursement forms to prevent the overpayment of travel expenses. The forms and backing documents (receipts, approval forms, and justifications) will be thoroughly reviewed by the payment processor and fiscal supervisor to determine allowable costs and accurate calculation of expenses. Processes have been put into place to share direct billing information between Procurement and Accounts Payable to prevent double payment of expenses previously charged on the Agency travel card.
 - G. Again, the Agency has implemented an Agency-wide out-of-state travel planning tool to forecast travel expenditures and to help prevent scheduling conflicts.
- Agency employees tasked with travel arrangements have been cautioned to book flight arrangements at the cost most economical to the State. If higher-than-normal rates are

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- One employee's reimbursement for the cheaper of airfare or mileage was doubled for the price of the airline ticket, causing an overpayment of \$277.
- One employee received reimbursement of \$38 for an airport shuttle, yet the state travel card was also used to pay this expense.
- Two employees received the maximum reimbursement for meals, totaling \$448, although meals were provided to the employees as part of the conference.

Subsequent to audit field work, the Agency requested and received reimbursement from these employees for these overpayments.

In addition to the above instances of noncompliance with travel regulations, it was Agency practice to pay for employees' fees related to "choice seating," extra leg room, and changes in return flight departure times. In 23 instances among 9 conferences, employees' extra fees were paid by the Agency, totaling \$1,576 and \$2,138 in fiscal years 2014 and 2015, respectively. Two of these instances were also included above, regarding flights paid for by the Agency although the traveler did not attend the conference.

Recommendations

required to meet the travel needs, additional comments should be included with the travel documents to provide explanation.

Both managers and procurement staff have been reminded that only medically-documented requirements will be considered for special consideration during travel arrangement. Approval for these type of accommodations is restricted to the Agency head level only.

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<p>Finding Number: 2015-003</p> <p>State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services</p> <p>CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States</p> <p>Federal Award Number(s): H126A150003</p> <p>Federal Award Year(s): 2015</p> <p>Compliance Requirement(s) Affected: Allowable Costs/Cost Principles</p> <p>Type of Finding: Noncompliance and Significant Deficiency</p> <p>Repeat Finding: Not applicable</p> <p>Criteria: Section II-5 of the Arkansas Rehabilitation Services (ARS) Policy and Procedures Manual requires counselors to disclose any possible conflict of interest, or appearance of conflict of interest, and documentation of the action taken by the District Manager in the electronic case file. Proper segregation of duties, addressed by Section VI-3 of the manual, requires that authorizations exceeding \$5,000 be approved by both the Counselor and the District Manager. In instances where the District Manager is acting as the Counselor, the Chief of Field Services would also need to approve the authorization. Section VI-29 states that maintenance (rent) payments are to be made at the end of a stated period after verification that the individual received the services. This process effectively prohibits prepaid rent.</p> <p>Condition and Context: A District Manager acted as a Counselor for a relative without properly disclosing the possible conflict of interest in the case file. The District Manager authorized a payment, totaling \$7,378, for 12 months of prepaid rent for the client by acting in the capacity of both Counselor and District Manager. The Chief of Field Services' approval was not obtained, which was in direct violation of the Agency's segregation of duties rule for payments over \$5,000, as well as in violation of the rule requiring evidence of service prior to the issuance of maintenance payments.</p>	<p>ALA staff recommend the Agency train its employees on policies and procedures related to conflicts of interest, segregation of duties, and maintenance payments. ALA staff also recommend the role-mapping in System 7 be reviewed to ensure payment authorization roles are consistent with segregation of duties requirements and the ARS Policy and Procedures Manual.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p><u>ARS Discussion</u> ARS field program during this time endured a high number of counselor vacancies statewide which caused many of our district managers to work dual roles. This situation circumvented our approval process internally.</p> <p><u>ARS Action Taken</u> The District Manager was disciplined for the violation of policy and procedure with a counseling statement following the agency's policy of progressive discipline. The agency has completed training with the district managers on the area of maintenance payments (particularly prepaid rent) and its relation to conflicts of interest and the segregation of duties. This training was completed on February 18, 2016. In addition, the managers will also train their field staff in this area as well at their next monthly staff meeting. System 7 has been re-mapped to implement a trigger for managers acting as counselors (because of our vacancies) to ask for the Chief of Field Services signature to authorize payments. This will make the agency roles consistent with the segregation of duties requirement and the ARS Policy and Procedure Manual.</p> <p>Anticipated Completion Date: February 2016</p> <p>Contact Person: Carl Daughtery Chief of Field Services Arkansas Rehabilitation Services 525 W. Capital Ave Little Rock, AR 72201 501-296-1610 carl.daughtery@arkansas.gov</p>

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Questioned Costs:

\$7,378

Cause:

The District Manager was not adequately trained on the proper application of the ARS Policy and Procedures Manual with respect to conflicts of interest, segregation of duties, and maintenance payments. In addition, the Agency's case management system (System 7) allowed the same person to authorize a payment as both Counselor and District Manager.

Effect:

Failure to adhere to the ARS Policy and Procedures Manual and control the roles of payment authorization in System 7 could allow inappropriate payments to be made without detection.

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<p>Finding Number: 2015-004</p> <p>State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services</p> <p>CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States</p> <p>Federal Award Number(s): H126A140003</p> <p>Federal Award Year(s): 2014</p> <p>Compliance Requirement(s) Affected: Allowable Cost/Cost Principles</p> <p>Type of Finding: Noncompliance and Significant Deficiency</p> <p>Repeat Finding: Not applicable</p> <p>Criteria: Section VI-29 of the Arkansas Rehabilitation Services (ARS) Policy and Procedures Manual states that after job placement, maintenance payments will only be paid until the client receives his or her first paycheck. In addition, procedures require documentation verifying that the individual received the services.</p> <p>Condition and Context: A client received the following maintenance payments that were not in accordance with the ARS Policy and Procedures Manual:</p> <ul style="list-style-type: none"> • Two months' rent, totaling \$980, after the client had received the first paycheck. • Vehicle repairs, totaling \$2,492, for repair work performed on a vehicle not owned by the client and after the client received the first paycheck. <p>Questioned Costs: \$3,472</p> <p>Cause: The Counselor for the client was not adequately trained on the proper application of the ARS Policy and Procedures Manual regarding maintenance payments.</p>	<p>ALA staff recommend the Agency strengthen controls and procedures to ensure employees are properly trained on policies and procedures regarding maintenance payments.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p><u>ARS Discussion</u> ARS acknowledges that there is an error in the agency's policy section VI-29, which states after job placement; maintenance will only be paid until the individual receives their first pay check. The Chief of Field Services issued an agency directive to the policy for section VI-29 that permits maintenance after the first paycheck. The agency will update the policy manual with the correct language during the next promulgation process. In reference to vehicle repairs, ARS acknowledges that paying for a vehicle repair that is not owned by the client is not a best practice in procedures. However, the vehicle in question was the client's primary source of transportation to attend school.</p> <p><u>ARS Action Taken</u> The counselor, referenced in the finding, will be required to get manager's signature on all authorization for a 6 month period. In addition, the managers are to be trained by the Chief of Field Services on the best practices for transportation needs and the managers will in turn train the vocation rehabilitation counselors who report to them in the respective district offices of Arkansas Rehabilitation Services those same skills. Furthermore, the agency will ensure all employees are aware of the policy directive regarding maintenance payments.</p> <p>Anticipated Completion Date: February 2016</p> <p>Contact Person: Carl Daughtery Chief of Field Services Arkansas Rehabilitation Services 525 W. Capital Ave Little Rock, AR 72201 501-296-1610 carl.daughtery@arkansas.gov</p>

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Effect:

Failure to adhere to the Policy and Procedures Manual could allow inappropriate payments to be made.

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<p>Finding Number: 2015-005</p> <p>State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services</p> <p>CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States</p> <p>Federal Award Number(s): H126A140003</p> <p>Federal Award Year(s): 2014</p> <p>Compliance Requirement(s) Affected: Allowable Costs/Cost Principles</p> <p>Type of Finding: Noncompliance and Significant Deficiency</p> <p>Repeat Finding: Not applicable</p> <p>Criteria: Three specific sections of the Arkansas Rehabilitation Services (ARS) Policy and Procedures Manual were used as guidance for testing in this section:</p> <ul style="list-style-type: none"> • Section VI-3 mandates that payments are not to be approved without documentation that the service has been received. • Section B-24 requires the Small Business Consultant to formalize the feasibility of a business idea through a written business plan or feasibility assessment documenting the following: <ul style="list-style-type: none"> a) Concept Feasibility: Clear description of the business idea; client's background related to the business concept, including education, training, direct experience, and transferable skill sets; a summary statement identifying issues of common concern regarding the feasibility of the concept; and a recommendation as to whether the business concept is feasible. b) Market Feasibility: Geographic description of market area; description of competitors working in or marketing to potential customers in geographic area; definition of target markets, including size and scope of each market; and zoning issues/requirements for establishing a business at intended location. c) Financial Feasibility: Capitalization requirements (start up funding may not 	<p>ALA staff recommend Agency management set a tone reflecting a commitment to integrity and ethical values. ALA staff also recommend the Agency strengthen controls and procedures to ensure that employees are properly trained on the policies and procedures related to the small business program. In addition, we recommend the Agency consider segregation of duties and minimize instances in which field services personnel have access to warrants authorized under their purview.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p><u>ARS Discussion</u> ARS acknowledges that the Small Business Consultant did not seek approval from Chief of Field Services to grant an exception for the 10% participation requirement.</p> <p><u>ARS Action Taken</u> The Small Business Consultant was disciplined for the violation of policy and procedures with a counseling statement following the agency's policy of progressive discipline. The agency has completed training with the Small Business Consultant. The training specifically focused on documentation of the required 10% commitment to all business plans for clients. Additionally, we have updated internal controls by requiring the approval of the Chief of Field Services to sign off on waivers for the 10% commitment to business plan. Furthermore, the agency has updated the procedures to policy by prohibiting multilevel marketing ventures. Lastly, the agency has provided training on documentation of case management, and securing adequate invoices for processing payment. Additional training will be provided to field staff regarding the provision of authorization of services to vendors and follow up to verify goods and services have been rendered before final payment.</p> <p>The agency has instituted written policies for check pickup, with approvals required by the senior manager and Commissioner.</p> <p>Agency management has reemphasized the ethical and moral standards required of all employees. Senior managers and staff were also reminded of the personal assurances they are required to make each year through completion and signing of the agency's Anti-Fraud and Code of Ethics policy statement and the importance it carries throughout the execution of their duties.</p> <p>The initial investigation of this finding was conducted by DF&A Office of Internal Audit and the results were forwarded to the state's Attorney General office and Arkansas State Police.</p>

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<p>exceed six months) consistent with the client's business concept; identification of resources for startup funding and ongoing capitalization. Twelve months of projected sales/expenses may be included, when appropriate. A monthly update will be required upon authorization.</p> <ul style="list-style-type: none">Section B-27 of the ARS Policy and Procedures Manual requires financial participation of 10% by the client unless an exception to the financial participation policy has been granted by the Chief of Field Services and/or ARS Commissioner. <p>In addition, specific guidance is provided relative to improper payments as outlined in the Improper Payments Information Act of 2002, as amended by Publ. L. No. 111-2014; the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments; and the June 18, 2010, Presidential memorandum to enhance payment accuracy. The term <i>improper payment</i> refers to the following:</p> <ul style="list-style-type: none">Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally-applicable requirements.Incorrect amounts, which include overpayments or underpayments made to eligible recipients (including appropriate denials of payments or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments).Any payment made to an ineligible recipient or for an ineligible good or service or payments for goods or services not received (except for such payments where authorized by law).Any payment that an agency cannot determine was appropriate because of insufficient or lack of documentation. <p>Also, as stated in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides a 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 establishing internal controls to properly segregate duties so that no person or group should have the ability to approve purchases and obtain custody of warrants.</p> <p>In addition to the specific federal criteria outlined previously, the following state criteria are</p>	<p>Anticipated Completion Date: January 2016</p> <p>Contact Person: Carl Daughtery Chief of Field Services Arkansas Rehabilitation Services 525 W. Capital Ave Little Rock, AR 72201 501-296-1610 carl.daughtery@arkansas.gov</p>

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also applicable:

- Ark. Code Ann. § 19-11-705(a):

(a)(1) Conflict of Interest. It shall be a breach of ethical standards for any employee to participate directly or indirectly in any proceeding or application, in any request for ruling or other determination, in any claim or controversy, or in any other particular matter pertaining to any contract or subcontract, and any solicitation or proposal therefore, in which to the employee's knowledge:

(A) The employee or any member of the employee's immediate family has a financial interest;

(B) A business or organization has a financial interest, in which business or organization the employee, or any member of the employee's immediate family, has a financial interest; or

(C) Any other person, business, or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is a party.

(2) "Direct or indirect participation" shall include, but not be limited to, involvement through decision, approval, disapproval, recommendation, preparation of any part of a procurement request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity.

- Ark. Code Ann. § 21-8-304(a):

(a) No public servant shall use or attempt to use his or her official position to secure special privileges or exemptions for himself or herself or his or her spouse, child, parents, or other persons standing in the first degree of relationship, or for those with whom he or she has a substantial financial relationship that are not available to others except as may be otherwise provided by law.

Condition and Context:

The Agency made payments totaling \$13,302 to 5Linx Enterprises, Inc., a multi-level marketing company, based on what appear to be falsified invoices submitted on behalf of three clients. According to the Chief of Field Services, these clients were referred to the Agency by the Director of the Arkansas Department of Career Education - Arkansas

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Rehabilitation Services, who retired January 21, 2015, and was also a 5Linx sales representative. The retired Director indicated he was not directly involved in the referral process for these three clients. The clients were all approved by the Small Business Consultant to start their own 5Linx businesses without formally documenting the feasibility of the business plan or requiring the mandatory 10% financial participation from the client. The documentation in the respective case files was very similar, if not identical, for these three clients. ALA staff were unable to determine the origin of the apparently falsified invoices.

The Agency used atypical procedures to pay these invoices. According to the Chief of Field Services, he was directed by the retired Director to pick up the two warrants written to 5Linx (one for \$8,868 issued on October 22, 2014 and cashed on January 22, 2015 and one for \$4,434 that was issued on November 2, 2014 and voided on August 20, 2015) directly from the Finance office; typically, these warrants would have been mailed, and the Chief of Field Services would have never had custody of them. The retired Director indicated he did not issue this directive. The Chief of Field Services directed that the \$8,868 warrant be sent overnight via FedEx to the attention of a specific 5Linx employee.

Although 5Linx personnel stated to auditors that they did not create the invoices, the vendor did receive the \$8,868 warrant prior to any order being placed. According to the Vice President of Product Development & Marketing for 5Linx, they received the warrant and subsequently negotiated directly with the retired Director about what the warrant would be used to purchase. The retired Director indicated he was not involved in any conversations with 5Linx about the warrant. According to 5Linx personnel, the warrant was used to pay for services and products for two of the aforementioned clients, but 5Linx was not able to provide a detailed list of these services and products. 5Linx personnel confirmed that the retired Director would have received compensation from 5Linx if these clients had been successful in the business.

As of November 4, 2015, case files reflected the following:

- Client 1 had received products but had not done anything with them. The counselor and client had not had contact since May 18, 2015.
- Client 2 had not received any products. The counselor and client had not had contact since February 3, 2015.
- Client 3 had not received any products. The warrant for \$4,434, which was cancelled, had not been reissued. The client stated on July 16, 2015, that he no

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longer wished to work with 5Linx.

Ark. Code Ann. § 19-11-705(a) - By recommending these clients to his Agency, being involved in getting payments to 5Linx, and potentially benefitting from clients' sales, the retired Director indirectly participated in a contract in which he had a financial interest.

Ark. Code Ann. § 21-8-304(a) - The retired Director used his official position to influence the Agency to assist these clients, knowing he could potentially benefit (a "special privilege") when the clients made sales.

Questioned Costs:

\$8,868

Cause:

Management is responsible for adopting sound policies and establishing and maintaining internal control that will ensure the achievement of the entity's objectives. The control environment sets the tone of an organization, which influences control consciousness of its employees, and is the foundation for all other components of internal control, providing discipline and structure. The transactions and events reviewed above suggest compromise of the Agency's commitment to integrity and ethical values.

Effect:

Failure to establish an appropriate control environment could allow for inappropriate payments to be made using grant funds and subsequently jeopardize future awards.

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<p>Finding Number: 2015-006</p> <p>State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services</p> <p>CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States</p> <p>Federal Award Number(s): H126A140003</p> <p>Federal Award Year(s): 2014</p> <p>Compliance Requirement(s) Affected: Allowable Costs/Cost Principles</p> <p>Type of Finding: Noncompliance and Significant Deficiency</p> <p>Repeat Finding: Not applicable</p> <p>Criteria: Section VI-3 of the Arkansas Rehabilitation Services (ARS) Policy and Procedures Manual mandates that payments are not to be approved without documentation that the service has been received. Section VI-4 requires the Counselor to verify the individual received the service whenever a billing statement is received.</p> <p>Condition and Context: The job placement program at ARS pays job placement vendors \$1,000 for each client they assist in successfully completing 90 days at a job. ALA staff noted one instance in which the job placement vendor was paid \$1,000 for this service after a client complained to the VR Counselor regarding the lack of job placement services from the vendor. In addition, case file narratives document the vendor asking the client to lie to the VR Counselor about being employed. The case file does not reflect efforts to investigate the client's assertions or communicate the disagreement to Agency employees responsible for the job placement program.</p> <p>Questioned Costs: \$1,000</p> <p>Cause:</p>	<p>ALA staff recommend the Agency strengthen controls and procedures to ensure employees are properly trained on the policies and procedures regarding job placement payments and the appropriate recourse for instances of disagreement between the client and job placement vendor.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p><u>ARS Discussion</u> The District Manager did follow-up on the client's assertion about being told to lie. The District Manager investigated the services provided and approved the job placement payment. However, there was no documentation in the case narrative by District Manager or Counselor prior to the payment. The agency will continue to provide ongoing training and emphasize the importance of detailed caseload documentation.</p> <p><u>ARS Action Taken</u> The Manager and Field Counselor were disciplined for the violation of policy and procedures with a counseling statement following the agency's policy of progressive discipline. The agency has completed training with the district managers on the area of provision and authorization of services and its relation to providing detailed documentation in case files. The training was provided February 18, 2016. In addition, the manager has provided training and guidance to the field staff in this district. The training specifically focused on professional communication to clients, responding in timely fashion with complaints and including detailed documentation in case narratives that support the provision of services provided before final payment.</p> <p>Anticipated Completion Date: February 2016</p> <p>Contact Person: Carl Daughtery Chief of Field Services Arkansas Rehabilitation Services 525 W. Capital Ave Little Rock, AR 72201 501-296-1610 carl.daughtery@arkansas.gov</p>

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The Counselor was not properly trained on the requirements necessary to process a request for payment and the proper course of action to take when clients' assertions disagree with vendor invoices.

Effect:

Failure to determine that the services were performed prior to processing a payment request could result in vendors receiving payments for services they did not provide. Failure to alert job placement program officials of disagreements between clients and vendors could prevent the identification of unscrupulous job placement vendors.

Recommendations

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<p>Finding Number: 2015-007</p> <p>State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services</p> <p>CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States</p> <p>Federal Award Number(s): H126A150003</p> <p>Federal Award Year(s): 2015</p> <p>Compliance Requirement(s) Affected: Allowable Costs/Cost Principles; Reporting</p> <p>Type of Finding: Noncompliance and Significant Deficiency</p> <p>Repeat Finding: Not applicable</p> <p>Criteria: In accordance with 2 CFR §215.21, a federal awarding agency requires an agency financial management system to provide accurate, current, and complete disclosure of the financial results of each federally-sponsored program. Rehabilitation Services Administration (RSA) Policy Directive PD15-05 requires the Agency to submit SF-425 reports semi-annually for reporting periods ending March 31 and September 30. Correspondence from the federal sponsor on June 30, 2014, strongly discouraged the establishment of a public safety department at Arkansas Career Training Institute (ACTI), a state-owned and operated community rehabilitation program (CRP). The Agency implemented procedures to track the expenditures of the public safety department at ACTI so that they could be removed from the calculation of grant expenditures.</p> <p>Condition and Context: ALA staff review of three reports revealed the Agency did not have adequate internal controls in place to ensure accurate and complete financial information was submitted within the criteria established by the federal awarding agency.</p> <p>The Agency's lack of adequate internal controls over reporting resulted in a net overstatement of expenditures, totaling \$1,041,654, on the 2015 Grant SF-425 for the period ended March 31, 2015. The net overstatement is a cumulative effect of the following errors:</p>	<p>ALA staff recommend the Agency correct the SF-425 to reflect the correct expenditures. In addition, ALA staff recommend the Agency strengthen controls and procedures to ensure SF-425 financial reports are submitted accurately.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p><u>ARS Discussion</u> The agency acknowledges both the net overstatement of expenditures and the unallowable expenditures reported through the agency SF-425 submissions.</p> <p><u>ARS Action Taken</u> The unallowable expenditures have been corrected with updated SF-425 submissions. Corrections to the overstated expenditures will be made to the affected SF-425 reports and will conclude with the final reports for applicable grants.</p> <p>SF-425 calculation procedures and training have been updated to account for unliquidated obligations and to exclude unallowable costs. The CFO will continue to monitor the SF-425 calculation process. The CFO will continue to verify and approve the accuracy of the SF-425 reports prior to submission.</p> <p>Anticipated Completion Date: March 2016</p> <p>Contact Person: Joseph Baxter Chief Fiscal Officer Arkansas Rehabilitation Services 525 W. Capital Ave Little Rock, AR 72201 501-296-1614 joseph.baxter@arkansas.gov</p>

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- Expenditures, totaling \$823,884, were reported but not incurred because of calculation errors in the spreadsheets supporting the SF-425.
- Unallowable expenditures regarding the armed public safety department of ACTI, totaling \$217,770, were reported as grant expenditures.

Questioned Costs:

\$1,041,654

Cause:

Agency employees responsible for preparing the reports were not adequately trained regarding reporting requirements, and the Agency did not have procedures in place to ensure that reports were properly reviewed for accuracy and completeness.

Effect:

Reporting overstated and/or unallowable costs could create a liability and require a refund to the federal awarding agency, in addition to jeopardizing future awards.

Recommendations

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<p>Finding Number: 2015-008</p> <p>State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services</p> <p>CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States</p> <p>Federal Award Number(s): H126A150003</p> <p>Federal Award Year(s): 2015</p> <p>Compliance Requirement(s) Affected: Matching, Level of Effort, Earmarking</p> <p>Type of Finding: Noncompliance and Significant Deficiency</p> <p>Repeat Finding: Not applicable</p> <p>Criteria: Section 110(d) of the Rehabilitation Act of 1973, effective July 22, 2014, requires a state to reserve at least 15% of its allotment under a grant for the provision of pre-employment transition services, which are described in Section 113 of the Act.</p> <p>Condition and Context: As of March 31, 2015, the pre-employment transition services requirement for the Agency was \$1,939,081. ALA staff reviewed the Agency's SF-425 report for the 2015 grant, along with the documentation supporting the \$2,878,376 reported for pre-employment transition services, to determine reasonableness. The review revealed the Agency did not maintain sufficient, appropriate evidence for the amount reported, and only \$385,927 was for services that could reasonably meet the definition of pre-employment transition services. As a result, there is a potential deficit in pre-employment transition services totaling \$1,553,154 (\$1,939,081 - \$385,927).</p> <p>Questioned Costs: None</p> <p>Cause: The Agency did not have adequate internal control procedures in place to ensure the</p>	<p>ALA staff recommend the Agency strengthen controls and procedures to ensure earmarking requirements are properly met and reported.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p><u>ARS Discussion</u> Vocational rehabilitation regulations that govern implementation of The Workforce Innovation and Opportunity Act signed in to law July 22, 2014 have yet to be issued by Rehabilitation Services Administration (RSA). Agencies have been instructed by RSA to develop services and processes individually in order to comply with the requirements outlined in the law until comprehensive federal regulations are released. The agency reported expenditures under the pre-employment transition services requirement were in support of this direction.</p> <p><u>ARS Action Taken</u> Current agency activities listed under pre-employment transition services are under review by Field Service senior management. Specific services are being developed to address these new requirements, and for tracking and reporting purposes. Additional procurement methods are being explored and initiated in order to better meet the provisions outlined in the law.</p> <p>Anticipated Completion Date: June 2016</p> <p>Contact Person: Carl Daughtery Chief of Field Services Arkansas Rehabilitation Services 525 W. Capital Ave Little Rock, AR 72201 501-296-1610 carl.daughtery@arkansas.gov</p>

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earmarking requirements were properly met and reported.

Effect:

Failure to meet earmarking requirements could jeopardize future awards.

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 FOR THE YEAR ENDED JUNE 30, 2015

Findings	Recommendations
<p>Finding Number: 2015-009</p> <p>State/Educational Agency(s): Arkansas Department of Career Education - Arkansas Rehabilitation Services</p> <p>CFDA Number(s) and Program Title(s): 84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States</p> <p>Federal Award Number(s): H126A140003; H126A150003</p> <p>Federal Award Year(s): 2014 and 2015</p> <p>Compliance Requirement(s) Affected: Matching, Level of Effort, Earmarking; Reporting</p> <p>Type of Finding: Noncompliance and Significant Deficiency</p> <p>Repeat Finding: Not applicable</p> <p>Criteria: 29 USC 731(a)(2)(B) states the amount payable to a state for a fiscal year shall be reduced by the amount by which expenditures from non-federal sources for any previous fiscal year are less than the total expenditures for the second fiscal year preceding the previous fiscal year. For example, for fiscal year 2014, a state's maintenance of effort (MOE) level is based on the amount of its expenditures from non-federal sources for fiscal year 2012. However, the amount of non-federal expenditures spent on the construction of facilities for community rehabilitation program purposes are not applicable toward the MOE requirement per 34 CFR § 361.62. In addition, Rehabilitation Services Administration Policy Directive 15-05 requires the non-federal expenditures spent on the construction of facilities for community rehabilitation purposes to be reported on line 12a of the SF-425 so that non-federal expenditures applicable toward MOE can be accurately calculated.</p> <p>Condition and Context: In order to meet its MOE requirement, the Agency was required to spend, from non-federal sources, \$11,218,138 and \$10,744,850 in 2014 and 2015, respectively. MOE expenditures are calculated on the SF-425 report by subtracting line 12a, the non-federal share of expenditures for the establishment or construction of facilities for community rehabilitation program purposes, from line 10j, the recipient share of expenditures. The Agency failed to</p>	<p>ALA staff recommend the Agency strengthen controls and procedures to ensure that non-federal expenditures for the construction of facilities for community rehabilitation program purposes are properly reported and that MOE requirements are properly monitored.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p> <p><u>ARS Discussion</u> The agency acknowledges the MOE requirement shortfall.</p> <p><u>ARS Action Taken</u> The applicable SF-425 reports have been corrected.</p> <p>SF-425 calculation and grant draw procedures have been updated to account for grant expenditures not applicable to MOE calculations. The CFO will continue to monitor the SF-425 and grant draw calculation process. The CFO will continue to verify and approve the accuracy of the grant draws and SF-425 reports prior to submission.</p> <p>Anticipated Completion Date: January 2016</p> <p>Contact Person: Joseph Baxter Chief Fiscal Officer Arkansas Rehabilitation Services 525 W. Capital Ave Little Rock, AR 72201 501-296-1614 joseph.baxter@arkansas.gov</p>

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF CAREER EDUCATION – ARKANSAS REHABILITATION SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

meet its MOE requirement for the 2014 grant because it only spent \$10,318,815, which is \$899,323 less than required. While the Agency still has time to meet MOE requirements for the 2015 grant, line 12a of the 2015 SF-425 report reflects \$0 expenditures, instead of \$928,640, the actual expenditures calculated by the Agency. If not corrected, the Agency could also fail to meet its MOE requirement for the 2015 grant.

Questioned Costs:

None

Cause:

The Agency did not have procedures or controls in place to properly calculate and report the amount of non-federal expenditures spent for the construction of facilities for community rehabilitation program purposes.

Effect:

The federal awarding agency could reduce the State's allotment of future grant funds by the MOE deficit.

Recommendations

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	95	181	276	64 %
Black Employees	34	116	150	35 %
Other Racial Minorities	2	2	4	1 %
Total Minorities			154	36 %
Total Employees			430	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
AKDC Annual Report	Act 450 of 1971	Y	Y	75	Annual report providing results of Arkansas Kidney Disease services.	0	0.00
Counselor	None	N	N	2,000	Agency newsletter providing information to the public regarding rehabilitation services and activities.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
128 Rehab Services - Operations	51,119,543	488	62,648,596	527	63,461,259	527	61,569,266	527	61,869,266	527	60,748,638	500	61,584,411	527	61,884,411	527	60,763,659	500
1VB Increase Capabilities Access Network	955	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0
374 Statewide Disability Telecomm	447,206	3	528,598	3	530,019	3	528,598	3	528,598	3	496,510	2	528,723	3	528,723	3	496,635	2
743 People w/Disabilities	9,500	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0
902 Tech Equipment - Treasury	558,001	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0
903 Rehab Services - Treasury Pay	0	0	863,400	0	863,400	0	863,400	0	563,400	0	563,400	0	863,400	0	563,400	0	563,400	0
M89 Promise Grant	410,247	8	453,086	8	380,680	7	390,829	7	454,045	8	454,045	8	391,573	7	454,789	8	454,789	8
Total	52,545,452	499	66,417,370	538	67,159,048	537	65,275,783	537	65,338,999	538	64,186,283	510	65,291,797	537	65,355,013	538	64,202,173	510

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	1,583,738	2.9	1,223,246	1.8		1,603,801	2.3	1,603,801	2.3	1,603,801	2.4	3,704,769	5.2	4,003,464	5.6	4,035,552	5.7
General Revenue	4000010	13,126,651	24.4	13,126,651	19.3		13,126,651	19.0	13,126,651	18.9	12,897,526	18.9	13,126,651	18.5	13,126,651	18.3	12,897,500	18.3
Federal Revenue	4000020	38,298,636	71.2	51,608,057	75.9		51,545,800	74.7	51,909,016	74.9	51,017,513	74.8	51,546,544	72.5	51,909,760	72.4	51,018,159	72.2
Special Revenue	4000030	458,710	0.9	328,979	0.5		330,000	0.5	330,000	0.5	330,000	0.5	330,000	0.5	330,000	0.5	330,000	0.5
Cash Fund	4000045	385,484	0.7	1,734,238	2.5		2,360,000	3.4	2,360,000	3.4	2,360,000	3.5	2,360,000	3.3	2,360,000	3.3	2,360,000	3.3
DFA Motor Vehicle Acquisition	4000184	(89,066)	(0.2)	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	4,545	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		53,768,698	100.0	68,021,171	100.0		68,966,252	100.0	69,329,468	100.0	68,208,840	100.0	71,067,964	100.0	71,729,875	100.0	70,641,211	100.0
Excess Appropriation/(Funding)		(1,223,246)		(1,603,801)			(3,690,469)		(3,990,469)		(4,022,557)		(5,776,167)		(6,374,862)		(6,439,038)	
Grand Total		52,545,452		66,417,370			65,275,783		65,338,999		64,186,283		65,291,797		65,355,013		64,202,173	

FY17 Budget exceeds authorized appropriation in the Promise Grant (M89) due to a transfer from the Miscellaneous Federal Grant Holding Account.
 FY17 Budget number of positions may exceed the Authorized Number in the Promise Grant (M89) due to transfers from the Miscellaneous Federal Grant Holding Account.
 Variance in fund balance due to unfunded appropriation in People w/Disabilities (743) and Rehab Services-Treasury Pay (903).

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
530	460	70	530	0	13.21 %	537	437	93	530	7	18.62 %	537	437	100	537	0	18.62 %

Analysis of Budget Request

Appropriation: 128 - Rehab Services - Operations

Funding Sources: PER - Educational Rehabilitation Pay - Admin

The Office of Rehabilitation Services (ARS) carries out its responsibilities through a field program that reaches all 75 counties from 19 field offices across the state. They also operate the Hot Springs Rehabilitation Center (HSRC), a comprehensive, state-owned rehabilitation facility - one of only nine in the country and the only one in the country west of the Mississippi River. The center is comprised of a medical unit providing traumatic care and comprehensive physical and occupational therapy. ARS also includes the Arkansas Career Training Institute (ACTI), which provides vocational training and support in a number of training programs. Funding for this appropriation is a combination of general revenue and federal funding. Federal funds account for approximately 80% of the total funding.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching also includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

The Base Level Request is \$61,569,266 for FY18 and \$61,584,411 for FY19.

The Agency Request is a Change Level increase of \$300,000 for each year as follows:

- Operating Expenses increase of \$300,000 through a reallocation of resources from Rehab Services - Cash in Treasury (903) to consolidate agency marketing and communications in support of the overall agency communications plan. This will allow more efficient use of agency funds and better support agency goals.

The Executive Recommendation provides for the Agency Request; and subsequent to the Agency's Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects a reduction of twenty-seven (27) positions based on the personnel evaluations.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	16,595,470	19,199,459	19,729,585	19,215,617	19,215,617	18,421,114	19,227,317	19,227,317	18,432,714
#Positions		488	527	527	527	527	500	527	527	500
Extra Help	5010001	206,339	252,000	252,000	252,000	252,000	252,000	252,000	252,000	252,000
#Extra Help		18	19	19	19	19	19	19	19	19
Personal Services Matching	5010003	6,471,044	7,268,229	7,550,766	7,272,741	7,272,741	6,946,616	7,276,186	7,276,186	6,950,037
Extra Salaries	5010008	0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Operating Expenses	5020002	7,439,692	8,691,380	8,691,380	8,691,380	8,991,380	8,991,380	8,691,380	8,991,380	8,991,380
Conference & Travel Expenses	5050009	124,589	155,506	155,506	155,506	155,506	155,506	155,506	155,506	155,506
Professional Fees	5060010	311,764	882,029	882,029	882,029	882,029	882,029	882,029	882,029	882,029
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,388,421	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Capital Outlay	5120011	346,655	1,100,000	1,100,000	0	0	0	0	0	0
Contract Services	5900043	17,608,894	20,941,993	20,941,993	20,941,993	20,941,993	20,941,993	20,941,993	20,941,993	20,941,993
Data Processing Services	5900044	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Arkansas Kidney Disease Commis	5900046	626,675	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000
Project Search	5900047	0	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total		51,119,543	62,648,596	63,461,259	61,569,266	61,869,266	60,748,638	61,584,411	61,884,411	60,763,659
Funding Sources										
Fund Balance	4000005	216,446	26,467		1,278,803	1,278,803	1,278,803	3,610,469	3,610,469	3,610,469
General Revenue	4000010	13,126,651	13,126,651		13,126,651	13,126,651	12,897,526	13,126,651	13,126,651	12,897,500
Federal Revenue	4000020	37,887,434	50,774,281		50,774,281	51,074,281	50,182,778	50,774,281	51,074,281	50,182,680
DFA Motor Vehicle Acquisition	4000184	(89,066)	0		0	0	0	0	0	0
M & R Sales	4000340	4,545	0		0	0	0	0	0	0
Total Funding		51,146,010	63,927,399		65,179,735	65,479,735	64,359,107	67,511,401	67,811,401	66,690,649
Excess Appropriation/(Funding)		(26,467)	(1,278,803)		(3,610,469)	(3,610,469)	(3,610,469)	(5,926,990)	(5,926,990)	(5,926,990)
Grand Total		51,119,543	62,648,596		61,569,266	61,869,266	60,748,638	61,584,411	61,884,411	60,763,659

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	61,569,266	527	61,569,266	100.0	61,584,411	527	61,584,411	100.0
C04	Reallocation	300,000	0	61,869,266	100.5	300,000	0	61,884,411	100.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	61,569,266	527	61,569,266	100.0	61,584,411	527	61,584,411	100.0
C04	Reallocation	300,000	0	61,869,266	100.5	300,000	0	61,884,411	100.5
C13	Not Recommended	(326,125)	0	61,543,141	100.0	(326,149)	0	61,558,262	100.0
C19	Executive Changes	(794,503)	(27)	60,748,638	98.7	(794,603)	(27)	60,763,659	98.7

Justification

C04	The Agency requests a \$300,000 reallocation of resources to Operating Expenses from Rehab Services – Cash in Treasury (903) Operating Expenses. This will allow consolidation of agency marketing and communications in support of the overall agency communications plan. The Communications Director will have direct supervision of this area. This change will allow more efficient use of agency funds and better support agency operational goals
C19	Subsequent to Agency's Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects position reductions based on the personnel evaluation.

Analysis of Budget Request

Appropriation: 1VB - Increase Capabilities Access Network

Funding Sources: PER - Educational Rehabilitation Pay - Admin

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

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

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

The Agency Request is for Base Level of \$298,690 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	955	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500
Conference & Travel Expenses 5050009	0	7,190	7,190	7,190	7,190	7,190	7,190	7,190	7,190
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	955	298,690	298,690	298,690	298,690	298,690	298,690	298,690	298,690
Funding Sources									
Federal Revenue 4000020	955	298,690		298,690	298,690	298,690	298,690	298,690	298,690
Total Funding	955	298,690		298,690	298,690	298,690	298,690	298,690	298,690
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	955	298,690		298,690	298,690	298,690	298,690	298,690	298,690

Analysis of Budget Request

Appropriation: 374 - Statewide Disability Telecomm

Funding Sources: STC - Telecommunications Equipment Fund

The Statewide Disability Telecommunications Equipment Program is authorized to provide telecommunication devices for persons who are deaf, hard of hearing, blind, or speech impaired. Funding for this appropriation is provided through the Arkansas Public Service Commission, pursuant to A.C.A. § 23-17-119, which authorizes a surcharge of \$0.02 per subject access line per month and \$0.02 per working subject telephone number per month.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$528,598 for FY18 and \$528,723 for FY19.

The Executive Recommendation provides for the Agency Request; and subsequent to the Agency's Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects one (1) position reduction based on the personnel evaluations.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	82,766	102,065	102,549	102,065	102,065	80,238	102,165	102,165	80,338
#Positions		3	3	3	3	3	2	3	3	2
Personal Services Matching	5010003	28,790	39,533	40,470	39,533	39,533	29,272	39,558	39,558	29,297
Operating Expenses	5020002	30,585	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Conference & Travel Expenses	5050009	3,386	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Professional Fees	5060010	46,681	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	254,998	305,000	305,000	305,000	305,000	305,000	305,000	305,000	305,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		447,206	528,598	530,019	528,598	528,598	496,510	528,723	528,723	496,635
Funding Sources										
Fund Balance	4000005	551,497	551,496		322,898	322,898	322,898	94,300	94,300	126,388
Special Revenue	4000030	447,205	300,000		300,000	300,000	300,000	300,000	300,000	300,000
Total Funding		998,702	851,496		622,898	622,898	622,898	394,300	394,300	426,388
Excess Appropriation/(Funding)		(551,496)	(322,898)		(94,300)	(94,300)	(126,388)	134,423	134,423	70,247
Grand Total		447,206	528,598		528,598	528,598	496,510	528,723	528,723	496,635

Change Level by Appropriation

Appropriation: 374 - Statewide Disability Telecomm

Funding Sources: STC - Telecommunications Equipment Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	528,598	3	528,598	100.0	528,723	3	528,723	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	528,598	3	528,598	100.0	528,723	3	528,723	100.0
C13	Not Recommended	(10,261)	0	518,337	98.1	(10,261)	0	518,462	98.1
C19	Executive Changes	(21,827)	(1)	496,510	93.9	(21,827)	(1)	496,635	93.9

Justification

C19	Subsequent to Agency's Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects position reductions based on the personnel evaluation.
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Analysis of Budget Request

Appropriation: 743 - People w/Disabilities

Funding Sources: SPD - People with Disabilities Fund

The Governor's Commission on People with Disabilities provides scholarships to students with disabilities. The Access to Parking for Persons With Disabilities Act, A.C.A. § 27-15-301 et seq., provides for 30% of all fines collected shall be used to fund the activities of the Governor's Commission on People with Disabilities.

The Agency Request is for Base Level of \$45,000 each year for the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 743 - People w/Disabilities

Funding Sources: SPD - People with Disabilities Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	9,500	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		9,500	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Funding Sources										
Fund Balance	4000005	16,021	18,026		2,005	2,005	2,005	0	0	0
Special Revenue	4000030	11,505	28,979		30,000	30,000	30,000	30,000	30,000	30,000
Total Funding		27,526	47,005		32,005	32,005	32,005	30,000	30,000	30,000
Excess Appropriation/(Funding)		(18,026)	(2,005)		12,995	12,995	12,995	15,000	15,000	15,000
Grand Total		9,500	45,000		45,000	45,000	45,000	45,000	45,000	45,000

Analysis of Budget Request

Appropriation: 902 - Tech Equipment - Treasury

Funding Sources: NRS - Cash in Treasury

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

The Agency Request is for Base Level of \$1,580,000 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 902 - Tech Equipment - Treasury

Funding Sources: NRS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	558,001	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Total		558,001	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Funding Sources										
Fund Balance	4000005	794,001	621,389		0	0	0	0	0	0
Cash Fund	4000045	385,389	958,611		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Total Funding		1,179,390	1,580,000		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Excess Appropriation/(Funding)		(621,389)	0		0	0	0	0	0	0
Grand Total		558,001	1,580,000		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000

Analysis of Budget Request

Appropriation: 903 - Rehab Services - Treasury Pay

Funding Sources: NRS - Cash in Treasury

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

No expenditures were made in FY16 due to an overall decrease in vocational rehabilitation expenditures, due to a shortage of available counselors to process services. Subsequent hiring of qualified counselors has restored the level of services to their clients.

The Base Level Request is \$863,400 for each year of the 2017-2019 Biennium.

The Agency Request is for a Change Level decrease of \$300,000 for each year as follows:

- Operating Expenses decrease of \$300,000 through a reallocation of resources to Rehabilitation Services-Operations (128) to consolidate agency marketing and communications for support of the overall agency communications plan. This will allow more efficient use of agency funds and better support agency goals.

The Executive Recommendation provides for the Agency Request.

Expenditure of appropriation is contingent upon availability of funding.

Appropriation Summary

Appropriation: 903 - Rehab Services - Treasury Pay

Funding Sources: NRS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	741,400	741,400	741,400	441,400	441,400	741,400	441,400	441,400
Conference & Travel Expenses	5050009	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	0	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	863,400	863,400	863,400	563,400	563,400	863,400	563,400	563,400
Funding Sources										
Fund Balance	4000005	5,773	5,868		95	95	95	0	298,695	298,695
Federal Revenue	4000020	0	82,000		82,000	82,000	82,000	82,000	82,000	82,000
Cash Fund	4000045	95	775,627		780,000	780,000	780,000	780,000	780,000	780,000
Total Funding		5,868	863,495		862,095	862,095	862,095	862,000	1,160,695	1,160,695
Excess Appropriation/(Funding)		(5,868)	(95)		1,305	(298,695)	(298,695)	1,400	(597,295)	(597,295)
Grand Total		0	863,400		863,400	563,400	563,400	863,400	563,400	563,400

Change Level by Appropriation

Appropriation: 903 - Rehab Services - Treasury Pay
Funding Sources: NRS - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	863,400	0	863,400	100.0	863,400	0	863,400	100.0
C04	Reallocation	(300,000)	0	563,400	65.3	(300,000)	0	563,400	65.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	863,400	0	863,400	100.0	863,400	0	863,400	100.0
C04	Reallocation	(300,000)	0	563,400	65.3	(300,000)	0	563,400	65.3

Justification

C04	The Agency requests a \$300,000 reallocation of resources from Operating Expenses to Rehab Services – Operations (128) Operating Expenses. This will allow consolidation of agency marketing and communications in support of the overall agency communications plan. The Communications Director will have direct supervision of this area. This change will allow more efficient use of agency funds and better support agency operational goals.
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Analysis of Budget Request

Appropriation: M89 - Promise Grant

Funding Sources: FER - Promise Grant

Arkansas is one of five states participating in the five-year PROMISE (Promoting Readiness of Minors in Supplemental Security Income) Initiative grant awarded by the U.S. Department of Education. The purpose of the PROMISE grant is for each state to establish and operate model demonstration projects designed to improve the education and employment outcomes of child Supplemental Security Income (SSI) recipients and their families.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$390,829 for FY18 and \$391,573 for FY19.

The Agency Request is for a Change Level increase of \$63,216 for each year as follows:

- Regular Salaries and Personal Services Matching increase of \$50,216 for continuation of one (1) Certified Vocational Rehabilitation Counselor to serve program participants.
- Operating Expenses of \$13,000 for travel related expenses for administration of services to program participants.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M89 - Promise Grant

Funding Sources: FER - Promise Grant

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	274,491	294,529	248,878	258,674	295,129	295,129	259,274	295,729	295,729
#Positions		8	8	7	7	8	8	7	8	8
Personal Services Matching	5010003	97,168	110,557	96,802	97,155	110,916	110,916	97,299	111,060	111,060
Operating Expenses	5020002	38,588	48,000	0	35,000	48,000	48,000	35,000	48,000	48,000
Conference & Travel Expenses	5050009	0	0	35,000	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		410,247	453,086	380,680	390,829	454,045	454,045	391,573	454,789	454,789
Funding Sources										
Federal Revenue	4000020	410,247	453,086		390,829	454,045	454,045	391,573	454,789	454,789
Total Funding		410,247	453,086		390,829	454,045	454,045	391,573	454,789	454,789
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		410,247	453,086		390,829	454,045	454,045	391,573	454,789	454,789

Budget exceeds Authorized Appropriation in Regular Salaries, Personal Services Matching, and Operating Expenses due to a transfer from the Miscellaneous Federal Grant Holding Account.

Budget exceeds Authorized appropriation in Operating Expenses by authority of a Budget Classification Transfer.

Budget number of Positions may exceed the Authorized Number due to transfers from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: M89 - Promise Grant
Funding Sources: FER - Promise Grant

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	390,829	7	390,829	100.0	391,573	7	391,573	100.0
C01	Existing Program	13,000	0	403,829	103.3	13,000	0	404,573	103.3
C06	Restore Position/Approp	50,216	1	454,045	116.2	50,216	1	454,789	116.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	390,829	7	390,829	100.0	391,573	7	391,573	100.0
C01	Existing Program	13,000	0	403,829	103.3	13,000	0	404,573	103.3
C06	Restore Position/Approp	50,216	1	454,045	116.2	50,216	1	454,789	116.1

Justification

C01	Appropriation request will continue a previously approved Miscellaneous Federal Grant request for an overall program travel cost increase and associated travel with an additional personnel position. Funding for this program is 100% federal.
C06	Appropriation request will continue a previously approved 8th personnel position to support Arkansas PROMISE program delivery. This position is funded from 100% federal funds.

CROWLEY'S RIDGE TECHNICAL INSTITUTE

Enabling Laws

Act 155 of 2016
A.C.A. § 6-51-901 et seq.

History and Organization

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

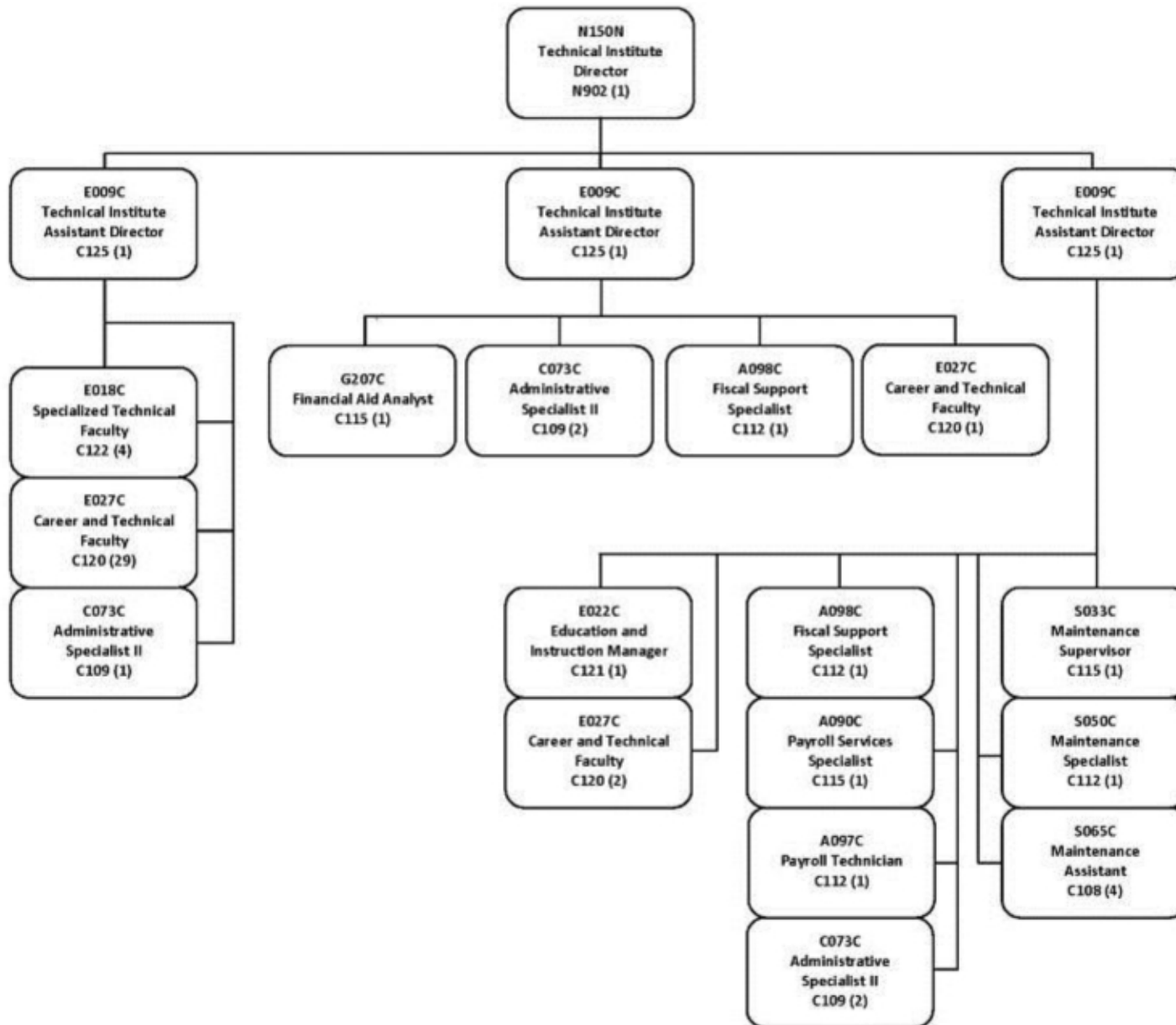
Mission Statement - Our mission is to provide a competently trained, educated, and retrainable workforce to support agriculture, business, health services, industry, and government.

Role - Crowley's Ridge Technical Institute (CRTI) strives to cooperate with industries and businesses in an effort to secure and maintain programs which supplement each individual's training. Adult education classes are taught at several locations throughout the school's service delivery area. CRTI has several mobile classroom units that provide workplace literacy training and welfare reform. Computers are utilized at workplace sites to provide specific training as requested by business and industry.

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

Certifications and Approvals - The Practical Nursing program is certified by the Arkansas State Board of Nursing. The Automotive Service Technology program is certified by the National Automotive Technicians Education Foundation (NATEF). The Cosmetology program is

approved by the Arkansas State Board of Health Cosmetology Section. The Child Care program meets the requirements for the Child Development Associate credential. The Emergency Medical Technician program is certified by the Arkansas Department of Health Office of Emergency Medical Services.



Agency Commentary

Crowley's Ridge Technical Institute requests the restoration of the authorized level for Capital Outlay in the Cash Appropriation as per Act 155 of the 2016 Fiscal Session. The restoration of Capital Outlay will allow for the replacement of obsolete training equipment with tuition and resale income.

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

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
CROWLEY'S RIDGE TECHNICAL INSTITUTE
FOR THE YEAR ENDED JUNE 30, 2015

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	11	15	26	63 %
Black Employees	9	6	15	37 %

Other Racial Minorities	0	0	0	0 %
Total Minorities			15	37 %
Total Employees			41	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
1830100	\$1,099,082	Checking, Savings, and Investments	Forrest City Bank; First National Bank of Eastern Arkansas, Forrest City

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

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

Fund Balance Utilization:

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

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
709 Crowley's Ridge - State	3,513,769	53	3,735,293	53	3,835,474	53	3,717,916	53	3,717,916	53	3,584,782	50	3,720,227	53	3,720,227	53	3,587,093	50
710 Crowley's Ridge - Federal	94,145	2	108,680	2	108,740	2	108,680	2	108,680	2	108,680	2	108,680	2	108,680	2	108,680	2
B54 Crowley's Ridge - Cash	555,157	0	1,246,624	2	1,267,961	2	936,692	2	1,236,692	2	1,236,692	2	936,692	2	1,236,692	2	1,236,692	2
Total	4,163,071	55	5,090,597	57	5,212,175	57	4,763,288	57	5,063,288	57	4,930,154	54	4,765,599	57	5,065,599	57	4,932,465	54

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	1,182,446	22.5	1,099,082	20.5		261,611	6.2	261,611	6.2	261,611	6.4	0	0.0	0	0.0	0	0.0
General Revenue	4000010	2,644,401	50.3	2,644,401	49.4		2,652,430	62.5	2,652,430	62.5	2,519,296	61.3	2,654,741	66.6	2,654,741	66.6	2,521,607	67.2
Federal Revenue	4000020	94,145	1.8	108,680	2.0		108,680	2.6	108,680	2.6	108,680	2.6	108,680	2.7	108,680	2.7	10,680	0.3
Cash Fund	4000045	471,793	9.0	409,153	7.6		156,668	3.7	156,668	3.7	156,668	3.8	156,668	3.9	156,668	3.9	156,668	4.2
Merit Adjustment Fund	4000055	0	0.0	25,406	0.5		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Adult Basic/General	4000065	86,147	1.6	282,265	5.3		282,265	6.6	282,265	6.6	282,265	6.9	282,265	7.1	282,265	7.1	282,265	7.5
Workforce 2000	4000740	783,221	14.9	783,221	14.6		783,221	18.5	783,221	18.5	783,221	19.0	783,221	19.7	783,221	19.7	783,221	20.9
Total Funds		5,262,153	100.0	5,352,208	100.0		4,244,875	100.0	4,244,875	100.0	4,111,741	100.0	3,985,575	100.0	3,985,575	100.0	3,754,441	100.0
Excess Appropriation/(Funding)		(1,099,082)		(261,611)			518,413		818,413		818,413		780,024		1,080,024		1,178,024	
Grand Total		4,163,071		5,090,597			4,763,288		5,063,288		4,930,154		4,765,599		5,065,599		4,932,465	

Variance in fund balance is due to unfunded appropriation.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
57	53	4	57	0	7.02 %	57	41	16	57	0	28.07 %	57	41	16	57	0	28.07 %

Analysis of Budget Request

Appropriation: 709 - Crowley's Ridge - State

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

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$3,717,916 for FY18 and \$3,720,227 for FY19.

The Executive Recommendation provides for the Agency request and in addition the elimination of three position resulting in a reduction of appropriation and funding of \$133,134 in Salaries and Personal Services Matching. The reduction is based upon the Office of Personnel Management and Agency personnel evaluation of the Agency's position usage and ongoing staffing needs.

Appropriation Summary

Appropriation: 709 - Crowley's Ridge - State

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,919,906	2,075,203	2,175,384	2,077,403	2,077,403	1,980,439	2,079,303	2,079,303	1,982,339
#Positions		53	53	53	53	53	50	53	53	50
Extra Help	5010001	147,054	216,379	216,379	216,379	216,379	216,379	216,379	216,379	216,379
#Extra Help		19	31	33	33	33	33	33	33	33
Personal Services Matching	5010003	691,298	754,388	754,388	734,811	734,811	698,641	735,222	735,222	699,052
Operating Expenses	5020002	754,791	684,323	684,323	684,323	684,323	684,323	684,323	684,323	684,323
Conference & Travel Expenses	5050009	720	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		3,513,769	3,735,293	3,835,474	3,717,916	3,717,916	3,584,782	3,720,227	3,720,227	3,587,093
Funding Sources										
General Revenue	4000010	2,644,401	2,644,401		2,652,430	2,652,430	2,519,296	2,654,741	2,654,741	2,521,607
Merit Adjustment Fund	4000055	0	25,406		0	0	0	0	0	0
Adult Basic/General	4000065	86,147	282,265		282,265	282,265	282,265	282,265	282,265	282,265
Workforce 2000	4000740	783,221	783,221		783,221	783,221	783,221	783,221	783,221	783,221
Total Funding		3,513,769	3,735,293		3,717,916	3,717,916	3,584,782	3,720,227	3,720,227	3,587,093
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,513,769	3,735,293		3,717,916	3,717,916	3,584,782	3,720,227	3,720,227	3,587,093

Change Level by Appropriation

Appropriation: 709 - Crowley's Ridge - State
Funding Sources: ETC - General Revenue - Crowley's Ridge Technical Institute

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,717,916	53	3,717,916	100.0	3,720,227	53	3,720,227	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,717,916	53	3,717,916	100.0	3,720,227	53	3,720,227	100.0
C13	Not Recommended	(36,170)	0	3,681,746	99.0	(36,170)	0	3,684,057	99.0
C19	Executive Changes	(96,964)	(3)	3,584,782	96.4	(96,964)	(3)	3,587,093	96.4

Justification

C19	Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects the reduction of three positions.
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Analysis of Budget Request

Appropriation: 710 - Crowley's Ridge - Federal

Funding Sources: FTC - Federal Operations - CRTI

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level Request is \$108,860 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 710 - Crowley's Ridge - Federal

Funding Sources: FTC - Federal Operations - CRTI

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	67,186	77,626	77,686	77,726	77,726	77,726	77,726	77,726	77,726
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	23,395	27,054	27,054	26,954	26,954	26,954	26,954	26,954	26,954
Operating Expenses	5020002	3,564	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		94,145	108,680	108,740	108,680	108,680	108,680	108,680	108,680	108,680
Funding Sources										
Federal Revenue	4000020	94,145	108,680		108,680	108,680	108,680	108,680	108,680	10,680
Total Funding		94,145	108,680		108,680	108,680	108,680	108,680	108,680	10,680
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	98,000
Grand Total		94,145	108,680		108,680	108,680	108,680	108,680	108,680	108,680

Analysis of Budget Request

Appropriation: B54 - Crowley's Ridge - Cash

Funding Sources: 183 - Cash Operations - CRTI

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$936,692 for each year of the 2017-2019 Biennium.

The Change Level Requests submitted are \$300,000 in FY18 and \$300,000 in FY19 are summarized as follows:

Restoration of Capital Outlay for each year of the 2017-2019 Biennium in the amount of \$300,000 for the purchase of equipment.

The Executive Recommendation provides for the Agency Request. Expenditures are contingent on available funding.

Appropriation Summary

Appropriation: B54 - Crowley's Ridge - Cash

Funding Sources: 183 - Cash Operations - CRTI

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	88,998	110,335	89,098	89,098	89,098	89,098	89,098	89,098
#Positions	0	2	2	2	2	2	2	2	2
Extra Help 5010001	146,860	162,631	162,631	162,631	162,631	162,631	162,631	162,631	162,631
#Extra Help	30	43	43	43	43	43	43	43	43
Personal Services Matching 5010003	21,361	51,995	51,995	41,963	41,963	41,963	41,963	41,963	41,963
Operating Expenses 5020002	184,662	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Conference & Travel Expenses 5050009	16,344	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Professional Fees 5060010	9,665	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Resale (COGS) 5090017	133,979	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Promotional Items 5090028	24,946	0	0	0	0	0	0	0	0
Capital Outlay 5120011	17,340	300,000	300,000	0	300,000	300,000	0	300,000	300,000
Debt Service 5120019	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total	555,157	1,246,624	1,267,961	936,692	1,236,692	1,236,692	936,692	1,236,692	1,236,692
Funding Sources									
Fund Balance 4000005	1,182,446	1,099,082		261,611	261,611	261,611	0	0	0
Cash Fund 4000045	471,793	409,153		156,668	156,668	156,668	156,668	156,668	156,668
Total Funding	1,654,239	1,508,235		418,279	418,279	418,279	156,668	156,668	156,668
Excess Appropriation/(Funding)	(1,099,082)	(261,611)		518,413	818,413	818,413	780,024	1,080,024	1,080,024
Grand Total	555,157	1,246,624		936,692	1,236,692	1,236,692	936,692	1,236,692	1,236,692

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	936,692	2	936,692	100.0	936,692	2	936,692	100.0
C01	Existing Program	300,000	0	1,236,692	132.0	300,000	0	1,236,692	132.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	936,692	2	936,692	100.0	936,692	2	936,692	100.0
C01	Existing Program	300,000	0	1,236,692	132.0	300,000	0	1,236,692	132.0

Justification

C01	The agency requests the restoration of Capital Outlay to replace obsolete training equipment
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NORTHWEST TECHNICAL INSTITUTE

Enabling Laws

Act 150 of 2016.

History and Organization

History and Organization

History- Northwest Vocational Technical School (NTI) was established in 1975 and became Northwest Technical Institute through legislation enacted in 1991. During the 1999 legislative session, NTI was authorized its own individual budget status providing more local control and flexibility in the budget process. NTI offers training and education in 11 diploma programs: Ammonia Refrigeration Maintenance Technology, Automotive Service Technology, Business (Administrative Assistant, and Medial Office Assistant), Collision Repair Technology, Computer Information Systems (Network/Computer Technician), Diesel and Truck Technology, Electronics Technology, Industrial Maintenance Technology, Machine Tool Technology, Practical Nursing, and Surgical Technology. Math and Communication courses are also embedded into the required courses of each diploma program. NTI also offers several different Adult Basic Education classes and GED preparation courses through the Adult Education Center.

Plant and Location- Northwest Technical Institute is located in Springdale in Washington County, on Highway 265 in the Industrial Park area. The site consists of 38.5 acres of choice land dedicated by the Springdale Industrial Commission and gifted to the State of Arkansas to be used for a vocational-technical school. The original building of 25,000 square feet was completed in 1975. Two additional expansions to the main building of 3,000 square feet and 8,147 square feet followed. Separate expansions followed including the Adult Education/GED building of 3,100 square feet, the Diesel building of 5,600 square feet, the Automotive/Diesel/Library building (now Collision Repair Technology) of 6,200 square feet and the Collegiate Center of 18,585 square feet. Ammonia Refrigeration Technology has a building located on a ten-acre site that adds 9,332 square feet to the facilities. The buildings and contents have a total insured value of \$16,720,779.00 and consists of 86,176 square feet of floor space, including maintenance shops, storage facilities, and mobile classrooms.

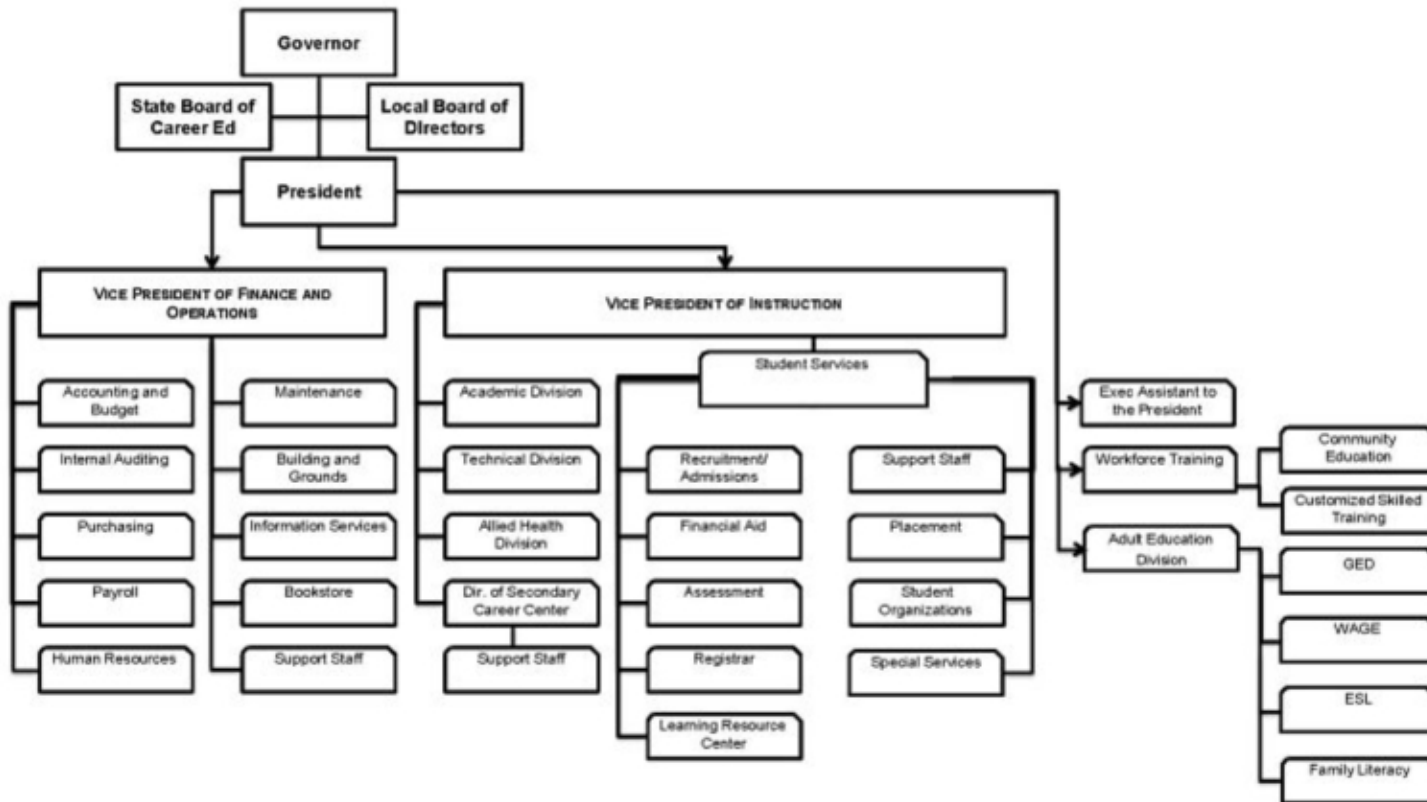
Mission Statement- "Changing lives through education, training, and skill development."

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

Community Education. NTI is united in its commitment with business and industry, secondary and post-secondary educators, and regional employers to providing educational programs to serve the training/re-training needs of its students. Also, on July 1, 2011, NTI became the fiscal agent for the Northwest Arkansas Secondary Career Center. The career center services 17 area public school districts, as well as hosting and facilitating 4 secondary programs on its campus (Collision Repair Technology, Automotive Service Technology, Diesel and Truck Technology, and Welding Technology).

Administration- Dr. Blake Robertson currently serves as the President for Northwest Technical Institute. Dr. Robertson holds a B.A. degree in History and Political Science, a M.A. in Criminal Justice, and an Ed.D. in Higher Education Administration. Mike Hamley serves as the Vice President of Finance and Operations and holds a B.S. in Accounting. Dr. Melissa Pinalto serves as the Vice President of Instruction and holds a B.S.A in Agricultural Education, M.S. in Adult Education, and a Ph.D. in Leadership/Educational Administration.

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



Agency Commentary

Northwest Technical Institute has served the people of Northwest Arkansas with quality educational programming since 1975 at a very reasonable price. Our primary role is to provide educational programming which serves the training/retraining needs of students who wish to enter a recognized occupation or improve their occupational skills and knowledge so they may achieve stability or advancement in the workplace.

Northwest Technical Institute operates within three distinct areas of education. These areas are semester long post-secondary and secondary education with a third area of short term training through our Business and Industry Center. As a post-secondary student, that person can enroll in any of our ten occupational pathways and have a diploma within 11 months to 18 month from enrollment depending on the pathway. Generally each graduate will leave with no student loan debt.

A secondary student can travel to Northwest Technical Institute or any of its satellites and be provided a world class technical education at no cost to the secondary student. In our Business and Industry Center the training is customized to the industry because NTI plays a crucial role in supplying incumbent employees the skills of a world class worker. To provide this training Northwest Technical Institute must retain and recruit qualified instructional staff. These faculty members will provide student with the opportunities and challenges to meet their individual needs in today's world of advancing technology. We can analyze our achievement by examining our most recent graduate placement rate of 93%.

We can only provide these services with adequate funding. With adequate funding we can maintain low tuition and fees.

The administration of Northwest Technical Institute (NTI) is requesting additional state appropriation only, with no funding request in the amount of \$383,183 for our Adult Education Department (AED). The request will be funded by Adult Education grants. The NTI AED is anticipating a large increase in their FY-2018 and FY-2019 budget. NTI has the largest number of English Language Learners (ELL) in the state, serving 1,500 plus students. This is an increase of 20% over the previous year. Again this is an appropriation only request.

The appropriation only request includes 4 positions for the AED. The positions are for one (1) Education & Instruction Manager, Two (2) Career and Technical Faculty, and one (1) Computer Support Specialist. These positions will allow the growth of the program city wide reaching our demographic in a more community based educational program. Also, the AED is requesting additional appropriation for Extra-Help in the amount of \$80,000 for the Family Literacy Program. The Family Literacy Program has seen a 19% increase in the past year. The additional positions and Extra-Help will allow the NTI AED to better serve the diverse population in Springdale.

The additional appropriation only requests the AED at NTI includes \$15,000 in restoration of Capital Outlay and an additional \$10,000 for Capital Outlay. This will allow the department to purchase instructional equipment such as: smart boards, servers and copiers. Also, this request includes \$12,000 for Software/Licenses, \$48,000 in Educational Supplies and Materials, and \$25,000 in Conferences & Seminar Fees.

The software will increase educational gains and align instructional objectives with the new Workforce Investment Opportunities Act (WIOA). Educational Supplies and Materials will be used for the growing English Language Learner classes and the Family Literacy Program in the city of Springdale. Conferences & Seminar Fees will allow our faculty to attend 3 out of state national conferences and 1 in state conference. These conferences will enhance the ability if our faculty to determine best practices in adult education as it pertains to English Language Learners, Family Literacy, Apprenticeship Programs, and the new WIOA.

The administration of NTI is requesting that \$200,000 of Capital Outlay cash appropriation be restored to allow for the purchase of instructional equipment for our diploma, secondary, and business and industry training. Also, we are requesting \$70,000 of additional appropriation and general revenue funding which consists of \$30,000 for Shop & Industrial Supplies and \$40,000 for Educational Materials & Supplies. During the current biennium, NTI has started a post-secondary Welding Program and our Diesel & Truck Technology Program will be NATEF certified. This request of \$70,000 for general revenue funds and appropriation will allow these programs to operate and maintain their certifications and continue their elevated level of instruction. In addition NTI is requesting a Career and Faculty pool position to be continued and added to our cash base. This position is teaching Welding at our satellite location at the Gravette High School.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
NORTHWEST TECHNICAL INSTITUTE
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	28	34	62	91 %
Black Employees	0	1	1	1 %
Other Racial Minorities	0	5	5	8 %
Total Minorities			6	9 %
Total Employees			68	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
1730100	\$1,048,325	checking and cd's	Legacy National Bank, Arvest Bank, and 1st Security Bank all in Springdale, AR

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

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

Fund Balance Utilization:

Funds are utilized to purchase textbooks for resale, equipment purchases, payroll and operating expenses. Funds are also used in case of a general revenue downward projection.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
N/A	N/A	N	N	0	N/A	0	0.00

Change in Fee Schedule

CURRENT FEE STRUCTURE				PROPOSED CHANGE			
Description	Fee Amount	Estimated Receipts 2016-2017	Authorizing Act or AR Code	Fee Amount	Estimated Receipts		Reason for Change
					2017-2018	2018-2019	
N/A	\$0.00	\$0	0	\$0.00	\$0	\$0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
721 Northwest TI-State	4,659,201	57	4,727,977	55	4,730,915	55	4,685,168	55	5,153,351	59	5,153,351	59	4,688,455	55	5,156,638	59	5,156,638	59
722 Northwest TI-Federal	178,248	1	269,854	1	294,054	1	270,096	1	270,096	1	270,096	1	270,096	1	270,096	1	270,096	1
B60 Northwest TI-Cash	1,989,276	11	3,340,741	13	3,361,914	13	3,141,461	13	3,391,937	14	3,391,937	14	3,142,312	13	3,392,788	14	3,392,788	14
Total	6,826,725	69	8,338,572	69	8,386,883	69	8,096,725	69	8,815,384	74	8,815,384	74	8,100,863	69	8,819,522	74	8,819,522	74

Funding Sources		%		%		%		%		%		%		%		%		%		
Fund Balance	4000005	1,120,208	14.2	1,048,425	12.6		0	0.0		0	0.0		199,280	2.3		199,280	2.2		199,280	2.3
General Revenue	4000010	3,075,886	39.1	3,075,886	36.9		3,062,951	36.9		3,132,951	36.4		3,066,238	35.9		3,136,238	35.4		3,066,238	34.9
Federal Revenue	4000020	178,248	2.3	269,854	3.2		270,096	3.3		270,096	3.1		270,096	3.2		270,096	3.0		270,096	3.1
Cash Fund	4000045	1,917,493	24.3	2,292,316	27.5		3,340,741	40.3		3,591,217	41.7		3,379,644	39.6		3,630,120	41.0		3,630,120	41.3
Merit Adjustment Fund	4000055	44,812	0.6	29,874	0.4		0	0.0		0	0.0		0	0.0		0	0.0		0	0.0
Adult Basic/General	4000065	735,277	9.3	855,953	10.3		855,953	10.3		855,953	9.9		855,953	10.0		855,953	9.7		855,953	9.7
Workforce 2000	4000740	803,226	10.2	766,264	9.2		766,264	9.2		766,264	8.9		766,264	9.0		766,264	8.7		766,264	8.7
Total Funds		7,875,150	100.0	8,338,572	100.0		8,296,005	100.0		8,616,481	100.0		8,537,475	100.0		8,857,951	100.0		8,787,951	100.0
Excess Appropriation/(Funding)		(1,048,425)		0			(199,280)			198,903			(436,612)			(38,429)			31,571	
Grand Total		6,826,725		8,338,572			8,096,725			8,815,384			8,100,863			8,819,522			8,819,522	

Variance in fund balance due to unfunded appropriation.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
66	62	4	66	0	6.06 %	69	63	7	70	-1	8.70 %	69	63	7	70	-1	8.70 %

Budget Number of Positions exceed the Authorized Number due to transfers from the Agency Growth Pool during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 721 - Northwest TI-State

Funding Sources: ETN - General Revenue - Northwest Technical Institute

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level request is \$4,685,168 for FY18 and \$4,688,455 for FY19.

The Agency's Change Level Request is for appropriation of \$468,183 in FY18 and FY19 with new general revenue funding of \$70,000 in FY18 and FY19, and includes the following:

- Regular Salaries and Personal Services Matching of \$207,341 each year for two (2) Career and Technical Faculty, one (1) Education and Instruction Manager and one (1) Computer Support Specialist to allow NTI to expand its Adult Education Department.
- Extra Help and Personal Service Matching of \$80,842 each year for part-time instructors
- Operating Expenses of \$130,000 each year for \$70,000 of this request also includes new general revenue funding.
- Conference and Travel of \$25,000 each year for NTI's Adult Education faculty to attend in and out of state conferences.
- Capital Outlay of \$25,000 each year for the purchase of instructional equipment such as smart boards, copies and servers. \$15,000 of the Capital Outlay request is to restore the previous authorized amount.

The Executive Recommendation provides for the Agency Request , appropriation only, General Revenue to remain at Base Level.

Appropriation Summary

Appropriation: 721 - Northwest TI-State

Funding Sources: ETN - General Revenue - Northwest Technical Institute

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,583,363	2,581,704	2,582,266	2,557,361	2,706,778	2,706,778	2,560,061	2,709,478	2,709,478
#Positions		57	55	55	55	59	59	55	59	59
Extra Help	5010001	364,465	447,271	447,271	447,271	527,271	527,271	447,271	527,271	527,271
#Extra Help		27	31	33	33	33	33	33	33	33
Personal Services Matching	5010003	870,212	870,355	872,731	866,889	925,655	925,655	867,476	926,242	926,242
Operating Expenses	5020002	796,994	799,147	799,147	799,147	929,147	929,147	799,147	929,147	929,147
Conference & Travel Expenses	5050009	44,167	14,500	14,500	14,500	39,500	39,500	14,500	39,500	39,500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	15,000	15,000	0	25,000	25,000	0	25,000	25,000
Total		4,659,201	4,727,977	4,730,915	4,685,168	5,153,351	5,153,351	4,688,455	5,156,638	5,156,638

Funding Sources										
General Revenue	4000010	3,075,886	3,075,886		3,062,951	3,132,951	3,062,951	3,066,238	3,136,238	3,066,238
Merit Adjustment Fund	4000055	44,812	29,874		0	0	0	0	0	0
Adult Basic/General	4000065	735,277	855,953		855,953	855,953	855,953	855,953	855,953	855,953
Workforce 2000	4000740	803,226	766,264		766,264	766,264	766,264	766,264	766,264	766,264
Total Funding		4,659,201	4,727,977		4,685,168	4,755,168	4,685,168	4,688,455	4,758,455	4,688,455
Excess Appropriation/(Funding)		0	0		0	398,183	468,183	0	398,183	468,183
Grand Total		4,659,201	4,727,977		4,685,168	5,153,351	5,153,351	4,688,455	5,156,638	5,156,638

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,685,168	55	4,685,168	100.0	4,688,455	55	4,688,455	100.0
C01	Existing Program	70,000	0	4,755,168	101.5	70,000	0	4,758,455	101.5
C05	Unfunded Appropriation	398,183	4	5,153,351	110.0	398,183	4	5,156,638	110.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,685,168	55	4,685,168	100.0	4,688,455	55	4,688,455	100.0
C01	Existing Program	70,000	0	4,755,168	101.5	70,000	0	4,758,455	101.5
C05	Unfunded Appropriation	398,183	4	5,153,351	110.0	398,183	4	5,156,638	110.0

Justification

C01	Northwest Technical Institute is requesting \$70,000 of additional appropriation and general revenue funding which consists of \$30,000 for Shop & Industrial Supplies and \$40,000 for Educational Materials & Supplies. During the current biennium, NTI has started a post-secondary Welding Program and our Diesel & Truck Technology Program will be NATEF certified. This request of \$70,000 for general revenue funds and appropriation will allow these programs to operate and maintain their certifications and continue their elevated level of instruction.
C05	The administration of Northwest Technical Institute (NTI) is requesting appropriation only in the amount of \$383,183 for our Adult Education Department (AED). The request will be funded by Adult Education grants. The NTI AED is anticipating a large increase in their FY-2018 and FY-2019 budget. NTI has the largest number of English Language Learners (ELL) in the state, serving 1,500 plus students. The requests includes 4 positions for the AED. The positions are for one (1) Education & Instruction Manager, Two (2) Career and Technical Faculty, and one (1) Computer Support Specialist. These positions will allow the growth of the program city wide reaching our demographic in a more community based educational program. Also, the AED is requesting additional appropriation for Extra-Help in the amount of \$80,000 for the Family Literacy Program. The Family Literacy Program has seen a 19% increase in the past year. The additional positions and Extra-Help will allow the NTI AED to better serve the diverse population in Springdale. The additional appropriation only requests the AED at NTI includes \$15,000 in restoration of Capital Outlay and an additional \$10,000 for Capital Outlay. This will allow the department to purchase instructional equipment such as: smart boards, servers and copiers. Also, this request includes \$12,000 for Software/Licenses, \$48,000 in Educational Supplies and Materials, and \$25,000 in Conferences & Seminar Fees. The software will increase educational gains and align instructional objectives with the new Workforce Investment Opportunities Act (WIOA). Educational Supplies and Materials will be used for the growing English Language Learner classes and the Family Literacy Program in the city of Springdale. Conferences & Seminar Fees will allow our faculty to attend 3 out of state national conferences and 1 in state conference. These conferences will enhance the ability if our faculty to determine best practices in adult education as it pertains to English Language Learners, Family Literacy, Apprenticeship Programs, and the new WIOA.

Analysis of Budget Request

Appropriation: 722 - Northwest TI-Federal

Funding Sources: FTN - Federal Operations - NTI

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$270,396 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 722 - Northwest TI-Federal

Funding Sources: FTN - Federal Operations - NTI

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	37,459	41,017	37,114	41,117	41,117	41,117	41,117	41,117	41,117
#Positions		1	1	1	1	1	1	1	1	1
Extra Help	5010001	118,954	160,396	187,542	160,396	160,396	160,396	160,396	160,396	160,396
#Extra Help		10	19	19	19	19	19	19	19	19
Personal Services Matching	5010003	21,829	26,190	27,147	26,332	26,332	26,332	26,332	26,332	26,332
Operating Expenses	5020002	6	42,251	42,251	42,251	42,251	42,251	42,251	42,251	42,251
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		178,248	269,854	294,054	270,096	270,096	270,096	270,096	270,096	270,096
Funding Sources										
Federal Revenue	4000020	178,248	269,854		270,096	270,096	270,096	270,096	270,096	270,096
Total Funding		178,248	269,854		270,096	270,096	270,096	270,096	270,096	270,096
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		178,248	269,854		270,096	270,096	270,096	270,096	270,096	270,096

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: B60 - Northwest TI-Cash

Funding Sources: 173 - Cash Operations - NTI

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$270,096 for each year of the 2017-2019 Biennium

The Agency's Change Level request is appropriation of \$250,476 in FY18 and FY19, and includes the following:

- Regular Salaries and Personal Services Matching of \$50,476 each year to restore a Career and Technical Faculty position. This position is for a satellite welding program housed in Gravette High School.
- Capital Outlay of \$200,000 each year to restore appropriation to its authorized level. This will be used for purchasing equipment for Northwest Technical Institute's instructional programs.

The Executive Recommendation provides for the Agency Request. Expenditures are contingent on available funding.

Appropriation Summary

Appropriation: B60 - Northwest TI-Cash

Funding Sources: 173 - Cash Operations - NTI

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	345,750	439,279	459,887	439,379	476,711	476,711	440,079	477,411	477,411
#Positions		11	13	13	13	14	14	13	14	14
Extra Help	5010001	189,171	556,450	556,450	556,450	556,450	556,450	556,450	556,450	556,450
#Extra Help		27	55	55	55	55	55	55	55	55
Personal Services Matching	5010003	150,055	203,192	203,757	203,812	216,956	216,956	203,963	217,107	217,107
Operating Expenses	5020002	730,446	1,226,820	1,226,820	1,226,820	1,226,820	1,226,820	1,226,820	1,226,820	1,226,820
Conference & Travel Expenses	5050009	11,152	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	296,049	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	211,463	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Promotional Items	5090028	34,451	0	0	0	0	0	0	0	0
Capital Outlay	5120011	20,739	200,000	200,000	0	200,000	200,000	0	200,000	200,000
Total		1,989,276	3,340,741	3,361,914	3,141,461	3,391,937	3,391,937	3,142,312	3,392,788	3,392,788
Funding Sources										
Fund Balance	4000005	1,120,208	1,048,425		0	0	0	199,280	199,280	199,280
Cash Fund	4000045	1,917,493	2,292,316		3,340,741	3,591,217	3,591,217	3,379,644	3,630,120	3,630,120
Total Funding		3,037,701	2,809,346		3,340,741	3,591,217	3,591,217	3,578,924	3,829,400	3,829,400
Excess Appropriation/(Funding)		(1,048,425)	0		(199,280)	(199,280)	(199,280)	(436,612)	(436,612)	(436,612)
Grand Total		1,989,276	3,340,741		3,141,461	3,391,937	3,391,937	3,142,312	3,392,788	3,392,788

Expenditures are contingent on available funding.

Change Level by Appropriation

Appropriation: B60 - Northwest TI-Cash
Funding Sources: 173 - Cash Operations - NTI

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,141,461	13	3,141,461	100.0	3,142,312	13	3,142,312	100.0
C01	Existing Program	200,000	0	3,341,461	106.4	200,000	0	3,342,312	106.4
C06	Restore Position/Approp	50,476	1	3,391,937	108.0	50,476	1	3,392,788	108.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,141,461	13	3,141,461	100.0	3,142,312	13	3,142,312	100.0
C01	Existing Program	200,000	0	3,341,461	106.4	200,000	0	3,342,312	106.4
C06	Restore Position/Approp	50,476	1	3,391,937	108.0	50,476	1	3,392,788	108.0

Justification

C01	The administration of NTI is requesting cash appropriation for the restoration of Capital Outlay to the current authorized level of \$200,000. The Capital Outlay will be used to purchase equipment for our instructional programs.
C06	NTI is requesting that a Career & Technical Faculty cash position (#22164202) be restored. This position is housed in our High School Career Center located at Gravette High School. The position is for our satellite welding program at Gravette.

RIVERSIDE VOCATIONAL TECHNICAL SCHOOL

Enabling Laws

Act 153 of 2016
A.C.A. §12-29-306 et seq.

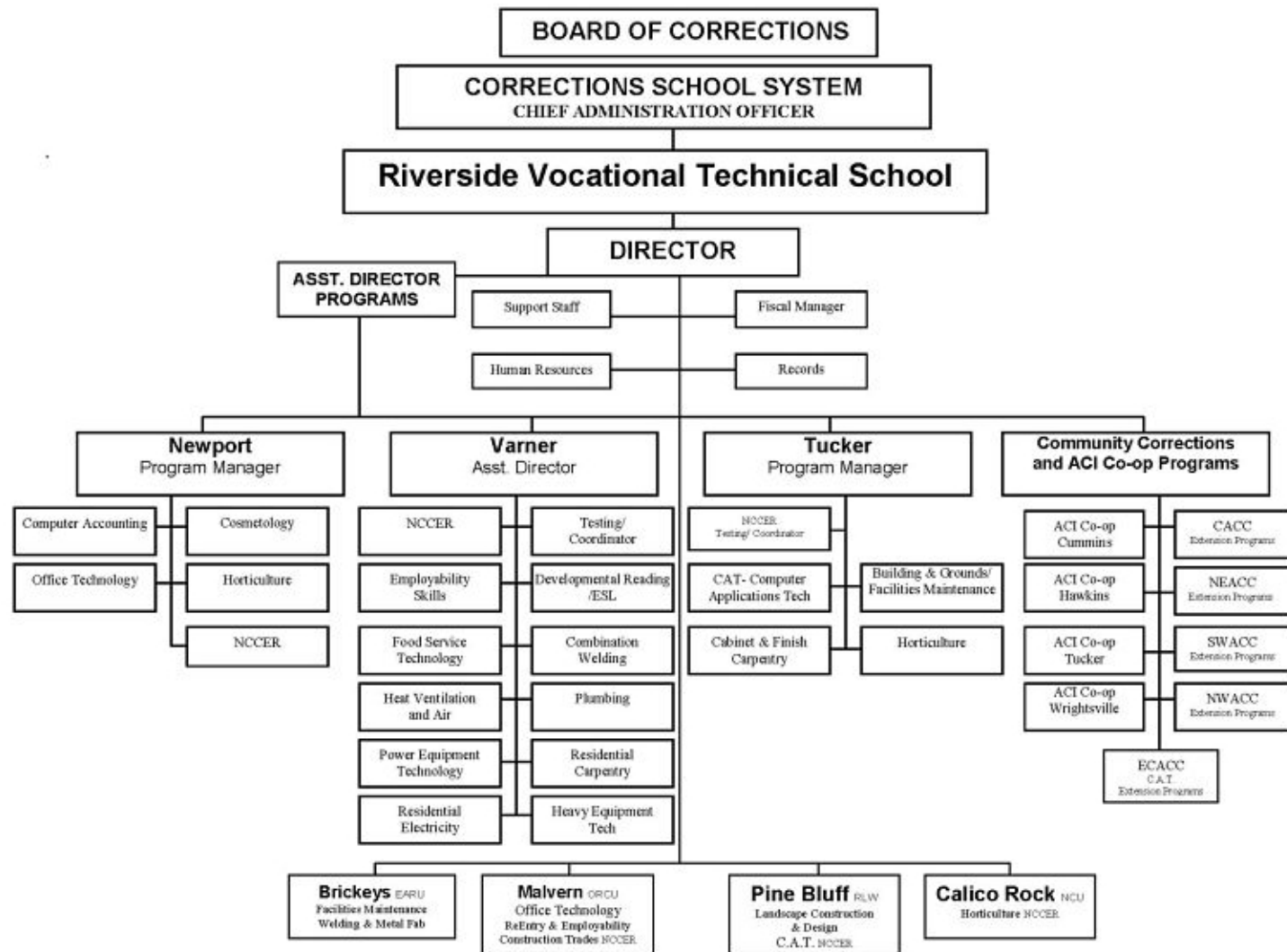
History and Organization

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

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

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

Riverside Vocational Technical School is governed by the Corrections Board of Education. Riverside Vocational Technical School is responsible for Vocational, Technical and Career Education Programs provided within the Arkansas Department of Correction and the Department of Community Corrections. Programs are also provided in Career Technical Facilities at correctional institutions in Newport, Varner, Tucker, Pine Bluff, Malvern, Brickeys, and Calico Rock. Extension courses are also offered at ACC institutions in Little Rock, Osceola, Fayetteville, West Memphis and Texarkana. Riverside Vocational Technical School awards certificates in multiple fields. Nationally recognized credentials in industry based craft skills are provided through the use of standardized curriculum and assessments.



Agency Commentary

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

Studies have shown that inmates who participate in vocational technical programs have a lower recidivism rate than those who do not. Those who receive a G.E.D. and complete a technical program have a lower recidivism rate than those who receive only a G.E.D. or Vocational Technical certificate.

Programs at the Arkansas Department Correction are 1440 contact hours in length and enrollment is open entry open exit to better utilize training slots. During the 2016 Fiscal Year, there were two hundred and thirty five full program completion certificates issued by Riverside Vocation Technical School and eighty five nationally recognized industry-based certificates issued to incarcerated inmates through Riverside Vocational Technical School.

Currently, there are 8 programs offered at the Varner Unit, 4 programs at the Tucker Unit, 4 programs at the McPherson unit for female offenders at Newport, 3 programs at the Ouachita River Unit at Malvern, 2 programs at the East Arkansas Regional Unit at Brickeys, 1 program at the Arkansas Community Correction in West Memphis, 1 program at the North Central Unit in Calico Rock and 1 program at the Randle Williams Unit in Pine Bluff. Riverside also participates in Co-Operative programs with Arkansas Correctional Industries. Currently, there are 2 Co-Op programs at the Tucker Unit and Wrightsville Unit and 1 Co-Op program at the Hawkins Unit for women. Related study programs are available at the Tucker Unit and the Varner Unit. Arkansas Community Correction short term programs are available at Fayetteville, Little Rock, West Memphis and Texarkana.

At this time, we are requesting base level be restored.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
RIVERSIDE VOCATIONAL TECHNICAL SCHOOL
FOR THE YEAR ENDED JUNE 30, 2015

Findings

None

Recommendations

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	16	13	29	85 %
Black Employees	3	2	5	15 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			5	15 %
Total Employees			34	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
N/A	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
732 Riverside VT-State Operations	2,076,898	34	2,224,611	35	2,249,183	35	2,219,990	35	2,219,990	35	2,219,990	35	2,222,544	35	2,222,544	35	2,222,544	35
750 Plumbing Apprenticeship Program	80,496	1	76,588	1	77,006	1	76,624	1	76,624	1	76,624	1	76,624	1	76,624	1	76,624	1
Total	2,157,394	35	2,301,199	36	2,326,189	36	2,296,614	36	2,296,614	36	2,296,614	36	2,299,168	36	2,299,168	36	2,299,168	36

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue 4000010	2,157,394	100.0	2,301,199	100.0			2,296,614	100.0	2,296,614	100.0	2,296,614	100.0	2,299,168	100.0	2,299,168	100.0	2,299,168	100.0
Total Funds	2,157,394	100.0	2,301,199	100.0			2,296,614	100.0	2,296,614	100.0	2,296,614	100.0	2,299,168	100.0	2,299,168	100.0	2,299,168	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	2,157,394		2,301,199				2,296,614		2,296,614		2,296,614		2,299,168		2,299,168		2,299,168	

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
36	33	3	36	0	8.33 %	36	34	2	36	0	5.56 %	36	34	2	36	0	5.56 %

Analysis of Budget Request

Appropriation: 732 - Riverside VT-State Operations

Funding Sources: ETR - Riverside Vocational Technical School Fund

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$2,219,900 in FY18 and \$2,222,544 in FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 732 - Riverside VT-State Operations

Funding Sources: ETR - Riverside Vocational Technical School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,425,801	1,527,916	1,528,186	1,523,692	1,523,692	1,523,692	1,525,792	1,525,792	1,525,792
#Positions		34	35	35	35	35	35	35	35	35
Personal Services Matching	5010003	481,827	507,591	531,893	507,194	507,194	507,194	507,648	507,648	507,648
Operating Expenses	5020002	165,385	183,604	183,604	183,604	183,604	183,604	183,604	183,604	183,604
Conference & Travel Expenses	5050009	3,885	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		2,076,898	2,224,611	2,249,183	2,219,990	2,219,990	2,219,990	2,222,544	2,222,544	2,222,544
Funding Sources										
General Revenue	4000010	2,076,898	2,224,611		2,219,990	2,219,990	2,219,990	2,222,544	2,222,544	2,222,544
Total Funding		2,076,898	2,224,611		2,219,990	2,219,990	2,219,990	2,222,544	2,222,544	2,222,544
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,076,898	2,224,611		2,219,990	2,219,990	2,219,990	2,222,544	2,222,544	2,222,544

Analysis of Budget Request

Appropriation: 750 - Plumbing Apprenticeship Program

Funding Sources: ETR - Riverside Vocational Technical School Fund

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$76,624 for both years of the 2017-2019 Biennium.

Appropriation Summary

Appropriation: 750 - Plumbing Apprenticeship Program

Funding Sources: ETR - Riverside Vocational Technical School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	62,027	58,815	58,815	58,815	58,815	58,815	58,815	58,815	58,815
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	18,469	17,773	18,191	17,809	17,809	17,809	17,809	17,809	17,809
Total		80,496	76,588	77,006	76,624	76,624	76,624	76,624	76,624	76,624
Funding Sources										
General Revenue	4000010	80,496	76,588		76,624	76,624	76,624	76,624	76,624	76,624
Total Funding		80,496	76,588		76,624	76,624	76,624	76,624	76,624	76,624
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		80,496	76,588		76,624	76,624	76,624	76,624	76,624	76,624

ARKANSAS STATE CLAIMS COMMISSION

Enabling Laws

Act 158 of 2016

A.C.A. §19-10-201 et seq. (Creation & Operations)

A.C.A. §19-10-101 et seq. (Claims against the State)

A.C.A. §21-5-701 et seq. (Death & disability benefit eligibility)

A.C.A. §6-82-501 et seq. (Scholarship benefit eligibility)

History and Organization

The Arkansas Constitution, adopted in 1874, has constitutional provisions relating to sovereign immunity. The permissive provisions of the Constitution leave the decision of whether to abrogate the doctrine and to what extent, to the discretion of the General Assembly. Arkansas' Constitution in Article 5, Section 20 states: "The State of Arkansas shall never be made a defendant in any of her courts." This provision has prohibited suits against the State.

The Arkansas General Assembly, while maintaining the State's sovereign immunity, established the Claims Commission to mitigate the impact of the rigid rule of "governmental immunity" while adhering to another constitutional direction that the "General Assembly shall from time to time provide for the payment of all just and legal debts of the State."

By creating the Claims Commission a method was found by which damaged or injured persons could be compensated without the State being made a defendant in any of its courts. The first Claims Commission, consisting of the State Auditor, Attorney General and State Comptroller, was created to review claims.

The General Assembly, thereafter, biennially established a special Claims Commission and appropriated money to pay the claims approved by that Commission. This special Claims Commission was replaced by the Board of Fiscal Control in 1945 with the passage of Act 53 of 1945 and, subsequently, by Act 462 of 1949.

In response to a demand for a body removed from political influence that could efficiently determine claims filed against the State, the General Assembly, in Act 276 of 1955, created the Arkansas State Claims Commission as it is known today. Act 861 of 1985 increased the size of the Claims Commission from three to five members, but did not otherwise affect Act 276 of 1955. The ceiling for immediate payment of claims (not including statutorily specified public employee death benefits claims) is \$15,000: claims approved by the Commission exceeding \$15,000

are brought before the General Assembly at its next regular or special session. The Commission's final and binding decision on claims can be appealed only to the General Assembly to be reversed, amended or returned to the Commission for further review.

Mission Statement-Jurisdiction and Responsibilities:

A.C.A. §19-10-201 et seq. defines the role of the State Claims Commission. The Claims Commission is a quasi-judicial body established by the Arkansas General Assembly as its arm to hear claims against the State of Arkansas, since such tort-type claims as personal injury, property damage, breach of contract, and other designated claim types, due to the State's constitutional sovereign immunity, cannot be brought in the State courts.

Primary Activities:

While living in various locations across the State, the five Commissioners convene hearings on claims in Little Rock, Department of Correction units, or at other sites several days each month.



Agency Commentary

As in previous years, the Arkansas State Claims Commission strives to provide the needed services and assistance to the citizens and taxpayers of the State of Arkansas. Our budget in previous years and for the upcoming biennial budget period remains the same as it has

been for the past twenty plus years.

Our proposed budget for the Total Operating Expenses will remain at \$92,390.00, with Total Conference and Travel Expenses at \$3,000.00, and Claims and Awards remaining at \$1,750,000.00.

The Claims Commission has succeeded in staying within our approved budget each year, even while the rising cost of operating expenses, and the cost of claims and awards has continued to increase.

It is essential that the Arkansas State Claims Commission's biennial budget for 2017-2019 remain at its present level to ensure the financial obligations of the Arkansas State Claims Commission.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE CLAIMS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Ark. Code Ann. § 19-4-1502 states that the executive head of a state agency must maintain records of all agency property. In addition, Section R1-4-1503 of the Department of Finance and Administration (DFA) Financial Management Guide states that capital assets should be recorded in AASIS.

Arkansas Legislative Audit (ALA) staff review of capital assets revealed the following:

- Ten items purchased, totaling \$7,732, were not added to the Agency's asset listing or recorded in AASIS. Documentation supporting the Director's approval for one item could not be located.
- Three items, valued at \$3,026, were sent to Marketing and Redistribution (M&R) but not removed from the Agency's asset listing or AASIS.

A subsequent onsite observation of all capital assets revealed the following additional

Recommendations

We recommend the Agency establish and implement control procedures to ensure compliance with state laws and Financial Management Guide regulations regarding capital assets and consult DFA for assistance with this process as necessary.

Agency Response:

Upon the new Director's arrival, the Agency was completely reorganized, and all files and records were accurately updated. During this process, the Director became aware of certain assets that were inconsistent with the Agency's asset listing. The Director immediately contacted DFA for assistance. The Agency is still working closely with DFA to complete this task.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE CLAIMS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Recommendations

deficiencies:

- Tag numbers on two items were inconsistent with tag numbers recorded in the Agency's asset listing and in AASIS.
- Numerous items did not contain tag numbers or any other identifying information.
- Numerous items containing tag or serial numbers were not recorded in the Agency's asset listing or in AASIS.

Failure to adhere to state law and the Financial Management Guide regarding proper asset recording could lead to the misuse and misappropriation of assets.

ALA staff review of expenditures revealed invoice discrepancies for one vendor. The current Director stated the vendor was the husband of the former Administrative Analyst, whose position was eliminated on February 12, 2011; however, additional inquiry revealed that the former Administrative Analyst, not the husband, performed computer-related services for the Agency.

ALA staff review of all payments to this vendor, which occurred from June 2011 to February 2015 and totaled \$9,199, revealed the following:

- Four payments totaling \$2,318 in fiscal year 2011. Date of service was not provided on three invoices totaling \$2,059.
- One payment totaling \$338 in fiscal year 2012, for which an invoice could not be located.
- Eight payments totaling \$3,525 in fiscal year 2013:
 - Purchase orders for five invoices totaling \$2,288 were signed by the former Administrative Analyst, rather than a current Agency employee.
 - Four invoices totaling \$1,988 could not be located.
 - Five invoices totaling \$1,275 listed "processing invoices" as the service provided.
 - One invoice totaling \$263 did not include a date of service.

We recommend the Agency establish and implement control procedures to ensure resources are utilized in the best interest of the State.

Agency Response:

The Agency has terminated all business with the identified vendor. All computer repairs and maintenance issues for the Agency are now being handled by the Department of Information Systems. The employee responsible during this period of time terminated employment with the Agency prior to the audit. The Agency is also working closely with DFA staff to ensure that documentation of financial transactions and expenditures have been properly identified and charged to appropriate general ledger accounts.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE CLAIMS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

- Eleven payments totaling \$2,287 in fiscal year 2014. Date of service and service description for all invoices appeared to be duplicates of previous invoices, and all payments were coded to the general ledger as “parking fees.”
- Five payments totaling \$731 in fiscal year 2015, with one invoice for “training new employees,” which would have been the responsibility of the current Administrative Analyst. All of these payments were coded to the general ledger as “parking fees.”

Financial Management Guide section R2-19-4-1108 states that agencies are required to retain all records and supporting documentation for audit purposes. However, the Agency was unable to provide original credit card statements or corresponding receipts for its two P-Cards, with purchases totaling \$4,387 for the two-year period ending June 30, 2014. ALA staff obtained copies of the statements from DFA but, without receipts, were unable to determine if all charges were for a business purpose. In addition, sufficient, appropriate evidence could not be located for one non P-Card purchase totaling \$123.

Furthermore, due to a lack of controls regarding P-Card purchases, five purchases totaling \$448 were made using the former Administrative Analyst’s P-Card subsequent to employment termination.

Lack of controls and failure to adhere to state law and the Financial Management Guide regarding P-Card and other purchases could lead to the misuse and misappropriation of assets.

In accordance with Financial Management Guide Section 19-4-503, maximum reimbursement rates for meals while on official state business must not exceed the rates published by the General Services Administration. Lodging costs exceeding the maximum rates may not be paid without a letter of authorization and justification to establish why exceeding the maximum rate was in the best interest of the State.

Review of travel expenditures revealed the following:

- Travel expenses totaling \$2,475 for a trip made by the former Director to Washington, D.C.:
 - Were not documented on a Travel Reimbursement (TR-1) Form.
 - Were not authorized by someone other than the former Director.

Recommendations

We recommend the Agency establish and implement control procedures to ensure compliance with state laws and Financial Management Guide regulations regarding retention of records and documentation for auditing purposes and to ensure P-Card usage by authorized Agency employees only.

Agency Response:

The Agency no longer retains a P-Card. The employee who was responsible for the P-Card during this period of time has since been terminated. The current Director no longer finds a need for the office to maintain a P-Card and has implemented policies regarding record retention along with all supporting documentation for all Agency purchases.

We recommend the Agency establish and implement control procedures to ensure compliance with State laws and Financial Management Guide regulations regarding reimbursement for travel.

Agency Response:

The two Commissioners who exceeded the allowable rates were immediately contacted, and reimbursements were issued to the State. The Agency will now only allow state-regulated rates for meals and travel. The current Director has established procedures to ensure that all reimbursements of any kind are in compliance with state regulations. All future travel expenses for the Director will only be approved following the written approval from at least one commissioner.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE CLAIMS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

- Exceeded by \$90 the maximum rate allowable for lodging expenses and were not accompanied by a letter of authorization and justification.
- Exceeded by \$59 the maximum rate allowable for meals.
- In 23 instances totaling \$1,733, lodging expenses for a Commissioner exceeded the maximum rate, and a letter of authorization and justification was not provided. Once notified, the Commissioner refunded the overpayment.
- Lodging expenses totaling \$520 for the former Director exceeded the maximum rate, and a letter of authorization and justification was not provided. In addition, the TR-1 was signed only by the former Director, rather than a Commissioner.
- A former Commissioner was reimbursed \$134 for meals, lodging, and vicinity mileage for a Commission meeting he did not attend.

In addition, Section R1-19-4-903 of the Financial Management Guide states that reimbursement for out-of-state travel must be the lesser of coach class airfare or the established rate of private car mileage. The former Director was reimbursed for private car mileage for out-of-state travel; however, because the Agency did not maintain evidence of the cost of airfare, ALA staff were unable to determine if the former Director was properly reimbursed.

Financial Management Guide Section R1-19-4-1103 states that payment of membership dues must be approved in writing, documented in the Agency's financial records, and maintained for audit purposes. The Agency paid membership dues for the American Society for Public Administration for the former Director but did not maintain supporting documentation for audit.

Financial Management Guide Section 19-4-1103(a) states that the executive head of a state agency is responsible for establishing and implementing control procedures to ensure prompt payment of obligations. The Agency failed to pay insurance premiums and file necessary reports for four months, resulting in a \$400 penalty paid to the Employee Benefits Division (EBD).

Recommendations

We recommend the Agency establish and implement control procedures to ensure compliance with state laws and Financial Management Guide regulations regarding supporting documentation for membership due payments.

Agency Response:

Since the membership to the American Society for Public Administration was of interest only to the former Director of the Agency, there is no reason to further encounter charges for dues to any outside organization.

We recommend the Agency establish and implement control procedures to ensure compliance with state laws and Financial Management Guide regulations regarding prompt payment of obligations.

Agency Response:

Implementation of policies have been established to accurately record all financial

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE CLAIMS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

A review of the general ledger revealed that the following expenditures were incorrectly coded to postage:

- Fifteen payments totaling \$2,582 for office supplies.
- Six payments totaling \$923 to a subscription and publication company.
- Three payments totaling \$148 for cellular services.
- One payment totaling \$240 for office machines.

Other miscoded payments included nine payments totaling \$352 for beverages that were coded to parking fees and one payment of \$69 for internet services that was coded to rent of facilities.

Recommendations

transactions timely. Policies have been implemented so Agency staff works closely with DFA to ensure all expenditures are recorded in AASIS.

We recommend the Agency establish and implement control procedures to ensure its financial statements accurately reflect Agency activity.

Agency Response:

Implementation of policies have been established to accurately record all financial transactions. Policies have been implemented so that Agency staff work closely with DFA to ensure all expenditures are recorded in AASIS.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	3	4	7	70 %
Black Employees	1	2	3	30 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	30 %
Total Employees			10	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Claims Commission Annual Report	A.C.A. §25-1-103	N	Y	50	Required by legislation and requested by auditors.	0	0.00
Rules and Regulations: State Claims Commission	A.C.A. §19-10-205	N	Y	500	Required by the General Assembly.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
227 Claims Operations	551,392	10	541,124	10	595,163	10	542,960	10	542,960	10	542,960	10	543,697	10	543,697	10	543,697	10
228 Various Claims	1,311,258	0	1,750,000	0	1,750,000	0	1,750,000	0	1,750,000	0	1,750,000	0	1,750,000	0	1,750,000	0	1,750,000	0
Total	1,862,650	10	2,291,124	10	2,345,163	10	2,292,960	10	2,292,960	10	2,292,960	10	2,293,697	10	2,293,697	10	2,293,697	10

Funding Sources		%		%		%		%		%		%		%		%		%
State Central Services 4000035	551,392	29.6	541,124	23.6			542,960	23.7	542,960	23.7	542,960	23.7	543,697	23.7	543,697	23.7	543,697	23.7
Miscellaneous Revolving 4000350	1,311,258	70.4	1,750,000	76.4			1,750,000	76.3	1,750,000	76.3	1,750,000	76.3	1,750,000	76.3	1,750,000	76.3	1,750,000	76.3
Total Funds	1,862,650	100.0	2,291,124	100.0			2,292,960	100.0	2,292,960	100.0	2,292,960	100.0	2,293,697	100.0	2,293,697	100.0	2,293,697	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	1,862,650		2,291,124				2,292,960		2,292,960		2,292,960		2,293,697		2,293,697		2,293,697	

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
10	10	0	10	0	0.00 %	10	10	0	10	0	0.00 %	10	10	0	10	0	0.00 %

Analysis of Budget Request

Appropriation: 227 - Claims Operations

Funding Sources: HSC - State Central Services

This appropriation provides personal services and operating expenses of the State Claims Commission. The Commission is a quasi-judicial body established to hear claims against the State of Arkansas and its agencies, boards, commissions, and institutions, unless otherwise exempted by statute. The Commission consists of a staff of 10 positions, including 5 commissioners appointed by the Governor. The appropriation is funded from the State Central Services fund.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

The Agency is requesting Base Level of \$542,960 for FY18 and \$543,697 for FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 227 - Claims Operations

Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	334,116	322,986	359,930	323,086	323,086	323,086	323,686	323,686	323,686
#Positions	10	10	10	10	10	10	10	10	10
Personal Services Matching 5010003	126,961	122,748	139,843	124,484	124,484	124,484	124,621	124,621	124,621
Operating Expenses 5020002	84,629	92,390	92,390	92,390	92,390	92,390	92,390	92,390	92,390
Conference & Travel Expenses 5050009	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	5,686	0	0	0	0	0	0	0	0
Total	551,392	541,124	595,163	542,960	542,960	542,960	543,697	543,697	543,697
Funding Sources									
State Central Services 4000035	551,392	541,124		542,960	542,960	542,960	543,697	543,697	543,697
Total Funding	551,392	541,124		542,960	542,960	542,960	543,697	543,697	543,697
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	551,392	541,124		542,960	542,960	542,960	543,697	543,697	543,697

Analysis of Budget Request

Appropriation: 228 - Various Claims

Funding Sources: MTA - Miscellaneous Revolving Fund

This appropriation provides for the payment of Small Controversial Claims, Non-Controversial Claims, and Death Benefit Awards to the surviving spouses and/or dependent children of policemen, firemen, correctional officers, and specified state employees killed in the official line of duty. Payment of the claims is from the Miscellaneous Revolving Fund.

The Agency is requesting Base Level of \$1,750,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 228 - Various Claims
Funding Sources: MTA - Miscellaneous Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	1,311,258	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Total	1,311,258	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Funding Sources									
Miscellaneous Revolving 4000350	1,311,258	1,750,000		1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Total Funding	1,311,258	1,750,000		1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,311,258	1,750,000		1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000

AR ECONOMIC DEVELOPMENT COMMISSION

Enabling Laws

Act 226 of 2016
A.C.A. § 15-4-205 through § 15-4-219
Act 8 of 2015 (1st Extraordinary Session)

History and Organization

AGENCY MISSION STATEMENT

To create economic opportunity by attracting higher paying jobs, expanding and diversifying our state and local economies, increasing incomes and investment, and generating positive growth throughout Arkansas.

ORGANIZATIONAL STRUCTURE

The Agency consists of the divisions listed below:

The **Business Development** division generates economic opportunity through strategic partnerships and is the sales representative for all business and industry seeking to locate and expand in the State. This division also has responsibility for actively recruiting new business and industry development to Arkansas as well as helping existing business in their efforts to expand and retain operations in already located within the state. The Division communicates and negotiates State incentive programs, assists in site selection for new business locations and expansion of existing business. The International portion of the division focuses on generating Foreign Direct Investment.

Our **Community Development** division works with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges. A team of regional managers provide Arkansas communities with tools that help them to excel at all facets of economic development. This includes strategic planning, product development, marketing, business retention and expansion, and business development.

The **Existing Business Resource** division works with new and existing businesses to help the company identify opportunities for improvement. The division develops an ongoing business relationship with the company which allows it to understand the immediate, as well as long term issues faced by the company. The division then identifies and utilizes any available resources and programs to help alleviate

these issues. The goal is to identify and reduce any barrier that may prevent the company from optimal operations in Arkansas.

The **Marketing and Communications** division assists the Business Development program in the generation of leads and is primarily responsible for presenting the advantages of doing business in Arkansas to site location consultants, C-suite decision makers, and others looking to start or grow their business in the state through targeted online advertising (using data/marketing intelligence to more successfully reach decision makers), also advertising in specific trade publications and using social media and events to build relationships with decision makers.

The **Film Commission** facilitates on-location film making within the state by offering production companies a complete range of pre-production services, as well providing accurate and timely information regarding local film procedures, permits, and guidelines. The Commission is also responsible for drafting and administering the states Digital Product and Motion Picture Development Incentive Program.

The **Small and Minority Business** division promotes the growth and sustainability of small and minority business enterprises by providing them with real world technical and professional assistance, certification, procurement, networking, capital and contracting opportunities while utilizing our partners in state and federal government, higher education, lending institutions and the private sector. The main goal of this division is to help small and minority business enterprises contribute to the economic growth of Arkansas.

The division of **Science and Technology** is the driving force behind the commercialization of job creating research. The primary objective of the division includes the development of the infrastructure to support the groundbreaking research conducted in Arkansas, which in turn leads the way to the successful launch of vibrant entrepreneurial and innovation companies. The division is the interface between AEDC and the five (5) Research Universities in Arkansas. Arkansas' participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research (EPSCoR) is managed through this division.

The **Organizational Efficiencies and Human Resources** division's function is to maintain all personnel functions of the agency while also evaluating AEDC business practices, processes and staffing to guarantee efficiency of operation, mission focus, and staff development. This division leads cross-divisional strategic projects and provides troubleshooting assistance to integrate new programs, products and services.

The **Fiscal** division is responsible for maintaining the budgeting, procurement, and accounting functions of the agency in accordance with state and federal rules and regulations and in agreement with generally accepted accounting practices. The division is responsible for preparing and submitting the Consolidated Annual Financial Report (CAFR) for the agency as well as submitting other similar accounting reports to the Department of Finance and Administration (DFA).

Our **Information Technology** division serves as the communications backbone of the organization to facilitate the timely receiving, storing, processing and retrieving of data and to support the communications and transfer of information between agency users and other organizations.

The **Strategic Planning and Research** division continually assesses Arkansas's position relative to competitor states on incentives and economic development policy to insure that Arkansas is prepared to compete for jobs and investment from both existing and new companies. Another key function of this division is to provide our business developers with information on targeted companies and existing businesses that may be in an expansion mode.

The **Business Finance** division assists qualifying applicants access low-cost funding through either direct debt financing support or indirect equity financing support. Debt support programs within the division are generally limited to fixed-asset financing while equity support programs generally provide support for working capital needs, both at a cost that is much less than is otherwise available, with each type of program making the applying entity more economically viable.

The **CDBG Grants Administration** division fosters economic growth and benefit to low-to-moderate income persons by administering Community Development Block Grants (CDBG) to cities and counties for infrastructure grants and loans to industry that result in job creation and job retention; and to improve the well-being of communities through water/wastewater projects, senior citizen centers, child care centers, public health building, fire stations and equipment, community centers, and other general and innovative projects.

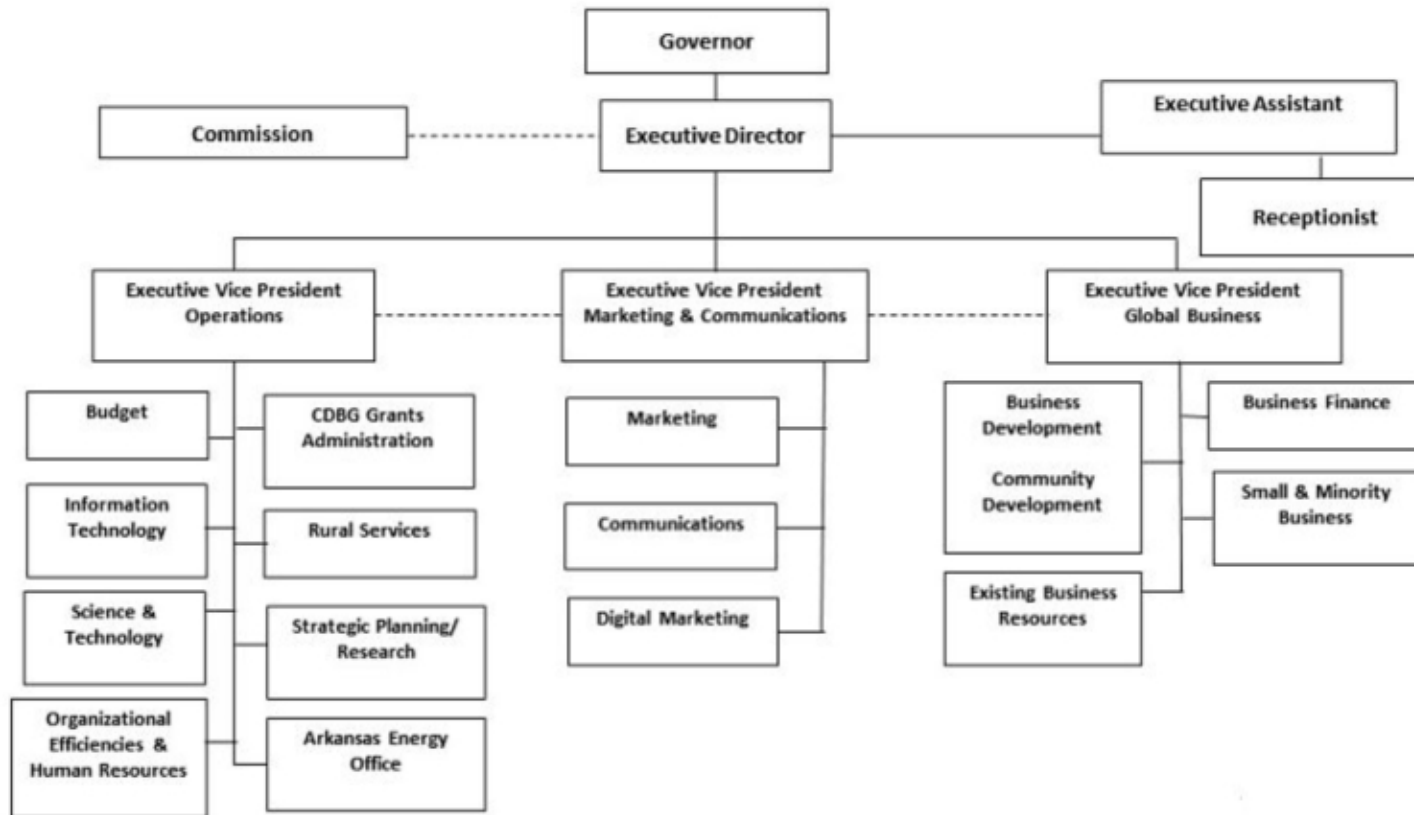
The Arkansas Energy Office, a division of AEDC, has responsibility for the development and implementation of programs and policies aimed at making energy efficiency improvements and the deployment of renewable energy technologies. The following programs are included within the Arkansas Energy Office:

- State Energy Plan
- Energy Efficiency Arkansas
- Arkansas Gaseous Fuels Program
- Clean Cities
- Weatherization Assistance Program

Manufacturing Solutions, a division of AEDC, was established in 1995. AMS is an affiliate of the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP). Manufacturing Solutions provides executive level leadership and management consultative services to Arkansas companies in the areas of Innovation, Growth Services, Operational Excellence (Lean, Toyota Kata, TWI) and Sustainability (Green & Energy). Manufacturing Solutions has business consultants and offices in Fayetteville, Jonesboro, and Little Rock. The vision of Manufacturing Solutions is to be the preferred partner and trusted advisor serving Arkansas manufacturers that pursue growth and excellence.

Our **Rural Services** (DRS) division is charged with assisting rural communities with a population of 20,000 and under. DRS assists local agencies in rural areas with information and technical services. The mission of the Arkansas Economic Development, Division of Rural

Services and the Arkansas Rural Development Commission is to enhance the quality of life in rural Arkansas. Working under the guidance of the Arkansas Rural Development Commission (ARDC), DRS strives to fulfill that mission. With a carefully chosen staff of dedicated professionals, our agency strives to assist citizens of rural Arkansas through in house grant programs, funding opportunity research, information sharing and educational opportunities through regional forums and the annual Arkansas Rural Development Conference.



Agency Commentary

AEDC's operating budget was changed substantially in FY2016 via Governor's Letter, allowing the Agency to initiate our part in Governor Hutchinson's Efficiency Initiative. Because of that, our request for the 2017-2019 only reallocates existing resources, restores appropriation to their FY2017 levels, or increases appropriation only. Those requests are as follows:

Operations: Change the title of our "Far East Trade/Ind Recruitment" line item to "Global Business Initiatives" and reallocate to that line \$450,000 for both years of the biennium from Professional Fees. AEDC has offices in China, Japan, and Germany. These offices were paid for out of Professional Fees. The reallocation allows for better classification of these expenditures. Also requested: a decrease in appropriation for our Industry Training Program, the bulk of which has been transferred to Workforce Services; restoration of Grant and Aid and Capital Outlay to FY2017 Authorized.

Quick Action Closing Fund: An increase of \$25,000,000 for both years is requested to create a single appropriation for this fund used to help recruit businesses to the state. This will allow the agency to forego requesting reappropriation in the future, simplifying that process.

Rural Services Conference Fund: An increase of \$25,000 for both years of the biennium in order to continue to host our annual Rural Services Conference and to host other AEDC Division Events, such as Small and Minority Business's "Matchmaking" event.

Stem Education - Cash: request appropriation to be decreased to \$40,000 for each year of the biennium, and for that appropriation to be moved to a Miscellaneous Character to provide the program more flexibility.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

None

None

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION - DEPARTMENT OF RURAL SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

The Arkansas Department of Rural Services' internal controls over the accounting and financial reporting application were inadequate to ensure financial records were accurate and complete. We were informed that financial records for the Agency were not available due to the malfunction of the Agency's financial application. The Agency was able to provide some records, but we were unable to determine their completeness and accuracy since the Agency had not maintained sufficient records to support daily transactions. The Agency has experienced persistent problems with its financial application and has not been able to provide the necessary data required for two audit cycles - a total of four years.

The Agency became the Arkansas Economic Development Commission (AEDC) Division of Rural Services beginning July 1, 2015.

In accordance with Arkansas Financial Management Guide R4-19-4-501, a list of cash (cash log) must be prepared in duplicate and should include cash and currency, as well as sufficient detail to allow an audit trail of an individual receipt. One copy of the cash log shall be kept in the area, and the other shall accompany the deposit. Furthermore, sound internal controls dictate daily deposits, while deposits may be made weekly if an agency receives only minimal amounts of cash and/or checks. Reconciliations between amounts collected and recorded on the cash log and AASIS should be made monthly. The following was noted in the review of Agency receipting:

- 17 receipts totaling \$5,490 and 8 receipts totaling \$1,900 in fiscal years 2014 and 2015, respectively, were not logged into the database until after being deposited, rather than when received.

Recommendations

We recommend new management work with the application developer to ensure system stability and proper data integrity controls are implemented to produce adequate financial records.

Agency Response:

The Department of Rural Services was transferred to AEDC by Act 8 of the First Extraordinary Session of 2015 and became the AEDC Division of Rural Services. For this reason, as the Executive Director of AEDC, I will be providing the management response to each reportable finding contained in the Department of Rural Services' audit for fiscal years 2014 and 2015.

The Department of Rural Services housed their database with the Department of Information Systems. When the Agency was transferred to AEDC, the database was moved to the AEDC server; during the switchover, some conference data was lost. Since that time, we have been able to re-connect the database and retrieve the lost data; however, we were unable to produce reports as back up for the hard copies of registration forms, check copies, and receipts that were provided to the audit team.

This issue has been corrected, and the AEDC Division of Rural Services continues to work with its database developer on changes that will ensure the stability of the system going forward.

We recommend the Agency keep a detailed cash log of all money received, make multiple deposits per week during peak registration fee collection period, and maintain a record of all receipts issued to individuals when payment is received in person. The Agency should also perform reconciliations between the cash log and the bank as well as AASIS.

Agency Response:

A new process for handling registration fees has been implemented which includes the AEDC Budget Division assisting with the record keeping and management of all monies received. Registration fees are now processed (entered into a cash log and deposited) within a week of receiving. A cash log is kept and signed off on by the receiver and a witness. Every transaction is recorded and copies of supporting documentation (check, receipts, etc.) are made.

One instance listed in the findings was due to a faulty database that would not let the

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION - DEPARTMENT OF RURAL SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

- In 1 instance totaling \$500 and 35 instances totaling \$4,950 in fiscal years 2014 and 2015, respectively, the database did not contain sufficient detail to trace the money received to a deposit slip.
- In 1 instance totaling \$90 in fiscal year 2014, cash deposited in the bank was not on the cash log.
- In several instances in both fiscal years 2014 and 2015, deposits were made in excess of 7 days after funds were received.

Also, the Agency's receipt log could not be reconciled to the bank balance and AASIS by \$16,785 and \$4,070 in fiscal years 2014 and 2015, respectively.

Per the State's purchasing card (P-Card) policies, personal-type purchases of any kind, including food, flowers, and cards, are not allowed. It is also recommended that equipment, both high and low value, be purchased using the traditional purchase order method. In addition, purchases with a P-Card are only to be made by the individual to which the card is issued. Supporting documentation must be maintained, including sales slips and/or invoices. The following exceptions were noted in the review of P-Card purchases:

- Seven instances totaling \$163 in which items not for business use were purchased in fiscal years 2014 and 2015.
- Two iPad Air tablets and accessories totaling \$1,587 purchased in fiscal year 2015.
- Two instances in which supporting documentation (receipts) was not maintained or did not tie to the amount on the monthly credit card statements in fiscal year 2014.
- Two instances totaling \$165 in which purchases were made with a P-Card by someone other than the cardholder in fiscal year 2014.

According to state travel regulations, each state vehicle must contain a log in which specific information, required by the regulations, is recorded each time the vehicle is driven. In addition, Ark. Code Ann. § 19-4-907 directs state agencies to maintain these records. ALA's review indicated the Agency failed to maintain a vehicle log.

Recommendations

Division delete duplicates or voided entries. The Division is working with the database developer to correct this fault in the system.

We recommend the Agency follow the purchasing card policies and guidelines established by the Department of Finance and Administration (DFA).

Agency Response:

AEDC and the Division of Rural Services have identified the problems in the findings listed and are committed to following the purchasing card policies and guidelines established by DFA. All P-Card transactions at AEDC must be approved before purchase and reconciled by the AEDC Budget Division.

We recommend the Agency strengthen internal controls and provide additional training to appropriate personnel to ensure compliance with regulations concerning vehicle logs.

Agency Response:

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION - DEPARTMENT OF RURAL SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

According to Ark. Code Ann. § 19-4-1108, "The original evidences of indebtedness, including documents prepared in connection with purchasing procedure, and all original contracts, invoices, statements, receipts, petty cash tickets, bank statements, cancelled checks drawn upon bank accounts, and other original supporting papers shall be retained in the permanent file of the business office of each state agency. These documents shall be kept in a safe place subject to audit and shall not be destroyed until authorization is given for their destruction by the Legislative Auditor." It was noted during our review of fiscal year 2015 expenditures that the Agency had 230 pounds of documents shredded without authorization by the Legislative Auditor.

Recommendations

When it was a standalone agency, the Division of Rural Services did maintain a vehicle log. This log was turned in at the same time the car was sent to DFA Marketing & Redistribution. The car was turned over before the audit started, so the Agency was unable to provide the mileage log. However, all vehicle information was up to date and reported to SAVA before retiring the vehicle.

The Division of Rural Services now uses AEDC fleet vehicles; vehicle logs are kept and maintained by the AEDC Budget Division.

We recommend the Agency follow Arkansas Code as well as guidelines established by DFA related to record retention.

Agency Response:

AEDC and the Division of Rural Services are committed to following Arkansas Code and guidelines for records retention, as established by DFA.

The Agency appreciates the assistance given by your office in helping AEDC continue to provide accountability for all program activities and expenditures of funds by the Agency.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION - ARKANSAS SCIENCE AND TECHNOLOGY AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Ark. Code Ann. § 25-34-102 calls for achieving the “maximum possible benefit from use of state agency-owned computers, electronics, and peripherals.” ASTA’s policy regarding the sale of surplus equipment allowed it to determine the sale price for computer and electronic equipment, in noncompliance with Ark. Code Ann. § 25-34-106, which states, “Computer and electronic equipment shall be sold at a price determined by the Department of Finance and Administration [DFA].” During fiscal year 2015, ASTA employees purchased 28 Agency-owned computer and equipment items for \$60 each, for a total of \$1,620. We were unable to verify funds were collected or deposited for the sale of one of those items. If DFA - Marketing and Distribution (M&R) had determined the sale price, then the estimated funds received would have been approximately \$14,860, a difference of \$13,240.

Additionally, according to DFA guidelines, funds generated from the sale of surplus computer and electronic equipment should be allocated as follows:

- 15% shall be deposited with M&R.

- 25% shall be deposited in the Computer and Electronic Recycling Fund, established by Act 1410 of 2001, at the Arkansas Department of Environmental Quality.

- Sales tax must be collected and remitted to DFA - Office of Accounting.

ASTA deposited the entire amount into its account and did not collect sales tax. Additionally, 7 of the 28 computer and equipment items were not removed from inventory after their sale.

Recommendations

We recommend the Agency revise and enforce its policies and procedures regarding surplus property to ensure compliance with state laws and regulations. We also recommend the Director consult with DFA to resolve the difference between the sale price for the computer and equipment items as determined by the Agency and by DFA - M&R.

Agency Response:

ASTA was transferred to the Arkansas Development Commission (AEDC) by Act 8 of the First Extraordinary Session of 2015 and became AEDC - Division of Science and Technology. For this reason, as the Executive Director of AEDC, I will be providing the management response to each reportable finding contained in ASTA’s audit for fiscal year 2015.

AEDC agrees with the finding. AEDC’s existing internal policy concerning the sale of surplus computer equipment is absolutely in compliance with Ark. Code Ann. § 25-34-101 et seq. The Agency took steps to notify all applicable agencies at the time of discovery and will continue to work with DFA-M&R to resolve any and all differences in inventory valuation.

The Agency appreciates the assistance given by your office in helping AEDC continue to provide accountability for all program activities and expenditures of funds.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Review of Selected Federal Awards

For the Year Ended June 30, 2014

Arkansas Science and Technology Authority

Manufacturing Extension Partnership

Activities Allowed or Unallowed and Allowable Costs/Cost Principles; Period of Availability

ALA staff reviewed control procedures, in accordance with OMB Circular A-133 § 300 (b), to determine if they were designed, implemented, and operating effectively and if expenditures were necessary and reasonable, in compliance with 2 CFR § 225, Appendix A. Review of 69 invoices revealed the following:

- Six invoices, totaling \$ \$7,685, did not contain the required management approval.
- Four invoices, totaling \$163,775, representing subrecipient reimbursements lacked sufficient, appropriate evidence supporting the claim.

Arkansas Science and Technology Authority (Continued)

Manufacturing Extension Partnership (Continued)

Allowable Costs/Cost Principles - Payroll; Matching; Reporting

For salaries and wages to be charged to a federal grant, an Agency must ensure compliance with one of the requirements outlined in 2 CFR § 225, Appendix B - Selected Items of Cost.

ALA staff reviewed the Agency's monthly cost share reports representing salaries claimed to determine if controls were adequate and provided assurance that the Agency was in compliance with the requirements of 2 CFR § 225, Appendix B. The reports specifically outline the salary category, percentage of time allocated, and associated costs.

The review revealed that controls are inadequate because the Agency is allocating a percentage of salaries to meet its cost share requirement without sufficient,

Recommendations

Recommendation

ALA staff recommend the Agency review and strengthen control procedures to ensure required review and approval are appropriately documented. ALA staff also recommend the Agency strengthen control procedures to ensure sufficient, appropriate documentation is obtained from subrecipients prior to reimbursement.

Management Response: AEDC has strengthened control procedures to ensure the required review and approvals are appropriately documented. The AEDC corrective action requires AEDC to complete a purchase request form and obtain the appropriate signatures from the Senior Manager, Division Director, and Deputy Director of Global Business before a purchase can be made. Invoices will not be paid until all signatures are obtained.

AEDC has strengthened control procedures to ensure sufficient, appropriate documentation is obtained from subrecipients prior to reimbursement. AEDC requires backup documentation as evidence to support reimbursement. Salary, fringe, and all other expenses from subrecipients must be accompanied with statements from employer for salary and fringe. All other expenses are accompanied with invoices and/or receipts.

Recommendation

ALA staff recommend the Agency establish and implement control procedures to ensure sufficient, appropriate evidence is maintained supporting salaries claimed as cost share.

Management Response: AEDC will establish and implement control procedures to ensure sufficient and appropriate evidence is maintained supporting salaries claimed as cost share. AEDC is no longer using agency supporting employee's salaries as cost share. AEDC corrective action requires that AEDC properly monitor and document employees' time by conducting a time study of employees that work on multiple activities or cost objectives for AEDC.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

appropriate evidence. Time and effort reports are not being maintained, and as a result, the Agency is unable to support the percentages used for allocating salaries. Salaries claimed as cost share for fiscal year 2014 totaled \$161,006.

Arkansas Science and Technology Authority (Continued)

Manufacturing Extension Partnership (Continued)

Allowable Costs/Cost Principles

ALA staff reviewed control procedures, in accordance with OMB Circular A-133 § 300 (b), to determine if they were designed, implemented, and operating effectively to ensure compliance with the general terms and conditions of the agreement between the U.S. Department of Commerce and the Agency, which states that any new subaward agreements of \$100,000 or more require prior written approval from a National Institute of Science and Technology (NIST) Grants Officer. One subaward exceeding \$100,000 identified in the agreement did not receive approval. However, ALA staff review of reimbursements revealed the subrecipient had received reimbursements totaling \$154,312.

ALA staff contacted the NIST Grants Officer and confirmed the reimbursements to the subrecipient were unallowable because the Agency had not received prior written approval. In addition, the subrecipient reported a cost share totaling \$134,689. Because the reimbursements received were unallowable, the subrecipient's cost share cannot be utilized by the Agency to meet cost share (matching) requirements or be used in the calculation for drawing federal monies from the grant.

ALA staff recalculated the cost share reported by the Agency and determined that although the Agency included unallowable cost share totaling \$134,689, it remained in compliance with matching requirements. However, failure to adhere to the general terms and conditions of the agreement places the Agency at a higher risk of noncompliance with the cash management, matching, and reporting requirements.

Arkansas Science and Technology Authority (Continued)

Manufacturing Extension Partnership (Continued)

Cash Management

Recommendations

Recommendation

ALA staff recommend the Agency review and strengthen control procedures to ensure all subawards exceeding \$100,000 receive prior written approval before reimbursing the subrecipient. In addition, ALA staff recommend the Agency contact the federal awarding agency to determine if a refund is required.

Management Response: AEDC will review and strengthen control procedures to ensure all sub-awards exceeding \$100,000 receive prior written approval before reimbursing the subrecipient. AEDC has contacted the NIST Grants Officer about not receiving an award letter for the subrecipient. AEDC corrective action will require that AEDC get prior written approval from NIST, for all sub-awards exceeding \$100,000.

Recommendation

ALA staff recommend the Agency review the federal draw tool spreadsheet, correct formulas, and eliminate duplicated costs to ensure federal draws are based on actual program expenditures. ALA staff also recommend the Agency ensure all draws are

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

ALA staff reviewed control procedures to determine if draws were supported by sufficient, appropriate evidence; were made for actual program expenditures; met the immediate cash needs of the program; and were, therefore, in compliance with 31 CFR § 205.33. The review included utilizing the federal draw tool spreadsheet that the Agency used to track expenditures.

The review revealed that the spreadsheet contained numerous errors, including inaccurate formulas and duplicated costs. In addition, the Agency was unable to provide accurate and sufficient documentation supporting the expenditures represented on the spreadsheet. As a result, federal draws were not adequately supported.

It should be noted that the Agency made only three federal cash draws during fiscal year 2014 because of a large fund balance at July 1, 2013, totaling \$738,257, comprised mainly of program income from previous years. The balance was depleted in March 2014, and federal draws were made on March 17, 2014; April 24, 2014; and June 3, 2014, for amounts totaling \$594,860, \$87,826, and \$100,000, respectively.

Arkansas Science and Technology Authority (Continued)

Manufacturing Extension Partnership (Continued)

Matching, Level of Effort, Earmarking; Reporting

Based on requirements outlined in 15 CFR § 24.20(a)(2) and (b)(1) and OMB Circular A-133 § 300(b), ALA staff reviewed Agency control procedures to determine if they were designed, implemented, and operating effectively to ensure reliable records are the basis for financial reports and if the controls allow the Agency to meet matching (cost share) requirements. The review revealed that although the Agency developed a budget tracking spreadsheet to track expenditures, ensure accurate reliable reporting, and ensure compliance with cost share requirements, the spreadsheet contained numerous errors, including inaccurate formulas and duplicated costs. As a result, the federal financial report for the quarter ended June 30, 2014, reflected an overstatement of cost share expenditures totaling \$116,450. Further review revealed that although the reported cost share was overstated, the minimum cost share expenditure (match) requirement was still met by the Agency.

Although a control was designed and implemented to provide assurance of reliable

Recommendations

based on immediate cash requirements and are as close as administratively feasible to the State's actual cash outlay.

Management Response: AEDC agrees with the finding. AEDC reviewed the draw tool spreadsheet, corrected incorrect formulas and eliminated duplicate costs. AEDC staff has contacted NIST officials and obtained more insight for proper reporting. To ensure all draws are sufficiently supported, AEDC draw funds based on immediate cash requirements such as paying salary and/or subrecipients. Balances are recorded and verified on the spreadsheet at the time of the draw.

Recommendation

ALA staff recommend the Agency review the budget tracking spreadsheet, correct formulas, and eliminate duplicated costs to ensure information reported on the federal financial quarterly reports is accurate and complete.

Management Response: AEDC agrees with the finding. AEDC reviewed the budget tracking spreadsheet, corrected incorrect formulas, and eliminated duplicate costs. AEDC corrective action plan requires the appointed staff to review monthly reports to help ensure accurate quarterly reports. Quarterly reports are reviewed, for accuracy and completeness, by the appointed staff and their immediate supervisor before it is submitted to appropriate NIST official.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS ECONOMIC DEVELOPMENT COMMISSION
 FOR THE YEAR ENDED JUNE 30, 2014

Findings

Recommendations

financial reporting and cost share requirements, it did not operate effectively, resulting in inaccurate reporting of cost share expenditures. Failure of the control could result in future noncompliance with the cost share requirement.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	37	39	76	78 %
Black Employees	3	14	17	17 %
Other Racial Minorities	1	4	5	5 %
Total Minorities			22	22 %
Total Employees			98	100 %

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1MZ Super Projects	0	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
2SK State Operations	8,912,292	71	12,934,147	72	26,253,076	72	12,859,289	72	13,600,840	72	13,600,840	72	12,861,935	72	13,603,486	72	13,603,486	72
2SQ Community Assistance-Federal	18,384,746	9	29,292,946	8	36,248,043	8	29,294,564	8	36,255,640	8	36,255,640	8	29,295,212	8	36,256,271	8	36,256,271	8
2ST State Energy Plan-Federal	679,454	4	875,496	5	1,283,818	5	876,456	5	1,223,315	5	1,223,315	5	877,194	5	1,224,053	5	1,224,053	5
55L Technology Development	0	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
56N Energy Efficiency Arkansas-Cash	431,756	2	1,406,567	2	1,406,946	2	1,407,003	2	1,407,003	2	1,407,003	2	1,407,003	2	1,407,003	2	1,407,003	2
F11 Clean Cities	38,275	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0
F99 Weatherization Program	4,304,390	5	5,850,052	5	8,304,767	5	5,851,010	5	5,851,010	5	5,851,010	5	5,851,133	5	5,851,133	5	5,851,133	5
H07 Quick Action Closing	0	0	50,000,000	0	50,000,000	0	50,000,000	0	75,000,000	0	75,000,000	0	50,000,000	0	75,000,000	0	75,000,000	0
M70 New Markets Performance Program	192,969	0	200,000	0	875,781	0	200,000	0	875,781	0	875,781	0	200,000	0	875,781	0	875,781	0
T88 AEDC-Rural Service Div-State Operations	764,184	2	919,120	2	1,258,003	2	920,895	2	1,243,767	2	1,243,767	2	920,895	2	1,243,767	2	1,243,767	2
T89 AEDC-Rural Services Div-Animal Rescue	0	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0
T90 AEDC-Rural Services Div-Admin Fee	1,400	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0
T93 AEDC-RS Unpaved Road Program	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0
U08 AR Manufacturing Extension Network-State	255,710	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0
U09 Seed Capital Investment-Cash in Treasury	0	0	1,900,000	0	1,900,000	0	1,900,000	0	1,900,000	0	1,900,000	0	1,900,000	0	1,900,000	0	1,900,000	0
U11 Science & Technology-State Operations	2,454,980	13	2,821,008	12	8,283,342	12	2,826,008	12	8,432,526	12	8,432,526	12	2,826,746	12	8,433,264	12	8,433,264	12
U12 New AMS - Cash in Treasury	418,714	0	1,470,867	9	1,455,986	9	1,474,748	9	1,474,748	9	1,415,952	8	1,474,748	9	1,474,748	9	1,415,952	8
U13 Energy Efficiency - Cash in Treasury	47,028	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0
U14 AR Manufacturing Extension Network-Fed	1,113,327	8	931,081	4	941,110	4	932,534	4	932,534	4	814,928	3	932,534	4	932,534	4	814,928	3
U16 Arkansas Acceleration Fund	1,050,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0
U17 STEM Education - Cash	5,040	0	0	0	66,021	0	0	0	40,000	0	40,000	0	0	0	40,000	0	40,000	0
U18 EPSCoR RII - Track 2 Plant Bioimaging	1,245,279	0	3,132,830	0	3,150,000	0	3,132,830	0	3,132,830	0	3,132,830	0	3,132,830	0	3,132,830	0	3,132,830	0
U20 Innovate Arkansas	0	0	0	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
U28 Rural Services Conference Cash	72,355	0	75,000	0	75,000	0	75,000	0	100,000	0	100,000	0	75,000	0	100,000	0	100,000	0
U34 EPSCoR Track III	2,123,346	2	20,000,000	2	0	0	0	2	20,000,000	2	20,000,000	2	0	2	20,000,000	2	20,000,000	2
NOT REQUESTED FOR THE BIENNIUM																		
U10 AR EPSCoR-Federal	3,265,313	1	0	0	3,994,815	2	0	0	0	0	0	0	0	0	0	0	0	0
Total	46,010,558	117	381,406,024	121	400,093,618	121	366,347,247	121	426,066,904	121	425,890,502	119	366,352,140	121	426,071,780	121	425,895,378	119

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	34,109,355	46.5	27,317,248	6.7			24,918,098	6.4	24,918,098	6.0	24,918,098	6.0	24,404,990	6.3	1,324,200	0.3
General Revenue	4000010	12,387,166	16.9	16,167,742	4.0			16,863,374	4.3	16,863,374	4.1	16,863,374	4.1	16,866,758	4.3	16,866,758	4.3

Funding Sources		%		%		%		%		%		%		%		%	
Federal Revenue	4000020	31,168,855	42.5	90,196,410	22.2	70,201,399	18.1	97,509,334	23.4	97,391,728	23.4	70,202,908	18.1	97,510,826	24.9	97,393,220	24.8
Cash Fund	4000045	694,499	0.9	2,683,612	0.7	2,481,751	0.6	2,481,751	0.6	2,481,751	0.6	2,481,751	0.6	2,481,751	0.6	2,481,751	0.6
Merit Adjustment Fund	4000055	0	0.0	48,915	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Bond Proceeds	4000125	0	0.0	200,000,000	49.2	200,000,000	51.5	200,000,000	48.1	200,000,000	48.1	200,000,000	51.5	200,000,000	51.0	200,000,000	51.0
General Improvement Fund	4000265	1,400	0.0	50,045,395	12.3	55,045,395	14.2	55,045,395	13.2	55,045,395	13.2	55,045,395	14.2	55,045,395	14.0	55,045,395	14.0
Grant/SubGrant Refunds	4000273	150,000	0.2	150,000	0.0	150,000	0.0	150,000	0.0	150,000	0.0	150,000	0.0	150,000	0.0	150,000	0.0
Inter-agency Fund Transfer	4000316	3,169,866	4.3	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Intra-agency Fund Transfer	4000317	40,468	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Revolving	4000350	192,969	0.3	200,000	0.0	200,000	0.1	200,000	0.0	200,000	0.0	200,000	0.1	200,000	0.1	200,000	0.1
Other	4000370	0	0.0	19,414,800	4.8	18,700,000	4.8	18,700,000	4.5	18,700,000	4.5	18,700,000	4.8	18,700,000	4.8	18,700,000	4.8
Transfer from General Imprv	4000540	2,100,026	2.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfers / Adjustments	4000683	(10,686,798)	(14.6)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		73,327,806	100.0	406,324,122	100.0	388,660,017	100.0	415,967,952	100.0	415,850,346	100.0	388,151,802	100.0	392,378,930	100.0	392,261,324	100.0
Excess Appropriation/(Funding)		(27,317,248)		(24,918,098)		(22,312,770)		10,098,952		10,040,156		(21,799,662)		33,692,850		33,634,054	
Grand Total		46,010,558		381,406,024		366,347,247		426,066,904		425,890,502		366,352,140		426,071,780		425,895,378	

Variances in fund balance due to unfunded appropriation in (2SK) State Operation, (F11) Clean Cities, (H07) Quick Action Closing Fund, (M70) New Markets Performance Program, (T88) AEDC- Rural Service Div-State Operations, (T89) AEDC- Rural Services Div- Animal Rescue, (U09) Seed Capital Investment-Cash in Treasury, (U11) Science & Technology-State Operations, (U12) New AMS- Cash in Treasury, (U13) Energy Efficiency- Cash in Treasury, and (U17) STEM Education-Cash.

FY17 Budget exceeds Authorized in (U12) New AMS- Cash in Treasury due to salary and matching rate adjustments during the 2015-2017 Biennium.

FY17 Budget exceeds Authorized in (U34) EPSCOR Track III due to a transfew from the Miscellaneous Federal Grant Holding Account.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
105	86	19	105	0	18.10 %	136	102	34	136	0	25.00 %	121	99	22	121	0	18.18 %

Analysis of Budget Request

Appropriation: 1MZ - Super Projects

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

The Super Projects Program was established by the A.C.A. §15-4-3001 et seq. to provide resources in support of industries that indicate the intention to invest in the State of Arkansas. To be classified as a Super Project requires the project's sponsor to invest at minimum four hundred million dollars (\$400,000,000) into the State and provided 400 new full time jobs.

Funding for these projects may be attained in General Obligations Bonds approved by the public or the General Assembly. Amendment 82 to the current State Constitution authorizes up to 5% of general revenues to be applied toward amortization of bonded indebtedness for large economic development projects. During the General Election of 2010, Amendment 90 was adopted that allowed for the General Assembly to issues bonds under the 82nd Amendment without voter approval.

The Super Project Program fund is to be utilized for payments on part of or all of the debt service on bonds issued or on a pay-as-you-go basis should bonds neither be approved nor issued.

The Agency is requesting Base Level of \$200,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1MZ - Super Projects

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Super Projects 5900046	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Funding Sources									
Bond Proceeds 4000125	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

Analysis of Budget Request

Appropriation: 2SK - State Operations

Funding Sources: HOA - Department of Economic Development Fund

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$12,859,289 in FY18 and \$12,861,935 in FY19 in appropriation and general revenue funding.

The Agency's Change Level Request is \$741,551 each year of the biennium in appropriation only for the following:

- Professional Fees reallocation of \$450,000 each year to Global Business Initiatives to allow for better classification of these expenditures.
- Grants and Aid increase of \$641,551 each year for grants to economic development projects and regional partnerships as saving from other areas allow.
- Capital Outlay of \$100,000 each year of for replacement of aging equipment and purchase emergency backup systems as saving from other areas allows.

The Technology related requests are documented in the Agency's Information Technology (IT) Plan.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	4,207,923	4,355,550	4,474,533	4,357,050	4,357,050	4,357,050	4,358,850	4,358,850	4,358,850
#Positions	71	72	72	72	72	72	72	72	72
Extra Help 5010001	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
#Extra Help	0	6	6	6	6	6	6	6	6
Personal Services Matching 5010003	1,336,535	1,342,124	1,393,733	1,365,766	1,365,766	1,365,766	1,366,612	1,366,612	1,366,612
Operating Expenses 5020002	1,453,425	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238
Conference & Travel Expenses 5050009	132,287	141,486	141,486	141,486	141,486	141,486	141,486	141,486	141,486
Professional Fees 5060010	1,260,270	2,215,000	2,215,000	2,215,000	1,765,000	1,765,000	2,215,000	1,765,000	1,765,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	56,716	358,449	1,000,000	358,449	1,000,000	1,000,000	358,449	1,000,000	1,000,000
Capital Outlay 5120011	99,158	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Global Business Initiatives 5900046	150,000	150,000	150,000	150,000	600,000	600,000	150,000	600,000	600,000
Far East Trade Ind Recruitment 5900046	0	0	0	0	0	0	0	0	0
Military Affairs Grant Program 5900047	0	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Industry Training Program 5900049	215,978	1,714,800	14,221,586	1,714,800	1,714,800	1,714,800	1,714,800	1,714,800	1,714,800
For State Matching of Federal Fu 5900050	0	228,500	228,500	228,500	228,500	228,500	228,500	228,500	228,500
Total	8,912,292	12,934,147	26,253,076	12,859,289	13,600,840	13,600,840	12,861,935	13,603,486	13,603,486
Funding Sources									
General Revenue 4000010	8,912,292	12,170,432		12,859,289	12,859,289	12,859,289	12,861,935	12,861,935	12,861,935
Merit Adjustment Fund 4000055	0	48,915		0	0	0	0	0	0
Other 4000370	0	714,800		0	0	0	0	0	0
Total Funding	8,912,292	12,934,147		12,859,289	12,859,289	12,859,289	12,861,935	12,861,935	12,861,935
Excess Appropriation/(Funding)	0	0		0	741,551	741,551	0	741,551	741,551
Grand Total	8,912,292	12,934,147		12,859,289	13,600,840	13,600,840	12,861,935	13,603,486	13,603,486

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	12,859,289	72	12,859,289	100.0	12,861,935	72	12,861,935	100.0
C01	Existing Program	641,551	0	13,500,840	105.0	641,551	0	13,503,486	105.0
C04	Reallocation	0	0	13,500,840	105.0	0	0	13,503,486	105.0
C08	Technology	100,000	0	13,600,840	105.8	100,000	0	13,603,486	105.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	12,859,289	72	12,859,289	100.0	12,861,935	72	12,861,935	100.0
C01	Existing Program	641,551	0	13,500,840	105.0	641,551	0	13,503,486	105.0
C04	Reallocation	0	0	13,500,840	105.0	0	0	13,503,486	105.0
C08	Technology	100,000	0	13,600,840	105.8	100,000	0	13,603,486	105.8

Justification

C01	The Agency requests restoration of its Grants and Aid line item in the amount of \$641,551 for both years. This returns it to the FY17 Authorized Level.
C04	The Agency requests a change in title of the Far East Trade/Ind Recruitment line item to "Global Business Initiatives" and a reallocation of \$450,000 from Professional Fees to that line item.
C08	The Agency requests restoration of its Capital Outlay line item in the amount of \$100,000 for both years of the biennium. This appropriation is used as needed for our IT Infrastructure.

**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: Economic Development Commission

Program: State Operations

Act #: 226

Section(s) #: 5 & 44

Estimated Carry Forward Amount \$ 714,800.00 Funding Source: General Revenue

Accounting Information:

Business Area: 0790

Funds Center: 2SK

Fund: HOA

Functional Area: COMM

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

Justification for carry forward of fund balance:

Any unexpected balance of funds for the Industry Training Program in AEDC Account which remains at the close of each state fiscal year shall be carried forward to the next fiscal year to be used for the same intent and purposes as set forth in law.

Actual Funding Carry Forward Amount \$ 1,442,105.00

Current status of carry forward funding:

Training projects funded by these monies are still in process.

Mike Preston

Director

08-12-2016

Date

Analysis of Budget Request

Appropriation: 2SQ - Community Assistance-Federal

Funding Sources: FAK - Economic Development - Federal

This is a federally funded appropriation used to operate the Community Development Block Grant Program at the Arkansas Economic Development Commission. Funding is provided by grants from the Department of Housing and Urban Development and through repayments of previous loans.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$29,294,564 in FY18 and \$29,295,212 in FY19.

The Agency Change Level Request totals \$6,961,076 in FY18 and \$6,961,059 in FY19 to restore appropriation to the FY17 Authorized Levels. The changes are reflected in the following line items:

- Grants and Aid of \$6,958,852 each year of the biennium.
- Storm Recovery Grant Program of \$2,224 in FY18 and \$2,207 in FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	276,730	302,476	296,222	302,337	302,337	302,337	302,843	302,843	302,843
#Positions	9	8	7	8	8	8	8	8	8
Personal Services Matching 5010003	97,477	100,776	100,897	102,379	102,379	102,379	102,504	102,504	102,504
Operating Expenses 5020002	18,446	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
Conference & Travel Expenses 5050009	11,575	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees 5060010	761	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	14,975,182	20,541,148	27,500,000	20,541,148	27,500,000	27,500,000	20,541,148	27,500,000	27,500,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Storm Recovery Grants 5900046	2,935,401	7,577,236	7,579,614	7,577,390	7,579,614	7,579,614	7,577,407	7,579,614	7,579,614
Flood Recovery Grants 5900047	69,174	615,710	615,710	615,710	615,710	615,710	615,710	615,710	615,710
Total	18,384,746	29,292,946	36,248,043	29,294,564	36,255,640	36,255,640	29,295,212	36,256,271	36,256,271
Funding Sources									
Federal Revenue 4000020	18,384,746	29,292,946		29,294,564	36,255,640	36,255,640	29,295,212	36,256,271	36,256,271
Total Funding	18,384,746	29,292,946		29,294,564	36,255,640	36,255,640	29,295,212	36,256,271	36,256,271
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	18,384,746	29,292,946		29,294,564	36,255,640	36,255,640	29,295,212	36,256,271	36,256,271

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Budget Number of Positions may exceed the Authorized Number due to single salary section in appropriation act.

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	29,294,564	8	29,294,564	100.0	29,295,212	8	29,295,212	100.0
C01	Existing Program	6,961,076	0	36,255,640	123.8	6,961,059	0	36,256,271	123.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	29,294,564	8	29,294,564	100.0	29,295,212	8	29,295,212	100.0
C01	Existing Program	6,961,076	0	36,255,640	123.8	6,961,059	0	36,256,271	123.8

Justification

C01	The Agency requests to restore Grants and Aid and Storm Recovery line items to FY17 Authorized.
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Analysis of Budget Request

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

This is one of the major federal programs administered by the Arkansas Economic Development Commission. Federal funding for the State Energy Plan is received from the U.S. Department of Energy and is directed at projects that address the State's needs in energy conservation. This appropriation is also used to expend indirect cost obligations for all federal programs administered by the Department.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$876,456 in FY18 and \$877,194 in FY19.

The Agency Change Level Request totals \$346,859 each year of the biennium to restore appropriation to the FY17 Authorized and is summarized as follows:

- Professional Fees of \$250,000 each year of the biennium.
- Grants and Aid of \$96,859 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	139,478	181,286	226,499	181,286	181,286	181,286	181,886	181,886	181,886
#Positions		4	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	66,936	65,971	82,221	66,931	66,931	66,931	67,069	67,069	67,069
Operating Expenses	5020002	11,570	118,273	118,273	118,273	118,273	118,273	118,273	118,273	118,273
Conference & Travel Expenses	5050009	4,004	36,788	36,788	36,788	36,788	36,788	36,788	36,788	36,788
Professional Fees	5060010	2,555	18,085	268,085	18,085	268,085	268,085	18,085	268,085	268,085
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	454,911	455,093	551,952	455,093	551,952	551,952	455,093	551,952	551,952
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		679,454	875,496	1,283,818	876,456	1,223,315	1,223,315	877,194	1,224,053	1,224,053
Funding Sources										
Federal Revenue	4000020	679,454	875,496		876,456	1,223,315	1,223,315	877,194	1,224,053	1,224,053
Total Funding		679,454	875,496		876,456	1,223,315	1,223,315	877,194	1,224,053	1,224,053
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		679,454	875,496		876,456	1,223,315	1,223,315	877,194	1,224,053	1,224,053

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	876,456	5	876,456	100.0	877,194	5	877,194	100.0
C01	Existing Program	346,859	0	1,223,315	139.6	346,859	0	1,224,053	139.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	876,456	5	876,456	100.0	877,194	5	877,194	100.0
C01	Existing Program	346,859	0	1,223,315	139.6	346,859	0	1,224,053	139.5

Justification

C01	The Agency requests to restore Professional Fees and Grants and Aid line items to FY17 Authorized.
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Analysis of Budget Request

Appropriation: 55L - Technology Development

Funding Sources: MTL - Technology Acceleration Fund

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

The Agency is requesting Base Level of \$30,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 55L - Technology Development

Funding Sources: MTL - Technology Acceleration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Technology Acceleration Prgm 5900046	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Funding Sources									
Federal Revenue 4000020	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total Funding	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000

Analysis of Budget Request

Appropriation: 56N - Energy Efficiency Arkansas-Cash

Funding Sources: NDE - Energy Efficiency - Cash in Treasury

The Energy Efficiency Arkansas - Cash in Treasury appropriation was originally authorized by request from the Cash Fund Holding Account in January, 2008. Funding for this program is received from various energy companies operating within the State for the Quick Start Statewide Energy Efficiency Program mandated by the Public Service Commission.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency is requesting Base Level of \$1,407,003 each year of the biennium.

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

Appropriation Summary

Appropriation: 56N - Energy Efficiency Arkansas-Cash

Funding Sources: NDE - Energy Efficiency - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	85,325	82,119	82,119	82,119	82,119	82,119	82,119	82,119	82,119
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	29,362	28,548	28,927	28,984	28,984	28,984	28,984	28,984	28,984
Operating Expenses	5020002	90,635	93,900	93,900	93,900	93,900	93,900	93,900	93,900	93,900
Conference & Travel Expenses	5050009	1,018	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	22,916	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	202,500	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		431,756	1,406,567	1,406,946	1,407,003	1,407,003	1,407,003	1,407,003	1,407,003	1,407,003
Funding Sources										
Fund Balance	4000005	338,847	218,608		218,608	218,608	218,608	218,608	218,608	218,608
Cash Fund	4000045	311,517	1,406,567		1,407,003	1,407,003	1,407,003	1,407,003	1,407,003	1,407,003
Total Funding		650,364	1,625,175		1,625,611	1,625,611	1,625,611	1,625,611	1,625,611	1,625,611
Excess Appropriation/(Funding)		(218,608)	(218,608)		(218,608)	(218,608)	(218,608)	(218,608)	(218,608)	(218,608)
Grand Total		431,756	1,406,567		1,407,003	1,407,003	1,407,003	1,407,003	1,407,003	1,407,003

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: F11 - Clean Cities

Funding Sources: NDE - Clean Cities Coalition - Cash in Treasury

The Arkansas Clean Cities Coalition Program - Cash In Treasury was established by a Cash Fund Holding Account request that was approved in June, 2012. This program facilitates working groups to explore issues associated with the use of alternative fuels and alternative fuel vehicles, to initiate education and training programs, to encourage vehicle manufacturers to participate in the Arkansas market, and to promote research, development, and investment in alternative fuel vehicle projects.

Funding is derived from grants administered by various pass through agencies, contracted by the nationwide Clean Cities Program by the U.S. Department of Energy.

The Agency Request is for Base Level of \$189,005 each year of the biennium.

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

Appropriation Summary

Appropriation: F11 - Clean Cities

Funding Sources: NDE - Clean Cities Coalition - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,846	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Conference & Travel Expenses	5050009	3,876	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750
Professional Fees	5060010	32,553	105,255	105,255	105,255	105,255	105,255	105,255	105,255	105,255
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		38,275	189,005	189,005	189,005	189,005	189,005	189,005	189,005	189,005
Funding Sources										
Fund Balance	4000005	67,920	82,645		7,645	7,645	7,645	0	0	0
Federal Revenue	4000020	53,000	114,005		114,005	114,005	114,005	114,005	114,005	114,005
Total Funding		120,920	196,650		121,650	121,650	121,650	114,005	114,005	114,005
Excess Appropriation/(Funding)		(82,645)	(7,645)		67,355	67,355	67,355	75,000	75,000	75,000
Grand Total		38,275	189,005		189,005	189,005	189,005	189,005	189,005	189,005

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: F99 - Weatherization Program

Funding Sources: FKE - Weatherization Program - Federal

The Weatherization Assistance Program (WAP) is funded by the U.S. Department of Energy. Low Income Home Energy Assistance Program (LAHEAP) is funded by a grant from the Department of Human Services. WAP was transferred from the Department of Human Service to the Commission by Act 1111 of 2013. Both programs administer grants to assist low income Arkansans to improve the energy efficiency of their homes.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$5,851,010 for FY18 and \$5,851,133 for FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F99 - Weatherization Program

Funding Sources: FKE - Weatherization Program - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	136,177	180,881	193,426	180,881	180,881	180,881	180,981	180,981	180,981
#Positions	5	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	56,137	65,880	69,591	66,838	66,838	66,838	66,861	66,861	66,861
Operating Expenses 5020002	18,903	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Conference & Travel Expenses 5050009	0	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750
Professional Fees 5060010	0	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Data Processing Services 5900044	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Weatherization Assistance Progr: 5900046	4,093,173	5,561,541	8,000,000	5,561,541	5,561,541	5,561,541	5,561,541	5,561,541	5,561,541
Total	4,304,390	5,850,052	8,304,767	5,851,010	5,851,010	5,851,010	5,851,133	5,851,133	5,851,133
Funding Sources									
Federal Revenue 4000020	4,304,390	5,850,052		5,851,010	5,851,010	5,851,010	5,851,133	5,851,133	5,851,133
Total Funding	4,304,390	5,850,052		5,851,010	5,851,010	5,851,010	5,851,133	5,851,133	5,851,133
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	4,304,390	5,850,052		5,851,010	5,851,010	5,851,010	5,851,133	5,851,133	5,851,133

Analysis of Budget Request

Appropriation: H07 - Quick Action Closing

Funding Sources: MQA - Quick Action Closing Fund

Established by Arkansas Code 19-5-1231 The Quick Action Closing Fund is comprised mainly of funding transferred from the General Revenue Allotment Reserve Fund. The Fund is utilized by the Arkansas Economic Development Commission, in conjunction with other incentives, to attract new businesses and economic development to the state and to retain existing businesses. This appropriation was originally established as a capital project.

Base Level is \$50,000,000 each year of the biennium.

The Agency's Change Level request is \$25,000,000 each year in appropriation only. This will be the sole appropriation for the Governor's Quick Action Closing Fund, rather than having it reappropriated each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: H07 - Quick Action Closing

Funding Sources: MQA - Quick Action Closing Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	50,000,000	50,000,000	50,000,000	75,000,000	75,000,000	50,000,000	75,000,000	75,000,000
Total		0	50,000,000	50,000,000	50,000,000	75,000,000	75,000,000	50,000,000	75,000,000	75,000,000
Funding Sources										
Fund Balance	4000005	33,702,588	23,015,790		23,015,790	23,015,790	23,015,790	23,015,790	0	0
General Improvement Fund	4000265	0	50,000,000		50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Transfers / Adjustments	4000683	(10,686,798)	0		0	0	0	0	0	0
Total Funding		23,015,790	73,015,790		73,015,790	73,015,790	73,015,790	73,015,790	50,000,000	50,000,000
Excess Appropriation/(Funding)		(23,015,790)	(23,015,790)		(23,015,790)	1,984,210	1,984,210	(23,015,790)	25,000,000	25,000,000
Grand Total		0	50,000,000		50,000,000	75,000,000	75,000,000	50,000,000	75,000,000	75,000,000

Change Level by Appropriation

Appropriation: H07 - Quick Action Closing
Funding Sources: MQA - Quick Action Closing Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	50,000,000	0	50,000,000	100.0	50,000,000	0	50,000,000	100.0
C05	Unfunded Appropriation	25,000,000	0	75,000,000	150.0	25,000,000	0	75,000,000	150.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	50,000,000	0	50,000,000	100.0	50,000,000	0	50,000,000	100.0
C05	Unfunded Appropriation	25,000,000	0	75,000,000	150.0	25,000,000	0	75,000,000	150.0

Justification

C05	Increase in appropriation only. This will serve as the sole appropriation for the Governor's Quick Action Closing Fund, rather than have it reappropriated annually.
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Analysis of Budget Request

Appropriation: M70 - New Markets Performance Program

Funding Sources: MNM - New Markets Performance Program

Arkansas Economic Development Commission administers the New Market Tax Credit program created by Act 1474 of 2013. The program allows business entities to earn credits against their state premium tax liability based on equity investments in community development entities that are invested in low income community businesses. Revenues in the fund are derived from application fees and a refundable performance fee.

Base Level is \$200,000 each year of the biennium.

The Agency's Change Level request totals \$675,781 each year for the restoration of appropriation to FY2017 authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M70 - New Markets Performance Program

Funding Sources: MNM - New Markets Performance Program

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	192,969	200,000	875,781	200,000	875,781	875,781	200,000	875,781	875,781
Total	192,969	200,000	875,781	200,000	875,781	875,781	200,000	875,781	875,781
Funding Sources									
Miscellaneous Revolving 4000350	192,969	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	192,969	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Excess Appropriation/(Funding)	0	0		0	675,781	675,781	0	675,781	675,781
Grand Total	192,969	200,000		200,000	875,781	875,781	200,000	875,781	875,781

Change Level by Appropriation

Appropriation: M70 - New Markets Performance Program
Funding Sources: MNM - New Markets Performance Program

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	200,000	0	200,000	100.0	200,000	0	200,000	100.0
C05	Unfunded Appropriation	675,781	0	875,781	437.9	675,781	0	875,781	437.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	200,000	0	200,000	100.0	200,000	0	200,000	100.0
C05	Unfunded Appropriation	675,781	0	875,781	437.9	675,781	0	875,781	437.9

Justification

C05	Restoration of appropriation to FY2017 Authorized.
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Analysis of Budget Request

Appropriation: T88 - AEDC-Rural Service Div-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Economic Development Commission's Rural Services Division serves as a single point of contact for all organizations and individuals with a desire to enhance the quality of life for rural citizens. Working under the guidance of the Arkansas Rural Development Commission (ARDC), the Division assists citizens of rural Arkansas by providing rural grant programs and information sharing and educational opportunities through regional forums and the annual Arkansas Rural Development Conference. This appropriation provides for the operations of the division and is funded by general revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$920,895 for each year of the biennium in appropriation and general revenue funding.

The Agency's Change Level request is for appropriation only of \$322,872 each year in Grants and Aid to restore appropriation to the FY17 Authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: T88 - AEDC-Rural Service Div-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	136,134	125,410	138,249	126,312	126,312	126,312	126,312	126,312	126,312
#Positions	2	2	2	2	2	2	2	2	2
Extra Help 5010001	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
#Extra Help	0	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	50,700	38,444	41,616	39,317	39,317	39,317	39,317	39,317	39,317
Operating Expenses 5020002	20,029	72,038	72,038	72,038	72,038	72,038	72,038	72,038	72,038
Conference & Travel Expenses 5050009	3,912	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Grants and Aid 5100004	171,232	77,128	400,000	77,128	400,000	400,000	77,128	400,000	400,000
Rural Fire Protection Grants 5900046	333,989	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
County Fair Improvement Grants 5900048	48,188	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	764,184	919,120	1,258,003	920,895	1,243,767	1,243,767	920,895	1,243,767	1,243,767
Funding Sources									
General Revenue 4000010	764,184	919,120		920,895	920,895	920,895	920,895	920,895	920,895
Total Funding	764,184	919,120		920,895	920,895	920,895	920,895	920,895	920,895
Excess Appropriation/(Funding)	0	0		0	322,872	322,872	0	322,872	322,872
Grand Total	764,184	919,120		920,895	1,243,767	1,243,767	920,895	1,243,767	1,243,767

Change Level by Appropriation

Appropriation: T88 - AEDC-Rural Service Div-State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	920,895	2	920,895	100.0	920,895	2	920,895	100.0
C05	Unfunded Appropriation	322,872	0	1,243,767	135.1	322,872	0	1,243,767	135.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	920,895	2	920,895	100.0	920,895	2	920,895	100.0
C05	Unfunded Appropriation	322,872	0	1,243,767	135.1	322,872	0	1,243,767	135.1

Justification

C05	Restoration of appropriation to FY2017 Authorized.
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Analysis of Budget Request

Appropriation: T89 - AEDC-Rural Services Div-Animal Rescue

Funding Sources: TRS - Animal Rescue and Shelter Trust Fund

Act 692 of the 87th Regular Session of 2009 amended ACA 27-24-1409 to authorize the Department of Finance and Administration to issue a new special license plate with a \$25 design fee that will be remitted monthly to the Treasurer of the State for deposit into the State Treasury as special revenues for the Animal Rescue and Shelter Trust Fund. The Act further amended ACA 19-5-1136 to create the Animal Rescue and Shelter Trust Fund to be distributed as follows:

- 35% to be distributed and used by the counties for construction, maintenance or operation of registered governmentally owned animal rescue shelters;
- 35% to be distributed and used by municipalities for construction, maintenance or operation of registered governmentally owned animal rescue shelters
- 30% to be distributed to the AEDC Division of Rural Services to provide grants to a county or municipality based only on the infrastructure needs for any animal rescue or animal shelter (not limited to registered governmentally owned rescue shelters.)

The Agency Request is for Base Level of \$5,328 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: T89 - AEDC-Rural Services Div-Animal Rescue

Funding Sources: TRS - Animal Rescue and Shelter Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	5,328	5,328	5,328	5,328	5,328	5,328	5,328	5,328
Total		0	5,328	5,328	5,328	5,328	5,328	5,328	5,328	5,328
Funding Sources										
Fund Balance	4000005	0	7,353		2,025	2,025	2,025	0	0	0
Inter-agency Fund Transfer	4000316	7,353	0		0	0	0	0	0	0
Total Funding		7,353	7,353		2,025	2,025	2,025	0	0	0
Excess Appropriation/(Funding)		(7,353)	(2,025)		3,303	3,303	3,303	5,328	5,328	5,328
Grand Total		0	5,328		5,328	5,328	5,328	5,328	5,328	5,328

Analysis of Budget Request

Appropriation: T90 - AEDC-Rural Services Div-Admin Fee

Funding Sources: HUA - Miscellaneous Agencies Fund

The Administrative Fee Appropriation is used to provide maintenance and general operations support for the Agency's General Improvement Grant appropriations. This appropriation is funded by special language that authorizes the transfer of funds from the agency's various General Improvement sub funds to the Agency's Miscellaneous Agencies Fund.

The Division of Rural Services General Revenue funded Operations appropriation (Funds Center T88) is used to support the Agency's three existing Grant Programs (Community Enhancement Grants, Fire Protection Grants and County Fair Improvement Grants) with a total funded budget of approximately \$516,000. During the 87th Regular Session of 2009, the Division of Rural Services received forty-five (45) General Improvement appropriations for Grants and Aid funded by \$5.7 million in Legislative Division General Improvement Funding. During the 88th Regular Session of 2011, the division received forty-four (44) General Improvement appropriations funded by \$1.8 million.

The addition of the General Improvement Grant Appropriations increased the Agency's Funded Budget for Grants from approximately \$516,000 to over \$2.3 million. To accommodate the administrative requirements associated with this increased grant budget, this new Administrative Fee appropriation was established by Act 803 of the 87th Regular Session of 2009. The appropriation authorizes Maintenance and General Operation appropriation for the division to use to provide administrative support for the large number of General Improvement Grants administered by the Division.

Special Language authorizes the Division to retain and utilize for administrative cost purposes up to 1.5% of the total amount of any General Improvement moneies received for projects authorized for disbursement through the department by the General Assembly. Special Language further authorizes the Chief Financial Officer of the State to transfer up to 1.5% of General Improvement Funds from the various General Improvement sub funds to the Miscellaneous Agencies Fund Account to be made available and utilized solely by the Division of Rural Services for maintenance and general operation costs. Finally, Special Language authorizes the carryforward of any unexpended balances of funds that were transferred from the various General Improvement sub funds to the Miscellaneous Agencies Fund to be used for the same purpose the following fiscal year.

The Agency Request is for Base Level of \$45,395 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: T90 - AEDC-Rural Services Div-Admin Fee

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	1,400	45,395	45,395	45,395	45,395	45,395	45,395	45,395	45,395
Total	1,400	45,395	45,395	45,395	45,395	45,395	45,395	45,395	45,395
Funding Sources									
General Improvement Fund 4000265	1,400	45,395		45,395	45,395	45,395	45,395	45,395	45,395
Total Funding	1,400	45,395		45,395	45,395	45,395	45,395	45,395	45,395
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,400	45,395		45,395	45,395	45,395	45,395	45,395	45,395

Analysis of Budget Request

Appropriation: T93 - AEDC-RS Unpaved Road Program

Funding Sources: MUP- Unpaved Roads Program

The Arkansas Unpaved Roads Program is established to help provide funding for unpaved road projects throughout the state using best management practices. This appropriation is used for Grants and Aid for the AEDC- Rural Services Unpaved Road Program.

The Agency Request is for Base Level of \$250,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: T93 - AEDC-RS Unpaved Road Program

Funding Sources: MUP- Unpaved Roads Program

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Funding Sources										
Grant/SubGrant Refunds	4000273	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Inter-agency Fund Transfer	4000316	100,000	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding		250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000

Analysis of Budget Request

Appropriation: U08 - AR Manufacturing Extension Network-State

Funding Sources: HUA - Miscellaneous Agencies Fund

The Science and Technology Authority Technology and Manufacturing Extension Program plans strategic state investments in, evaluates proposals and applications for, and supports Manufacturing Extension, Technology Transfer, and Applied Research. The Technology and Manufacturing Program is funded by General Revenue.

The Agency Request is for Base Level of \$257,182 each year of the biennium in appropriation and general revenue funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U08 - AR Manufacturing Extention Network-State

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AR Manufacturing Ext Network 5900046	255,710	257,182	257,182	257,182	257,182	257,182	257,182	257,182	257,182
Total	255,710	257,182	257,182	257,182	257,182	257,182	257,182	257,182	257,182
Funding Sources									
General Revenue 4000010	255,710	257,182		257,182	257,182	257,182	257,182	257,182	257,182
Total Funding	255,710	257,182		257,182	257,182	257,182	257,182	257,182	257,182
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	255,710	257,182		257,182	257,182	257,182	257,182	257,182	257,182

Analysis of Budget Request

Appropriation: U09 - Seed Capital Investment-Cash in Treasury

Funding Sources: NST - Cash in Treasury

This program is used for investment in technology-based businesses in accordance with Arkansas Code, §15-3-101 through §15-3-123. Funds are loaned to businesses, with a maximum amount of \$500,000 for any one project. As businesses repay the loans, AEDC deposits the repayments into a revolving fund.

The Agency Request is for Base Level of \$1,900,000 each year of the biennium.

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

Appropriation Summary

Appropriation: U09 - Seed Capital Investment-Cash in Treasury

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Investments 5120013	0	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Total	0	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Funding Sources									
Fund Balance 4000005	0	1,193,822		0	0	0	0	0	0
Cash Fund 4000045	0	706,178		500,000	500,000	500,000	500,000	500,000	500,000
Inter-agency Fund Transfer 4000316	1,193,822	0		0	0	0	0	0	0
Total Funding	1,193,822	1,900,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	(1,193,822)	0		1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Grand Total	0	1,900,000		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: U11 - Science & Technology-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The AEDC-Science and Technology Authority was created to develop and promote Arkansas' technological resources and to encourage the use of advanced technology in the State's business and agricultural communities. The Authority offers a variety of programs emphasizing three areas: project financing, company financing, and technology extension/development. This appropriation is funded by general revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$2,826,008 for FY18 and \$2,826,746 for FY19 in appropriation and general revenue funding.

The Agency's Change Level request is for appropriation only of \$5,606,518 each year. The request is for the Arkansas Acceleration Fund Programs line item to restore appropriation to the FY17 authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U11 - Science & Technology-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	521,396	692,712	584,717	693,788	693,788	693,788	694,388	694,388	694,388
#Positions		13	12	12	12	12	12	12	12	12
Extra Help	5010001	0	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
#Extra Help		0	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	182,903	217,230	181,041	221,154	221,154	221,154	221,292	221,292	221,292
Operating Expenses	5020002	174,006	218,703	218,703	218,703	218,703	218,703	218,703	218,703	218,703
Conference & Travel Expenses	5050009	6,137	27,800	27,800	27,800	27,800	27,800	27,800	27,800	27,800
Professional Fees	5060010	16,074	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Grants and Aid	5100004	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653
Technology	5900046	156,975	156,975	156,975	156,975	156,975	156,975	156,975	156,975	156,975
Seed Capital Investments	5900047	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653
Arkansas Acceleration Fund Prog	5900048	812,183	893,482	6,500,000	893,482	6,500,000	6,500,000	893,482	6,500,000	6,500,000
Total		2,454,980	2,821,008	8,283,342	2,826,008	8,432,526	8,432,526	2,826,746	8,433,264	8,433,264
Funding Sources										
General Revenue	4000010	2,454,980	2,821,008		2,826,008	2,826,008	2,826,008	2,826,746	2,826,746	2,826,746
Total Funding		2,454,980	2,821,008		2,826,008	2,826,008	2,826,008	2,826,746	2,826,746	2,826,746
Excess Appropriation/(Funding)		0	0		0	5,606,518	5,606,518	0	5,606,518	5,606,518
Grand Total		2,454,980	2,821,008		2,826,008	8,432,526	8,432,526	2,826,746	8,433,264	8,433,264

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: U11 - Science & Technology-State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,826,008	12	2,826,008	100.0	2,826,746	12	2,826,746	100.0
C05	Unfunded Appropriation	5,606,518	0	8,432,526	298.4	5,606,518	0	8,433,264	298.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,826,008	12	2,826,008	100.0	2,826,746	12	2,826,746	100.0
C05	Unfunded Appropriation	5,606,518	0	8,432,526	298.4	5,606,518	0	8,433,264	298.3

Justification

C05	Restoration of appropriation to FY2017 Authorized amount of \$5,606,518 for the Arkansas Acceleration Fund Program.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: Economic Development Commission

Program: Science & Technology-State Operations

Act #: 226 Section(s) #: 15 & 46

Estimated Carry Forward Amount \$ 0.00 Funding Source: Miscellaneous Agencies Fund

Accounting Information:

Business Area: 0790 Funds Center: U11 Fund: HUA Functional Area: COMM

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

Justification for carry forward of fund balance:

No Carry Forward

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward funding:

All funds were expensed during Fiscal Year 2016

Mike Preston
Director

08-12-2016
Date

Analysis of Budget Request

Appropriation: U12 - New AMS - Cash in Treasury

Funding Sources: NST - Cash in Treasury

The Science and Technology's Arkansas Manufacturing Extension Network program provides a statewide industry driven Manufacturing Extension Network for the delivery of technical and management assistance. Funding is provided by client (cash) service agreements and training class revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$1,474,748 each year of the biennium.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation, in addition to the Agency Request, reflects the reduction of one (1) Field Engineer (N902). Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: U12 - New AMS - Cash in Treasury

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	593,260	579,828	593,860	593,860	548,794	593,860	593,860	548,794
#Positions		0	9	9	9	9	8	9	9	8
Personal Services Matching	5010003	40,767	178,777	177,328	182,058	182,058	168,328	182,058	182,058	168,328
Operating Expenses	5020002	286,188	543,200	543,200	543,200	543,200	543,200	543,200	543,200	543,200
Conference & Travel Expenses	5050009	30,880	67,360	67,360	67,360	67,360	67,360	67,360	67,360	67,360
Professional Fees	5060010	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Grants and Aid	5100004	60,879	13,270	13,270	13,270	13,270	13,270	13,270	13,270	13,270
Total		418,714	1,470,867	1,455,986	1,474,748	1,474,748	1,415,952	1,474,748	1,474,748	1,415,952
Funding Sources										
Fund Balance	4000005	0	1,492,741		492,741	492,741	492,741	0	0	0
Cash Fund	4000045	318,860	470,867		474,748	474,748	474,748	474,748	474,748	474,748
Inter-agency Fund Transfer	4000316	1,592,595	0		0	0	0	0	0	0
Total Funding		1,911,455	1,963,608		967,489	967,489	967,489	474,748	474,748	474,748
Excess Appropriation/(Funding)		(1,492,741)	(492,741)		507,259	507,259	448,463	1,000,000	1,000,000	941,204
Grand Total		418,714	1,470,867		1,474,748	1,474,748	1,415,952	1,474,748	1,474,748	1,415,952

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: U12 - New AMS - Cash in Treasury
Funding Sources: NST - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,474,748	9	1,474,748	100.0	1,474,748	9	1,474,748	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,474,748	9	1,474,748	100.0	1,474,748	9	1,474,748	100.0
C13	Not Recommended	(13,730)	0	1,461,018	99.1	(13,730)	0	1,461,018	99.1
C19	Executive Changes	(45,066)	(1)	1,415,952	96.0	(45,066)	(1)	1,415,952	96.0

Justification

C19	The Executive Recommendation reflects the reduction of one (1) Field Engineer (N902) position based on the personnel evaluation.
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Analysis of Budget Request

Appropriation: U13 - Energy Efficiency - Cash in Treasury

Funding Sources: NST - Cash in Treasury

The Science and Technology Division is contracted to develop, plan, and execute the logistical details for the Energy Efficiency program workshops and/or conferences for Arkansas manufacturers. Funding is provided by a grant from the Arkansas Economic Development Commission.

The Agency Request is for Base Level of \$150,000 each year of the biennium.

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

Appropriation Summary

Appropriation: U13 - Energy Efficiency - Cash in Treasury

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	12,528	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Grants and Aid	5100004	34,500	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total		47,028	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Funding Sources										
Fund Balance	4000005	0	185,697		35,697	35,697	35,697	0	0	0
Cash Fund	4000045	3,011	0		0	0	0	0	0	0
Inter-agency Fund Transfer	4000316	229,714	0		0	0	0	0	0	0
Total Funding		232,725	185,697		35,697	35,697	35,697	0	0	0
Excess Appropriation/(Funding)		(185,697)	(35,697)		114,303	114,303	114,303	150,000	150,000	150,000
Grand Total		47,028	150,000		150,000	150,000	150,000	150,000	150,000	150,000

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: U14 - AR Manufacturing Extension Network-Fed

Funding Sources: FST - ASTA Federal Programs

The Science and Technology's Arkansas Manufacturing Extension Network program provides a statewide industry driven Manufacturing Extension Network for the delivery of technical and management assistance. The program is funded by the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) and third party reimbursements for field services and technical support from manufacturers supported under this grant.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$932,534 each year of the biennium.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation in addition to the Agency Request reflects the reduction of one (1) Field Engineer (N902).

Appropriation Summary

Appropriation: U14 - AR Manufacturing Extension Network-Fed

Funding Sources: FST - ASTA Federal Programs

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	492,525	274,007	281,580	274,007	274,007	183,873	274,007	274,007	183,873
#Positions		8	4	4	4	4	3	4	4	3
Personal Services Matching	5010003	135,340	81,790	84,246	83,243	83,243	55,771	83,243	83,243	55,771
Operating Expenses	5020002	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284
Professional Fees	5060010	39,500	0	0	0	0	0	0	0	0
Grants and Aid	5100004	435,678	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Field Services	5900046	0	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Total		1,113,327	931,081	941,110	932,534	932,534	814,928	932,534	932,534	814,928
Funding Sources										
Federal Revenue	4000020	1,113,327	931,081		932,534	932,534	814,928	932,534	932,534	814,928
Total Funding		1,113,327	931,081		932,534	932,534	814,928	932,534	932,534	814,928
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,113,327	931,081		932,534	932,534	814,928	932,534	932,534	814,928

Change Level by Appropriation

Appropriation: U14 - AR Manufuring Extension Network-Fed
Funding Sources: FST - ASTA Federal Programs

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	932,534	4	932,534	100.0	932,534	4	932,534	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	932,534	4	932,534	100.0	932,534	4	932,534	100.0
C13	Not Recommended	(27,472)	0	905,062	97.1	(27,472)	0	905,062	97.1
C19	Executive Changes	(90,134)	(1)	814,928	87.4	(90,134)	(1)	814,928	87.4

Justification

C19	The Executive Recommendation reflects the reduction of one (1) Field Engineer (N902) position based on the personnel evaluation.
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Analysis of Budget Request

Appropriation: U16 - Arkansas Acceleration Fund

Funding Sources: MST - Arkansas Acceleration Fund

The Science & Technology Division uses this fund for support and assistance for the accelerated growth of knowledge-based and high-technology jobs in the state through funding of the state's initiatives and programs defined under §15-3-501 et seq. Among those included, are initiatives and programs authorized by the Arkansas Research Alliance, Innovate Arkansas, and Arkansas Risk Capital Matching.

The Fund shall consist of funds provided by law and grants made by any person or federal government agency.

The Agency Request is for Base Level of \$18,700,000 for the each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U16 - Arkansas Acceleration Fund

Funding Sources: MST - Arkansas Acceleration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,050,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000
Total		1,050,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000
Funding Sources										
Fund Balance	4000005	0	1,050,026		1,050,026	1,050,026	1,050,026	1,050,026	1,050,026	1,050,026
Other	4000370	0	18,700,000		18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000
Transfer from General Imprv	4000540	2,100,026	0		0	0	0	0	0	0
Total Funding		2,100,026	19,750,026		19,750,026	19,750,026	19,750,026	19,750,026	19,750,026	19,750,026
Excess Appropriation/(Funding)		(1,050,026)	(1,050,026)		(1,050,026)	(1,050,026)	(1,050,026)	(1,050,026)	(1,050,026)	(1,050,026)
Grand Total		1,050,000	18,700,000		18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000

Analysis of Budget Request

Appropriation: U17 - STEM Education - Cash

Funding Sources: NST - Cash in Treasury

The Arkansas STEM Works is an initiative of the Governor's Workforce Cabinet to improve science, technology, engineering, and mathematics education statewide.

The Agency's Change Level Request is for \$40,000 each year to establish a STEM Program Expenses line item giving the agency the flexibility to cover and STEM related expenses that may arise.

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

Appropriation Summary

Appropriation: U17 - STEM Education - Cash

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	50,701	0	0	0	0	0	0
#Positions	0	0	0	0	0	0	0	0	0
Personal Services Matching 5010003	5,040	0	15,320	0	0	0	0	0	0
STEM Program Expenses 5900046	0	0	0	0	40,000	40,000	0	40,000	40,000
Total	5,040	0	66,021	0	40,000	40,000	0	40,000	40,000
Funding Sources									
Fund Balance 4000005	0	41,342		41,342	41,342	41,342	41,342	1,342	1,342
Inter-agency Fund Transfer 4000316	46,382	0		0	0	0	0	0	0
Total Funding	46,382	41,342		41,342	41,342	41,342	41,342	1,342	1,342
Excess Appropriation/(Funding)	(41,342)	(41,342)		(41,342)	(1,342)	(1,342)	(41,342)	38,658	38,658
Grand Total	5,040	0		0	40,000	40,000	0	40,000	40,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: U17 - STEM Education - Cash
Funding Sources: NST - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C01	Existing Program	40,000	0	40,000	100.0	40,000	0	40,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C01	Existing Program	40,000	0	40,000	100.0	40,000	0	40,000	100.0

Justification

C01	Appropriation of \$40,000 requested for each year of the biennium and for that appropriation to be moved to a Miscellaneous Character to provide flexibility.								
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Analysis of Budget Request

Appropriation: U18 - EPSCoR RII - Track 2 Plant Bioimaging

Funding Sources: FST- ASTA Federal Programs

The Collaborative Research on Plant (EPSCoR RII:Track-2), funded by the National Science Foundation is a cooperative agreement from the National Science Foundation to make resources accessible to a plant biology network of more than 130 researchers across the region.

The Agency Request is for Base Level of \$3,132,830 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U18 - EPSCoR RII - Track 2 Plant Bioimaging

Funding Sources: FST- ASTA Federal Programs

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,190	0	13,218	0	0	0	0	0	0
#Positions		0	0	0	0	0	0	0	0	0
Personal Services Matching	5010003	708	0	3,952	0	0	0	0	0	0
Operating Expenses	5020002	16,239	34,280	34,280	34,280	34,280	34,280	34,280	34,280	34,280
Conference & Travel Expenses	5050009	299	133,200	133,200	133,200	133,200	133,200	133,200	133,200	133,200
Professional Fees	5060010	11,612	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500
Grants and Aid	5100004	1,213,231	2,909,850	2,909,850	2,909,850	2,909,850	2,909,850	2,909,850	2,909,850	2,909,850
Total		1,245,279	3,132,830	3,150,000	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830
Funding Sources										
Federal Revenue	4000020	1,245,279	3,132,830		3,132,830	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830
Total Funding		1,245,279	3,132,830		3,132,830	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,245,279	3,132,830		3,132,830	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830

Analysis of Budget Request

Appropriation: U20 - Innovate Arkansas

Funding Sources: MST- Arkansas Acceleration Fund

This appropriation covers personal services and operating expenses of the Arkansas Economic Development Commission-Innovate Arkansas. The fund shall be used by the Arkansas Economic Development Commission for the sole support of a contract between the commission and the entity selected to provide support and assistance for development and growth of knowledge-based and technology-based companies in the State of Arkansas.

The Agency Request is for Base Level of \$5,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U20 - Innovate Arkansas

Funding Sources: MST- Arkansas Acceleration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Innovate Arkansas Transfer 5900046	0	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total	0	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources									
General Improvement Fund 4000265	0	0		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Funding	0	0		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Base Level appropriation has been restored to FY17 Authorized Amount.

Analysis of Budget Request

Appropriation: U28 - Rural Services Conference Cash

Funding Sources: NDE- Cash in Treasury

This appropriation is used for Rural Services Conference Expenses for an annual conference and several one-day seminars for local governments. The annual conference attendance numbers range from 400-650 each year with topic of discussion including finance, community marketing strategies, infrastructure and crime. This appropriation is funded from cash.

Base Level is \$75,000 each year of the biennium.

The Agency's Change Level Request is \$25,000 each year for the Rural Services and Small Minority Business Divisions to conduct their respective annual conferences.

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

Appropriation Summary

Appropriation: U28 - Rural Services Conference Cash

Funding Sources: NDE- Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Conference Expenses 5900046	72,355	75,000	75,000	75,000	100,000	100,000	75,000	100,000	100,000
Total	72,355	75,000	75,000	75,000	100,000	100,000	75,000	100,000	100,000
Funding Sources									
Fund Balance 4000005	0	29,224		54,224	54,224	54,224	79,224	54,224	54,224
Cash Fund 4000045	61,111	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Intra-agency Fund Transfer 4000317	40,468	0		0	0	0	0	0	0
Total Funding	101,579	129,224		154,224	154,224	154,224	179,224	154,224	154,224
Excess Appropriation/(Funding)	(29,224)	(54,224)		(79,224)	(54,224)	(54,224)	(104,224)	(54,224)	(54,224)
Grand Total	72,355	75,000		75,000	100,000	100,000	75,000	100,000	100,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: U28 - Rural Services Conference Cash
Funding Sources: NDE- Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	75,000	0	75,000	100.0	75,000	0	75,000	100.0
C05	Unfunded Appropriation	25,000	0	100,000	133.3	25,000	0	100,000	133.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	75,000	0	75,000	100.0	75,000	0	75,000	100.0
C05	Unfunded Appropriation	25,000	0	100,000	133.3	25,000	0	100,000	133.3

Justification

C05	Appropriation only. Expenditures contingent upon available funding. This fund will be used by both our Rural Services and Small and Minority Business Divisions to conduct their respective annual conferences.
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Analysis of Budget Request

Appropriation: U34 - EPSCOR Track III

Funding Sources: FST- ASTA Federal

The Experimental Program to Stimulate Competitive Research (EPSCOR), funded by the National Science Foundation is a statewide multi-university collaborative research initiative addressing three research areas: 1) plant-based bioproduction, 2) solar cell efficiency, and 3) smart grid testing. This program is the next phase

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level Request totals \$20,000,000 for the restoration of the Miscellaneous Federal Grant appropriation to the level approved during the June Legislative Council meeting.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U34 - EPSCOR Track III

Funding Sources: FST- ASTA Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	73,726	1,054,921	0	0	1,054,921	1,054,921	0	1,054,921	1,054,921
#Positions		2	2	0	2	2	2	2	2	2
Personal Services Matching	5010003	22,021	295,378	0	0	295,378	295,378	0	295,378	295,378
Operating Expenses	5020002	62,723	1,050,173	0	0	1,050,173	1,050,173	0	1,050,173	1,050,173
Conference & Travel Expenses	5050009	5,289	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,918,944	17,169,528	0	0	17,169,528	17,169,528	0	17,169,528	17,169,528
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Indirect Cost Allocation	5900046	0	30,000	0	0	30,000	30,000	0	30,000	30,000
External Evaluators	5900047	40,643	400,000	0	0	400,000	400,000	0	400,000	400,000
Total		2,123,346	20,000,000	0	0	20,000,000	20,000,000	0	20,000,000	20,000,000

Funding Sources										
Federal Revenue	4000020	2,123,346	20,000,000		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total Funding		2,123,346	20,000,000		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,123,346	20,000,000		0	20,000,000	20,000,000	0	20,000,000	20,000,000

Base Level position totals reflect positions which were authorized in FY17 in a separate appropriation that is no longer being requested, and consequently budgeted with appropriation authorized by a transfer from the Miscellaneous Federal Grant holding account.

Change Level by Appropriation

Appropriation: U34 - EPSCOR Track III
Funding Sources: FST- ASTA Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	0	2	0	0.0	0	2	0	0.0
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	0	2	0	0.0	0	2	0	0.0
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

Justification

C01	Restoration of FY2017 Authorized to the level approved at ALC on June 17, 2016.
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Appropriation Summary

Appropriation: U10 - AR EPSCoR-Federal

Funding Sources: FST- ASTA Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	93,438	0	197,695	0	0	0	0	0	0
#Positions		1	0	2	0	0	0	0	0	0
Personal Services Matching	5010003	29,901	0	60,116	0	0	0	0	0	0
Operating Expenses	5020002	59,708	0	167,518	0	0	0	0	0	0
Conference & Travel Expenses	5050009	7,918	0	27,000	0	0	0	0	0	0
Professional Fees	5060010	62,013	0	74,800	0	0	0	0	0	0
Grants and Aid	5100004	3,012,335	0	3,467,686	0	0	0	0	0	0
Total		3,265,313	0	3,994,815	0	0	0	0	0	0
Funding Sources										
Federal Revenue	4000020	3,265,313	0		0	0	0	0	0	0
Total Funding		3,265,313	0		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,265,313	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2017-2019 BIENNIUM

DEPARTMENT OF EMERGENCY MANAGEMENT

Enabling Laws

Act 250 of 2016
A.C.A. §12-75-101 et seq.

History and Organization

The Arkansas Department of Emergency Management ("ADEM") initially established as the State Civil Defense Agency by Act 321 of 1953, was first located at Camp Robinson and attached to the Arkansas National Guard for administrative support. In 1957, the Agency relocated from the high-risk war targets of Little Rock and Little Rock AFB to the Conway City Hospital.

Act 156 of 1959 changed the Agency's title to Executive Office of Civil Defense and Disaster Relief. This began an evolutionary process of changing the Agency's function from nuclear war preparedness to preparing local governments and state agencies for an all hazard approach to emergencies and disasters.

In 1965, the Agency moved into an underground facility in Conway. This center provided nearly 100% protection from nuclear fallout and would sustain up to 100 persons for a period of two weeks without any outside sources of power, water, food or other necessities. It is here the Governor and his key staff would come in the event of a nuclear or terrorist attack. The facility was manned 24 hours per day, 7 days a week.

Act 38 of 1971 reorganized all state government agencies into thirteen major departments. This Agency was placed in the Department of Planning. Legislative research revealed a vague relationship with the Department in addition to a poor definition of the Agency's mission and goals.

Act 511 of 1973 changed the Executive Office of Civil Defense and Disaster Relief to the Office of Emergency Services, placed the Agency in the Department of Public Safety and clarified the Agency's mission and responsibilities.

Act 45 of 1981 abolished the Department of Public Safety. Since then, the Office of Emergency Services has been a separate agency reporting directly to the Governor. Act 646 of 1999 changed the Agency's title to Arkansas Department of Emergency Management (ADEM).

Following the September 11, 2001, terrorist attack on the nation, the Governor designated the ADEM Director as the Homeland Security

Adviser for Arkansas, and ADEM as the state administrative agency for Homeland Security.

In June 2007 the Agency moved from the Conway location to the newly built State Emergency Operations Center located on Camp Robinson. The 39,180 sq. ft. building is designed to withstand an F4 tornado, contains water supply; emergency power; un-interruptible power supply; chemical filtration for HVAC; bunk capacity; showers; full kitchen facility; and secure communications capability. Additional communications include; Arkansas Wireless Information Network System, land-line telephone, RADSAT MSAT satellite phones, Arkansas Crime Information Center, National Warning System, Arkansas Nuclear One Headline and Radio Amateur Civil Emergency Services.

Since 2008, the State's Emergency Operations Center stood up on multiple occasions to assist the citizens of Arkansas cope with 20 federally declared and numerous state declared disasters including flooding, ice storms, and tornados. The Governor has held several press conferences from the facility while representatives from the Emergency Support Functions worked together to provide the necessary resources to our local jurisdictions.

Act 442 of 2013 ensures continued broadband expansion for rural areas of the state. As a part of this, ADEM will work with the Arkansas 911 Rural Enhancement Program to fund Smart 911 and Smart Prepare throughout the state as well as work with the Arkansas Blue Ribbon Committee on Local 911 Systems to perform a detailed and comprehensive study of local 911 systems across the state.

STATUTORY RESPONSIBILITY: The Arkansas Department of Emergency Management is mandated by Act 511 of 1973 (A.C.A. §12-75-101 et al.) to establish and maintain a management system that, to the extent possible, effectively provides mitigation of and recovery from the effects of natural and man-made (including war) disasters.

PRIMARY ACTIVITIES: The above mandate is accomplished through programs (briefly described below) designed to incorporate an all hazards approach to risks within Arkansas; assist volunteers and other organizations to participate in an all hazards approach to risks within local areas; develop systems and procedures to rapidly deploy mitigation and recovery resources; continually exercise all plans and systems, evaluate results and make modifications; and coordinate the efforts of all organizations to insure an effective response to disasters. The Agency's employees, in addition to taking care of their daily activities as program managers, planners, accountants, administrative assistants, etc., must respond to disasters anywhere in the state with very little notice. They work under minimum supervision to provide direct support for response and recovery activities.

HOMELAND SECURITY - The Governor has designated the Agency Director as Arkansas' Homeland Security Adviser. Administration of the State's Homeland Security Program as well as management and administrative responsibilities for all grants received from the Department of Homeland Security/FEMA have been assigned to the Arkansas Department of Emergency Management.

EMERGENCY OPERATIONS - Maintains a 24/7 watch to receive emergency warnings, reports of occurrences, requests for assistance, and other information; coordinates activities of all forces responding to requests for assistance from local governments; dispatches disaster

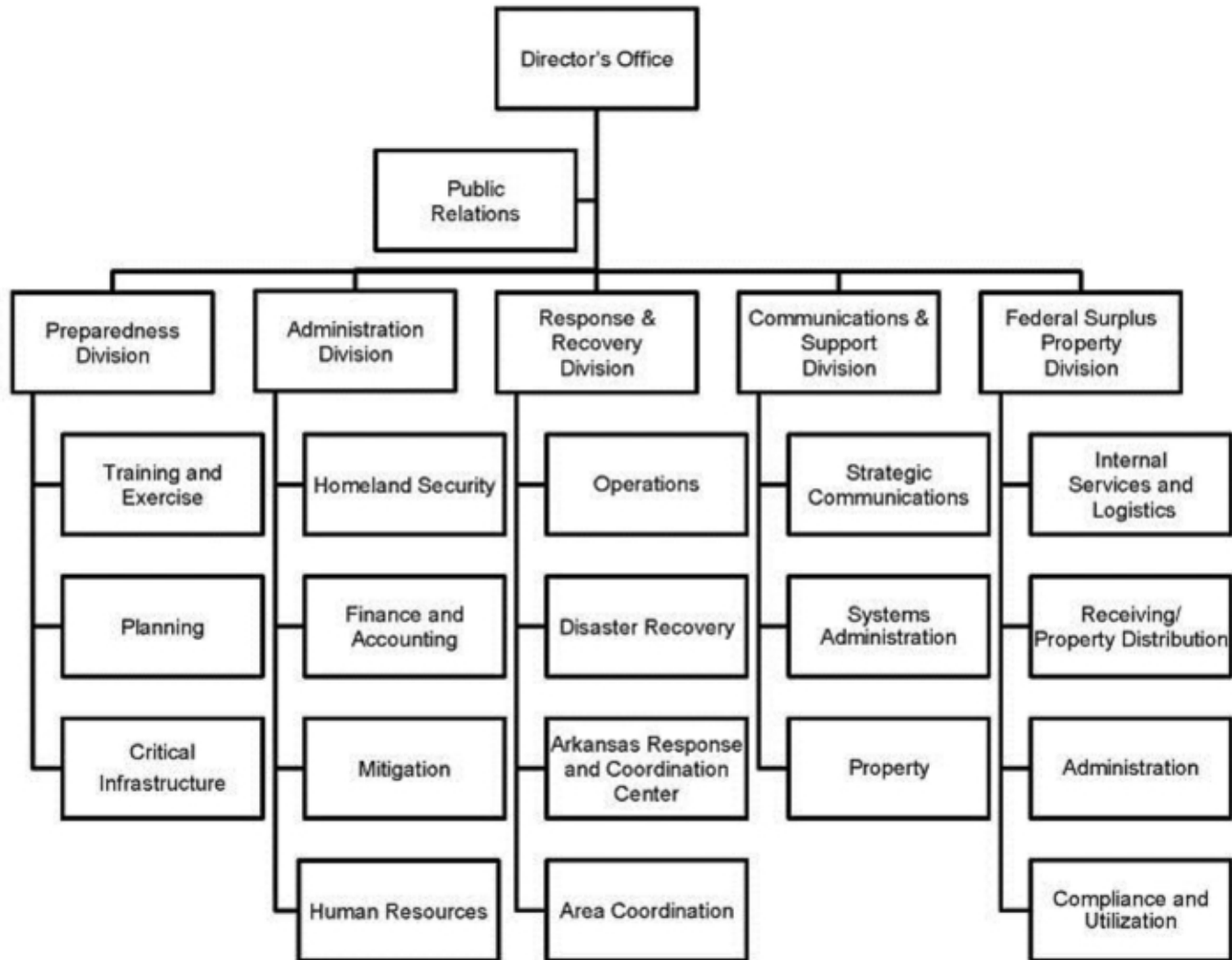
response teams to make damage surveys and assist local officials in coordination of relief activities; operates a 24-hour a day statewide warning and communications system for alerting state agencies and local governments to the threat or occurrence of natural or man-made disasters. The Agency is the state warning point for the National Warning System (NAWAS). This system is also used to coordinate disaster response activities.

DISASTER ASSISTANCE - Provides state and federal financial assistance to state agencies and local governments for the repair or replacement of public facilities damaged or destroyed by disasters. Provides advice to the Governor, and upon his request, collects the necessary data and prepares his letter to the President requesting federal assistance. Develops and processes local government and nonprofit organization applications to receive federal financial assistance for public damages, hazard mitigation projects as well as residents covered under the Individual and Family Assistance programs.

PREPAREDNESS - Maintains currency of State Emergency Operations Plan. Provides day to day guidance and assistance to local governments and other state agencies in developing and maintaining annexes to support the State in developing and updating emergency operations plans. Provides emergency management training to local and state emergency management personnel through seminars, workshops, conferences, etc. The program also provides emergency preparedness information to schools, industry and other non-governmental organizations. This program includes exercising all emergency plans and procedures.

INFORMATION TECHNOLOGY - Oversees all of our radio, cellular communications, and automatic data processing equipment. Provides guidance and technical assistance in purchasing, training, and operations of all Automatic Data Processing (ADP), cellular, and radio equipment for this agency and local government emergency management organizations; assists local governments and other state agencies in obtaining federal funds to purchase and maintain radios, ADP and other emergency equipment.

FEDERAL SURPLUS PROPERTY - Provides new and slightly used equipment and goods that have been released for disposal by Federal programs. These items are donated to state and local governments through the FSP program for a slight fee to cover the administrative cost of procuring and disbursing the goods. This program saves the state and local governments thousands of dollars each year.



Agency Commentary

The Arkansas Department of Emergency Management (ADEM) maintains a 24-hour/7-day watch to receive emergency warnings, reports of occurrences, requests for assistance and other information. ADEM's responsibilities include the following: coordinate activities of all forces responding to requests for assistance from local governments, ensure resource coordination for all areas requiring assistance, dispatch preliminary damage assessment teams to affected areas, provide state and federal assistance to state agencies and local governments for the repair or replacement of public facilities damaged or destroyed by natural or man-caused disasters. The Agency also provides advice to the Governor and upon his request, collects the necessary data and prepares his letter for the President requesting federal assistance, provides day-to-day guidance and assistance to local governments of Arkansas in developing and maintaining annexes to support the EOP's (Emergency Operation Plans) and assists local governments in developing and updating local EOP's.

ADEM provides emergency management training to local and state emergency management personnel through seminars, workshops and conferences. ADEM provides emergency information to schools, industry and other non-governmental organizations, maintains numerous information and telecommunications systems necessary to coordinate disaster response and recovery efforts, provides funding, guidance and technical assistance and in some cases full support to outside organizations related to these systems. At this time ADEM is approximately 95% federally funded, so grant management and administration is vital to the programs provided by ADEM.

ADEM has responded to numerous federally and State declared disasters in the past several years. The State has seen destruction from ice storms, tornados and flooding that continue to disrupt the lives of our citizens. The receipt of a Federal declaration brings additional federal dollars into the State for assistance in the form of Individual Assistance, Public Assistance and Mitigation Grants whereas State declared disasters utilize the Governor's Disaster Fund to aid the survivors of the disaster.

ADEM employees, in addition to being planners, accountants, administrative assistants, etc. taking care of the daily duties of their positions, must respond to disasters occurring anywhere in the State with little notice. They work under minimal supervision to provide direct support for recovery activities.

Following the September 11, 2001 terrorist attack on the Nation, the Governor designated the ADEM Director as Arkansas' Homeland Security Adviser. Administrative responsibilities for Homeland Security and the grants provided from the Department of Homeland Security/FEMA have also been assigned to the Arkansas Department of Emergency Management.

In order for this Agency to move forward in catastrophic planning, increase the level of preparedness for all training statewide and meet the increased demands of Homeland Security we request the following:

Homeland Security (1EM)

Request to continue base level budget amount to maintain current spending levels and continue vital agency operational functions.

State Operations (219)

Request to maintain current budget levels at base. Base levels are needed to continue operations and expenditures without a loss of services or federal funding as this appropriation funds 65% of the agency's positions and most of the agency's operating expenses.

Request Overtime budget of \$25,000 in anticipation of potential overtime payments due to changes in FLSA law to be implemented in December 2016. These changes will require a non-exempt status for most of agency's positions. An increase in budget is necessary here as base levels for this fund center are already lower than approved levels from last biennium. Additional reductions to accommodate this increase would require a reduction in federal spending and could result in a loss of federal funds.

Request to restore appropriation for three (3) positions in this appropriation that were not budgeted in SFY17. The agency's position CAP is set at hundred (100), although there were one hundred and four (104) positions authorized in SFY17 for the agency. A request to increase the position CAP will be made when at least 95% of the vacancies are filled. One (1) of the un-budgeted positions is currently filled and it is expected that the remaining two (2) will be filled by the new biennium. One (1) other position is requested to be restored in the 59K appropriation.

Request to retain the following out-of-family cross-grade:

Pos 22088808 from V015C (Gr C115) Purchasing Specialist to a C038C (Gr C115) ADEM Emergency Management Duty Officer.

Request \$10,000 in Capital Outlay to replace the current degrading camera system in the main building with a digital system for improved security at the facility. The total cost of the camera system will be shared by two other appropriations (220 and 613).

Federal Operations (220)

Request a reduction in Professional Fees of \$580,000 due to reduced federal grant needs. All other budget levels are requested to remain at base to maintain federal expenditure needs and prevent delays in obtaining appropriation which could lead to loss of federal funding.

Request Capital Outlay totaling \$104,460 which includes \$20,000 to replace the current degrading camera system in the main building with a digital system for improved security at the facility, \$17,500 for a signal booster to improve AWIN and cell phone reception in the state emergency operations center, which is partially underground, and \$66,960 for this program's share of replacement of aging network servers for the agency. The cost of the camera system will be shared with two other appropriations (219 and 613). The cost of the signal booster will be shared with 613 appropriation. The network server's replacement will be shared with four (4) other appropriations (221, 613, 59K and F65).

Disaster Relief Grants (221)

Request a reallocation of budget reducing Conference Travel and increasing Professional Fees by \$34,500 to better utilize existing appropriation levels and ensure that federal dollars are used to the fullest extent. All other budget levels are requested at base to maintain federal funding expenditure needs and prevent loss of federal funding. These levels allow the agency to be prepared for a magnitude of disaster events that could affect the state and to quickly and efficiently access the resources needed to begin recovery efforts.

Request to retain a down-grade for Pos 22088829 from a C120 ADEM Program Manager to a C119 Grants Coordinator.

Request \$5,580 in Capital Outlay for this program's share of the replacement of aging network servers for the agency. The cost of this replacement will be shared with four (4) other appropriations (220, 613, 59K and F65).

Emergency Operations Center-Cash (38V)

Request at base level budget amount to ensure full use of these funds based on expected fund balances to support agency operational needs.

Federal Surplus Property (59K)

Request base budget levels to continue operations in securing federal property without delays. The availability of federal property is uncertain and must be secured quickly. These budget levels allow the state to quickly and efficiently acquire the property as soon as it is available.

Request Capital Outlay of \$326,740 for the purchase of equipment needed for the program to continue to acquire property from federal facilities in multiple states. Due to high mileage and maintenance cost, an over-the-road diesel truck and flatbed trailer is needed totaling \$210,000. Request \$16,740 in Capital Outlay for this program's share of the cost of the replacement of aging network servers for the agency. Also requesting \$100,000 for energy efficiency upgrades to the administration building at the Federal Surplus Property site and to create a break-room area for staff in this building. The replacement cost of the network servers will be shared with 4 other appropriations (220, 221, 613 and F65).

Job audits were conducted in SFY16 on all eighteen (18) positions in the Federal Surplus Property Division and changes were recommended by OPM on 7 positions to properly classify these positions. The agency requests the following recommendations:

Pos 22080270 from a C109 Administrative Specialist II to a C112 Administrative Specialist III

Pos 22080276 from a C115 Fiscal Support Analyst to a C118 Fiscal Support Supervisor

Pos 22080335 from a C120 Education and Instruction Coordinator to a C120 ADEM Program Manager

Pos 22080271 from a C115 Fiscal Support Analyst to a C117 Assets Manager

Pos 22077007 from a C112 Surplus Property Agent to a C115 Administrative Analyst

Pos 22080274 from a C114 Grants Specialist to a C116 Asset Coordinator

Pos 22080275 from a C112 Fiscal Support Specialist to a C113 Inventory Control Manager

Request to restore appropriation for one (1) position in this appropriation that was not budgeted in SFY17. The agency's position CAP is set at hundred (100), although there are one hundred and four (104) positions authorized in SFY17 for the agency. A request to increase the position CAP will be made when at least 95% of the vacancies are filled. It is expected that this position will be filled by the new biennium. The other three (3) positions that are requested to be restored are in the 219 appropriation.

Hazardous Materials (613)

Request current budget levels remain at base to continue federal and state services and prevent loss of the federal funding matched with these funds. These levels are needed to continue vital operations for hazmat training throughout the state and to support the federal grant funding most of the agency's operational costs.

Request Capital Outlay totaling \$30,290 in year one (1) and \$70,290 in year two (2) of the biennium which includes \$10,000 in both years to replace the current degrading camera system in the main building with a digital system for improved security at the facility, \$17,500 in both years for a signal booster to improve AWIN and cell phone reception in the state emergency operations center, which is partially underground, \$2,790 in both years for this program's share of replacement of aging network servers for the agency, and \$40,000 in year two (2) of the biennium for the replacement of a one ton diesel truck needed to pull a 3 axle, 30 foot trailer containing hazmat equipment used for training first responders throughout the state. The cost of the camera system will be shared with two (2) other appropriations (219 and 220). The cost of the signal booster will be shared with the 220 appropriation. The replacement cost of the network servers will be shared with four (4) other appropriations (220, 221, 59K and F65).

Disaster Relief Trust (740)

Request a \$50,000 increase to Grants & Aid to allow for an increase in the fund balance since the last biennial request and to allow for projected growth in the fund balance during the current biennium. The increase is needed to ensure that all funds are immediately available for funding unmet disaster needs in the state.

Radiological Emergency Response Grants (950)

Request at base level budget amounts to continue vital functions in planning and preparedness for response to potential nuclear events in the state. This request is based on projected program needs supporting training, exercise and coordination with other agencies in anticipated preparation for response to nuclear events.

911 Rural Enhancements (F65)

Request a reallocation of budget which will reduce Operating Expenses by \$8,000 and increase Conference and Travel by \$5,000 to adjust for rising travel costs and budget Overtime of \$3,000 to plan for potential overtime payments due to FLSA law changes to be implemented in December 2016. These changes will require a non-exempt status for most of the agency's positions. Grants & Aid is requested to remain at base level to fund grants to the state's Public Safety Answering Points at the levels specified in Act 442 of 2013.

Request \$930 in Capital Outlay for this program's share of replacement of aging network servers for the agency. The replacement cost of the network servers will be shared with four (4) other appropriations (220, 221, 613 and 59K).

Audit Findings

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

Findings

Recommendations

None

None

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS DEPARTMENT OF EMERGENCY MANAGEMENT
 FOR THE YEAR ENDED JUNE 30, 2015

Findings	Recommendations
<p>Finding Number: 2015-029</p> <p>State/Educational Agency(s): Arkansas Department of Emergency Management</p> <p>CFDA Number(s) and Program Title(s): 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)</p> <p>Federal Award Number(s): 4143DRARP00000001</p> <p>Federal Award Year(s): 2013</p> <p>Compliance Requirement(s) Affected: Special Tests and Provisions</p> <p>Type of Finding: Noncompliance and Significant Deficiency</p> <p>Repeat Finding: Not applicable</p> <p>Criteria: Reimbursements to subrecipients using Federal Public Assistance Funds obligated with the Project Worksheet agreement and approved by FEMA for the FEMA-4143-DR disaster grants are limited to 75% of total eligible costs.</p> <p>Condition and Context: ALA staff selected 10 large project worksheets from ongoing or completed projects during the audit period to determine if subrecipient reimbursements were limited to 75% of eligible project costs. The review revealed a miscalculation by the Agency, resulting in an overpayment to a subrecipient totaling \$60,000. The total eligible project costs of the subrecipient were \$304,676, and the allowable 75% reimbursement should have been \$228,507. However, the subrecipient received \$288,507.</p> <p>Questioned Costs: \$60,000</p> <p>Cause: The Agency's review process did not identify the clerical error.</p> <p>Effect: A subrecipient was reimbursed in excess of the allowable percentage.</p>	<p>ALA staff recommend the Agency review and strengthen procedures to ensure subrecipient reimbursements do not exceed the 75% of total eligible costs.</p> <p>Views of Responsible Officials and Planned Corrective Action: On October 2, 2015, review for the final payment of project worksheet (PW) 65 was completed. The applicant submitted documentation with eligible costs in the amount of \$304,675.85. The 75% federal cost share for Newton County was \$228,506.89; instead the applicant was paid \$288,506.89, resulting in an overpayment of \$60,000.00. The overpayment was caused by a transposition of numbers on the ADEM Large Project Reimbursement Form which caused a clerical error when entering the information into ADEM's applicant workbook for FEMA-4143-DR-AR. The applicant currently has eight large projects open for FEMA-4143-DR-AR and the overpayment will be offset from the balance of one of the eight open large projects.</p> <p>The Recovery Branch has put new requirement in place to double check for payment accuracy. Each payment request will be reviewed by two Public Assistance Officers; the one originating the payment (First Reviewer) request and another Public Assistance Officer on staff (Second Reviewer). At both the review and payment request periods, the applicant's file will be reviewed to insure there are no additional unaccounted-for payments, that the file is up-to-date, and the current payment request can be paid. At the time of payment request, the Public Assistance Officer (First Reviewer) will write out figures showing math on the Large Project Reimbursement form, and attach a calculator paper/tape showing the total of the payment to be made. This will ensure that the final total is the correct amount being requested for payment. Each payment request will continue to be reviewed to ensure all steps made by staff are adhered to and approved by both the Recovery Branch Manager (Third Reviewer) and the Response and Recovery Division Director (Fourth Reviewer).</p> <p>Anticipated Completion Date: February 2016</p> <p>Contact Person: Bobbie Ann Merkel Administration Division Director AR Department of Emergency Management Bldg. #9501, Camp Joseph T. Robinson North Little Rock, AR 72199-9600 501-683-6700 ext. 6710 bobbieann.merkel@adem.arkansas.gov</p>

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	32	44	76	85 %
Black Employees	6	6	12	13 %
Other Racial Minorities	1	0	1	2 %
Total Minorities			13	15 %
Total Employees			89	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
N/A	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1EM Homeland Security	86,288	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000	0
219 State Operations	3,539,924	74	3,781,940	65	3,950,441	68	3,794,937	65	3,930,815	68	3,835,896	65	3,796,547	65	3,932,425	68	3,837,506	65
220 Federal Operations	8,151,892	9	18,220,770	9	34,533,600	9	18,174,582	9	17,699,042	9	17,699,042	9	18,174,706	9	17,699,166	9	17,699,166	9
221 Disaster Relief Grants	15,215,281	2	103,977,545	7	103,953,272	7	103,970,295	7	103,975,875	7	103,975,875	7	103,970,295	7	103,975,875	7	103,975,875	7
38V Emergency Operations Center - Cash	18,046	0	185,571	0	241,972	0	185,571	0	185,571	0	185,571	0	185,571	0	185,571	0	185,571	0
59K ADEM Federal Surplus Property Prgm	1,663,755	17	2,264,081	17	2,253,534	18	2,017,831	17	2,375,352	18	2,344,571	17	2,019,316	17	2,376,837	18	2,346,056	17
613 Hazardous Materials	251,388	2	579,280	1	619,329	1	531,652	1	561,942	1	561,942	1	531,652	1	601,942	1	601,942	1
740 Disaster Relief Trust	0	0	445,000	0	445,000	0	445,000	0	495,000	0	495,000	0	445,000	0	495,000	0	495,000	0
950 Radiological Emergency Response Grants	1,701	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0
F65 911 Rural Enhancements	2,913,134	1	3,000,477	1	3,000,000	1	2,992,626	1	2,993,556	1	2,994,271	1	2,992,626	1	2,993,556	1	2,994,271	1
Total	31,841,409	105	132,524,664	100	149,067,148	104	132,182,494	100	132,287,153	104	132,162,168	100	132,185,713	100	132,330,372	104	132,205,387	100

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	2,566,788	7.4	2,637,212	2.0			1,491,137	1.1	1,491,137	1.1	1,491,137	1.1	1,200,689	0.9	811,948	0.6	842,729	0.6
General Revenue	4000010	1,794,127	5.2	1,898,470	1.4			1,904,969	1.4	1,972,908	1.5	1,925,448	1.5	1,905,774	1.4	1,973,713	1.5	1,926,253	1.5
Federal Revenue	4000020	25,283,568	73.3	124,244,885	92.7			124,197,945	93.5	123,795,924	93.4	123,748,465	93.5	124,198,874	93.7	123,796,853	93.9	123,749,394	93.9
Special Revenue	4000030	1,726,815	5.0	2,208,234	1.6			2,208,234	1.7	2,208,234	1.7	2,208,234	1.7	2,208,234	1.7	2,208,234	1.7	2,208,234	1.7
Cash Fund	4000045	3,054,238	8.9	3,027,000	2.3			3,027,000	2.3	3,027,000	2.3	3,027,000	2.3	3,027,000	2.3	3,027,000	2.3	3,027,000	2.3
General Improvement Fund	4000265	52,806	0.2	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	279	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		34,478,621	100.0	134,015,801	100.0			132,829,285	100.0	132,495,203	100.0	132,400,284	100.0	132,540,571	100.0	131,817,748	100.0	131,753,610	100.0
Excess Appropriation/(Funding)		(2,637,212)		(1,491,137)				(646,791)		(208,050)		(238,116)		(354,858)		512,624		451,777	
Grand Total		31,841,409		132,524,664				132,182,494		132,287,153		132,162,168		132,185,713		132,330,372		132,205,387	

FY17 Budget exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium in (F65).

FY17 Budget exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium in (221) and (59K).

Variance in fund balance due to unfunded appropriation in (38V) Emergency Operations Center and (740) Disaster Relief Trust.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
104	94	6	100	4	9.62 %	104	91	9	100	4	12.50 %	104	90	10	100	4	13.46 %

Analysis of Budget Request

Appropriation: 1EM - Homeland Security

Funding Sources: HUA - Miscellaneous Agencies Fund

The Department of Emergency Management has been designated by the federal government to be the administrative agency for the State's share of funding under the Homeland Security Act. The Department of Emergency Management is responsible for informing the general public and individuals involved in emergency response activities and implementing the provisions of the Act for Arkansas. This appropriation provides for the program of emergency preparedness services to state agencies and local governments. The program is funded with 75% federal funds and 25% state funds.

The Agency Request is for continuation of Base Level in each year of the biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 1EM - Homeland Security

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	56,288	0	0	0	0	0	0	0	0
Total		86,288	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Funding Sources										
General Revenue	4000010	33,482	7,500		7,500	7,500	7,500	7,500	7,500	7,500
Federal Revenue	4000020	0	22,500		22,500	22,500	22,500	22,500	22,500	22,500
General Improvement Fund	4000265	52,806	0		0	0	0	0	0	0
Total Funding		86,288	30,000		30,000	30,000	30,000	30,000	30,000	30,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		86,288	30,000		30,000	30,000	30,000	30,000	30,000	30,000

FY16 Actual exceeds Authorized in Capital Outlay due to transfer from the Motor Vehicle Acquisition Fund.

Analysis of Budget Request

Appropriation: 219 - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

This appropriation represents the State Operations portion of the Department of Emergency Management. The federal government provides matching funds for day-to-day (non-disaster) operation of the Agency.

For almost twenty (20) years the federal Chemical Stockpile Emergency Preparedness Program ("CSEPP") has paid for data processing purchases/upgrades, installation/monthly costs of connectivity lines, as well as much of the daily operational costs. The CSEPP program is being closed and this source of federal funding will no longer be available.

Additionally, operations costs have increased substantially due to the Agency's move to a new state of the art facility in 2007; a facility three (3) times the size of its previous location in Conway.

Going forward, federal Emergency Management Performance Grant ("EMPG") funding will be the Agency's only source of federal funding to cover daily operational costs. The Agency is allocated EMPG funding sufficient to cover the cost of operations, but the EMPG funding carries a fifty percent (50%) State match requirement.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level requests total appropriation of \$135,878 each year of the biennium, funded with \$49,721 in additional general revenue each year and reflect the following:

- Regular Salaries and Personal Services Matching increases of \$100,878 each year of the biennium for restoration of three (3) positions: one (1) Maintenance Assistant and two (2) Administrative Specialist II. These positions will be used to meet staffing needs of the Agency;
- Overtime of \$25,000 for potential overtime payments due to changes in FLSA law;
- Capital Outlay of \$10,000 to replace the current degrading camera system with a digital system (total cost shared with two other appropriations (220 and 613)). Costs associated with these requests are documented in the Agency's IT Plan.

The Executive Recommendation provides for Agency Request for appropriation only with the exception of the the three (3) position restores and the associated Regular Salaries and Personal Services Matching.

Appropriation Summary

Appropriation: 219 - State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,223,184	2,391,524	2,460,227	2,392,270	2,456,712	2,392,270	2,393,570	2,458,012	2,393,570
#Positions		74	65	68	65	68	65	65	68	65
Personal Services Matching	5010003	821,086	883,848	898,183	896,099	932,535	902,058	896,409	932,845	902,368
Overtime	5010006	0	0	0	0	25,000	25,000	0	25,000	25,000
Operating Expenses	5020002	494,478	490,306	555,769	490,306	490,306	490,306	490,306	490,306	490,306
Conference & Travel Expenses	5050009	1,176	11,262	11,262	11,262	11,262	11,262	11,262	11,262	11,262
Professional Fees	5060010	0	5,000	15,000	5,000	5,000	5,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	10,000	0	10,000	10,000	0	10,000	10,000
Total		3,539,924	3,781,940	3,950,441	3,794,937	3,930,815	3,835,896	3,796,547	3,932,425	3,837,506
Funding Sources										
General Revenue	4000010	1,760,645	1,890,970		1,897,469	1,965,408	1,917,948	1,898,274	1,966,213	1,918,753
Federal Revenue	4000020	1,779,000	1,890,970		1,897,468	1,965,407	1,917,948	1,898,273	1,966,212	1,918,753
M & R Sales	4000340	279	0		0	0	0	0	0	0
Total Funding		3,539,924	3,781,940		3,794,937	3,930,815	3,835,896	3,796,547	3,932,425	3,837,506
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,539,924	3,781,940		3,794,937	3,930,815	3,835,896	3,796,547	3,932,425	3,837,506

Change Level by Appropriation

Appropriation: 219 - State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,794,937	65	3,794,937	100.0	3,796,547	65	3,796,547	100.0
C01	Existing Program	30,959	0	3,825,896	100.8	30,959	0	3,827,506	100.8
C06	Restore Position/Approp	94,919	3	3,920,815	103.3	94,919	3	3,922,425	103.3
C08	Technology	10,000	0	3,930,815	103.6	10,000	0	3,932,425	103.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,794,937	65	3,794,937	100.0	3,796,547	65	3,796,547	100.0
C01	Existing Program	30,959	0	3,825,896	100.8	30,959	0	3,827,506	100.8
C06	Restore Position/Approp	30,477	0	3,856,373	101.6	30,477	0	3,857,983	101.6
C08	Technology	10,000	0	3,866,373	101.9	10,000	0	3,867,983	101.9
C13	Not Recommended	(30,477)	0	3,835,896	101.1	(30,477)	0	3,837,506	101.1

Justification

C01	Agency is requesting Overtime in anticipation of potential overtime payments due to new FLSA laws to be implemented in December 2016.
C06	Agency is requesting salary and match to restore 3 positions they were unable to budget in SFY17 (Maintenance Assistant and 2 Administrative Specialist II positions). The position CAP for the agency is set at 100 which is 4 below the 104 positions authorized for the agency. They are working to fill all authorized positions and expect to request a CAP increase when 95% of the positions are filled.
C08	Agency is requesting Capital Outlay to replace the current degrading camera system in the main building to a digital system for improved security at the facility. The cost of this system will be shared by multiple grants across 3 appropriations. IT Plan-Network Equipment section.

Analysis of Budget Request

Appropriation: 220 - Federal Operations

Funding Sources: FKA - ADEM Federal

This appropriation represents the Federal Operations portion of the Emergency Services Program. This appropriation is fully funded with federal funds made available by the Federal Emergency Management Agency (FEMA).

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level requests total a net decrease of (\$475,540) in appropriation which reflect the following:

- A reduction in Professional Fees by (\$580,000) due to reduced federal grant needs;
- Capital Outlay of \$104,460 which includes \$20,000 for replacement of the degrading camera system with a digital system (costs shared with 219 and 613), \$17,500 for a signal booster to improve AWIN and cell phone reception in the state emergency operations center (shared with 613), and \$66,960 for the replacement of aging network servers (shared with 221, 613, 59K, and F65). Costs associated with these requests are documented in the Agency's IT Plan.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 220 - Federal Operations

Funding Sources: FKA - ADEM Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	344,349	354,741	361,117	354,686	354,686	354,686	354,786	354,786	354,786
#Positions	9	9	9	9	9	9	9	9	9
Extra Help 5010001	0	156,438	156,438	156,438	156,438	156,438	156,438	156,438	156,438
#Extra Help	0	6	6	6	6	6	6	6	6
Personal Services Matching 5010003	125,908	146,700	147,554	148,567	148,567	148,567	148,591	148,591	148,591
Overtime 5010006	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Operating Expenses 5020002	497,578	755,207	755,207	755,207	755,207	755,207	755,207	755,207	755,207
Conference & Travel Expenses 5050009	32,360	209,780	209,780	209,780	209,780	209,780	209,780	209,780	209,780
Professional Fees 5060010	78,566	1,080,000	1,080,000	1,080,000	500,000	500,000	1,080,000	500,000	500,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	7,061,130	15,454,904	31,760,504	15,454,904	15,454,904	15,454,904	15,454,904	15,454,904	15,454,904
Capital Outlay 5120011	12,001	48,000	48,000	0	104,460	104,460	0	104,460	104,460
Total	8,151,892	18,220,770	34,533,600	18,174,582	17,699,042	17,699,042	18,174,706	17,699,166	17,699,166
Funding Sources									
Federal Revenue 4000020	8,151,892	18,220,770		18,174,582	17,699,042	17,699,042	18,174,706	17,699,166	17,699,166
Total Funding	8,151,892	18,220,770		18,174,582	17,699,042	17,699,042	18,174,706	17,699,166	17,699,166
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	8,151,892	18,220,770		18,174,582	17,699,042	17,699,042	18,174,706	17,699,166	17,699,166

Change Level by Appropriation

Appropriation: 220 - Federal Operations
Funding Sources: FKA - ADEM Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	18,174,582	9	18,174,582	100.0	18,174,706	9	18,174,706	100.0
C03	Discontinue Program	(580,000)	0	17,594,582	96.8	(580,000)	0	17,594,706	96.8
C08	Technology	104,460	0	17,699,042	97.4	104,460	0	17,699,166	97.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	18,174,582	9	18,174,582	100.0	18,174,706	9	18,174,706	100.0
C03	Discontinue Program	(580,000)	0	17,594,582	96.8	(580,000)	0	17,594,706	96.8
C08	Technology	104,460	0	17,699,042	97.4	104,460	0	17,699,166	97.4

Justification

C03	Agency is requesting a reduction in Professional Fees due to reduced federal grant needs.
C08	Agency is requesting Capital Outlay to replace the current degrading camera system in the main building to a digital system for improved security at the facility, a signal booster to improve AWIN and cell phone reception in the state emergency operations center which is partially underground and the replacement of aging network servers. The cost of all 3 of these we be shared by multiple programs across several appropriations. IT Plan-Network Equipment section.

Analysis of Budget Request

Appropriation: 221 - Disaster Relief Grants

Funding Sources: FMD - ADEM - Disaster Relief Fund

The Federal Disaster Relief Grants program is funded with 100% federal funds. Funding is made available to the State when the President declares a disaster due to natural or man-made causes. This appropriation is for assistance granted to state and local governments and nonprofit organizations in their efforts to restore public facilities after a disaster has occurred.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level request is for appropriation of \$5,580 in both years and reflects the following:

- Capital Outlay of \$5,580 for replacement of the aging network servers (shared with 220, 613, 59K, F65) and to retain a down-grade for Position 22088829 from a C120 ADEM Program Manager to a C119 Grants Coordinator each year. Costs associated with these requests are documented in the Agency's IT Plan;
- Reallocation of \$34,500 from Conference and Travel to Professional fees to better utilize existing appropriation level each year.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 221 - Disaster Relief Grants
Funding Sources: FMD - ADEM - Disaster Relief Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	238,017	247,587	232,828	247,799	247,799	247,799	247,799	247,799	247,799
#Positions	2	7	7	7	7	7	7	7	7
Extra Help 5010001	40,947	625,751	625,751	625,751	625,751	625,751	625,751	625,751	625,751
#Extra Help	4	13	13	13	13	13	13	13	13
Personal Services Matching 5010003	96,221	186,612	177,098	189,150	189,150	189,150	189,150	189,150	189,150
Overtime 5010006	2,368	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Operating Expenses 5020002	48,188	120,850	120,850	120,850	120,850	120,850	120,850	120,850	120,850
Conference & Travel Expenses 5050009	16,480	64,500	64,500	64,500	30,000	30,000	64,500	30,000	30,000
Professional Fees 5060010	19,360	200,000	200,000	200,000	234,500	234,500	200,000	234,500	234,500
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	14,753,700	102,347,245	102,347,245	102,347,245	102,347,245	102,347,245	102,347,245	102,347,245	102,347,245
Capital Outlay 5120011	0	10,000	10,000	0	5,580	5,580	0	5,580	5,580
Total	15,215,281	103,977,545	103,953,272	103,970,295	103,975,875	103,975,875	103,970,295	103,975,875	103,975,875
Funding Sources									
Federal Revenue 4000020	15,215,281	103,977,545		103,970,295	103,975,875	103,975,875	103,970,295	103,975,875	103,975,875
Total Funding	15,215,281	103,977,545		103,970,295	103,975,875	103,975,875	103,970,295	103,975,875	103,975,875
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	15,215,281	103,977,545		103,970,295	103,975,875	103,975,875	103,970,295	103,975,875	103,975,875

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 221 - Disaster Relief Grants
Funding Sources: FMD - ADEM - Disaster Relief Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	103,970,295	7	103,970,295	100.0	103,970,295	7	103,970,295	100.0
C04	Reallocation	0	0	103,970,295	100.0	0	0	103,970,295	100.0
C08	Technology	5,580	0	103,975,875	100.0	5,580	0	103,975,875	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	103,970,295	7	103,970,295	100.0	103,970,295	7	103,970,295	100.0
C04	Reallocation	0	0	103,970,295	100.0	0	0	103,970,295	100.0
C08	Technology	5,580	0	103,975,875	100.0	5,580	0	103,975,875	100.0

Justification

C04	Agency is requesting a reallocation for better utilization of existing levels and ensure that federal dollars are used to the fullest extent. The reallocation reduces Conference and Training and increases Professional Fees.
C08	Agency is requesting Capital Outlay for the replacement of aging network servers for the agency. The total cost will be shared by multiple grants in 4 other appropriations. IT Plan-Network Equipment section.

Analysis of Budget Request

Appropriation: 38V - Emergency Operations Center - Cash

Funding Sources: NEM - Sale of Conway EOC - Cash in Treasury

This Cash in Treasury funded appropriation is used to supplement operations and equipment expenses for the new Emergency Operations Center located at Camp Robinson. Funding came from installment payments from the sale of the old Emergency Operations Center in Conway.

The Agency requests to continue Base Level each year of the biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 38V - Emergency Operations Center - Cash

Funding Sources: NEM - Sale of Conway EOC - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
EOC Expenses 5900046	18,046	185,571	241,972	185,571	185,571	185,571	185,571	185,571	185,571
Total	18,046	185,571	241,972	185,571	185,571	185,571	185,571	185,571	185,571
Funding Sources									
Fund Balance 4000005	174,480	175,743		2,172	2,172	2,172	0	0	0
Cash Fund 4000045	19,309	12,000		12,000	12,000	12,000	12,000	12,000	12,000
Total Funding	193,789	187,743		14,172	14,172	14,172	12,000	12,000	12,000
Excess Appropriation/(Funding)	(175,743)	(2,172)		171,399	171,399	171,399	173,571	173,571	173,571
Grand Total	18,046	185,571		185,571	185,571	185,571	185,571	185,571	185,571

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 59K - ADEM Federal Surplus Property Prgm

Funding Sources: MWH - Federal Surplus Property

The Federal Surplus Property program acts as a broker in securing excess property from the federal government. This property is then made available to state and local governmental units as well as certain eligible schools and hospitals. Operating funds are derived from fees charged for services, which consist of the actual transportation fees and handling charges.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level Request is for the appropriation of \$326,740 in each year and reflects the following:

- Restoration of one (1) position that was not budgeted in FY17: one (1) Maintenance Assistant;
- Capital Outlay of \$326,740 for the following:
 - \$210,000 for an over-the-road diesel truck and flatbed trailer;
 - \$16,740 for the share of the replacement cost of the network servers;
 - \$100,000 for energy efficiency upgrades to the administration building at the Federal Surplus Property site and to create break-room area for staff;
 - Costs associated with these requests are documented in the Agency's IT Plan.

The Executive Recommendation provides for Agency Request with the exception of the restoration of one (1) position: Maintenance Assistant.

Appropriation Summary

Appropriation: 59K - ADEM Federal Surplus Property Prgm

Funding Sources: MWH - Federal Surplus Property

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	578,981	601,662	591,009	602,061	622,849	602,061	603,261	624,049	603,261
#Positions		17	17	18	17	18	17	17	18	17
Extra Help	5010001	3,288	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
#Extra Help		1	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	229,427	238,125	238,231	241,476	251,469	241,476	241,761	251,754	241,761
Overtime	5010006	25,834	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Operating Expenses	5020002	784,727	1,092,031	1,092,031	1,092,031	1,092,031	1,092,031	1,092,031	1,092,031	1,092,031
Conference & Travel Expenses	5050009	5,704	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	2,580	15,263	15,263	15,263	15,263	15,263	15,263	15,263	15,263
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	33,214	250,000	250,000	0	326,740	326,740	0	326,740	326,740
Total		1,663,755	2,264,081	2,253,534	2,017,831	2,375,352	2,344,571	2,019,316	2,376,837	2,346,056

Funding Sources										
Fund Balance	4000005	970,383	825,124		561,043	561,043	561,043	543,212	185,691	216,472
Special Revenue	4000030	1,518,496	2,000,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Funding		2,488,879	2,825,124		2,561,043	2,561,043	2,561,043	2,543,212	2,185,691	2,216,472
Excess Appropriation/(Funding)		(825,124)	(561,043)		(543,212)	(185,691)	(216,472)	(523,896)	191,146	129,584
Grand Total		1,663,755	2,264,081		2,017,831	2,375,352	2,344,571	2,019,316	2,376,837	2,346,056

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 59K - ADEM Federal Surplus Property Prgm
Funding Sources: MWH - Federal Surplus Property

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,017,831	17	2,017,831	100.0	2,019,316	17	2,019,316	100.0
C01	Existing Program	310,000	0	2,327,831	115.4	310,000	0	2,329,316	115.4
C06	Restore Position/Approp	30,781	1	2,358,612	116.9	30,781	1	2,360,097	116.9
C08	Technology	16,740	0	2,375,352	117.7	16,740	0	2,376,837	117.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,017,831	17	2,017,831	100.0	2,019,316	17	2,019,316	100.0
C01	Existing Program	310,000	0	2,327,831	115.4	310,000	0	2,329,316	115.4
C06	Restore Position/Approp	9,993	0	2,337,824	115.9	9,993	0	2,339,309	115.8
C08	Technology	16,740	0	2,354,564	116.7	16,740	0	2,356,049	116.7
C13	Not Recommended	(9,993)	0	2,344,571	116.2	(9,993)	0	2,346,056	116.2

Justification

C01	Agency is requesting Capital Outlay for the replacement of an over the-road-truck and flatbed trailer with high mileage and maintenance costs. Both items are needed for the pick up and transportation of federal property from locations across several states. Agency is also requesting Capital Outlay for energy upgrades to the Federal Surplus Property administration building and to create a break room area for the staff in that building.
C06	Agency is requesting to restore 1 position they were unable to budget in SFY17 (Maintenance Assistant). The position CAP for the agency is set at 100 which is 4 below the 104 authorized for the agency. They are working to fill all authorized positions and expect to request a CAP increase when 95% of the positions are filled.
C08	Agency is requesting Capital Outlay for this program's share of the cost of the replacement of aging network servers for the agency. The cost will be shared by multiple grants across 4 other appropriations. IT Plan-Network Equipment section.

Analysis of Budget Request

Appropriation: 613 - Hazardous Materials

Funding Sources: SMH - Hazardous Materials Emerg Mgmt

The State Office of Hazardous Materials Emergency Management, established by Act 634 of 1995 (A.C.A. § 12-84-101 et seq), implements and enacts emergency planning and supports local emergency planning committees in response and recovery actions related to hazardous/toxic accidents occurring within the State. This appropriation is 50% funded from special revenues collected through annual fees levied on owners of hazardous storage facilities throughout the state and 50% federal matching funds. The Agency is using information obtained from inventory reports to compile a database of hazardous material storage which is made available to local authorities.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level request is for appropriation of \$30,290 in FY18 and \$70,290 in FY19 and reflects the following:

- \$2,790 for replacement of network servers each year (shared with 220, 221, 59K, and F65);
- \$10,000 for replacement of the camera system with a digital system each year (shared with 219 and 220);
- \$17,500 for a signal booster to improve AWIN and cell phone reception in the state emergency operations center each year (shared with 220). Costs associated with these requests are documented in the Agency's IT Plan;
- \$40,000 in FY19 for the replacement of a one ton diesel truck needed to pull a trailer containing hazmat equipment used for training first responders throughout the state.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 613 - Hazardous Materials
Funding Sources: SMH - Hazardous Materials Emerg Mgmt

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	68,563	59,382	87,228	59,382	59,382	59,382	59,382	59,382	59,382
#Positions	2	1	1	1	1	1	1	1	1
Extra Help 5010001	7,292	32,176	32,176	32,176	32,176	32,176	32,176	32,176	32,176
#Extra Help	2	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	29,454	26,492	38,695	26,864	26,864	26,864	26,864	26,864	26,864
Overtime 5010006	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Operating Expenses 5020002	83,517	280,438	280,438	280,438	280,438	280,438	280,438	280,438	280,438
Conference & Travel Expenses 5050009	53,631	82,792	82,792	82,792	82,792	82,792	82,792	82,792	82,792
Professional Fees 5060010	835	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capital Outlay 5120011	8,096	48,000	48,000	0	30,290	30,290	0	70,290	70,290
Total	251,388	579,280	619,329	531,652	561,942	561,942	531,652	601,942	601,942
Funding Sources									
Fund Balance 4000005	558,479	638,485		386,305	386,305	386,305	181,753	151,463	151,463
Federal Revenue 4000020	137,395	133,100		133,100	133,100	133,100	133,100	133,100	133,100
Special Revenue 4000030	193,999	194,000		194,000	194,000	194,000	194,000	194,000	194,000
Total Funding	889,873	965,585		713,405	713,405	713,405	508,853	478,563	478,563
Excess Appropriation/(Funding)	(638,485)	(386,305)		(181,753)	(151,463)	(151,463)	22,799	123,379	123,379
Grand Total	251,388	579,280		531,652	561,942	561,942	531,652	601,942	601,942

Change Level by Appropriation

Appropriation: 613 - Hazardous Materials
Funding Sources: SMH - Hazardous Materials Emerg Mgmt

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	531,652	1	531,652	100.0	531,652	1	531,652	100.0
C01	Existing Program	0	0	531,652	100.0	40,000	0	571,652	107.5
C08	Technology	30,290	0	561,942	105.7	30,290	0	601,942	113.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	531,652	1	531,652	100.0	531,652	1	531,652	100.0
C01	Existing Program	0	0	531,652	100.0	40,000	0	571,652	107.5
C08	Technology	30,290	0	561,942	105.7	30,290	0	601,942	113.2

Justification

C01	Agency is requesting Capital Outlay in year 2 of the biennium for the replacement of a 1 ton diesel truck used to pull a 3 axle, 30 ft. trailer which hauls hazmat training equipment used to train 1st responders throughout the state.
C08	Agency is requesting Capital Outlay for the replacement of a degrading camera system for the main building to a digital system for improved security in the facility, a signal booster to improve AWIN and cell phone reception in the state emergency operations center which is partially underground, and for the replacement of aging network servers for the agency. The cost of all of these items will be shared by multiple grants across several appropriations. IT Plan-Network Equipment section.

Analysis of Budget Request

Appropriation: 740 - Disaster Relief Trust

Funding Sources: TDR - Disaster Relief Program Trust

The Arkansas Disaster Relief Program provides assistance to victims of state and/or federally declared disasters. These are funds collected through donations and the Arkansas Income Tax Check Off Program established by Act 1181 of 1997 (A.C.A. § 26-51-2502).

The Agency Change Level request is for appropriation of \$50,000 in Grants & Aid each year of the biennium to allow for projected growth in the fund balance.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 740 - Disaster Relief Trust

Funding Sources: TDR - Disaster Relief Program Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	445,000	445,000	445,000	495,000	495,000	445,000	495,000	495,000
Total		0	445,000	445,000	445,000	495,000	495,000	445,000	495,000	495,000
Funding Sources										
Fund Balance	4000005	464,713	479,033		48,267	48,267	48,267	0	0	0
Special Revenue	4000030	14,320	14,234		14,234	14,234	14,234	14,234	14,234	14,234
Total Funding		479,033	493,267		62,501	62,501	62,501	14,234	14,234	14,234
Excess Appropriation/(Funding)		(479,033)	(48,267)		382,499	432,499	432,499	430,766	480,766	480,766
Grand Total		0	445,000		445,000	495,000	495,000	445,000	495,000	495,000

Change Level by Appropriation

Appropriation: 740 - Disaster Relief Trust
Funding Sources: TDR - Disaster Relief Program Trust

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	445,000	0	445,000	100.0	445,000	0	445,000	100.0
C01	Existing Program	50,000	0	495,000	111.2	50,000	0	495,000	111.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	445,000	0	445,000	100.0	445,000	0	445,000	100.0
C01	Existing Program	50,000	0	495,000	111.2	50,000	0	495,000	111.2

Justification

C01	Agency is requesting an increase in Grants and Aid due to an increased fund balance since the last biennium request and to allow for projected growth in the fund balance during the biennium. The increase is needed to ensure that all funds are available for funding unmet disaster needs in the state.
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Analysis of Budget Request

Appropriation: 950 - Radiological Emergency Response Grants

Funding Sources: NEM - ADEM Radiological Emergency - Cash in Treasury

This appropriation represents the cash fund of the Department of Emergency Management. Funds deposited into this account are received from the Entergy Corporation to provide for program costs to protect Arkansas citizens from accidental releases of radioactive elements from the nuclear power plant near Russellville.

The Agency Request is for continuation of Base Level each year of the biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 950 - Radiological Emergency Response Grants

Funding Sources: NEM - ADEM Radiological Emergency - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,701	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500
Conference & Travel Expenses	5050009	0	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		1,701	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Funding Sources										
Fund Balance	4000005	130,011	145,544		120,544	120,544	120,544	95,544	95,544	95,544
Cash Fund	4000045	17,234	15,000		15,000	15,000	15,000	15,000	15,000	15,000
Total Funding		147,245	160,544		135,544	135,544	135,544	110,544	110,544	110,544
Excess Appropriation/(Funding)		(145,544)	(120,544)		(95,544)	(95,544)	(95,544)	(70,544)	(70,544)	(70,544)
Grand Total		1,701	40,000		40,000	40,000	40,000	40,000	40,000	40,000

Analysis of Budget Request

Appropriation: F65 - 911 Rural Enhancements

Funding Sources: NEM - Arkansas 911 Rural Enhancement Program - Cash in Treasury

This Cash in Treasury funded appropriation is used for personal services and operating expenses of the Arkansas Department of Emergency Management - Arkansas 911 Rural Enhancement Program. Funds for this appropriation comes from \$3,000,000 fund transfer from Arkansas High Cost Fund (AHCF), established by Act 442 of 2013 (A.C.A § 23-17-404(e)(6)(A)).

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level request is for a net appropriation of \$930 which reflects the following:

- Operating Expenses of \$8,000 reallocated each year to offset needs in other commitment items;
- Conference and Travel of \$5,000 to adjust for rising travel costs;
- Overtime of \$3,000 to plan for potential overtime payments due to FLSA law changes;
- Capital Outlay of \$930 to for the replacement of network servers (shared with 220, 221, 613, and 59K). Costs associated with these requests are documented in the Agency's IT Plan.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: F65 - 911 Rural Enhancements

Funding Sources: NEM - Arkansas 911 Rual Enhancement Program - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	31,185	29,838	29,543	29,838	29,838	29,838	29,838	29,838	29,838
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	12,187	12,003	11,821	12,152	12,152	12,867	12,152	12,152	12,867
Overtime	5010006	0	0	0	0	3,000	3,000	0	3,000	3,000
Operating Expenses	5020002	865,520	945,636	945,636	945,636	937,636	937,636	945,636	937,636	937,636
Conference & Travel Expenses	5050009	4,242	5,000	5,000	5,000	10,000	10,000	5,000	10,000	10,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Capital Outlay	5120011	0	8,000	8,000	0	930	930	0	930	930
Total		2,913,134	3,000,477	3,000,000	2,992,626	2,993,556	2,994,271	2,992,626	2,993,556	2,994,271
Funding Sources										
Fund Balance	4000005	268,722	373,283		372,806	372,806	372,806	380,180	379,250	379,250
Cash Fund	4000045	3,017,695	3,000,000		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Funding		3,286,417	3,373,283		3,372,806	3,372,806	3,372,806	3,380,180	3,379,250	3,379,250
Excess Appropriation/(Funding)		(373,283)	(372,806)		(380,180)	(379,250)	(378,535)	(387,554)	(385,694)	(384,979)
Grand Total		2,913,134	3,000,477		2,992,626	2,993,556	2,994,271	2,992,626	2,993,556	2,994,271

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: F65 - 911 Rural Enhancements

Funding Sources: NEM - Arkansas 911 Rual Enhancement Program - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,992,626	1	2,992,626	100.0	2,992,626	1	2,992,626	100.0
C04	Reallocation	0	0	2,992,626	100.0	0	0	2,992,626	100.0
C08	Technology	930	0	2,993,556	100.0	930	0	2,993,556	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,992,626	1	2,992,626	100.0	2,992,626	1	2,992,626	100.0
C04	Reallocation	715	0	2,993,341	100.0	715	0	2,993,341	100.0
C08	Technology	930	0	2,994,271	100.1	930	0	2,994,271	100.1

Justification

C04	Agency is requesting a reallocation reducing Operating Expense and increasing Conference Travel and Overtime. These are requested to better utilize base levels, adjust for rising travel costs and plan for potential overtime payments due to FLSA changes to be implemented in December 2016.
C08	Agency is requesting Capital Outlay for this program's share of the replacement of aging network servers for the agency. The total cost of this replacement will be shared with multiple grants in 4 other appropriations. IT Plan-Network Equipment section.

ARKANSAS ETHICS COMMISSION

Enabling Laws

Act 53 of 2016
Initiated Act 1 of 1990, as amended.
A.C.A. §7-6-217

History and Organization

The Arkansas Ethics Commission was created as a result of the passage of Initiated Act 1 of 1990. Its purpose is to serve as the compliance and enforcement agency with respect to various ethics and public disclosure laws applicable to candidates for public office, state and local public officials, public servants, lobbyists, political parties, political committees, and persons involved with initiatives, referenda, and other matters referred to voters within the State of Arkansas.

Initiated Act 1 of 1990, popularly known as "The Standards of Conduct and Disclosure Act for Candidates and Political Campaigns," charged the Commission with the responsibility of governing the campaign finance activities of candidates for public office, candidate committees, and political action committees. It also set new limits on the amount individual citizens could contribute to parties, candidates, and political action committees. In addition to its authority to administer the laws governing campaign finance, the Commission was given authority to administer Initiated Act No. 1 of 1988 and Act No. 34 of 1999. The first Act, popularly known as "The Disclosure Act for Lobbyists and State and Local Officials," governs the relationship between elected and appointed state, county, and municipal public officials and possible non-government or otherwise conflicting financial interests. In addition, this Act governs the registration and activities of lobbyists. The second Act, which concerns "Constitutional Officers and Their Spouses," places certain restrictions on the entering into of employment, lease agreements, contracts or grants with any state agency. Each of these Acts requires significant disclosure by the persons within its scope.

Over time, the Commission's jurisdiction has steadily grown. Presently, the Commission has jurisdiction over all of the following:

Section 28, 29, and 30 of Article 19 of the Arkansas Constitution;

Ark. Code Ann. §3-8-701 et seq. (entitled "Disclosure Act for Initiative Proceedings");

Ark. Code Ann. §7-1-103(a)(1)-(4), (6) and (7) (concerning "Elections");

Ark. Code Ann. §7-6-201 et seq. (entitled "Campaign Financing");

Ark. Code Ann. §7-9-401 et seq. (entitled (Disclosure Act for Public Initiatives, Referenda, and Measures Referred to Voters");

Ark. Code Ann. §19-11-718 (concerning "Special State Employees - Conflicts of Interest");

Ark. Code Ann. §21-1-401 et seq. (concerning "Constitutional Officers and Their Spouses");

Ark. Code Ann. §21-8-301 through §21-8-903 (referred to as "The Disclosure Act for Lobbyists and State and Local Officials");

Ark. Code Ann. §21-8-1001 et seq. (pertaining to "State Boards, Commissions, and Entities receiving State funds:); and

Ark. Code Ann. §23-115-501(e) and §23-115-601(j) (concerning "Arkansas Scholarship Lottery Act" vendor/retailer gift/compensation prohibition).

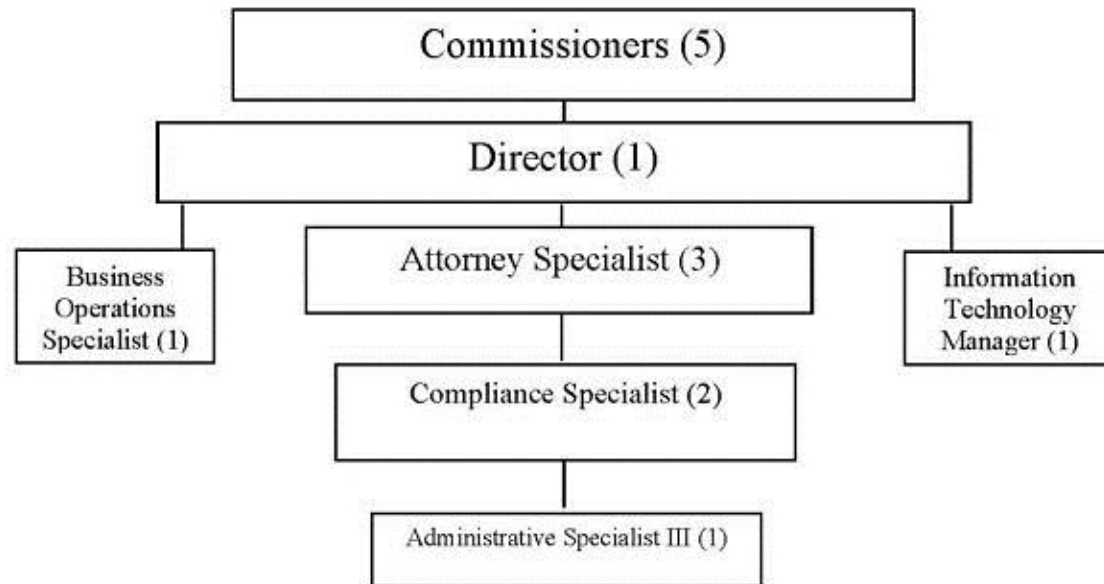
The Commission itself is composed of five (5) members appointed to five-year staggered terms by the Governor, the Lieutenant Governor, the Attorney General, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives, respectively. Members of the Commission serve without compensation, but may receive reimbursement for expenses incurred in the performance of their official duties. The Commission has a nine (9) member staff comprised of a Director, three (3) Attorney Specialists, two (2) Compliance Specialists, an Information Technology Manager, a Business Operations Specialist, and two (2) Administrative Specialists.

During its existence, the Commission, with the assistance of its staff, has performed the following functions: (1) investigate alleged violations of ethics and public disclosure laws and determine whether a violation has occurred; (2) issue sanctions for violations of ethics and public disclosure laws and/or make referrals for criminal prosecution; (3) conduct review exercises to determine whether required disclosure documents are being filed; (4) prepare and distribute educational materials and conduct training sessions for candidates, elected and appointed officials, lobbyists, political committees, and ballot and legislative question committees; (5) issue advisory opinions concerning ethics and public disclosure laws; (6) promulgate rules to implement and administer ethics and public disclosure laws; (7) hold a monthly public meeting and conducts public hearings; (8) answer questions regarding ethics and public disclosure laws and rules on a daily, informal basis; (9) prepare and update disclosure forms, instructions, and calendars used by public officials, lobbyists, political parties, political committees, candidates for public office, and ballot and legislative question committees; (10) administer a reminder notice program for candidates for public office, public officials, lobbyists, political parties, and political committees; (11) maintain report files on all ballot and legislative question committees registered in accordance with the Disclosure Act for Public Initiatives, Referenda, and Measures Referred to

Voters; (12) make information publicly accessible in an electronic form via the internet; (13) respond to requests for public records under the Freedom of Information Act; and (14) bring civil actions in circuit court to enforce orders entered in proceedings before the Commission.

It is noted that the Commission is not charged by law with performing such functions as conducting review exercises to monitor compliance and providing education and training. Due to budgetary constraints, the Commission has found it necessary to significantly curtail these activities for the Commission. Without an increase in funding, the day is approaching when it will no longer be feasible for the Commission to administer a reminder notice program.

During its existence, the Commission has sought to promote openness and accountability in government through a balanced approach of (i) interpreting, investigating compliance with, and issuing sanctions for proven violations of the laws under its jurisdiction, and (ii) providing assistance in the form of education, training, and reminder notices to persons required to comply with those laws. The Commission finds itself at a point, however, where a lack of adequate resources has impaired its ability to continue providing the same level of assistance to members of the various regulated communities. Instead of being both a compliance and enforcement agency, the Commission is having to increasingly devote its limited resources to enforcement.



Agency Commentary

The Arkansas Ethics Commission (AEC) is the compliance and enforcement agency with respect to a wide variety of ethics and public disclosure laws applicable to: candidates for public office, state and local public officials, public servants, lobbyists, political parties, political committees, and persons involved with ballot measures presented to voters. The AEC currently has a five (5) member board and a nine (9) member staff to serve the citizens of the State of Arkansas.

The AEC's staff has remained steady at 9 members since 1999 while its appropriation for operations has actually declined over that period of time. Several years ago, the AEC's funding was moved from the Central Services to the Miscellaneous State Agencies fund which has resulted in spending blocks that have effectively reduced the amount available for operations even further.

Meanwhile, there has been a significant increase in the actual number of cases being processed by the AEC. The following is a comparison of the 2012 election cycle (2011 and 2012) with the 2014 election cycle (2013 and 2014):

- The total number of cases for the 2012 election cycle was 101 and the total number of cases for the 2014 election cycle was 138 (which represents a 37% increase).
- The average length of a probable cause report during the 2012 election cycle was 9 pages and the average length of a probable cause report for the 2014 election cycle was 16 pages (which represents a 78% increase).
- With respect to the 2012 election cycle, 66 of the 101 cases were filed by citizens and the remaining 35 were filed by the AEC itself.
- With respect to the 2014 election cycle, 123 of the 138 cases were filed by citizens and the remaining 15 were filed by the AEC itself.

These numbers show: (i) that the actual number of cases being processed by the AEC has definitely grown; (ii) that the increase in the number of cases being brought by citizens has resulted in fewer cases being brought by the AEC itself; and (iii) that the cases have become much more involved. With respect to observation (ii), most cases brought by the Ethics Commission tend to rise out of compliance reviews. The fact that more time is being spent investigation cases filed by citizens has cut into the time available to monitor compliance of the various types of person required to file disclosure forms. With respect to observation (iii), not only are more issues being raised but those issues have become more complex. In summary, the AEC has been called upon to do more and more with less and less. To do so, has required the AEC to become skilled at using its limited resources very efficiently.

It has become increasingly difficult for the AEC to work within the budget constraints that have been placed upon it. This has required

changes be made to help reduce operating costs. Moving the AEC's office to a new location has reduced the total rent expenses. Several contracts have been reevaluated to ensure that they are being most effectively used. The AEC has continued to look for new vendors who can provide similar services at reduced costs.

Over time, however, the issues which citizens utilize the AEC's complaint process to address have become increasingly more involved. As a result, the expertise and man hours required to investigate the often multi-level issues presented in citizen complaints has increased significantly. With the advent of immediate online availability of disclosure filings by political candidates, committees, and public servants, the nature of the allegations contained in citizen complaints being filed with the AEC has become more complex. This has caused some cases to require multiple investigatory trips to locations around the state. All of this has placed demands on the operating expenses of the organization.

The AEC has had to curtail some voluntary programs that have been beneficial in the past, for example conducting education and training. This reduction in services provided has caused the AEC to become more reactive and less proactive. There has been an increase of instances in which the respondent's first argument is that he or she did not know of the applicable law. Ignorance of the law is no excuse, but education and training were an effective method of reducing the number of violations committed.

With regard to operating expenses, the AEC is asking for the same levels that it had in the past biennium. Funding at this level, without any cuts, will help ensure that the AEC can continue to carry out its work. This covers the payroll expense including matching services. It will cover the increasing costs involved in all of the investigations. The AEC would have to evaluate the costs as they progress to see if any training programs could be re-implemented.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ETHICS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2015

Findings

None

Recommendations

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	4	2	6	75 %
Black Employees	0	1	1	12 %
Other Racial Minorities	0	1	1	13 %
Total Minorities			2	25 %
Total Employees			8	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
N/A	N/A	N	N	0	N/A	0	0.00

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016					FY2016 - 2017						
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
9	8	1	9	0	11.11 %	12	8	1	9	3	33.33 %	12	8	1	9	3	33.33 %

Analysis of Budget Request

Appropriation: 192 - Ethics Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Ethics Commission enforces Arkansas' standards of conduct and disclosure laws concerning candidates for public office, state and local public officials, lobbyists and committees, individuals involved with initiatives, referendums and other matters referred to the voters. The Commission is composed of a five (5) member board and a nine (9) member staff.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

The Agency is requesting Base Level of \$713,997 in FY18 and \$714,119 in FY19 in appropriation and general revenue funding with nine (9) Regular positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 192 - Ethics Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	438,992	467,790	613,185	467,890	467,890	467,890	467,990	467,990	467,990
#Positions		10	9	12	9	9	9	9	9	9
Extra Help	5010001	0	0	1,500	0	0	0	0	0	0
#Extra Help		0	0	2	0	0	0	0	0	0
Personal Services Matching	5010003	142,775	148,976	198,563	151,618	151,618	151,618	151,640	151,640	151,640
Operating Expenses	5020002	101,932	94,489	111,078	94,489	94,489	94,489	94,489	94,489	94,489
Conference & Travel Expenses	5050009	0	0	3,000	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		683,699	711,255	927,326	713,997	713,997	713,997	714,119	714,119	714,119
Funding Sources										
General Revenue	4000010	683,699	711,255		713,997	713,997	713,997	714,119	714,119	714,119
Total Funding		683,699	711,255		713,997	713,997	713,997	714,119	714,119	714,119
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		683,699	711,255		713,997	713,997	713,997	714,119	714,119	714,119

ARKANSAS DEPARTMENT OF HEALTH

Enabling Laws

Act 246 of 2016
Act 127 of 2016
Act 4 of 2009
Act 393 of 2009
Act 384 of 2007
EO 07-05, PROCLAMATION of Governor Mike Beebe, May 2, 2007
Act 2306 of 2005
Act 2310 of 2005
Act 1954 of 2005

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

History and Organization

The State Board of Health was created by Act 96 of 1913. Act 38 of 1971 created the Arkansas Department of Health as a cabinet level agency and established the current department's structure. Act 1954 of 2005 merged the Arkansas Department of Health into the Department of Human Services and renamed the Agency the Department of Health and Human Services. Act 384 of 2007 gave the Governor the authority to separate the Division of Health out of the Arkansas Department of Health and Human Services and reestablish an Arkansas Department of Health [Department]. The Governor executed the final separation in Executive Order 07-05 on May 2, 2007. The Arkansas Board of Health [Board] serves as the rule making authority for the Department and policy advisory body, and has specific statutory authority in issues related to public health. The Director of the Department of Health serves at the pleasure of the Governor and acts as the Secretary of the Board and State Health Officer.

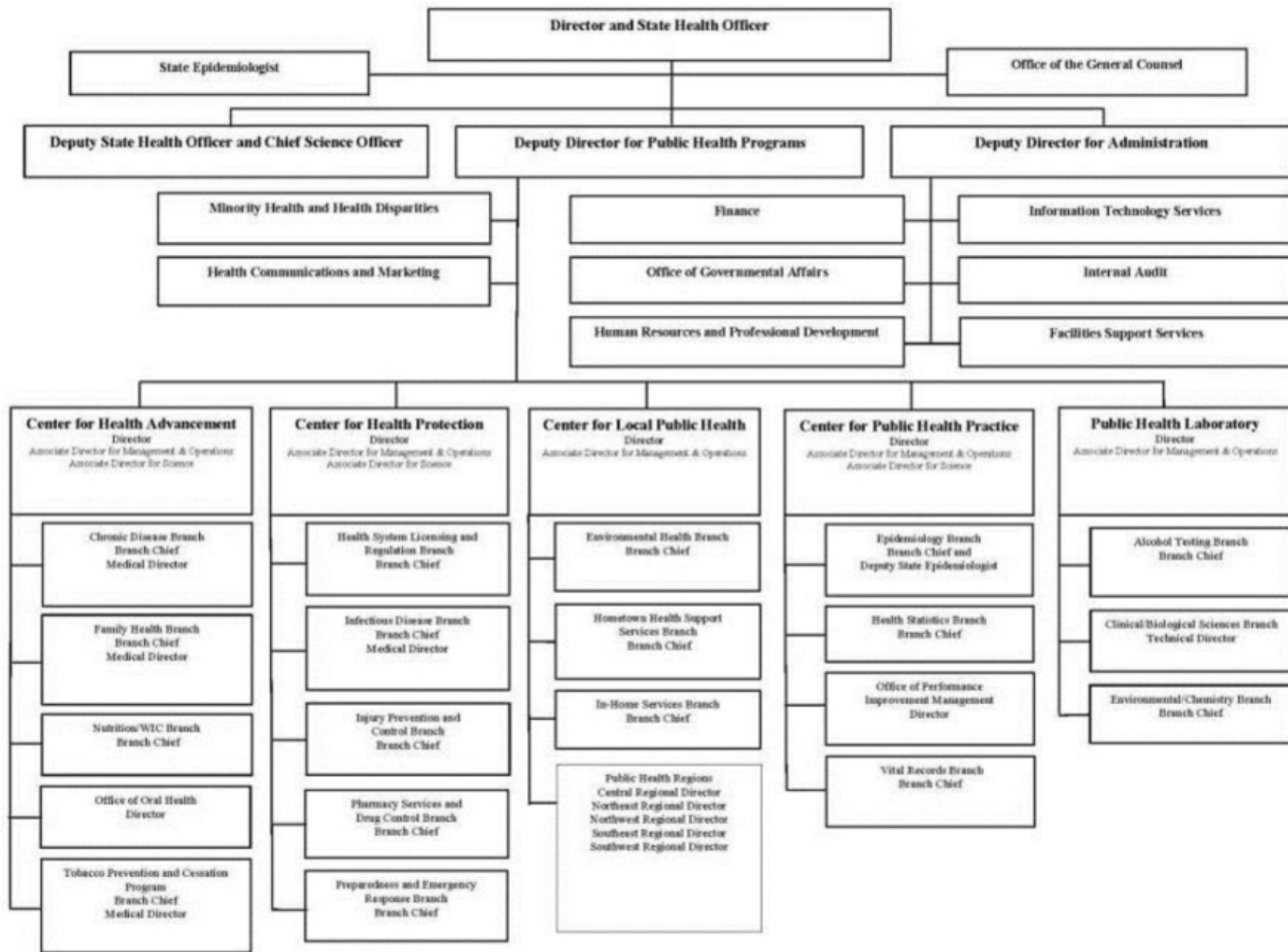
The Department delivers a broad range of public health preventive and regulatory services statewide. Approximately 3,000 public health workers across Arkansas are employed by the Department to provide these services.

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

- The Center for Health Advancement programs include Chronic Disease Prevention and Control, Tobacco Prevention and Cessation, Family Health, Women, Infants and Children (WIC), and Oral Health.
- The Center for Health Protection manages Infectious Disease, Immunizations and Outbreak Control, Preparedness and Emergency Response, Health Systems Licensing and Regulations, Pharmacy Services and Drug Control, and Trauma/Injury, and Violence Prevention programs.
- The Center for Local Public Health is responsible for Hometown Health Improvement, Engineering, Environmental Health, and Local Health Units administered through regional offices.
- The Center for Public Health Practice includes branches for Epidemiology and Health Statistics, which includes Vital Records.

In addition, the Public Health Laboratory provides laboratory analysis and reporting of clinical and environmental samples, alcohol testing, microbiological testing of water for private individuals, neonatal screening of newborns, identification of organisms referred from clinical laboratories, certification of municipal water laboratories for microbiological testing, FDA compliance certification of milk industry dairy laboratories and unknown biological and chemical substance testing.

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



Agency Commentary

During the last year, the Department has achieved national accreditation through the Public Health Accreditation Board (PHAB). The national accreditation program works to improve and protect the health of the public by advancing and ultimately transforming the quality and performance of the nation's state, local, Tribal, and territorial public health departments. ADH is one of fewer than 200 health departments that have thus far achieved accreditation through PHAB since the organization began accrediting in 2011. The national accreditation program, jointly supported by the Centers for Disease Control and Prevention and the Robert Wood Johnson Foundation, sets standards against which the nation's nearly 3,000 governmental public health departments can continuously improve the quality of their services and performance. To receive accreditation, a health department must undergo a rigorous, multi-faceted, peer-reviewed assessment process to ensure it meets or exceeds a set of quality standards and measures.

Over the past year, the Department has made significant changes to be more operationally efficient. One of the most important changes is that the Department transitioned the ADH In Home Services Program to a private provider. This change allowed for a continuity of care for home health, hospice and care services in Arkansas. Based on this change, the Department is requesting 506 positions be eliminated from the number of the FY17 authorized positions.

Additional FY18 requests include reducing regular salary and associated fringe appropriation. The Department requests also realign operational appropriation to meet the agency goals and objectives while overall reducing the agency request.

The Department continues to deliver a broad range of public health preventive and regulatory services statewide. Approximately 3,000 public health workers across Arkansas are employed by the Department to provide these services.

In addition to two central office locations, the agency has 94 Local Health Units. Local Health Units are established and maintained through joint efforts of state, county and local governments. Each of the health units has telehealth capabilities allowing them to have real-time video interfacing to promote access to care particularly in rural areas. In addition, the ADH provides 4 types of services through these statewide units:

Clinical Services are provided to prevent disease, illness and injury; protect against health threats and share knowledge with the community. These services are an essential and cost-effective public investment.

- Infectious Disease Prevention and Control services identify and treat tuberculosis (32,664 visits) and sexually transmitted infections (28,096 visits); provide testing, counseling and prevention education for HIV; maintain surveillance for infectious diseases and intervene to prevent or manage outbreaks.
- Immunizations services include childhood and adult immunizations for diseases such as influenza, tetanus, diphtheria, pertussis,

measles and polio. ADH provided more than 400,000 immunizations during FY16.

- Women's Health Services provides, for women of childbearing age, access to family planning, pregnancy testing, prenatal care and other services designed to avoid unwanted pregnancy, improve birth outcomes and maintain health. ADH provided services to over 46,000 women for family planning services and breast and cervical cancer screenings.
- Women, Infants and Children (WIC) program provides vouchers to purchase nutritious foods to supplement diets, nutrition counseling and breastfeeding education and support to low-income eligible pregnant women, new mothers and children up to age 5. There are 102 WIC clinic sites in 75 counties that served an average of 84,219 participants each month in FY16.

Environmental Health Services works to prevent premature death and avoidable illness and disability that may result from interactions between people and the environment.

- Food and milk programs ensure the safety of consumer products at the manufacturing, wholesale and retail levels. In FY16, the ADH inspected over 30,000 restaurants.
- On-site wastewater programs help ensure the safety of water resources by regulating basic sewage systems, responding to environmental complaints and approving individual sewage systems.
- Swimming pool and swim beach safety programs review plans for recreational facilities and test water quality to prevent waterborne diseases.
- Marine sanitation program ensures safety of water resources by regulating wastewater disposal at marinas and on marine craft.
- Clean Indoor Air program enforces ACT 8 of 2006, which protects patrons of public businesses from secondhand smoke.
- Tattoo and body art programs inspect tattoo facilities and license artists.
- Engineering programs enforce the federal laws for public water systems, inspect facilities and train and certify public water system workers to ensure the safety of drinking water.
- Heating, ventilation, air conditioning and refrigeration (HVAC/R) programs train and license HVAC/R professionals.
- Plumbing programs train and license plumbing professionals.

Community Services assists in improving the health of citizens by promoting healthy behaviors and providing assistance with the development of health services and systems of care.

- Hometown Health Improvement (HHI) initiatives support community-related health development efforts in all 75 counties in the state

and provide support for 73 coalitions. These initiatives do essential work to improve the health of those in their communities. HHI mobilizes community partnerships to identify and solve health problems by promoting and encouraging healthy behaviors and lifestyles. This support includes coalition development, community assessments and program planning. Hometown Health was implemented in 1998.

- Rural Health and Primary Care works with numerous organizations to coordinate rural health resources and activities statewide. This office administers several grant programs for small hospitals and committees seeking to improve or enhance health services in rural areas of our state. Rural Health and Primary Care provides technical assistance to organizations and communities wishing to expand access to primary care for underserved populations. It works to recruit and retain health care professionals in rural areas and underserved areas of Arkansas and provides technical assistance to the 29 Critical Access Hospitals in the state.

The Department is organized into five organization units called Centers: Center for Health Advancement, Center for Health Protection, Center for Local Public Health, Center for Public Health Practice and the Public Health laboratory.

The Center for Health Advancement programs include Chronic Disease Prevention and Control, Tobacco Prevention and Cessation, Family Health, Women, Infants and Children (WIC), and Oral Health.

The Center for Health Protection manages Infectious Disease, Immunizations and Outbreak Control, Preparedness and Emergency Response, Health Systems Licensing and Regulations, Pharmacy Services and Drug Control, and Trauma/Injury, and Violence Prevention programs.

The Center for Local Public Health is responsible for Hometown Health Improvement, Engineering, Environmental Health, and Local Health Units administered through regional offices.

The Center for Public Health Practice includes branches for Epidemiology and Health Statistics, which includes Vital Records (342,710 certified records provided).

In addition, the Public Health Laboratory provides laboratory analysis and reporting of clinical and environmental samples, alcohol testing, microbiological testing of water for private individuals, neonatal screening of newborns, identification of organisms referred from clinical laboratories, certification of municipal water laboratories for microbiological testing, FDA compliance certification of milk industry dairy laboratories and unknown biological and chemical substance testing. There are over 1 million tests conducted each year.

The mission of the Department of Health is to protect and improve the health and well-being of all Arkansans. At the Arkansas Department of Health we work to accomplish that mission by helping Arkansans to improve their own health, protect the public from epidemics, and provide preventive health services in your communities. While improved public health conditions and advances made in modern medicine have eliminated many of the threats we faced in the past, those problems have been replaced by new challenges that pose major obstacles to healthy living in today's world. Numbered among the current significant challenges before us are the obesity epidemic, tobacco use, teen pregnancy, poor dental health, high infant mortality, and poor health literacy. This means as public health professionals we have a huge

vector borne diseases such as Chikungunya and Dengue just to name a few. Dedicated public health professionals working in a variety of scientifically-based disciplines are already working to address these problems. Our public health workforce is working every day at the local level through a statewide service network to provide prevention services and to address threats to the public's 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.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HEALTH - ARKANSAS STATE BOARD OF MASSAGE THERAPY
FOR THE YEAR ENDED JUNE 30, 2014

Findings

To ensure that certificates are not issued prior to the Board receiving payment, it is essential that the Board maintain strong physical custody over the pre-printed certificate paper used for printing official licenses for massage therapists. Because of a lack of internal controls over the certificate paper, 3 of 60 certificates tested by Division of Legislative Audit (DLA) staff could not be accounted for by the Board.

The Executive Director provided DLA staff with a listing of 2,308 licensed massage therapists that were either "active" or "inactive but still paying license fees." Additionally, the Executive Director maintains a roster of all active licensees on the Board's website located at <http://www.arkansasmassagetherapy.com>. Testing of 60 licensees (30 from each list) revealed six licensees classified as active who had not paid any renewal fees during the prior two years and, therefore, should have been classified as revoked licensees.

Recommendations

Strengthen internal controls related to the custody and printing of official Board certificates.

Agency Response:

We are giving more attention to each certificate to ensure that each certificate has a preprinted number listed. Also, any certificate printed in error will be placed in a secure file with a copy to the file.

Maintain an accurate, current listing of licensed massage therapists.

Agency Response:

We have taken the necessary, corrective action maintaining an accurate, up-to-date listing of all licensed massage therapists both in-house as well as the website. Licensees who have not paid fees in the prior two years are classified as expired.

Comment:

Because the cash flow from revenue receipts and cash reserves from prior fiscal years were insufficient to support the expenditures in fiscal year 2015, the Board received \$60,000 from the Governor's Emergency Fund on January 5, 2015. These funds were provided to the Board under Governor Proclamation EM15-03.

Based on the current revenues generated by the Board and expenditures at the currently-appropriated level, DLA staff have concerns about the Board's ability to meet its future financial obligations.

Agency Response:

The Board along with a state representative is currently working to rectify those concerns. Our goal is to implement yearly renewals rather than the two-year renewals so that the future financial obligations are met.

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

Findings	Recommendations
None	None

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

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	339	1071	1410	72 %
Black Employees	64	422	486	25 %
Other Racial Minorities	16	57	73	3 %
Total Minorities			559	28 %
Total Employees			1,969	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
1632100	\$1,577,043	Checking	Bank of America, Security State Bank-Howard Lake

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Same day line credit draws are made to expense Women, Infants, Children (WIC) food instruments presented for payment.

Fund Balance Utilization:

Payment of negotiable WIC food instruments.

Fund Account	Balance	Type	Location
1632200	\$0	Checking	Bank of America; Security State Bank-Howard Lake

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Same day line of credit draws are made to expense Women, Infants, Children (WIC) food instruments presented for payment through the Farmer's Market Program.

Fund Balance Utilization:

Payment of negotiable WIC Farmer's Market food instruments.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Alcohol Test Log	A.C.A. 5-65-204(b)	N	N	300	Provides logbook for law enforcement to document breath tests as is required in Operator and Senior Operator Training Manuals by the Office of Alcohol Testing.	300	900.00
Annual Report State Board of Health	A.C.A. 20-7-121	N	Y	1,000	A.C.A. 20-7-121 requires publication and is distributed to the State Library, State Board of Health members, internally, DHHS Region 6 states (LA,OK,NM, and TX), Arkansas' Congressional delegation, other State agencies, and partner organizations (AE Med. Soc., AR Children's Hosp., AR Hosp. Assn.).	1000	4400.00
Arkansas Regulations for alcohol Testing	A.C.A. 5-65-201	N	N	300	Provide regulatory information to law enforcement, the judicial system and the public. Information is provided on the agency website.	0	0.00
Arkansas Regulations for Breath Alcohol Ignition Interlock Devices	A.C.A. 5-65-118(j)(1)	N	N	100	Provide regulatory information to law enforcement, the judicial system and the public. Information is provided on the agency website.	0	0.00
Blood Alcohol Report Forms	A.C.A. 5-65-204	N	N	5,000	Provides the required form for submission of a blood or other bodily fluid sample for alcohol analysis. These require two pressure sensitive copies of the form attached to the official document.	5000	450.00
Induced Abortions Data	A.C.A. 20-16-904	N	Y	0	A.C.A. 20-16-904 requires data be provided on agency website and paper copies upon request.	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Intoximeter EC/IR II Senior Operator Training Manual	A.C.A. 5-65-204(b)	N	N	300	Provides course book for Senior Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public. Information is provided on the agency website.	0	0.00
Intoximeter EC/IRII Operator Training Manual	A.C.A. 5-65-204(b)	N	N	750	Provides course book for Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public. Information is provided on the agency website.	0	0.00
Mechanical Codes	A.C.A. 17-38-101	N	N	1,000	To adopt, publish and revise rules and regulations and to provide the heating and air conditioning industry with code books which outline the minimum standards for HVAC installations. Information is provided on the national website.	0	0.00
Plumbing & Fuel Gas Codes	A.C.A. 17-31-101	N	N	1,000	To adopt, publish and revise rules and regulations and to provide the plumbing industry with code books which outline the minimum standards for plumbing/gas installations. Information is provided on the national website.	0	0.00
Rules and Regulations for Control of Sources of ionizing Radiation	A.C.A. 20-21-207 Item 3	N	N	10	Formulate, adopt, promulgate, and repeal codes, rules, and regulations which may provide for licensing or registration.	74	1477.00
Rules and Regulations Pertaining to Radiologic Technology Licensure	A.C.A. 17-106-105 Item (a)(1)(D)	N	N	20	Adopt, publish, and revise such rules and regulations.	50	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Shaken Baby Syndrome Pamphlet	Act 1128 of 2011	N	N	112,000	Act 1128 of 2011 requires that ADH develop and disseminate to hospitals and free-standing birthing clinics Shaken Baby Syndrome educational materials.	156000	14584.00
State Controlled Substances List	A.C.A. 5-64-216	N	Y	45	List is required by A.C.A. 5-64-216, printed copies are provided upon request and is available on the agency web site.	0	0.00
Urine Adulterant List	A.C.A. 20-7-309	N	Y	12	List is required by A.C.A. 20-7-309 and is available on the agency web site.	0	0.00
Women's Right to Receive Adequate Information before Terminating a Pregnancy; Unborn Pain Awareness Act	A.C.A. 20-16-904, A.C.A. 20-16-1105	N	N	6,000	Requires materials informing women of agencies/services available regarding pregnancy and childbirth. Materials are to be provided in print, on DVD, and on a secure website. Certification that designated materials are given to every patient seeking an abortion is required.	6000	9490.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
 Fiscal Year 2016
 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	\$222,500	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 1

TOTAL EXPENDITURES FOR CONTRACTS AWARDED \$9,598,257

% OF MINORITY CONTRACTS AWARDED 1.61 %

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
34C Rural Health Facilities	30,076	0	1,654	0	65,500	0	1,654	0	26,901	0	26,901	0	1,654	0	26,901	0	26,901	0
34D Emergency Medical Services	13,490	0	60,000	0	69,728	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0
34P Health Operations Paying	253,834,467	2,728	252,045,738	2,481	316,880,026	2,993	245,006,837	2,221	283,295,481	2,487	279,264,217	2,398	245,082,572	2,221	283,372,818	2,487	279,341,430	2,398
38D Nuclear Planning Grants	325,000	0	325,000	0	375,000	0	325,000	0	325,000	0	325,000	0	325,000	0	325,000	0	325,000	0
59T Trauma System	16,468,138	18	19,234,000	18	28,593,514	18	19,160,986	18	25,899,450	18	25,899,450	18	19,162,897	18	25,901,361	18	25,901,361	18
604 Tobacco Prevention & Cessation Programs	10,690,303	32	14,330,592	34	17,383,691	47	14,340,549	34	17,202,894	47	14,340,549	34	14,341,229	34	17,203,574	47	14,341,229	34
803 Health Building & Local Health Grant Trust	238,612	0	1,950,000	0	1,950,000	0	1,950,000	0	1,950,000	0	1,950,000	0	1,950,000	0	1,950,000	0	1,950,000	0
B72 WIC Food Instruments - Cash	60,014,513	0	72,621,171	0	75,813,059	0	72,621,171	0	75,813,059	0	75,813,059	0	72,621,171	0	75,813,059	0	75,813,059	0
N62 Interpreters for Deaf and Hearing Impair	1,304	0	7,800	0	25,000	0	7,800	0	25,000	0	25,000	0	7,800	0	25,000	0	25,000	0
Total	341,615,903	2,778	360,575,955	2,533	441,155,518	3,058	353,473,997	2,273	404,597,785	2,552	397,704,176	2,450	353,552,323	2,273	404,677,713	2,552	397,783,980	2,450

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	12,176,658	3.4	14,783,138	4.0		9,249,980	2.6	9,249,980	2.6	9,249,980	2.6	8,484,702	2.4	128,402	0.0	128,402	0.0
General Revenue	4000010	78,896,794	22.1	78,896,794	21.3		78,896,794	22.2	78,896,794	22.2	78,896,794	22.2	78,896,794	22.3	78,896,794	22.8	78,896,794	22.8
Federal Revenue	4000020	113,626,515	31.9	151,234,737	40.9		156,234,737	44.0	156,234,737	44.0	156,234,737	44.0	156,234,737	44.1	156,234,737	45.1	156,234,737	45.1
Special Revenue	4000030	3,704,811	1.0	4,240,707	1.1		4,240,707	1.2	4,240,707	1.2	4,240,707	1.2	4,240,707	1.2	4,240,707	1.2	4,240,707	1.2
Special Revenue Restricted	4000031	16,774,052	4.7	17,182,760	4.6		17,182,760	4.8	17,182,760	4.8	17,182,760	4.8	17,182,760	4.8	17,182,760	5.0	17,182,760	5.0
Intra-agency Fund Transfer	4000317	463,092	0.1	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Manufacturer Rebate	4000341	24,750,571	6.9	26,498,551	7.2		26,498,551	7.5	26,498,551	7.5	26,498,551	7.5	26,498,551	7.5	26,498,551	7.7	26,498,551	7.7
Third Party Reimbursement	4000490	77,110,308	21.6	38,337,523	10.4		23,414,601	6.6	23,414,601	6.6	23,414,601	6.6	23,414,601	6.6	23,414,601	6.8	23,414,601	6.8
Tobacco Settlement	4000495	12,149,381	3.4	11,742,088	3.2		11,742,088	3.3	11,742,088	3.3	11,742,088	3.3	11,742,088	3.3	11,742,088	3.4	11,742,088	3.4
Transfer to Medicaid Match	4000660	(555,202)	(0.2)	(689,757)	(0.2)		(689,757)	(0.2)	(689,757)	(0.2)	(689,757)	(0.2)	(689,757)	(0.2)	(689,757)	(0.2)	(689,757)	(0.2)
Transfers / Adjustments	4000683	(2,282,143)	(0.6)	(1,568,000)	(0.4)		(1,568,000)	(0.4)	(1,568,000)	(0.4)	(1,568,000)	(0.4)	(1,568,000)	(0.4)	(1,568,000)	(0.5)	(1,568,000)	(0.5)
Various Program Support	4000730	19,584,204	5.5	29,167,394	7.9		30,071,937	8.5	30,071,937	8.5	30,071,937	8.5	30,071,937	8.5	30,071,937	8.7	30,071,937	8.7
Total Funds		356,399,041	100.0	369,825,935	100.0		355,274,398	100.0	355,274,398	100.0	355,274,398	100.0	354,509,120	100.0	346,152,820	100.0	346,152,820	100.0
Excess Appropriation/(Funding)		(14,783,138)		(9,249,980)			(1,800,401)		49,323,387		42,429,778		(956,797)		58,524,893		51,631,160	
Grand Total		341,615,903		360,575,955			353,473,997		404,597,785		397,704,176		353,552,323		404,677,713		397,783,980	

Variance in fund balance is due to unfunded appropriation in FC- 34C, FC- 34P, FC- 604, FC-803, and FC- B72.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
3,162	2548	300	2848	314	19.42 %	3,162	2277	543	2820	342	27.99 %	3,058	2250	283	2533	525	26.42 %

Analysis of Budget Request

Appropriation: 34C - Rural Health Facilities

Funding Sources: MRH - Rural Health Services Revolving Fund

The Department of Health's Rural Health Facilities appropriation, in accordance with A.C.A. 20-12-401 et seq., provides matching funds for applicants on a fifty/fifty basis for assisting the stabilization of necessary medical services provided by county, local, commercial or nonprofit organizations. If the applicant completes a community health needs assessment, the applicant shall be eligible to match funds on a 25/75 basis. The state portion shall at no time exceed two hundred thousand dollars (\$200,000) per county, local, commercial, or nonprofit operation.

Funding for this appropriation consists of General Improvement Fund transfers or other funds made available by the General Assembly and held in a revolving fund (A.C.A. 19-5-1039 MRH - Rural Health Services Revolving Fund).

The Agency's Base Level Request is \$1,654 each year of the 2017-2019 Biennium.

The Agency's Change Level Request is \$25,247 each year to restore the appropriation up to the anticipated funding level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 34C - Rural Health Facilities

Funding Sources: MRH - Rural Health Services Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	30,076	1,654	65,500	1,654	26,901	26,901	1,654	26,901	26,901
Total		30,076	1,654	65,500	1,654	26,901	26,901	1,654	26,901	26,901
Funding Sources										
Fund Balance	4000005	56,977	26,901		25,247	25,247	25,247	23,593	0	0
Total Funding		56,977	26,901		25,247	25,247	25,247	23,593	0	0
Excess Appropriation/(Funding)		(26,901)	(25,247)		(23,593)	1,654	1,654	(21,939)	26,901	26,901
Grand Total		30,076	1,654		1,654	26,901	26,901	1,654	26,901	26,901

Change Level by Appropriation

Appropriation: 34C - Rural Health Facilities
Funding Sources: MRH - Rural Health Services Revolving Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,654	0	1,654	100.0	1,654	0	1,654	100.0
C01	Existing Program	25,247	0	26,901	1,626.4	25,247	0	26,901	1,626.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,654	0	1,654	100.0	1,654	0	1,654	100.0
C01	Existing Program	25,247	0	26,901	1,626.4	25,247	0	26,901	1,626.4

Justification

C01	This request is to retore appropriation to funding levels
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Analysis of Budget Request

Appropriation: 34D - Emergency Medical Services

Funding Sources: MEM - Emergency Medical Services Revolving Fund

The Department of Health's Emergency Medical Services appropriation will provide for certification processing and expenses of 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 is requesting Base Level of \$60,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 34D - Emergency Medical Services
Funding Sources: MEM - Emergency Medical Services Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	11,353	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Emerg Medical Srvs/Trauma Sys	5900046	2,137	0	9,728	0	0	0	0	0	0
Total		13,490	60,000	69,728	60,000	60,000	60,000	60,000	60,000	60,000
Funding Sources										
Fund Balance	4000005	79,837	109,748		84,748	84,748	84,748	59,748	59,748	59,748
Special Revenue	4000030	43,401	35,000		35,000	35,000	35,000	35,000	35,000	35,000
Total Funding		123,238	144,748		119,748	119,748	119,748	94,748	94,748	94,748
Excess Appropriation/(Funding)		(109,748)	(84,748)		(59,748)	(59,748)	(59,748)	(34,748)	(34,748)	(34,748)
Grand Total		13,490	60,000		60,000	60,000	60,000	60,000	60,000	60,000

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; and educating the public concerning healthy behavior and providing accessible personal health services.

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, Athletic Commission, and Massage Therapy; Milk Inspection and Marine Sanitation Fees; and Nuclear Planning and Response Funds. Third Party Reimbursement funding includes Medicaid and Insurance funding. Other Funding, as indicated as Various Program Support, includes fees related to Vital Records, Immunization, Rabies, Swimming Pools, etc.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

The Agency has a total of two thousand nine hundred ninety-three (2,993) positions authorized in FY17 and is requesting to reduce the authorized amount by five hundred six (506) positions for the biennium due to the transition of the In-Home Services Program to a private provider.

The Base Level request is \$245,006,837 in FY18 and \$245,082,572 in FY19 with two thousand two hundred twenty-one (2,221) positions. Base Level also reflects a reduction of two hundred sixty (260) positions from the FY17 budget amount of two thousand four hundred eighty-one (2,481). The Agency is requesting to eliminate these positions due to the transition of the In Home Services Program.

The Agency's Change Level request for appropriation is \$38,288,644 in FY18 and \$38,290,246 in FY19, and consists of the following:

- Regular Salaries and Personal Services Matching totaling \$12,395,019 in FY18 and \$12,396,621 in FY19 that consist of: restoration of two hundred fifty-nine (259) various positions that were not budgeted in FY17, and seven (7) positions established through the Miscellaneous Federal Grant process.
- Extra Help and associated Personal Services Matching totaling \$1,143,269 each year for staffing needs during flu clinics and various staff shortages,
- Operating Expenses totaling \$9,182,536 each year for increased needs for vaccine and medication purchases,
- Conference and Travel totaling \$130,920 each year to restore unfunded appropriation and allow flexibility to utilize additional federal funding,
- Professional Fees totaling \$6,437,227 each year to restore unfunded appropriation and allow flexibility to utilize additional federal funding,
- Grants and Aid totaling \$4,334,117 each year to restore appropriation to support operations,
- Capital Outlay totaling \$2,489,837 each year of the biennium for the normal replacement of necessary equipment for the local health units, and other necessary needs of operation for the Public Health Lab and other branch operations of the Agency, and
- Breast Care Program totaling \$2,175,719 each year to restore appropriation to support operations.

The Executive Recommendation provides for the Agency Request. Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation reflects position reductions based on the personnel evaluation.

Appropriation Summary

Appropriation: 34P - Health Operations Paying

Funding Sources: PHD - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	103,540,514	95,661,409	123,148,038	92,524,167	101,496,149	98,588,346	92,580,067	101,553,349	98,645,446
#Positions		2,728	2,481	2,993	2,221	2,487	2,398	2,221	2,487	2,398
Extra Help	5010001	957,001	1,030,209	1,586,737	1,030,209	2,086,737	2,086,737	1,030,209	2,086,737	2,086,737
#Extra Help		113	231	231	231	231	231	231	231	231
Personal Services Matching	5010003	37,356,717	34,073,281	43,444,934	32,516,489	36,026,267	34,902,806	32,535,090	36,045,170	34,921,685
Overtime	5010006	39,268	111,500	120,559	111,500	111,500	111,500	111,500	111,500	111,500
Operating Expenses	5020002	65,321,107	73,337,597	72,034,526	72,034,526	81,217,062	81,217,062	72,034,526	81,217,062	81,217,062
Conference & Travel Expenses	5050009	417,929	1,112,645	1,243,565	1,112,645	1,243,565	1,243,565	1,112,645	1,243,565	1,243,565
Professional Fees	5060010	28,563,912	23,626,684	39,456,027	23,626,684	30,063,911	30,063,911	23,626,684	30,063,911	30,063,911
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	10,346,608	13,213,894	23,083,198	13,213,894	17,548,011	17,548,011	13,213,894	17,548,011	17,548,011
Refunds/Reimbursements	5110014	2,777	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613
Claims	5110015	27,500	0	0	0	0	0	0	0	0
Capital Outlay	5120011	1,388,663	1,033,710	1,750,000	0	2,489,837	2,489,837	0	2,489,837	2,489,837
Breast Care Program	5900048	5,872,471	8,833,196	11,000,829	8,825,110	11,000,829	11,000,829	8,826,344	11,002,063	11,002,063
Total		253,834,467	252,045,738	316,880,026	245,006,837	283,295,481	279,264,217	245,082,572	283,372,818	279,341,430

Funding Sources										
General Revenue	4000010	59,662,794	59,662,794		59,662,794	59,662,794	59,662,794	59,662,794	59,662,794	59,662,794
Federal Revenue	4000020	78,063,253	105,112,117		110,112,117	110,112,117	110,112,117	110,112,117	110,112,117	110,112,117
Special Revenue	4000030	3,195,058	3,272,907		3,272,907	3,272,907	3,272,907	3,272,907	3,272,907	3,272,907
Special Revenue Restricted	4000031	16,774,052	17,182,760		17,182,760	17,182,760	17,182,760	17,182,760	17,182,760	17,182,760
Third Party Reimbursement	4000490	77,110,308	38,337,523		23,414,601	23,414,601	23,414,601	23,414,601	23,414,601	23,414,601
Transfer to Medicaid Match	4000660	(555,202)	(689,757)		(689,757)	(689,757)	(689,757)	(689,757)	(689,757)	(689,757)
Various Program Support	4000730	19,584,204	29,167,394		30,071,937	30,071,937	30,071,937	30,071,937	30,071,937	30,071,937
Total Funding		253,834,467	252,045,738		243,027,359	243,027,359	243,027,359	243,027,359	243,027,359	243,027,359
Excess Appropriation/(Funding)		0	0		1,979,478	40,268,122	36,236,858	2,055,213	40,345,459	36,314,071
Grand Total		253,834,467	252,045,738		245,006,837	283,295,481	279,264,217	245,082,572	283,372,818	279,341,430

The total number of positions in Base Level each year of the 2017-2019 Biennium reflect a reduction of 260 positions from the FY17 Budget amount of 2,481 to 2,221 due to the transition of the In Home Services program.

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

Change Level by Appropriation

Appropriation: 34P - Health Operations Paying
Funding Sources: PHD - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	245,006,837	2,221	245,006,837	100.0	245,082,572	2,221	245,082,572	100.0
C01	Existing Program	31,275,814	259	276,282,651	112.8	31,277,416	259	276,359,988	112.8
C05	Unfunded Appropriation	6,568,147	0	282,850,798	115.4	6,568,147	0	282,928,135	115.4
C06	Restore Position/Approp	444,683	7	283,295,481	115.6	444,683	7	283,372,818	115.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	245,006,837	2,221	245,006,837	100.0	245,082,572	2,221	245,082,572	100.0
C01	Existing Program	28,368,011	170	273,374,848	111.6	28,369,513	170	273,452,085	111.6
C05	Unfunded Appropriation	6,568,147	0	279,942,995	114.3	6,568,147	0	280,020,232	114.3
C06	Restore Position/Approp	444,683	7	280,387,678	114.4	444,683	7	280,464,915	114.4
C13	Not Recommended	(1,123,461)	0	279,264,217	114.0	(1,123,485)	0	279,341,430	114.0

Justification

C01	This request restores 259 currently authorized positions. The increase in Extra Help appropriation is needed for staffing needs during flu clinics and various staff shortages. The increase in Operating Expenses is to restore FY17 MFG amounts. The agency has increased needs for vaccine and medication purchases. The capital outlay request is for the normal replacement of equipment for the local health units, and other needs for the operation of the Public Health Lab and other branch operations of the Agency. Restoration of appropriation in the Grants & Aid commitment item is requested to support operations of the agency.
C05	This request is to restore appropriation in Conference & Travel and Professional Fees allowing flexibility to utilize additional federal and other funding opportunities.
C06	This request is to restore 7 positions and appropriation authorized through the MFG process in FY17.

**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: AR Department of Health

Program: Health Operations Paying

Act #: 930 of 2015

Section(s) #: 5 & 13

Estimated Carry Forward Amount \$ 350,000.00 Funding Source: Third Party Reimbursement

Accounting Information:

Business Area: 0645

Funds Center: 34P

Fund: BAA

Functional Area: HHS

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

Justification for carry forward of fund balance:

The funds will be used to support the operations for In-Home Services Program.

Actual Funding Carry Forward Amount \$ 88.00

Current status of carry forward funding:

The In-Home Services Program is being transitioned over to a private sector provider. The funds will be used to cover any remaining expenses.

Dr. Nathaniel Smith

Director

08-12-2016

Date

Analysis of Budget Request

Appropriation: 38D - Nuclear Planning Grants

Funding Sources: SNP - Arkansas Nuclear Planning and Response Fund

The grants for Nuclear Planning appropriation provides grants to the Arkansas Department of Emergency Management for local governments located in close proximity to nuclear-powered electricity generating facilities in the State. These grants are used to maintain nuclear disaster response procedures and precautions as a part of the Division of Health's Nuclear Planning and Response Program, A.C.A. 20-21-401 et seq., which provides for the following:

- Continuous radiation surveillance
- Training and education of residents in the affected areas
- Protective measures/procedures/plans and such other actions to be taken in the event of a radiation incident or accident

Funding for this appropriation consists of Special Revenue (A.C.A. 19-6-435 SNP - Arkansas Nuclear Planning and Response Fund), including assessments against utilities operating nuclear generating facilities within the State.

The Agency is requesting Base Level of \$325,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 38D - Nuclear Planning Grants

Funding Sources: SNP - Arkansas Nuclear Planning and Response Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	325,000	325,000	375,000	325,000	325,000	325,000	325,000	325,000	325,000
Total		325,000	325,000	375,000	325,000	325,000	325,000	325,000	325,000	325,000
Funding Sources										
Special Revenue	4000030	325,000	325,000		325,000	325,000	325,000	325,000	325,000	325,000
Total Funding		325,000	325,000		325,000	325,000	325,000	325,000	325,000	325,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		325,000	325,000		325,000	325,000	325,000	325,000	325,000	325,000

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.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level request is \$19,160,986 in FY18 and \$19,162,897 in FY19 with eighteen (18) positions.

The Agency's Change Level Request is \$6,738,464 in unfunded appropriation each year in the Trauma System Expenses line item to restore appropriation close to the FY17 authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59T - Trauma System

Funding Sources: BAA - Public Health Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	703,680	946,333	971,396	883,030	883,030	883,030	884,230	884,230	884,230
#Positions		18	18	18	18	18	18	18	18	18
Extra Help	5010001	1,115	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
#Extra Help		1	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	250,350	308,295	318,541	298,584	298,584	298,584	299,295	299,295	299,295
Operating Expenses	5020002	45,166	355,545	355,545	355,545	355,545	355,545	355,545	355,545	355,545
Conference & Travel Expenses	5050009	20,799	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Trauma System Expenses	5900046	15,447,028	17,498,827	26,823,032	17,498,827	24,237,291	24,237,291	17,498,827	24,237,291	24,237,291
Total		16,468,138	19,234,000	28,593,514	19,160,986	25,899,450	25,899,450	19,162,897	25,901,361	25,901,361

Funding Sources										
Fund Balance	4000005	4,079,269	6,704,541		6,704,541	6,704,541	6,704,541	6,777,555	39,091	39,091
General Revenue	4000010	19,234,000	19,234,000		19,234,000	19,234,000	19,234,000	19,234,000	19,234,000	19,234,000
Transfers / Adjustments	4000683	(140,590)	0		0	0	0	0	0	0
Total Funding		23,172,679	25,938,541		25,938,541	25,938,541	25,938,541	26,011,555	19,273,091	19,273,091
Excess Appropriation/(Funding)		(6,704,541)	(6,704,541)		(6,777,555)	(39,091)	(39,091)	(6,848,658)	6,628,270	6,628,270
Grand Total		16,468,138	19,234,000		19,160,986	25,899,450	25,899,450	19,162,897	25,901,361	25,901,361

Fund transfers consist of Workers Comp transfer per A.C.A. 11-9-307 and transfers of General Revenue between appropriate funds per A.C.A. 19-5-106.

Change Level by Appropriation

Appropriation: 59T - Trauma System
Funding Sources: BAA - Public Health Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	19,160,986	18	19,160,986	100.0	19,162,897	18	19,162,897	100.0
C01	Existing Program	6,738,464	0	25,899,450	135.2	6,738,464	0	25,901,361	135.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	19,160,986	18	19,160,986	100.0	19,162,897	18	19,162,897	100.0
C01	Existing Program	6,738,464	0	25,899,450	135.2	6,738,464	0	25,901,361	135.2

Justification

C01	This request is restore appropriation to current funding levels for the Trauma System Expenses								
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: AR Department of Health

Program: Trauma System

Act #: 930 of 2015 Section(s) #: 6, 22

Estimated Carry Forward Amount \$ 4,508,394.00 Funding Source: General Revenue/Tobacco Tax

Accounting Information:

Business Area: 0645 Funds Center: 59T Fund: BAA Functional Area: HHS

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

Justification for carry forward of fund balance:

These funds will be used to support expenses according to the authorization established in the act.

Actual Funding Carry Forward Amount \$ 6,704,541.00

Current status of carry forward funding:

The funds will be used to support the operations of the Trauma System program for FY17.

Dr. Nathaniel Smith

Director

08-12-2016

Date

Analysis of Budget Request

Appropriation: 604 - Tobacco Prevention & Cessation Programs

Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

The Tobacco Prevention and Cessation program, created by Initiated Act 1 of 2000 (A.C.A. 19-12-101 et seq.), develops, integrates, and monitors tobacco prevention and cessation programs and provides administrative oversight and management of those programs. Program components approved by the Board of Health include community prevention youth programs, school education and prevention programs, enforcement of tobacco control laws, tobacco cessation programs, tobacco related disease prevention programs, public awareness and health promotion campaign, as well as grants and contracts for monitoring and evaluation. This appropriation is funded from Tobacco Settlement proceeds (TSD - Prevention and Cessation Program Account).

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level request is \$14,340,549 in FY18 and \$14,341,229 in FY19 with thirty-four (34) positions.

The Agency's Change Level request is \$2,862,345 each year of the biennium and consists of the following:

- Regular Salaries and Personal Services Matching increase of \$602,762 for restoration of thirteen (13) positions that were not budgeted in FY17,
- Operating Expenses increase of \$140,000 each year to restore appropriation to the FY17 authorized level,
- Tobacco Prevention & Cessation Expenses increase of \$2,002,163 each year to restore appropriation close to the FY17 authorized level, and
- Nutrition and Physical Activity Expenses increase of \$117,420 each year to restore appropriation close to the FY17 authorized level.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 604 - Tobacco Prevention & Cessation Programs

Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,387,874	1,495,218	1,931,705	1,495,834	1,931,872	1,495,834	1,495,934	1,931,972	1,495,934
#Positions		32	34	47	34	47	34	34	47	34
Extra Help	5010001	14,980	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
#Extra Help		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	460,318	476,851	649,508	484,717	651,441	484,717	485,174	651,898	485,174
Operating Expenses	5020002	87,229	185,000	325,000	185,000	325,000	185,000	185,000	325,000	185,000
Conference & Travel Expenses	5050009	17,624	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	1,405,952	2,278,900	2,279,633	2,278,900	2,278,900	2,278,900	2,278,900	2,278,900	2,278,900
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Tobacco Prevention & Cessation	5900046	6,695,106	9,221,071	11,405,398	9,221,071	11,223,234	9,221,071	9,221,071	11,223,234	9,221,071
Exp. Nutrition & Physical Activity	5900047	621,220	598,552	717,447	600,027	717,447	600,027	600,150	717,570	600,150
Total		10,690,303	14,330,592	17,383,691	14,340,549	17,202,894	14,340,549	14,341,229	17,203,574	14,341,229
Funding Sources										
Fund Balance	4000005	5,540,519	4,858,044		701,540	701,540	701,540	0	0	0
Tobacco Settlement	4000495	12,149,381	11,742,088		11,742,088	11,742,088	11,742,088	11,742,088	11,742,088	11,742,088
Transfers / Adjustments	4000683	(2,141,553)	(1,568,000)		(1,568,000)	(1,568,000)	(1,568,000)	(1,568,000)	(1,568,000)	(1,568,000)
Total Funding		15,548,347	15,032,132		10,875,628	10,875,628	10,875,628	10,174,088	10,174,088	10,174,088
Excess Appropriation/(Funding)		(4,858,044)	(701,540)		3,464,921	6,327,266	3,464,921	4,167,141	7,029,486	4,167,141
Grand Total		10,690,303	14,330,592		14,340,549	17,202,894	14,340,549	14,341,229	17,203,574	14,341,229

Transfers include \$500,000 to the Breast Cancer Control Fund per Act 265 of 2015 and Act 127 of 2016 and various other transfers as allowed by A.C.A. 19-5-106.

Change Level by Appropriation

Appropriation: 604 - Tobacco Prevention & Cessation Programs
Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	14,340,549	34	14,340,549	100.0	14,341,229	34	14,341,229	100.0
C01	Existing Program	2,862,345	13	17,202,894	120.0	2,862,345	13	17,203,574	120.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	14,340,549	34	14,340,549	100.0	14,341,229	34	14,341,229	100.0
C01	Existing Program	166,724	0	14,507,273	101.2	166,724	0	14,507,953	101.2
C13	Not Recommended	(166,724)	0	14,340,549	100.0	(166,724)	0	14,341,229	100.0

Justification

C01	This request is restore appropriation to funding level and to restore 13 previously authorized positions.
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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 is requesting Base Level Request of \$1,950,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 803 - Health Building & Local Health Grant Trust

Funding Sources: THL - Health Bldg and Local Grant Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	238,612	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Total		238,612	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Funding Sources										
Fund Balance	4000005	1,109,872	1,460,098		110,098	110,098	110,098	0	0	0
Special Revenue	4000030	125,746	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Intra-agency Fund Transfer	4000317	463,092	0		0	0	0	0	0	0
Total Funding		1,698,710	2,060,098		710,098	710,098	710,098	600,000	600,000	600,000
Excess Appropriation/(Funding)		(1,460,098)	(110,098)		1,239,902	1,239,902	1,239,902	1,350,000	1,350,000	1,350,000
Grand Total		238,612	1,950,000		1,950,000	1,950,000	1,950,000	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's Base Level Request is \$72,621,171 each year of the 2017-2019 Biennium.

The Agency's Change Level Request is \$3,191,888 each year to increase the WIC Food Instruments appropriation up to the anticipated funding level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: B72 - WIC Food Instruments - Cash

Funding Sources: 163 - Cash Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
WIC Food Instruments	5900040	60,014,513	72,621,171	75,813,059	72,621,171	75,813,059	75,813,059	72,621,171	75,813,059	75,813,059
Total		60,014,513	72,621,171	75,813,059	72,621,171	75,813,059	75,813,059	72,621,171	75,813,059	75,813,059
Funding Sources										
Fund Balance	4000005	1,277,723	1,577,043		1,577,043	1,577,043	1,577,043	1,577,043	0	0
Federal Revenue	4000020	35,563,262	46,122,620		46,122,620	46,122,620	46,122,620	46,122,620	46,122,620	46,122,620
Manufacturer Rebate	4000341	24,750,571	26,498,551		26,498,551	26,498,551	26,498,551	26,498,551	26,498,551	26,498,551
Total Funding		61,591,556	74,198,214		74,198,214	74,198,214	74,198,214	74,198,214	72,621,171	72,621,171
Excess Appropriation/(Funding)		(1,577,043)	(1,577,043)		(1,577,043)	1,614,845	1,614,845	(1,577,043)	3,191,888	3,191,888
Grand Total		60,014,513	72,621,171		72,621,171	75,813,059	75,813,059	72,621,171	75,813,059	75,813,059

Change Level by Appropriation

Appropriation: B72 - WIC Food Instruments - Cash
Funding Sources: 163 - Cash Funds

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	72,621,171	0	72,621,171	100.0	72,621,171	0	72,621,171	100.0
C01	Existing Program	3,191,888	0	75,813,059	104.4	3,191,888	0	75,813,059	104.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	72,621,171	0	72,621,171	100.0	72,621,171	0	72,621,171	100.0
C01	Existing Program	3,191,888	0	75,813,059	104.4	3,191,888	0	75,813,059	104.4

Justification

C01	This request is to restore appropriation to the anticipated funding level
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Analysis of Budget Request

Appropriation: N62 - Interpreters for Deaf and Hearing Impair

Funding Sources: SDI- Interpreters for Deaf and Hearing Impaired 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 Agency's Base Level Request is \$7,800 each year of the 2017-2019 Biennium.

The Agency's Change Level Request is \$17,200 each year to restore the appropriation up to the FY17 authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: N62 - Interpreters for Deaf and Hearing Impair
Funding Sources: SDI- Interpreters for Deaf and Hearing Impaired Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Interpreter for Deaf/Hearing Imp 5900046	1,304	7,800	25,000	7,800	25,000	25,000	7,800	25,000	25,000
Total	1,304	7,800	25,000	7,800	25,000	25,000	7,800	25,000	25,000
Funding Sources									
Fund Balance 4000005	32,461	46,763		46,763	46,763	46,763	46,763	29,563	29,563
Special Revenue 4000030	15,606	7,800		7,800	7,800	7,800	7,800	7,800	7,800
Total Funding	48,067	54,563		54,563	54,563	54,563	54,563	37,363	37,363
Excess Appropriation/(Funding)	(46,763)	(46,763)		(46,763)	(29,563)	(29,563)	(46,763)	(12,363)	(12,363)
Grand Total	1,304	7,800		7,800	25,000	25,000	7,800	25,000	25,000

Change Level by Appropriation

Appropriation: N62 - Interpreters for Deaf and Hearing Impair
Funding Sources: SDI- Interpreters for Deaf and Hearing Impaired Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,800	0	7,800	100.0	7,800	0	7,800	100.0
C01	Existing Program	17,200	0	25,000	320.5	17,200	0	25,000	320.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,800	0	7,800	100.0	7,800	0	7,800	100.0
C01	Existing Program	17,200	0	25,000	320.5	17,200	0	25,000	320.5

Justification

C01	This request is restore appropriation the authorized amount supported by the existing funding level
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DEPARTMENT OF HIGHER EDUCATION

Enabling Laws

Act 236 of 2016

Higher Education financial aid programs as authorized by A.C.A., Title 6, et. al.

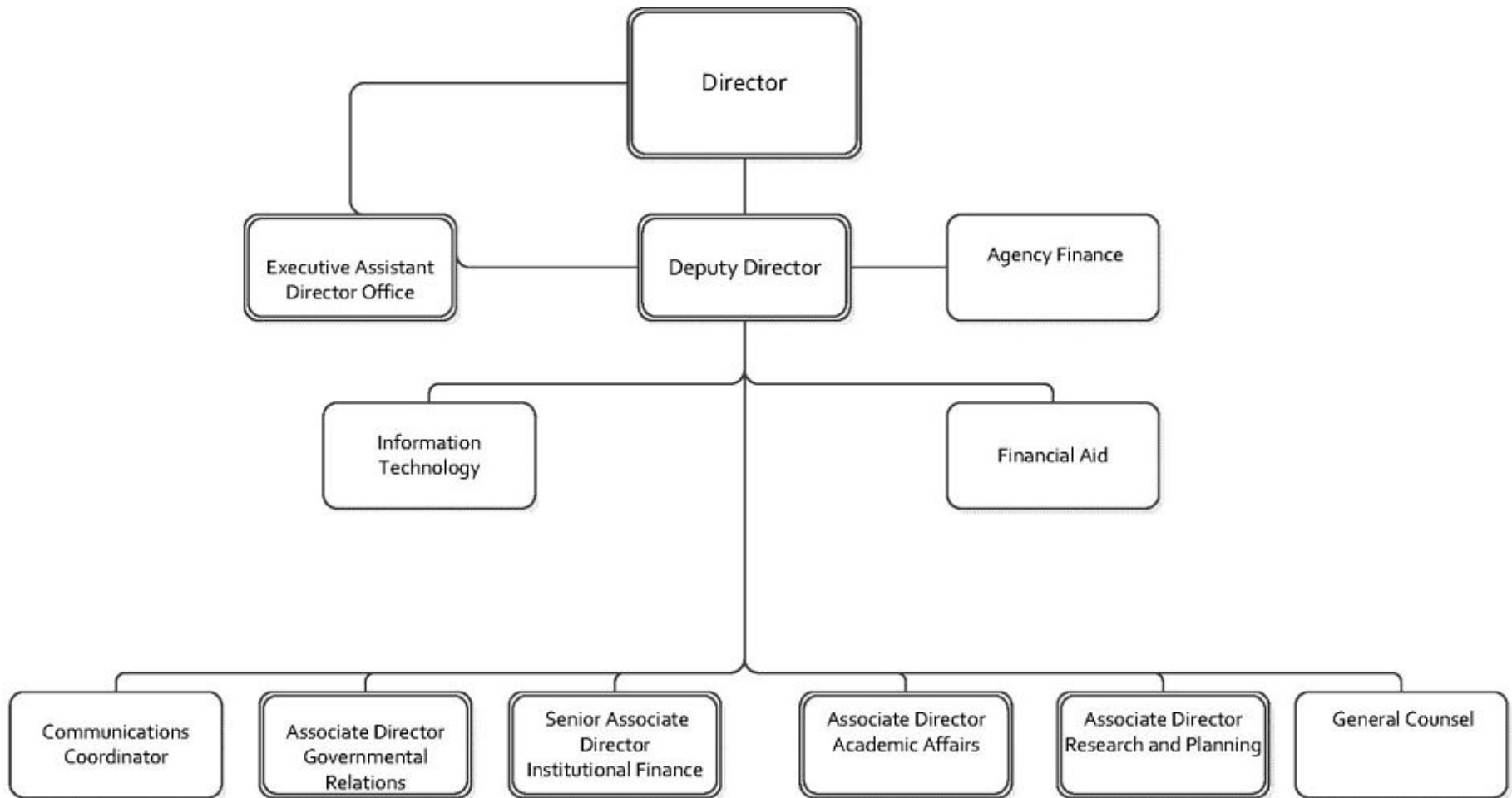
Higher Education financial aid program fund balances as authorized by A.C.A., Title 19, et. al.

History and Organization

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The Arkansas Higher Education Coordinating Board (AHECB) was created by Act 1114 of 1997 which abolished the State Board of Higher Education and transferred its powers, duties and functions to the AHECB which now oversees the Department of Higher Education. The scope of the responsibilities of the ADHE has broadened over the years to include determining the role and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies-- the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid to over 35,000 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student at public or private colleges and universities and all faculty members at the public colleges and universities. ADHE also maintains data on all recipients of financial aid programs managed by ADHE, whether attendance is at a public or private institution.

The mission of the Arkansas Department of Higher Education is to advocate for higher education; to promote a coordinated system of higher education in the State; and to provide for the orderly and effective development of each of the publicly and locally supported institutions of higher education in the state - all geared toward improving the delivery of higher education services to the citizens of Arkansas.



Agency Commentary

Arkansas Department of Higher Education 2017-2019 Biennium Commentary

The following define the priorities of the Arkansas Department of Higher Education (ADHE) for the 2017-2019 Biennium. Each is designed to more effectively and efficiently meet the goals and missions of effective coordination of Arkansas higher education.

I. Agency Operations/Provision of Basic Services to Governor, Legislature, and Higher Education Institutions

A. Personal Services Costs for Additional Requested Personnel

The Arkansas Department of Higher Education (ADHE) is reorganizing and reallocating resources to more effectively and efficiently meet our goals and missions. This process has allowed ADHE to eliminate three positions reducing part of our general revenue base level by \$164,260. **Base Level Decrease.**

B. Extra Help

These positions are used to help assist the Financial Aid Staff during peak volumes times each semester to insure that the awards can go out in a timely manner. Extra Help is requested because it is more cost effective to utilize these positions on an as needed basis versus employment of full time employees. **Base Level Request.**

C. Operating Expenses

The Arkansas Department of Higher Education (ADHE) is reorganizing and reallocating resources to more effectively and efficiently meet our goals and missions. This process has allowed ADHE to maintain base level operating expenses. **Base Level**

D. Conference Fees & Travel

AHDE uses this travel related categories such as to provide professional development for staff in order to insure the ability to provide continuing professional services in changing environments. **Base Level Request.**

E. Professional Fees

The Arkansas Department of Higher Education (ADHE) is reorganizing and reallocating resources to more effectively and efficiently meet our goals and missions. This process has allowed ADHE to reduce the cost for Information Technology services by \$60,000. **Base Level Decrease**

F. Capital Outlay

The Department is requesting to restore \$35,000 of the \$50,000 for Capital Outlay for each year of the biennium. Information has become a key commodity used by ADHE to serve the needs of its constituencies. ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions. Additional hardware has been acquired to host web sites and student servers to comply with new State laws and programs. The Department now operates six student servers for such programs as well as the Academic Challenge, Governor's Scholar, and Credit Transfer Programs. The Department's Technology plan calls for the replacement of one server, network storage and one network printer each year.

Base Level Increase Request Appropriation Only.

II. Financial Aid Programs to Students

ADHE Financial Aid Programs are funded through the Higher Education Grants Fund (HEG) which receives funding from General Revenue and the Education Excellence Fund. ADHE is asking for base level only, however transfers were needed to make maximum utilization of funds and appropriations provided for financial aid programs, and to more adequately align the appropriation with the number of eligible students.

Base Level Request

III. Arkansas Health Education Grant (ARHEG)

The Arkansas Health Education Grant (ARHEG) Program was created to assist Arkansas residents who must attend certain professional schools not provided by the State of Arkansas in the areas of dentistry, optometry, podiatry, osteopathy, and veterinary. Arkansas contracts through the Southern Regional Education Board (SREB) to ensure that Arkansas residents can secure seats in participating institutions in the SREB Compact Program. The fee for each seat is established by SREB and the ARHEG grant or loan amount is typically an amount sufficient to help offset the difference in the resident and non-resident tuition amounts at participating institutions. The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. Due to the continued increase in slot fees, ADHE has requested additional appropriation with the exception of Chiropractic Aid. Chiropractic Aid is requested as Base Level Funding. **Base Level/Base Level Increase, Appropriation Only**

IV. Research Development Fund

This Arkansas Research Development Program is for research grants to applicable institutions of higher education. Funding for this program is transferred from the Higher Education Building Maintenance Fund from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal lands in Arkansas. The Department is requesting an increase of the currently budgeted amount. **Base Level Increase Appropriation Only**

V. State Scholarship - Federal

This program was for Arkansas' participation in the federally funded "Leveraging Educational Assistance Partnership (LEAP)" Program. The funding for the program has been discontinued. **Base Level Decrease, Federal Funding.**

VI. Technical Education - Federal Programs (Perkins)

The Carl D. Perkins Vocational and Technical Education Act require each state to "establish a state performance accountability system to assess the effectiveness of vocational and technical education." This request includes support for multiple model project/pilot projects to be implemented to meet state leadership requirements. The purpose of the model projects is to encourage the implementation of new and innovative programs for career and technical education. Perkins will request proposals from postsecondary institutions receiving Perkins funding so specific projects to be funded are unknown at this time. **Reallocation.**

VII. Career Pathways Program

The Career Pathways Program operates under the State's Temporary Assistance to Needy Families (TANF) Block Grant. Under these guidelines, all recipients of TANF funds as approved by the Arkansas Transitional Employment Board (TEB) are eligible to receive "educational activities designed to increase self-sufficiency & job training skills". The Department works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients attending two-year institutions.

Due to a reduction in funding the agency request that the operations line item be reduce by \$1,593.

Reallocation/Base Level Decrease, Federal Funding.

VIII. The College Access Challenge Grant Program (CACGP)

The College Access Challenge Grant Program. (CACGP) is a Federal Program funded by the U. S. Department of Education. The project is designed to foster partnerships among government entities and philanthropic organizations to increase the number of underrepresented students who enter and remain in postsecondary education. The purpose of this project is to encourage students and families to learn about, prepare for, and finance a postsecondary education. The project includes a statewide outreach effort that will provide tools that can be used on a long-range basis to help tell the story of the importance of higher education. A training program will also be developed for high school guidance counselors who are located in the poorest counties of Arkansas as a means to assist them in reaching out to children from economically disadvantaged families. **Base Level Decrease, Federal Funding,**

IX.. Scholarship Administration

Pursuant to Act 1195 of 2011, the Arkansas Department of Higher Education (ADHE) was directed to develop and maintain the Arkansas Higher Education Information System. ADHE is reducing the number of positions from eight to six for a savings of \$115,431. ADHE is also reducing Professional Fees and Services by \$100,000 and extra help by \$20,000. The new data integration and identity resolution tools will require additional database tools and hardware. ADHE request to restore capital outlay of \$35,000 to fund the tools needed to comply with Act 1195 of 2011.

Base Level Decrease. Appropriation Only

X. Complete College America.

The Arkansas Department of Higher Education (ADHE) requests change levels for appropriation of \$25,000 due to the termination of the grant. This change will allow ADHE to finish reporting using the fund balance.

Base Level Decrease, Foundation Funding

XI. Cash Operations

ADHE receives grants from private foundations. Current and past grants are The "Achieving the Dream: Community Colleges Count" national initiative is designed to help more community college students succeed. The Western Interstate Commission for Higher Education (WICHE) Non-traditional No More: Policy Solutions for Adult Learners grant will be used to stimulate and guide policy and practice changes that will create a more navigable path to degree attainment for adults, Lumina Foundation for Education, Inc. used to conduct planning and implementation for a College Goal Sunday event in Arkansas. And Complete College America. We are anticipating continuation of these programs as well new programs that have been applied for during the past year. **Base Level Decrease, Appropriation Only**

XII. Workforce Initiative Act of 2015

For workforce education grants, administrative, and operating expenses of the Department of Higher Education.

Restoration

XIII. Outcome-Centered Funding

For distribution of Outcome-Centered Funding Awards to Institutions of Higher Education by the Department of Higher Education for the fiscal year.

Base Level Request

XIII. Improving Teacher Quality

The Arkansas Department of Higher Education's (ADHE) Improving Teacher Quality appropriation represents the State's 'No Child Left Behind' program. The goals of this appropriation stress the importance of preparing, training and recruiting high quality teachers and principals through competitive grants to institutions of higher education. Major emphasis is placed upon teacher quality as being a factor in improving student achievement. This program is federally funded through the U.S. Department of Education. The program will be discontinued after FY18.

Reallocation/Base Level Decrease

XV. Explanations for Revisions to Special Language

A. SECTION 31. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS 22 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. TRANSFER PROVISION.

To be consistent with Section 32 Transfer Provisions of the Higher Education Grants Fund and to make transfer more efficient and timely.

B. SECTION 32. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. TRANSFER OF HIGHER EDUCATION GRANTS FUND APPROPRIATIONS - HEALTH EDUCATION GRANTS

The Osteopathy Program will be discontinued.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HIGHER EDUCATION
FOR THE YEAR ENDED JUNE 30, 2015

Findings

The Arkansas Department of Higher Education failed to segregate duties relating to initiating, disbursing, and recording transactions among appropriate employees, increasing the risk of fraud. During fiscal years 2009 through 2014, employee DaWanna Walls diverted \$67,893 from the Agency to her personal bank account. Walls devised a scheme where she submitted invoices for a fictitious vendor and flagged those warrants for pick up from the Auditor of State's Office. The fictitious company was in the name of Walls' spouse, allowing for deposit of the warrants into Walls' bank account.

Further review revealed that Walls, who was first employed with the State on April 7, 1997, perpetrated a similar scheme at a state agency where she was previously employed. Between fiscal years 2002 and 2006, Walls misappropriated \$164,402 at the Arkansas Department of Community Correction. The total misappropriated by Walls from the two agencies, during fiscal years 2002 through 2014, was \$232,295.

Subsequent to an Arkansas State Police investigation, Walls was charged with two felony counts of theft of property.

Recommendations

We recommend the financial accounting duties related to initiating, disbursing, and recording transactions within the Agency be segregated to the fullest extent possible.

Agency Response:

The Arkansas Department of Higher Education (ADHE) agrees with the finding of the audit. ADHE being a small agency, there were normally two employees handling accounting, human resources, and procurement. During this time, there was considerable turnover of the Agency finance positions, so at times, the duties had to be shared among staff.

In and around March of 2014, ADHE was able to reorganize the finance department with two staff members with accounting degrees. It was at this time that many new procedures were put into place to further segregate duties.

Issuing a paper warrant for Agency pickup up has been discouraged and only approved in those cases prior to request. Documentation is required in advance of either receipt of goods or invoice stating purpose of payment. The employee who picks up the warrant prints out warrant detail, and the person requesting the warrant signs off on receipt.

Prior to purchasing or requesting payment, an Internal Purchasing Requisition must be submitted by a Senior Associate Director and reviewed and approved by the Senior Associate Director of Finance and Administration.

While ADHE staff is still limited to have full separation of duties in procurement, we have utilized staff in other areas to add another level of segregation. Once goods are received, staff from another area is assigned to verify the shipping package against the order. Only after this verification is the payment processed by accounting.

Lastly, one-time vendors are only used in those cases where a vendor is blocked or in financial aid where payment goes directly to student in the TOP program. Accounting must have the Senior Associate Director of Finance and Administration review the need and documentation for a new vendor before submitting to state procurement.

Monthly transactions are reviewed for new vendors, frequency of vendor payments, and

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS DEPARTMENT OF HIGHER EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

anything above a 20 percent increase in vendor amount.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
A-Book Operating & Capital	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for each institution.	0	0.00
Agenda Books	A.C.A. 6-61-202	N	N	80	Provides notice of higher education issues to be addressed by AHECB.	0	0.00
AR Academic Cost Accounting	A.C.A. 6-61-222	N	Y	200	Reflects cost of each academic program provided to Board and ALC - Interim Committees.	0	0.00
AR Challenge Scholarships	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and, upon request, to students for informational purposes.	0	0.00
Athletic Costs & Revenues	A.C.A. 6-62-106	N	Y	100	Presented to AHECB and Joint Audit Committee annually.	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
B-Book - Personal Services	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for institutional personal services & positions.	0	0.00
Degrees Awarded	A.C.A. 6-61-206	N	N	200	Available on web site - distributed for informational purposes upon request to higher educ community & others.	0	0.00
Fact Book	A.C.A. 6-61-202	Y	Y	250	Historical reference - information also provided to institutions.	0	0.00
Financial Aid Guide	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and students and counselors and guidance officers.	0	0.00
Financial Prgms. Handbook	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.	0	0.00
Governor's Scholars	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.	0	0.00
Health Education Grants	Acts 1180 of 99 & 1612 of 01	N	Y	25	Provides student information for those receiving grants & their return rates.	0	0.00
Impact of Scholarship Prgms.	A.C.A. 6-82-104	N	Y	1	Assesses the impact of scholarship programs and reported to Council annually.	0	0.00
Legislative Summary	A.C.A. 6-61-202	Y	Y	50	Provides information on legislation affecting higher education	0	0.00
Minimum Core Curriculum	A.C.A. 6-53-205 & 6-61-218	N	N	256	For informational purposes, copies are distributed to each public institution of higher education.	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Retention & Graduation	A.C.A. 6-61-220	N	N	0	Appears annually in AHECB agenda book published & distributed quarterly to Board, Governor, Institutions	0	0.00
Student Enrollments	A.C.A. 6-61-206	N	N	5	Available on web site - distributed for informational purposes to higher educ community & others.	0	0.00
Student Semester Credit & FTE	A.C.A. 6-61-206	N	N	5	On Web site - Distributed upon request for informational purposes to Higher Education community & others.	0	0.00
Type Amount Compensation for Monetary Losses of Students called into Military Service	A.C.A. 6-61-112	N	Y	100	Mandated for House Interim Committee on Aging, Children and Youth, Legislative and Military Affairs and Senate Interim Committee on Children and Youth beginning October 1, 2006	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
135 Dental Aid Grant & Loans	3,187,775	0	3,121,270	0	3,121,270	0	3,121,270	0	3,987,370	0	3,121,270	0	3,121,270	0	4,087,370	0	3,121,270	0
137 Optometry Aid Grants & Loans	502,500	0	550,000	0	550,000	0	550,000	0	665,000	0	550,000	0	550,000	0	675,000	0	550,000	0
138 Veterinary Aid	1,258,148	0	1,350,000	0	1,350,000	0	1,350,000	0	1,850,000	0	1,350,000	0	1,350,000	0	1,950,000	0	1,350,000	0
140 Chiropractic Aid	98,749	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0
153 General Operations	3,466,896	30	4,312,095	38	4,312,095	38	4,134,042	36	3,944,782	33	3,814,466	31	4,136,625	36	3,947,365	33	3,817,049	31
156 Research Development Program Grants	507,812	0	500,000	0	5,000,000	0	500,000	0	1,000,000	0	1,000,000	0	500,000	0	1,000,000	0	1,000,000	0
160 State Scholarship-Federal	0	0	750,000	0	750,000	0	750,000	0	0	0	0	0	750,000	0	0	0	0	0
197 Student Asst Grants/Scholarships	49,369,809	0	57,050,000	0	57,050,000	0	57,050,000	0	57,050,000	0	57,050,000	0	57,050,000	0	57,050,000	0	57,050,000	0
1GF Improving Teacher Quality	539,519	0	715,500	0	715,500	0	715,500	0	506,000	0	506,000	0	715,500	0	0	0	0	0
2XK TANF	7,132,590	3	7,150,832	3	7,150,000	3	7,151,593	3	7,150,000	3	7,150,000	3	7,151,593	3	7,150,000	3	7,150,000	3
58B College Access Challenge Grant	1,267,500	0	1,400,000	0	2,000,000	0	1,370,000	0	700,000	0	700,000	0	1,370,000	0	700,000	0	700,000	0
59B ADHE-Scholarship Admn	436,996	5	885,096	6	882,096	6	1,000,205	8	798,228	6	798,228	6	1,000,205	8	798,228	6	798,228	6
772 Technical Education-Federal Programs	377,236	2	386,268	2	384,868	2	386,951	2	386,951	2	386,951	2	387,196	2	387,196	2	387,196	2
773 Osteopathy Aid	36,700	0	230,000	0	230,000	0	230,000	0	50,000	0	50,000	0	230,000	0	50,000	0	50,000	0
783 Podiatry Aid	45,200	0	130,400	0	130,400	0	130,400	0	195,400	0	130,400	0	130,400	0	200,400	0	130,400	0
921 Dept Higher Education - Cash in Treasury	43,193	0	465,000	0	1,695,000	0	465,000	0	405,000	0	405,000	0	465,000	0	405,000	0	405,000	0
97E Complt Coll Amer Grt	0	0	100,000	0	100,000	0	100,000	0	75,000	0	75,000	0	100,000	0	75,000	0	75,000	0
F91 Outcome-Cent Funding	0	0	54,512,702	0	54,512,702	0	54,512,702	0	54,512,702	0	54,512,702	0	54,512,702	0	54,512,702	0	54,512,702	0
N60 WF Initiative Act of 2015	1,427,657	0	2,000,000	0	8,000,000	0	2,000,000	0	8,000,000	0	8,000,000	0	2,000,000	0	8,000,000	0	8,000,000	0
Total	69,698,280	40	135,869,163	49	148,193,931	49	135,777,663	49	141,536,433	44	139,860,017	42	135,780,491	49	141,248,261	44	139,356,845	42

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	20,353,415	23.2	18,144,993	12.4			10,233,447	7.0	10,233,447	7.1	10,233,447	7.1	10,066,393	6.9	10,031,393	7.0	10,161,709	7.1
General Revenue	4000010	4,826,839	5.5	5,399,182	3.7			5,997,388	4.1	5,773,128	4.0	5,773,128	4.0	6,036,625	4.1	5,812,365	4.1	5,812,365	4.1
Federal Revenue	4000020	9,316,845	10.6	10,402,600	7.1			10,374,044	7.1	8,742,951	6.1	8,742,951	6.1	10,374,289	7.1	8,237,196	5.8	8,237,196	5.8
Cash Fund	4000045	484,680	0.6	24,486	0.0			565,000	0.4	480,000	0.3	480,000	0.3	565,000	0.4	480,000	0.3	480,000	0.3
Trust Fund	4000050	507,812	0.6	500,000	0.3			500,000	0.3	500,000	0.3	500,000	0.3	500,000	0.3	500,000	0.3	500,000	0.3
Merit Adjustment Fund	4000055	0	0.0	24,567	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Educational Excellence Fund	4000220	13,716,415	15.6	14,291,518	9.8			14,291,518	9.8	14,291,518	9.9	14,291,518	10.0	14,291,518	9.8	14,291,518	10.0	14,291,518	10.0
Gen Rev Higher Ed Grants	4000258	39,404,868	44.9	39,917,466	27.3			48,369,752	33.2	48,369,752	33.7	48,189,752	33.6	48,369,752	33.2	48,369,752	33.8	48,189,752	33.7
Rainy Day Fund	4000267	0	0.0	2,000,000	1.4			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
HEG Fund Transfers/Adjust.	4000280	0	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Inter-agency Fund Transfer	4000316	436,996	0.5	885,096	0.6			1,000,205	0.7	798,228	0.6	798,228	0.6	1,000,205	0.7	798,228	0.6	798,228	0.6

Funding Sources			%		%		%		%		%		%		%
Intra-agency Fund Transfer	4000317	(2,000,000)	(2.3)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other	4000370	795,403	0.9	54,512,702	37.3	54,512,702	37.4	54,512,702	37.9	54,512,702	38.0	54,512,702	37.4	54,512,702	38.1
Total Funds		87,843,273	100.0	146,102,610	100.0	145,844,056	100.0	143,701,726	100.0	143,521,726	100.0	145,716,484	100.0	143,033,154	100.0
Excess Appropriation/(Funding)		(18,144,993)		(10,233,447)		(10,066,393)		(2,165,293)		(3,661,709)		(9,935,993)		(1,784,893)	
Grand Total		69,698,280		135,869,163		135,777,663		141,536,433		139,860,017		135,780,491		141,248,261	

Variance in fund balance is due to unfunded appropriation in (156), (N60) and (HEG).

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
53	36	17	53	0	32.08 %	49	31	18	49	0	36.73 %	49	32	17	49	0	34.69 %

Analysis of Budget Request

Appropriation: 153 - General Operations

Funding Sources: HQA - Dept. of Higher Education - State

The Arkansas Department of Higher Education utilizes this appropriation to meet costs associated with general administrative functions tied to the specific mission of the Agency. This appropriation is primarily funded by general revenue payable from the Department of Higher Education Fund Account (HQA). Funding is also provided by the Arkansas Lottery Commission with proceeds from the Arkansas Scholarship Lottery for costs associated with the administration of the Arkansas Academic Challenge Scholarship.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

The Base Level Request is \$4,132,042 in FY18 and \$4,136,625 in FY19.

The Agency's Change Level Requests total (\$189,260) in appropriation and funding for FY18 and FY19, and includes the following:

- Regular Salaries and Personal Services Matching of (\$164,260) in FY18 and FY19 to eliminate three (3) positions: Two (2) DHE Program Specialists and one (1) Accounting Coordinator as part of the Agency's reorganization.
- Professional Fees of (\$60,000) each year due to a reduction of outside Information Technology and Data contracts.
- Capital Outlay restoration of \$35,000 each year for the purchase of IT equipment.

Subsequent to the Agency's initial Budget Request, the Office of Personnel Management and Agency personnel usage and ongoing staffing needs. The Executive Recommendation reflects position reductions based on the personnel evaluation. The Executive Recommendation provides for Agency Request plus a decrease of (\$130,316) in Regular Salaries and Personnel Services Matching for the reduction of two (2) C122 - DHE Program Specialists.

Appropriation Summary

Appropriation: 153 - General Operations
Funding Sources: HQA - Dept. of Higher Education - State

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,835,374	2,430,874	2,430,874	2,314,325	2,192,808	2,094,840	2,315,725	2,194,208	2,096,240
#Positions		30	38	38	36	33	31	36	33	31
Extra Help	5010001	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
#Extra Help		0	6	8	6	6	6	6	6	6
Personal Services Matching	5010003	600,725	730,466	730,466	718,962	676,219	643,871	720,145	677,402	645,054
Operating Expenses	5020002	837,053	912,755	912,755	912,755	912,755	912,755	912,755	912,755	912,755
Conference & Travel Expenses	5050009	16,956	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	115,670	160,000	160,000	160,000	100,000	100,000	160,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	61,118	50,000	50,000	0	35,000	35,000	0	35,000	35,000
Total		3,466,896	4,312,095	4,312,095	4,134,042	3,944,782	3,814,466	4,136,625	3,947,365	3,817,049

Funding Sources										
Fund Balance	4000005	2,000,957	2,082,033		1,293,687	1,293,687	1,293,687	1,257,033	1,222,033	1,352,349
General Revenue	4000010	3,399,182	3,399,182		3,997,388	3,773,128	3,773,128	4,036,625	3,812,365	3,812,365
Merit Adjustment Fund	4000055	0	24,567		0	0	0	0	0	0
HEG Fund Transfers/Adjust.	4000280	100,000	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Other	4000370	48,790	0		0	0	0	0	0	0
Total Funding		5,548,929	5,605,782		5,391,075	5,166,815	5,166,815	5,393,658	5,134,398	5,264,714
Excess Appropriation/(Funding)		(2,082,033)	(1,293,687)		(1,257,033)	(1,222,033)	(1,352,349)	(1,257,033)	(1,187,033)	(1,447,665)
Grand Total		3,466,896	4,312,095		4,134,042	3,944,782	3,814,466	4,136,625	3,947,365	3,817,049

Two (2) Base Level positions allocated to Appropriation 59B.

Change Level by Appropriation

Appropriation: 153 - General Operations
Funding Sources: HQA - Dept. of Higher Education - State

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,134,042	36	4,134,042	100.0	4,136,625	36	4,136,625	100.0
C03	Discontinue Program	(224,260)	(3)	3,909,782	94.6	(224,260)	(3)	3,912,365	94.6
C08	Technology	35,000	0	3,944,782	95.4	35,000	0	3,947,365	95.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,134,042	36	4,134,042	100.0	4,136,625	36	4,136,625	100.0
C03	Discontinue Program	(224,260)	(3)	3,909,782	94.6	(224,260)	(3)	3,912,365	94.6
C08	Technology	35,000	0	3,944,782	95.4	35,000	0	3,947,365	95.4
C13	Not Recommended	(32,348)	0	3,912,434	94.6	(32,348)	0	3,915,017	94.6
C19	Executive Changes	(97,968)	(2)	3,814,466	92.3	(97,968)	(2)	3,817,049	92.3

Justification

C03	Due to reducing outside IT and data contracts
C08	To restore appropriation for capital outlay. The appropriation is for the purchase of IT equipment.
C19	Subsequent to the Agency's initial Budget Request, the Office of Personnel Management and Agency personnel usage and ongoing staffing needs. The Executive Recommendation reflects position reductions based on the personnel evaluation for the reduction of two (2) C122 - DHE Program Specialists.

Analysis of Budget Request

Appropriation: 156 - Research Development Program Grants

Funding Sources: THD - Higher Education Research Development - Trust

The Arkansas Research Development Program provides grants to institutions of higher education for development of scientific research capability per Arkansas Code § 6-61-807. Funding for this program is required to be transferred from the Higher Education Building Maintenance Fund in accordance with Section 22 of Act 286 of 2010. Revenues in the Higher Education Building Maintenance Fund accumulate from the sale or lease of minerals, oil, gas, etc. on military and non-military federal lands located within the State of Arkansas.

The Base Level Request is \$550,000 each year of the 2017-2019 Biennium.

The Agency's Change Level Request is for appropriation of \$500,000 in FY18 and FY19, and includes the following:

- Grants and Aid of \$50,000 in FY18 and FY19 to cover the increased amount received in Mineral Lease Funds.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 156 - Research Development Program Grants

Funding Sources: THD - Higher Education Research Development - Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	507,812	500,000	5,000,000	500,000	1,000,000	1,000,000	500,000	1,000,000	1,000,000
Total		507,812	500,000	5,000,000	500,000	1,000,000	1,000,000	500,000	1,000,000	1,000,000
Funding Sources										
Trust Fund	4000050	507,812	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding		507,812	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)		0	0		0	500,000	500,000	0	500,000	500,000
Grand Total		507,812	500,000		500,000	1,000,000	1,000,000	500,000	1,000,000	1,000,000

Change Level by Appropriation

Appropriation: 156 - Research Development Program Grants
Funding Sources: THD - Higher Education Research Development - Trust

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	500,000	0	500,000	100.0	500,000	0	500,000	100.0
C05	Unfunded Appropriation	500,000	0	1,000,000	200.0	500,000	0	1,000,000	200.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	500,000	0	500,000	100.0	500,000	0	500,000	100.0
C05	Unfunded Appropriation	500,000	0	1,000,000	200.0	500,000	0	1,000,000	200.0

Justification

C05	Appropriation increase of \$500,000 due to a growth in the Mineral Lease Fund distribution.								
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Analysis of Budget Request

Appropriation: 160 - State Scholarship-Federal

Funding Sources: FCP - Dept. of Higher Education - Federal

This appropriation represents the federal share of the Workforce Improvement Grants Program, which is the State's only financial aid program based solely on financial need. The federal grant received is for Arkansas' participation in the "Leveraging Educational Assistance Partnership" (LEAP) Program. The goal is to help the non-traditional student (24 years old or older) returning to school who has financial need but may not be eligible for assistance from traditional state and federal programs. This appropriation is funded entirely from federal revenue received from the U.S. Department of Education.

The Base Level and total Agency Request is \$750,000 each year of the 2017-2019 Biennium.

The Agency's Change Level Request is (\$750,000) for FY18 and FY19, and includes the following:

- Grants and Aid of (\$750,000) in FY18 and FY19 due to the discontinuation of the Program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 160 - State Scholarship-Federal

Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	750,000	750,000	750,000	0	0	750,000	0	0
Total	0	750,000	750,000	750,000	0	0	750,000	0	0
Funding Sources									
Federal Revenue 4000020	0	750,000		750,000	0	0	750,000	0	0
Total Funding	0	750,000		750,000	0	0	750,000	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	750,000		750,000	0	0	750,000	0	0

APPROPRIATION NOT REQUESTED FOR THE 2017-2019 BIENNIUM

Change Level by Appropriation

Appropriation: 160 - State Scholarship-Federal
Funding Sources: FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	750,000	0	750,000	100.0	750,000	0	750,000	100.0
C03	Discontinue Program	(750,000)	0	0	0.0	(750,000)	0	0	0.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	750,000	0	750,000	100.0	750,000	0	750,000	100.0
C03	Discontinue Program	(750,000)	0	0	0.0	(750,000)	0	0	0.0

Justification

C03	The federal funding expired
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Analysis of Budget Request

Appropriation: 197 - Student Asst Grants/Scholarships

Funding Sources: HEG - Higher Education Grants

The Student Assistance Grants and Scholarships appropriation provides the Arkansas Department of Higher Education (ADHE) the authority to award the State's current and prospective college students with financial aid based upon academic performance and, in some programs, financial need. This appropriation is currently funded from a combination of general revenue, Higher Education Grants Fund balances, and Educational Excellence Trust Fund revenues, payable from the Higher Education Grants (HEG) Fund Account.

The Base Level Request is \$57,050,000 each year of the 2017-2019 Biennium.

The Agency's Change Level Request is for a reallocation of appropriation in FY18 and FY19, and includes the following:

- State Teacher Education Program of (\$500,000) to align scholarship appropriation with the number of eligible students.
- Washington Center Scholarships of \$40,000 to align scholarship appropriation with the number of eligible students.
- Dependent Scholarships (POW's MIA's, etc.) of \$1,000,000 to align scholarship appropriation with the number of eligible students.
- Dependents Law Enforcement, Officers, etc. of \$200,000 to align scholarship appropriation with the number of eligible students.
- Academic Challenge Scholarships of (\$3,690,000) to align scholarship appropriation with the number of eligible students.
- Arkansas Governor's Scholarship of \$3,800,000 to align scholarship appropriation with the number of eligible students.
- Web Based Applications of (\$850,000) to align scholarship appropriation with the number of eligible students.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 197 - Student Asst Grants/Scholarships

Funding Sources: HEG - Higher Education Grants

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
St Teacher Educ Prgm	5100004	1,154,383	2,000,000	2,000,000	2,000,000	1,500,000	2,000,000	2,000,000	1,500,000	2,000,000
Teacher Opportunity Program	5100004	1,499,888	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Workforce Improvement Grants	5100004	2,896,079	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Single Parent Scholarship Progra	5100004	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Grants and Aid	5100004	0	0	0	0	0	0	0	0	0
H E Opportunities Grant	5100004	5,611,553	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
National Guard Tuition Asst.	5100004	1,393,921	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
SREB Minority Doctoral Scholars	5100030	200,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Washington Center Scholarships	5100030	110,000	100,000	100,000	100,000	140,000	100,000	100,000	140,000	100,000
Dependents-POW'S, MIA'S, etc.	5100030	768,505	450,000	450,000	450,000	1,450,000	450,000	450,000	1,450,000	450,000
AR Geographical Critical Needs	5100030	97,500	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Dependents-Law Enf. Off, etc	5100030	272,536	400,000	400,000	400,000	600,000	400,000	400,000	600,000	400,000
Tuition Adjustment	5110014	0	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Academic Challenge	5900046	20,000,000	25,000,000	25,000,000	25,000,000	21,310,000	25,000,000	25,000,000	21,310,000	25,000,000
AR Govenro's Scholar	5900047	14,676,871	15,200,000	15,200,000	15,200,000	19,000,000	15,200,000	15,200,000	19,000,000	15,200,000
SURF	5900048	145,670	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Web Based Applications	5900049	367,903	1,000,000	1,000,000	1,000,000	150,000	1,000,000	1,000,000	150,000	1,000,000
Total		49,369,809	57,050,000	57,050,000	57,050,000	57,050,000	57,050,000	57,050,000	57,050,000	57,050,000

Funding Sources										
Fund Balance	4000005	16,244,755	15,513,770		8,931,084	8,931,084	8,931,084	8,800,684	8,800,684	8,800,684
Educational Excellence Fund	4000220	13,716,415	14,291,518		14,291,518	14,291,518	14,291,518	14,291,518	14,291,518	14,291,518
Gen Rev Higher Ed Grants	4000258	34,275,796	34,275,796		42,728,082	42,728,082	42,728,082	42,728,082	42,728,082	42,728,082
Rainy Day Fund	4000267	0	2,000,000		0	0	0	0	0	0
HEG Fund Transfers/Adjust.	4000280	(100,000)	(100,000)		(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Other	4000370	746,613	0		0	0	0	0	0	0
Total Funding		64,883,579	65,981,084		65,850,684	65,850,684	65,850,684	65,720,284	65,720,284	65,720,284
Excess Appropriation/(Funding)		(15,513,770)	(8,931,084)		(8,800,684)	(8,800,684)	(8,800,684)	(8,670,284)	(8,670,284)	(8,670,284)
Grand Total		49,369,809	57,050,000		57,050,000	57,050,000	57,050,000	57,050,000	57,050,000	57,050,000

Change Level by Appropriation

Appropriation: 197 - Student Asst Grants/Scholarships
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	57,050,000	0	57,050,000	100.0	57,050,000	0	57,050,000	100.0
C04	Reallocation	0	0	57,050,000	100.0	0	0	57,050,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	57,050,000	0	57,050,000	100.0	57,050,000	0	57,050,000	100.0
C04	Reallocation	0	0	57,050,000	100.0	0	0	57,050,000	100.0

Justification

C04	Reallocation of appropriation is needed to make maximum utilization of funds and appropriations provided for financial aid programs, and to more adequately align the appropriation with the number of eligible students.
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Analysis of Budget Request

Appropriation: 1GF - Improving Teacher Quality

Funding Sources: FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education's (ADHE) Improving Teacher Quality appropriation represents the State's 'No Child Left Behind' program. The goals of this appropriation stress the importance of preparing, training and recruiting high quality teachers and principals through competitive grants to institutions of higher education. Major emphasis is placed upon teacher quality as being a factor in improving student achievement. This program is federally funded through the U.S. Department of Education.

The Base Level is \$715,500 each year of the 2017-2019 Biennium.

The Agency's Change Level Requests total (\$209,500) in FY18 and (\$715,500) FY19, and include the following:

- Reallocation of \$2,000 from Grants and Aid to Operating Expenses in FY18 and FY19 to cover additional expenses relating to closing out the grant.
- Reallocation of \$1,500 from Grants and Aid to Operating Expenses in FY18 and FY19 to cover additional expenses relating to closing out the grant.
- Grants and Aid of (\$213,500) in FY18 and (\$713,000) FY19 due to a reduction in Federal Funding.
- Operating Expenses of (\$2,500) in FY19 due to a reduction in Federal Funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1GF - Improving Teacher Quality

Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,955	2,500	2,500	2,500	4,500	4,500	2,500	0	0
Conference & Travel Expenses	5050009	1,400	0	0	0	1,500	1,500	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	536,164	713,000	713,000	713,000	500,000	500,000	713,000	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		539,519	715,500	715,500	715,500	506,000	506,000	715,500	0	0
Funding Sources										
Federal Revenue	4000020	539,519	715,500		715,500	506,000	506,000	715,500	0	0
Total Funding		539,519	715,500		715,500	506,000	506,000	715,500	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		539,519	715,500		715,500	506,000	506,000	715,500	0	0

Change Level by Appropriation

Appropriation: 1GF - Improving Teacher Quality
Funding Sources: FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	715,500	0	715,500	100.0	715,500	0	715,500	100.0
C03	Discontinue Program	(209,500)	0	506,000	70.7	(715,500)	0	0	0.0
C04	Reallocation	0	0	506,000	70.7	0	0	0	0.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	715,500	0	715,500	100.0	715,500	0	715,500	100.0
C03	Discontinue Program	(209,500)	0	506,000	70.7	(715,500)	0	0	0.0
C04	Reallocation	0	0	506,000	70.7	0	0	0	0.0

Justification

C03	Duer to reduced federal funding
C04	To cover additional operational and travel expenses while closing out the program

Analysis of Budget Request

Appropriation: 2XK - TANF

Funding Sources: FCP - Dept. of Higher Education - Federal

The Temporary Assistance to Needy Families (TANF) appropriation is a collaboration between the Arkansas Department of Higher Education (ADHE) and all twenty-two (22) two-year institutions of higher education. Known as the "Career Pathways" program, it provides educational and training services to recipients deemed eligible under the TANF Block Grant. ADHE works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients, and over 100,000 students have participated. The goal of this appropriation is to increase client self-sufficiency and job skills. This program is federally funded through the U.S. Department of Health and Human Services.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$7,153,869 each year of the biennium.

The Agency's Change Level Request is for a reduction of (\$1,593) in FY18 and FY19, and includes the following:

- Operating Expenses of (\$1,593) to align with prior authorized amount.
- Reallocation of \$10,000 from Operating Expenses to Conference and Travel. The reallocation allows for the Agency to cover costs for its TANF training for community colleges that have enrolled students who receive TANF.

The Executive Request provides for the Agency Request.

Appropriation Summary

Appropriation: 2XK - TANF

Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	233,722	221,169	220,337	221,169	221,169	221,169	221,169	221,169	221,169
#Positions		3	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	66,612	64,630	64,630	65,391	65,391	65,391	65,391	65,391	65,391
Operating Expenses	5020002	37,451	46,698	56,698	56,698	45,105	45,105	56,698	45,105	45,105
Conference & Travel Expenses	5050009	3,898	10,000	0	0	10,000	10,000	0	10,000	10,000
Professional Fees	5060010	13,550	14,784	14,784	14,784	14,784	14,784	14,784	14,784	14,784
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	6,777,357	6,793,551	6,793,551	6,793,551	6,793,551	6,793,551	6,793,551	6,793,551	6,793,551
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		7,132,590	7,150,832	7,150,000	7,151,593	7,150,000	7,150,000	7,151,593	7,150,000	7,150,000
Funding Sources										
Federal Revenue	4000020	7,132,590	7,150,832		7,151,593	7,150,000	7,150,000	7,151,593	7,150,000	7,150,000
Total Funding		7,132,590	7,150,832		7,151,593	7,150,000	7,150,000	7,151,593	7,150,000	7,150,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		7,132,590	7,150,832		7,151,593	7,150,000	7,150,000	7,151,593	7,150,000	7,150,000

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Budget exceeds Authorized Appropriation in Conference and Travel by authority of a Budget Classification Transfer.

Change Level by Appropriation

Appropriation: 2XK - TANF
Funding Sources: FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,151,593	3	7,151,593	100.0	7,151,593	3	7,151,593	100.0
C03	Discontinue Program	(1,593)	0	7,150,000	100.0	(1,593)	0	7,150,000	100.0
C04	Reallocation	0	0	7,150,000	100.0	0	0	7,150,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,151,593	3	7,151,593	100.0	7,151,593	3	7,151,593	100.0
C03	Discontinue Program	(1,593)	0	7,150,000	100.0	(1,593)	0	7,150,000	100.0
C04	Reallocation	0	0	7,150,000	100.0	0	0	7,150,000	100.0
C19	Executive Changes	0	0	7,150,000	100.0	0	0	7,150,000	100.0

Justification

C03	Reduce appropriation to align more with FY 17's budgeted amount.
C04	To reallocate appropriation from Operating Services to Conference and Travel.

Analysis of Budget Request

Appropriation: 58B - College Access Challenge Grant

Funding Sources: FCP - Dept. of Higher Education - Federal

The College Access Challenge Grant Program (CACGP) is designed to foster partnerships among federal, state, and local governments and philanthropic organizations through matching challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education.

Projects funded by the CACGP are designed to: provide information to students and families regarding postsecondary education and career preparation; promote financial literacy and debt management; conduct outreach activities; assist students in completing the Free Application for Federal Student Financial Aid (FAFSA); provide need-based grant aid; conduct professional development for guidance counselors at middle and secondary schools, financial aid administrators, and college admissions counselors; and offer student loan cancellation or repayment or interest rate reductions for borrowers who are employed in a high-need geographical area or a high need profession.

This program is federally funded.

The Base Level Request is \$21,370,000 each year of the 2017-2019 Biennium.

The Change Level Requests total (\$670,000) each year of the biennium and are summarized as follows:

- Professional Fees reduction of (\$629,000) each year due to a reduction in federal funding.
- Professional Fees of (\$41,000) each year due to a reduction in federal funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 58B - College Access Challenge Grant
Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,215,000	1,215,000	1,215,000	1,215,000	586,000	586,000	1,215,000	586,000	586,000
Conference & Travel Expenses	5050009	0	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Professional Fees	5060010	52,500	141,000	741,000	141,000	100,000	100,000	141,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	30,000	30,000	0	0	0	0	0	0
Total		1,267,500	1,400,000	2,000,000	1,370,000	700,000	700,000	1,370,000	700,000	700,000
Funding Sources										
Federal Revenue	4000020	1,267,500	1,400,000		1,370,000	700,000	700,000	1,370,000	700,000	700,000
Total Funding		1,267,500	1,400,000		1,370,000	700,000	700,000	1,370,000	700,000	700,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,267,500	1,400,000		1,370,000	700,000	700,000	1,370,000	700,000	700,000

Change Level by Appropriation

Appropriation: 58B - College Access Challenge Grant
Funding Sources: FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,370,000	0	1,370,000	100.0	1,370,000	0	1,370,000	100.0
C03	Discontinue Program	(670,000)	0	700,000	51.1	(670,000)	0	700,000	51.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,370,000	0	1,370,000	100.0	1,370,000	0	1,370,000	100.0
C03	Discontinue Program	(670,000)	0	700,000	51.1	(670,000)	0	700,000	51.1

Justification

C03	Due to reduced federal funding
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Analysis of Budget Request

Appropriation: 59B - ADHE-Scholarship Admn

Funding Sources: HEG - Higher Education Grants

The Arkansas Department of Higher Education (ADHE) provides for the administration of the Arkansas Academic Challenge Scholarship program through Scholarship Administration appropriation. The Arkansas Lottery Commission provides funding for this appropriation with proceeds from the Arkansas Scholarship Lottery.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$1,000,205 each year of the 2017-2019 Biennium.

The Agency's Change Level Requests total (\$201,977) each year of the biennium and are as follows:

- Regular Salaries and Personal Services Matching of (\$116,977) in FY18 and FY19 due to the elimination of one (1) Software Support Analyst (C121) and one (1) Software Support Analyst (C121).
- Extra Help of (\$20,000) in FY18 and FY19 due to the elimination of one (1) Executive Assistant to the Director (C118) and one (1) Accountant I (C116).
- Capital Outlay of \$35,000 in FY18 and FY19 to purchase database tools and hardware for the ADHE data warehouse.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59B - ADHE-Scholarship Admn
Funding Sources: HEG - Higher Education Grants

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	228,065	333,320	330,320	446,155	360,316	360,316	446,155	360,316	360,316
#Positions		5	6	6	8	6	6	8	6	6
Extra Help	5010001	0	30,000	30,000	30,000	10,000	10,000	30,000	10,000	10,000
#Extra Help		0	9	9	9	9	9	9	9	9
Personal Services Matching	5010003	50,621	106,776	106,776	144,050	112,912	112,912	144,050	112,912	112,912
Operating Expenses	5020002	122,206	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	9,375	250,000	250,000	250,000	150,000	150,000	250,000	150,000	150,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	26,729	35,000	35,000	0	35,000	35,000	0	35,000	35,000
Total		436,996	885,096	882,096	1,000,205	798,228	798,228	1,000,205	798,228	798,228
Funding Sources										
Inter-agency Fund Transfer	4000316	436,996	885,096		1,000,205	798,228	798,228	1,000,205	798,228	798,228
Total Funding		436,996	885,096		1,000,205	798,228	798,228	1,000,205	798,228	798,228
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		436,996	885,096		1,000,205	798,228	798,228	1,000,205	798,228	798,228

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 59B - ADHE-Scholarship Admn
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,000,205	8	1,000,205	100.0	1,000,205	8	1,000,205	100.0
C03	Discontinue Program	(236,977)	(2)	763,228	76.3	(236,977)	(2)	763,228	76.3
C08	Technology	35,000	0	798,228	79.8	35,000	0	798,228	79.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,000,205	8	1,000,205	100.0	1,000,205	8	1,000,205	100.0
C03	Discontinue Program	(236,977)	(2)	763,228	76.3	(236,977)	(2)	763,228	76.3
C08	Technology	35,000	0	798,228	79.8	35,000	0	798,228	79.8

Justification

C03	Acquired software to allow in house IT data reporting and eliminated outside contract
C08	To restore appropriation for capital outlay. The appropriation is for the purchase of IT equipment.

Analysis of Budget Request

Appropriation: 772 - Technical Education-Federal Programs

Funding Sources: FCP - Dept. of Higher Education - Federal

The Teacher Education-Federal Programs appropriation is designed to utilize federal funding awarded by the Carl D. Perkins Vocational and Technical Act. This Act focuses on the academic achievement of career and technical education students, strengthening the connections between secondary and postsecondary education, and improving state and local accountability.

The Arkansas Department of Career Education has been designated as the agency eligible to receive federal Perkins funds from the Office of Vocational and Adult Education in the U.S. Department of Education. Through a Memorandum of Understanding, the Arkansas Department of Career Education makes funds available to the Arkansas Department of Higher Education (ADHE) to administer the postsecondary portion of the Perkins Act.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$386,951 in FY18 and \$387,196 in FY19, and includes the following:

- Reallocation of \$25,500 from Professional Fees to Conference and Travel to allow sufficient appropriation for training expenses.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 772 - Technical Education-Federal Programs

Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	147,166	141,709	140,309	141,709	141,709	141,709	141,909	141,909	141,909
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	42,424	41,608	41,608	42,291	42,291	42,291	42,336	42,336	42,336
Operating Expenses	5020002	105,777	77,251	77,251	77,251	77,251	77,251	77,251	77,251	77,251
Conference & Travel Expenses	5050009	9,383	15,200	15,200	15,200	40,700	40,700	15,200	40,700	40,700
Professional Fees	5060010	72,486	110,500	110,500	110,500	85,000	85,000	110,500	85,000	85,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		377,236	386,268	384,868	386,951	386,951	386,951	387,196	387,196	387,196
Funding Sources										
Federal Revenue	4000020	377,236	386,268		386,951	386,951	386,951	387,196	387,196	387,196
Total Funding		377,236	386,268		386,951	386,951	386,951	387,196	387,196	387,196
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		377,236	386,268		386,951	386,951	386,951	387,196	387,196	387,196

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 772 - Technical Education-Federal Programs
Funding Sources: FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	386,951	2	386,951	100.0	387,196	2	387,196	100.0
C04	Reallocation	0	0	386,951	100.0	0	0	387,196	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	386,951	2	386,951	100.0	387,196	2	387,196	100.0
C04	Reallocation	0	0	386,951	100.0	0	0	387,196	100.0

Justification

C04	Reallocation of \$25,500 from Professional Fees to Conference and Travel for TANF training expenses.
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Analysis of Budget Request

Appropriation: 921 - Dept Higher Education - Cash in Treasury

Funding Sources: NHE - Cash in Treasury

This appropriation is for Cash Operations of The Arkansas Department of Higher Education (ADHE) as defined by Arkansas Code §19-4-801. This appropriation assists in the administration of grant awards related to the "Achieving the Dream", "Non-Traditional No More", and "College Goal Sunday" programs. "Achieving the Dream: Community Colleges Count" program receives private foundation funding to provide participating community colleges with resources to assist minority and low income students earn degrees and to facilitate transfers of credits to other institutions of higher education for continuing their studies. "Non-Traditional No More: Policy Solutions for Adult Learners" program is a Western Interstate Commission for Higher Education (WICHE) private foundation grant used to stimulate and guide policy changes to create a more navigable path to degree attainment for adults. "College Goal Sunday" uses funding provided via planning grant from the Lumina Foundation for Education, Inc. to provide low income families access to financial aid professionals and free assistance in completing the Free Application for Student Financial Aid (FAFSA), as well as helping those targeted students identify all financial aid available.

The Base Level Request is \$465,000 each year of the 2017-2019 Biennium.

The Agency's Change Level Request of (\$60,000) in FY18 and FY19, and includes the following:

- Operating Expenses of (\$28,000) in FY18 and FY19 due to a reduction in the Cash Fund Balance.
- Professional Fees of (\$32,000) in FY18 and FY19 due to a reduction in the Cash Fund Balance.

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

Appropriation Summary

Appropriation: 921 - Dept Higher Education - Cash in Treasury

Funding Sources: NHE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	8,230	290,000	878,070	290,000	262,000	262,000	290,000	262,000	262,000
Conference & Travel Expenses	5050009	13,663	30,000	60,620	30,000	30,000	30,000	30,000	30,000	30,000
Professional Fees	5060010	18,300	95,000	551,310	95,000	63,000	63,000	95,000	63,000	63,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Scholarships	5100030	3,000	50,000	100,000	50,000	50,000	50,000	50,000	50,000	50,000
Refunds/Reimbursements	5110014	0	0	5,000	0	0	0	0	0	0
Capital Outlay	5120011	0	0	100,000	0	0	0	0	0	0
Total		43,193	465,000	1,695,000	465,000	405,000	405,000	465,000	405,000	405,000
Funding Sources										
Fund Balance	4000005	2,000,745	440,514		0	0	0	0	0	0
Cash Fund	4000045	482,962	24,486		465,000	405,000	405,000	465,000	405,000	405,000
Intra-agency Fund Transfer	4000317	(2,000,000)	0		0	0	0	0	0	0
Total Funding		483,707	465,000		465,000	405,000	405,000	465,000	405,000	405,000
Excess Appropriation/(Funding)		(440,514)	0		0	0	0	0	0	0
Grand Total		43,193	465,000		465,000	405,000	405,000	465,000	405,000	405,000

Change Level by Appropriation

Appropriation: 921 - Dept Higher Education - Cash in Treasury
Funding Sources: NHE - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	465,000	0	465,000	100.0	465,000	0	465,000	100.0
C03	Discontinue Program	(60,000)	0	405,000	87.1	(60,000)	0	405,000	87.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	465,000	0	465,000	100.0	465,000	0	465,000	100.0
C03	Discontinue Program	(60,000)	0	405,000	87.1	(60,000)	0	405,000	87.1

Justification

C03	Reduction in fund balance
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Analysis of Budget Request

Appropriation: 97E - Complt Coll Amer Grt

Funding Sources: NHE - Cash in Treasury

This appropriation is for Cash Operations of The Arkansas Department of Higher Education (ADHE) for the operation of the Complete College America Grant. This grant will be used to enhance state efforts to boost college completion and close attainment gaps for traditionally underrepresented populations. Nine colleges and universities will participate in the initiative and will address transforming remediation and reducing time-to-degree and accelerating success.

The Base Level Request is \$1,000,000 each year of the 2017-2019 Biennium.

The Agency's Change Level Requests total (\$100,000) in FY18 and FY19, and includes the following:

- Operating Expenses of (\$25,000) in FY18 and FY19 each year due to the termination of the Grant.

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

Appropriation Summary

Appropriation: 97E - Complt Coll Amer Grt

Funding Sources: NHE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	100,000	100,000	100,000	75,000	75,000	100,000	75,000	75,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	100,000	100,000	100,000	75,000	75,000	100,000	75,000	75,000
Funding Sources										
Fund Balance	4000005	106,958	108,676		8,676	8,676	8,676	8,676	8,676	8,676
Cash Fund	4000045	1,718	0		100,000	75,000	75,000	100,000	75,000	75,000
Total Funding		108,676	108,676		108,676	83,676	83,676	108,676	83,676	83,676
Excess Appropriation/(Funding)		(108,676)	(8,676)		(8,676)	(8,676)	(8,676)	(8,676)	(8,676)	(8,676)
Grand Total		0	100,000		100,000	75,000	75,000	100,000	75,000	75,000

Change Level by Appropriation

Appropriation: 97E - Complt Coll Amer Grt
Funding Sources: NHE - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C03	Discontinue Program	(25,000)	0	75,000	75.0	(25,000)	0	75,000	75.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C03	Discontinue Program	(25,000)	0	75,000	75.0	(25,000)	0	75,000	75.0

Justification

C03	Appropriation decrease of (\$25,000) due to the termination of the grant.
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Analysis of Budget Request

Appropriation: F91 - Outcome-Cent Funding

Funding Sources: HQA- Outcome Center Funding- Higher Education Grants Fund Account

Act 1203 of 2011 repealed Arkansas Code §6-61-223 and amended §6-61-224, §6-61-228, §6-61-229, and §6-61-230. The act directs the Department of Higher Education to develop an outcome-centered component of the funding formula for colleges and universities by December 31, 2011. Beginning in 2013-14 the funding recommendations will be based on the need component of student enrollment and the output components of student success and other performance measures. The proportion of the funding recommendation will begin with five percent based on outcome-centered measures, increasing by five percent each year to reach 25 percent in 2017-18. The Director and staff at the Department of Higher Education worked with the presidents, chancellors and key staff at the universities and colleges, along with the Executive Director and key staff at the Arkansas Association of Two-Year Colleges, to develop the university and college performance measures.

Funds are payable from the Higher Education Fund Account.

The Base Level Request is \$54,198,524 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F91 - Outcome-Cent Funding

Funding Sources: HQA- Outcome Center Funding- Higher Education Grants Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Outcome-Centered Awards - Uni 5900046	0	40,320,284	40,320,284	40,320,284	40,320,284	40,320,284	40,320,284	40,320,284	40,320,284
Outcome-Centered Awards - Col 5900047	0	14,192,418	14,192,418	14,192,418	14,192,418	14,192,418	14,192,418	14,192,418	14,192,418
Total	0	54,512,702	54,512,702	54,512,702	54,512,702	54,512,702	54,512,702	54,512,702	54,512,702
Funding Sources									
Other 4000370	0	54,512,702		54,512,702	54,512,702	54,512,702	54,512,702	54,512,702	54,512,702
Total Funding	0	54,512,702		54,512,702	54,512,702	54,512,702	54,512,702	54,512,702	54,512,702
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	54,512,702		54,512,702	54,512,702	54,512,702	54,512,702	54,512,702	54,512,702

Analysis of Budget Request

Appropriation: HEG - Health Education Grants & Loans

Funding Sources: HEG - Higher Education Grants

The Health Professions Financial Assistance Program of the Arkansas Department of Higher Education (ADHE) is responsible for developing rules and regulations for the Arkansas Health Education Grants (ARHEG) Program. ARHEG provides Arkansas residents financial assistance to attend certain out-of-state health and medical professional schools for graduate or professional programs not available in Arkansas. Education programs not offered in Arkansas are facilitated through contractual arrangements negotiated through the Southern Regional Education Board (SREB), of which Arkansas is a member. The State also contracts directly with out-of-state institutions for additional spaces or student slots at Non-SREB institutions. Such assistance is typically amounts sufficient to help offset the difference in the resident and non-resident tuition fees at participating institutions. Assistance is currently available for attendance at any accredited school of dentistry, veterinary medicine, optometry, osteopathy medicine, podiatric and chiropractic medicine. ARHEG is funded by general revenue payable from the Higher Education Grants (HEG) Fund.

The Base Level is \$5,641,670 each year of the 2017-2019 Biennium.

The Agency's Change Level Request is \$1,386,100 for FY18 and \$1,581,100 for FY19, and includes the following.

- Dental Grants and Aid of \$866,100 in FY18 and \$966,100 in FY19 to cover the increased cost of slot fees between the Arkansas Department of Higher Education and the Southern Regional Education Board (SERB). The SERB provides a certain number of slots which allows Arkansas students to attend professional schools not provided by the State of Arkansas.
- Optometry Grants and Aid of \$115,000 in FY18 and \$125,000 in FY19 to cover the increased cost of slot fees between the Arkansas Department of Higher Education and the Southern Regional Education Board (SERB). The SERB provides a certain number of slots which allows Arkansas students to attend professional schools not provided by the State of Arkansas.
- Veterinary Grants and Aid of \$500,000 in FY18 and \$600,000 in FY19 to cover the increased cost of slot fees between the Arkansas Department of Higher Education and the Southern Regional Education Board (SERB). The SERB provides a certain number of slots which allows Arkansas students to attend professional schools not provided by the State of Arkansas.
- Chiropractic Grants and Aid request to remain at their Base Level amount of \$260,000 for FY18 and FY19.
- Osteopathic Grants and Aid of (\$180,000) in FY18 and FY19 to decrease the amounts of appropriation due to the State of Arkansas now having an Osteopathic Medicine program.

Podiatry Grants and Aid of \$500,000 in FY18 and \$600,000 in FY19 to cover the increased cost of slot fees between the Arkansas Department of Higher Education and the Southern Regional Education Board (SERB). The SERB provides a certain number of slots which allows Arkansas students to attend professional schools not provided by the State of Arkansas.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: HEG - Health Education Grants & Loans

Funding Sources: HEG - Health Education Grants

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Osteopathy Aid	5100004	36,700	230,000	230,000	230,000	50,000	50,000	230,000	50,000	50,000
Podiatry Aid	5100004	45,200	130,400	130,400	130,400	195,400	195,400	130,400	200,400	200,400
Veterinary Aid	5100004	1,258,148	1,100,000	1,100,000	1,100,000	1,600,000	1,600,000	1,100,000	1,700,000	1,700,000
Chiropractic Aid	5100004	98,749	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Dental Aid Grants	5100004	2,292,600	2,133,900	2,133,900	2,133,900	3,000,000	3,000,000	2,133,900	3,100,000	3,100,000
Optometry Aid Grants	5100004	417,500	410,000	410,000	410,000	525,000	525,000	410,000	535,000	535,000
Veterinary Aid Loans	5120029	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Optometry Aid Loans	5120029	85,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Dental Aid Loans	5120029	895,175	987,370	987,370	987,370	987,370	987,370	987,370	987,370	987,370
Total		5,129,072	5,641,670	5,641,670	5,641,670	7,007,770	7,007,770	5,641,670	7,222,770	7,222,770
Funding Sources										
Gen Rev Higher Ed Grants	4000258	5,129,072	5,641,670		5,641,670	5,641,670	5,641,670	5,641,670	5,641,670	5,641,670
Total Funding		5,129,072	5,641,670		5,641,670	5,641,670	5,641,670	5,641,670	5,641,670	5,641,670
Excess Appropriation/(Funding)		0	0		0	1,366,100	1,366,100	0	1,581,100	1,581,100
Grand Total		5,129,072	5,641,670		5,641,670	7,007,770	7,007,770	5,641,670	7,222,770	7,222,770

Change Level by Appropriation

Appropriation: 135 - Dental Aid Grant & Loans
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,121,270	0	3,121,270	100.0	3,121,270	0	3,121,270	100.0
C05	Unfunded Appropriation	866,100	0	3,987,370	127.7	966,100	0	4,087,370	131.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,121,270	0	3,121,270	100.0	3,121,270	0	3,121,270	100.0
C05	Unfunded Appropriation	0	0	3,121,270	100.0	0	0	3,121,270	100.0

Justification

C05	The Southern Educational Regional Board has increased its slot fees per student. An increase of appropriation maintains sufficient distribution of grants and loans ADHE provides to students attending health programs not offered in the State of Arkansas.
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Change Level by Appropriation

Appropriation: 137 - Optometry Aid Grants & Loans
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	550,000	0	550,000	100.0	550,000	0	550,000	100.0
C05	Unfunded Appropriation	115,000	0	665,000	120.9	125,000	0	675,000	122.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	550,000	0	550,000	100.0	550,000	0	550,000	100.0
C05	Unfunded Appropriation	0	0	550,000	100.0	0	0	550,000	100.0

Justification

C05	The Southern Educational Regional Board has increased its slot fees per student. An increase of appropriation maintains sufficient distribution of grants and loans ADHE provides to students attending health programs not offered in the State of Arkansas.
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Change Level by Appropriation

Appropriation: 138 - Veterinary Aid
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,350,000	0	1,350,000	100.0	1,350,000	0	1,350,000	100.0
C05	Unfunded Appropriation	500,000	0	1,850,000	137.0	600,000	0	1,950,000	144.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,350,000	0	1,350,000	100.0	1,350,000	0	1,350,000	100.0
C05	Unfunded Appropriation	0	0	1,350,000	100.0	0	0	1,350,000	100.0

Justification

C05	The Southern Educational Regional Board has increased its slot fees per student. An increase of appropriation maintains sufficient distribution of grants and loans ADHE provides to students attending health programs not offered in the State of Arkansas.
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Change Level by Appropriation

Appropriation: 773 - Osteopathy Aid
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	230,000	0	230,000	100.0	230,000	0	230,000	100.0
C03	Discontinue Program	(180,000)	0	50,000	21.7	(180,000)	0	50,000	21.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	230,000	0	230,000	100.0	230,000	0	230,000	100.0
C03	Discontinue Program	(180,000)	0	50,000	21.7	(180,000)	0	50,000	21.7

Justification

C03	Reduction of (\$180,000) due to the State of Arkansas now having an Osteopathic Medicine program.
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Change Level by Appropriation

Appropriation: 783 - Podiatry Aid
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	130,400	0	130,400	100.0	130,400	0	130,400	100.0
C05	Unfunded Appropriation	65,000	0	195,400	149.8	70,000	0	200,400	153.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	130,400	0	130,400	100.0	130,400	0	130,400	100.0
C05	Unfunded Appropriation	0	0	130,400	100.0	0	0	130,400	100.0

Justification

C05	The Southern Educational Regional Board has increased its slot fees per student. An increase of appropriation maintains sufficient distribution of grants and loans ADHE provides to students attending health programs not offered in the State of Arkansas.
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Analysis of Budget Request

Appropriation: N60 - WF Initiative Act of 2015

Funding Sources: MIF - WF Initiative

The Workforce Initiative Act of 2015 appropriation provides the Arkansas Department of Higher Education the authority to award planning and implementation grants to Arkansas' K-12 and baccalaureate schools. Grantees use these funds to create a partnership between themselves and regional employers with the intention that the student can utilize the program to enter the workforce after completion. Funding for The Workforce Initiative Act of 2015 comes from General Revenue.

The Base Level Request is \$2,000,000 each year of the 2017-2019 Biennium.

The Change Level Requests total \$6,000,000 in FY18 and FY19, with no additional general revenue funding and includes the following:

- Grants and Aid of \$6,000,000 in FY18 and FY19 to restore appropriation back to its authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: N60 - WF Initiative Act of 2015

Funding Sources: MIF - WF Initiative

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
WF Initiative	5900046	1,427,657	2,000,000	8,000,000	2,000,000	8,000,000	8,000,000	2,000,000	8,000,000	8,000,000
Total		1,427,657	2,000,000	8,000,000	2,000,000	8,000,000	8,000,000	2,000,000	8,000,000	8,000,000
Funding Sources										
General Revenue	4000010	1,427,657	2,000,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Funding		1,427,657	2,000,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Excess Appropriation/(Funding)		0	0		0	6,000,000	6,000,000	0	6,000,000	6,000,000
Grand Total		1,427,657	2,000,000		2,000,000	8,000,000	8,000,000	2,000,000	8,000,000	8,000,000

Change Level by Appropriation

Appropriation: N60 - WF Initiative Act of 2015
Funding Sources: MIF - WF Initiative

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,000,000	0	2,000,000	100.0	2,000,000	0	2,000,000	100.0
C05	Unfunded Appropriation	6,000,000	0	8,000,000	400.0	6,000,000	0	8,000,000	400.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,000,000	0	2,000,000	100.0	2,000,000	0	2,000,000	100.0
C05	Unfunded Appropriation	6,000,000	0	8,000,000	400.0	6,000,000	0	8,000,000	400.0

Justification

C05	To restore appropriation back to its previous authorized level.
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DEPARTMENT OF LABOR

Enabling Laws

Act 36 of 2016

- Ark. Code Ann. §§ 11-2-101 *et seq.* and 25-12-101 (creation and general powers).
- Ark. Code Ann. §§ 11-2-201 *et seq.* (Mediation & Conciliation Service Nondisclosure Act).
- Ark. Code Ann. §§ 11-4-201 through 11-4-612 (Wage & Hour).
- Ark. Code Ann. §§ 11-11-201 *et seq.* (Private Employment Agency Act).
- Ark. Code Ann. §§ 17-28-101 *et seq.* (electrician licensing).
- Ark. Code Ann. §§ 20-20-301 *et seq.* (child labor-hand harvesting crops).
- Ark. Code Ann. §§ 20-23-101 *et seq.* (Boiler Safety Law).
- Ark. Code Ann. §§ 20-24-101 *et seq.* (Elevator Safety Law).
- Ark. Code Ann. §§ 20-27-1101 through -1103 and 20-27-1301 *et seq.* (regulation of blasting).
- Ark. Code Ann. §§ 20-31-101 *et seq.* (Electrical Code Authority Act).
- Ark. Code Ann. §§ 22-9-301 *et seq.* (Prevailing Wage Law).
- Ark. Code Ann. §§ 23-89-501 *et seq.* (Amusement Ride and Amusement Attraction Safety Insurance Act).

History and Organization

The predecessor of the Arkansas Department of Labor (hereinafter referred to as ("the Agency")) was established in 1913. In 1937, the Agency received its current name and much of its current structure. Its statutory mission is "to promote and develop the welfare of the wage earners of Arkansas, to improve their working conditions, and to advance their opportunities for profitable employment." Ark. Code Ann. § 11-2-101.

The following describes the Agency's five (5) major organizational units which encompass several functional program areas.

OCCUPATIONAL SAFETY AND HEALTH:

Under the umbrella of Occupational Safety and Health are three (3) primary functional program areas.

OSHA Consultation is currently 90% federally funded and assists employers in complying with federal OSHA regulations. The primary role of this program is to provide consultation and training to employers and industries, with preference given to small, high hazard businesses.

The Agency anticipates continuation of this grant during the biennium.

The ***Arkansas Occupational Safety and Health (AOSH)*** program is supported by general and special revenue and enforces the state's occupational safety and health laws, primarily with respect to public employment, an area not covered by federal OSHA. AOSH employees provide a variety of safety training courses to public sector employers, including public schools, colleges and universities, as well as blasting training and certification. Another major responsibility of this program is the enforcement and regulation of state law regarding the operation of amusement rides. AOSH works in conjunction with the Amusement Ride Safety Advisory Board. Fees collected for amusement ride inspections and blasting certification provide a source of special revenue for the Agency. Also under the umbrella of the AOSH program is the Training and Education and Mine Safety and Health program. Certified instructors provide basic safety and health training, including CPR certification, and provide mandatory training for miners and mine operators. The Agency also has a grant from the federal Mine Safety and Health Administration to provide the mandatory MSHA training. This is an 80% federal and 20% state grant which is expected to continue during the biennium. In addition to its regulatory authority, this program area recognizes individuals and companies who have made outstanding strides in the field of occupational safety through its safety award program, and both OSHA Consultation and AOSH work collaboratively to present safety conferences and seminars throughout the state.

The ***Survey of Occupational Injuries and Illnesses (SOII) and Census of Fatal Occupational Injuries (CFOI)*** are funded 50% by a federal grant from the U. S. Department of Labor's Bureau of Labor Statistics. General revenue provides the other 50% required state match for this program. Employees in this program are responsible for conducting surveys of businesses and compiling and reporting statistics related to occupational injuries, illnesses and fatalities to facilitate and focus consultation services.

LABOR STANDARDS:

The Labor Standards division is supported by general revenue and is responsible for enforcement of Arkansas law relating to minimum wage, overtime, child labor, equal pay and prevailing wage, and provides dispute resolution services for certain small wage disputes. The division licenses private employment agencies and otherwise administers and enforces the provisions of the Private Employment Agency Act. Additionally, the division conducts annual wage surveys to establish minimum wages for laborers and mechanics employed on public works projects covered by the Arkansas Prevailing Wage law. A 12-member Prevailing Wage Advisory Committee was created by Executive Order in 1994 to provide advice related to the administration of this program. Finally, the division is responsible for enforcing a number of miscellaneous laws establishing employment standards, *e.g.*, Ark. Code Ann. § 11-5-116 (break times for nursing mothers) and § 11-2-124 (social media accounts of employees).

MEDIATION SERVICES:

One state mediator provides voluntary intervention in collective bargaining situations. This is strictly a mediatory or conciliatory service to assist in the resolution of a labor dispute in an effort to avoid lockouts, boycotts and strikes.

CODE ENFORCEMENT AND PUBLIC SAFETY:

Organizationally, there are three (3) functional program areas within the Code Enforcement Division. Their purpose is to protect the public from inherent dangers with respect to the installation, use and operation of certain specialized devices and functions. This is primarily accomplished through licensing, permitting and inspections.

Boiler Inspection is responsible for enforcement, administration and regulation of state law regarding the operation of boilers and pressure vessels. These responsibilities include inspections, permits, and licensing. This program works cooperatively with the Boiler Safety Advisory Board, and is funded 100% by special revenue from collection of established fees.

Elevator Safety is responsible for inspecting and permitting elevators and escalators, and works in conjunction with the Elevator Safety Board. Fees collected through this program substantially subsidize the Agency's general revenue distribution.

The **Board of Electrical Examiners** is responsible for licensing electricians and the Agency is responsible for enforcing the State Electrical Code as adopted by the board. This program is funded 100% by special revenue from collection of fees.

ADMINISTRATIVE SERVICES:

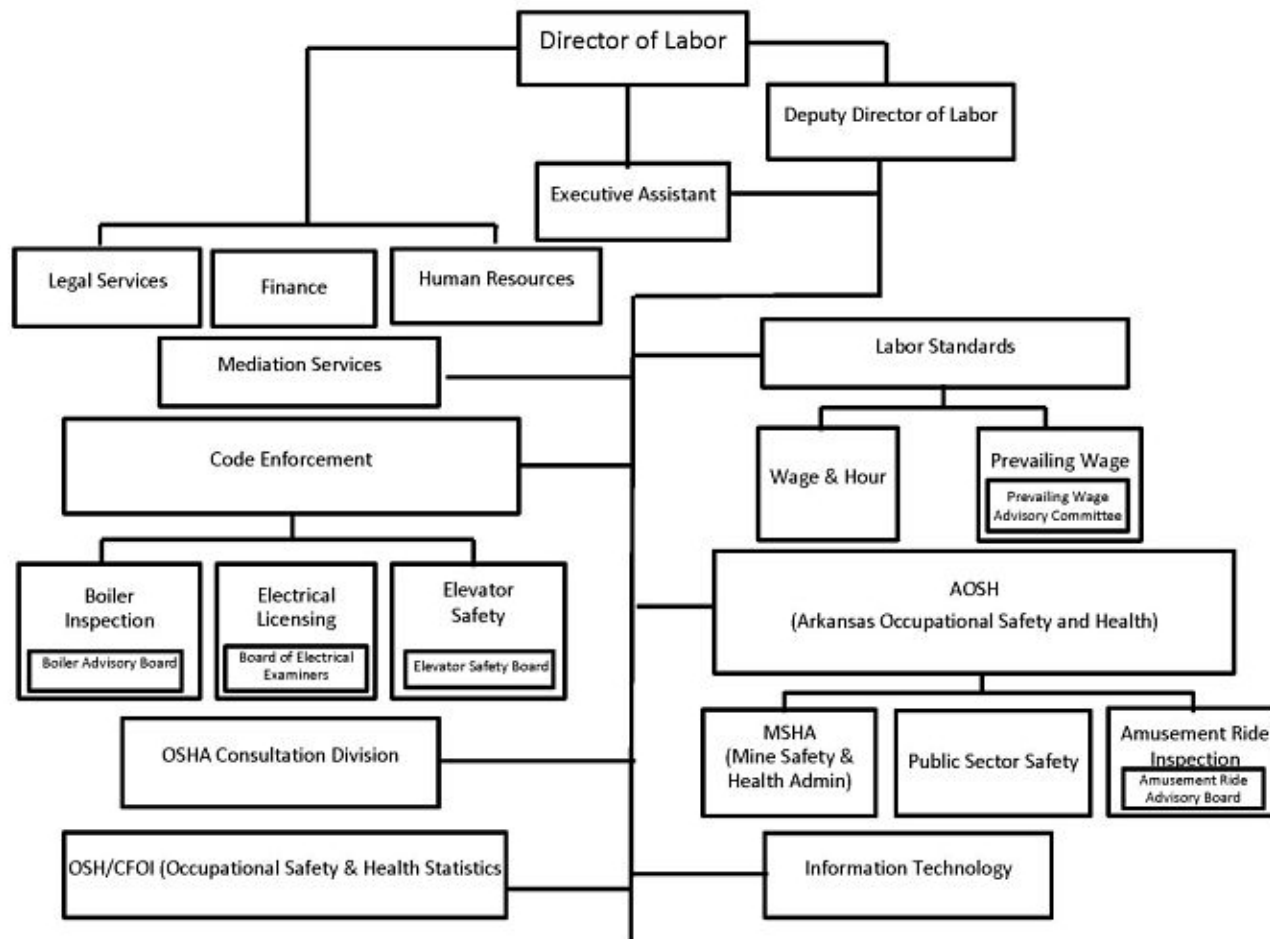
The Administrative Services division provides in-house support for all agency programs. This division is primarily funded by general revenue with appropriate direct and indirect charges to the federal and special revenue funded programs. There are four (4) functional work areas in this division.

Finance is responsible for planning, preparing and monitoring the Agency's budget and all financial matters, which includes overseeing all accounts receivables and payables, procurement and inventory management, ensuring employees are properly paid, and ensuring compliance with related federal and state regulations related to collection and disbursement of funds. This section also prepares federal grant applications and is responsible for monitoring proper management of federal funds.

Personnel is responsible for recruitment and hiring; handling employee benefits and internal policy development, implementation and compliance.

Legal provides counsel and other services to the Agency and its regulatory boards including drafting administrative regulations and handling litigation.

Information Technology is responsible for planning, designing, implementing, installing and maintaining the Agency's computer network and all associated components and user support and training. IT is also responsible for maintenance of the Agency's website to ensure it contains current information and that press releases and other public announcements are posted [in a timely manner](#).



Agency Commentary

In an effort to support initiatives of the new administration, a primary goal of the Arkansas Department of Labor ("The Agency") has been to reduce expenses while also increasing productivity and efficiencies. The Agency has 98 authorized positions, and 79 are filled as of July 1, 2016; therefore, through attrition, consolidation of jobs, and reallocation of positions, the agency achieved substantial savings and ended FY2016 approximately \$325,000 under budget in salaries and matching costs alone.

The agency also consolidated office space resulting in a savings of approximately \$60,000 annually. With some of this savings, the agency was able to equip field staff with new technology that has enhanced communication and provides opportunities for further initiatives. Another expense saving measure happened when the agency discontinued the posting of outgoing mail; which is now outsourced. This has not only allowed employees time for more productive work, but is expected to save the agency a minimum of \$5,000 annually on the lease of a postage machine and meter.

The agency is currently considering a software purchase that will not only enhance its ability to maintain the majority of required documents electronically, but will improve efficiencies in many of its current business processes, once this project is implemented as planned during FY2017. The agency is uncertain at this time if there will be any additional cost associated with maintenance, though it is expected.

Not all of the Agency divisions are funded by general revenue and some fund balances are continuing to decrease in our special revenue sections as a result of expenses exceeding income, particularly in the Board of Electrical Examiners. That section will be a primary benefactor of the new software and will have the added burden of sharing a good portion of the cost to maintain the system. As a direct result, a budget shortfall will exist in the very near future sufficient to completely deplete the fund absent identifying an additional funding source, such as a possible fee increase or a reduction in workforce and services offered for that section.

We expect to have no more than 85 filled positions at any one time throughout FY2017. For the upcoming biennium, the Agency is voluntarily surrendering four full-time positions, but is also requesting two Extra Help positions and \$12,000 in appropriation for each year of the biennium in order to provide a means for hiring temporary workers when necessary, or to allow time for the Agency to assess the need for part-time or seasonal workers in lieu of filling full-time vacant positions. Having the Extra Help positions would also allow the possibility of hiring interns to learn some of the technical aspects of many agency jobs, particularly in the Code Enforcement division, which could lead to promotion or movement to a full-time position.

In addition to equipping staff with up to date technology, the Agency also ensures employees have continuing education and training to maintain required certification and successfully perform their responsibilities. Therefore, the Agency is requesting reallocation of approximately \$20,000 in Fund HSA0100 from 02 - Operating Expenses to 09 - Travel-Conferences.

Audit Findings

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

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	32	24	56	73 %
Black Employees	7	14	21	27 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			21	27 %
Total Employees			77	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Arkansas Department of Labor Annual Report	A.C.A. 11-2-120	Y	N	0	This publication is submitted to the Governor electronically and made publically available via the ADL website to keep citizens aware of agency activities and Legislative and regulatory changes affecting businesses and labor conditions.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
148 State Operations	3,594,088	57	4,127,255	59	4,234,610	62	4,176,878	59	4,211,390	59	4,211,390	59	4,179,060	59	4,213,572	59	4,213,572	59
149 Boiler Inspection	734,126	11	831,977	10	1,006,022	10	834,097	10	834,097	10	834,097	10	834,220	10	834,220	10	834,220	10
151 Federal Programs	1,203,365	16	1,279,848	16	1,276,353	17	1,283,164	16	1,283,164	16	1,283,164	16	1,284,054	16	1,284,054	16	1,284,054	16
2CT Board of Electrical Examiners	607,327	9	666,563	9	721,558	9	669,115	9	669,115	9	669,115	9	669,237	9	669,237	9	669,237	9
940 Wage and Hour - Cash	94,984	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
942 Seminar & Conference Expenses - Cash	27,546	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0
Total	6,261,436	93	7,158,643	94	7,491,543	98	7,216,254	94	7,250,766	94	7,250,766	94	7,219,571	94	7,254,083	94	7,254,083	94

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	1,600,649	20.8	1,435,121	16.8		1,376,820	16.5	1,376,820	16.5	1,376,820	16.5	1,148,285	14.1	1,113,773	13.8	1,113,773	13.8
General Revenue	4000010	3,227,555	41.9	3,227,555	37.8		3,227,555	38.6	3,227,555	38.6	3,227,555	38.6	3,227,555	39.7	3,227,555	39.9	3,227,555	39.9
Federal Revenue	4000020	1,452,365	18.9	1,528,848	17.9		1,532,164	18.3	1,532,164	18.3	1,532,164	18.3	1,533,054	18.9	1,533,054	18.9	1,533,054	18.9
Special Revenue	4000030	1,294,986	16.8	2,095,052	24.5		1,975,000	23.6	1,975,000	23.6	1,975,000	23.6	1,975,000	24.3	1,975,000	24.4	1,975,000	24.4
Cash Fund	4000045	121,002	1.6	248,887	2.9		247,500	3.0	247,500	3.0	247,500	3.0	247,500	3.0	247,500	3.1	247,500	3.1
Total Funds		7,696,557	100.0	8,535,463	100.0		8,359,039	100.0	8,359,039	100.0	8,359,039	100.0	8,131,394	100.0	8,096,882	100.0	8,096,882	100.0
Excess Appropriation/(Funding)		(1,435,121)		(1,376,820)			(1,142,785)		(1,108,273)		(1,108,273)		(911,823)		(842,799)		(842,799)	
Grand Total		6,261,436		7,158,643			7,216,254		7,250,766		7,250,766		7,219,571		7,254,083		7,254,083	

FY17 Budget exceeds the Authorized amount in (151) Federal Programs due to salary adjustments during the 2015-2017 Biennium. Variation in Fund Balance is due to unfunded appropriation in (942) Seminar & Conference Expenses - Cash.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
99	86	9	95	4	13.13 %	99	83	12	95	4	16.16 %	99	79	17	96	3	20.20 %

Analysis of Budget Request

Appropriation: 148 - State Operations

Funding Sources: HSA - Dept. of Labor Fund Account

The Department of Labor was created by A.C.A. §11-2-106 under the supervision and direction of the Director of the Department of Labor. The Director is appointed by the Governor and is subject to confirmation by the Senate. The Director is authorized in A.C.A. §11-2-108 to enforce all labor laws, not otherwise specified in law; administer and enforce all laws, rules and regulations under the purview of the Department; ensure all inspections are conducted as required by rules and regulations of the Department; conduct investigations; and collect and compile statistical information regarding labor in the State.

This appropriation is utilized to support the State Operations of the Agency and to provide the matching requirements for the Federal Occupational Safety Health Administration (OSHA), Mine Safety Health and Administration (MSHA), Revised Occupational Safety and Health Statistics (ROSH), and Census of Fatal Occupational Injuries (CFOI) grants. Funding is derived from general revenue and special revenue from fees collected by the Elevator Inspection Program; as well as non-revenue receipts from blasting certification fees and amusement ride inspections.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$4,176,878 in FY18 and \$4,179,060 in FY19.

The Agency's Change level request is for \$35,512 each year of the biennium and includes the following:

- Extra Help and Personal Services Matching of \$34,512 each year due to adding two (2) Extra Help positions to hire temporary workers when necessary and allow the possibility of hiring interns which could lead to promotion or movement to a full time position.
- Reallocation of \$19,645 each year from Operating Expenses to Conference & Travel Expenses to provide required training to new and existing inspectors.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 148 - State Operations
Funding Sources: HSA - Dept. of Labor Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,276,987	2,534,877	2,587,831	2,564,034	2,564,034	2,564,034	2,565,569	2,565,569	2,565,569
#Positions	57	59	62	59	59	59	59	59	59
Extra Help 5010001	0	0	0	0	32,000	32,000	0	32,000	32,000
#Extra Help	0	0	0	0	2	2	0	2	2
Personal Services Matching 5010003	797,731	862,029	916,430	882,495	885,007	885,007	883,142	885,654	885,654
Operating Expenses 5020002	486,382	704,599	704,599	704,599	684,954	684,954	704,599	684,954	684,954
Conference & Travel Expenses 5050009	32,846	22,750	22,750	22,750	42,395	42,395	22,750	42,395	42,395
Professional Fees 5060010	142	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	3,594,088	4,127,255	4,234,610	4,176,878	4,211,390	4,211,390	4,179,060	4,213,572	4,213,572
Funding Sources									
Fund Balance 4000005	33,447	8,074		57,426	57,426	57,426	82,103	47,591	47,591
General Revenue 4000010	3,227,555	3,227,555		3,227,555	3,227,555	3,227,555	3,227,555	3,227,555	3,227,555
Federal Revenue 4000020	249,000	249,000		249,000	249,000	249,000	249,000	249,000	249,000
Special Revenue 4000030	92,160	700,052		725,000	725,000	725,000	725,000	725,000	725,000
Total Funding	3,602,162	4,184,681		4,258,981	4,258,981	4,258,981	4,283,658	4,249,146	4,249,146
Excess Appropriation/(Funding)	(8,074)	(57,426)		(82,103)	(47,591)	(47,591)	(104,598)	(35,574)	(35,574)
Grand Total	3,594,088	4,127,255		4,176,878	4,211,390	4,211,390	4,179,060	4,213,572	4,213,572

Change Level by Appropriation

Appropriation: 148 - State Operations
Funding Sources: HSA - Dept. of Labor Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,176,878	59	4,176,878	100.0	4,179,060	59	4,179,060	100.0
C01	Existing Program	34,512	0	4,211,390	100.8	34,512	0	4,213,572	100.8
C04	Reallocation	0	0	4,211,390	100.8	0	0	4,213,572	100.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,176,878	59	4,176,878	100.0	4,179,060	59	4,179,060	100.0
C01	Existing Program	34,512	0	4,211,390	100.8	34,512	0	4,213,572	100.8
C04	Reallocation	0	0	4,211,390	100.8	0	0	4,213,572	100.8

Justification

C01	Request for two (2) Extra Help positions and \$32,000 in appropriation in order to provide means for hiring temporary workers or interns.
C04	Many of our technical positions in this Funds Center require annual professional training to retain certification to perform elevator and amusement ride inspections. Due to retiring inspectors and the need to provide this required training to new and existing inspectors, the agency is relocating funds from 02 Operating Expenses to 09Travel/Conferences in order to have sufficient appropriation for this training. There are no requests for additional appropriation and funding.

Analysis of Budget Request

Appropriation: 149 - Boiler Inspection

Funding Sources: MLS - Dept. of Labor Special Fund

The Boiler Inspection Program is established in ACA §20-23-101 et seq. and is funded by special revenue collected by the Department from permits and inspection of all boilers used by private and public industries. In addition, fees are collected for annual and biennial inspections of all boilers and pressure vessels, the examination and licensing of boiler operators, quality control assurance surveys, ASME code shop service, licensing of firms to install and repair boilers and pressure vessels, consultation regarding boiler installation, maintenance, operation and repair.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$834,097 in FY18 and \$834,220 in FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 149 - Boiler Inspection

Funding Sources: MLS - Dept. of Labor Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	438,458	432,040	554,363	431,871	431,871	431,871	431,971	431,971	431,971
#Positions		11	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	161,116	148,089	199,811	150,378	150,378	150,378	150,401	150,401	150,401
Operating Expenses	5020002	129,729	237,804	237,804	237,804	237,804	237,804	237,804	237,804	237,804
Conference & Travel Expenses	5050009	4,823	14,044	14,044	14,044	14,044	14,044	14,044	14,044	14,044
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		734,126	831,977	1,006,022	834,097	834,097	834,097	834,220	834,220	834,220
Funding Sources										
Fund Balance	4000005	369,035	498,735		561,758	561,758	561,758	477,661	477,661	477,661
Special Revenue	4000030	863,826	895,000		750,000	750,000	750,000	750,000	750,000	750,000
Total Funding		1,232,861	1,393,735		1,311,758	1,311,758	1,311,758	1,227,661	1,227,661	1,227,661
Excess Appropriation/(Funding)		(498,735)	(561,758)		(477,661)	(477,661)	(477,661)	(393,441)	(393,441)	(393,441)
Grand Total		734,126	831,977		834,097	834,097	834,097	834,220	834,220	834,220

Analysis of Budget Request

Appropriation: 151 - Federal Programs

Funding Sources: FNA - Dept. of Labor-Federal Programs

Arkansas Code Annotated §11-2-121 authorizes the Director of the Department of Labor to enter into agreements with the United States Government for assistance and cooperation in enforcing and implementing state and federal laws. This appropriation is 100% federally funded and is utilized for the receipt of grant funds for conducting OSHA Consultation, Mine Safety and Health Consultation and Training, and the Occupational Injuries and Fatalities Surveys.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level is \$1,283,164 in FY18 and \$1,284,054 in FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 151 - Federal Programs

Funding Sources: FNA - Dept. of Labor-Federal Programs

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	661,639	687,709	675,374	687,245	687,245	687,245	687,963	687,963	687,963
#Positions		16	16	17	16	16	16	16	16	16
Personal Services Matching	5010003	233,781	233,306	242,146	237,086	237,086	237,086	237,258	237,258	237,258
Operating Expenses	5020002	246,213	314,883	314,883	314,883	314,883	314,883	314,883	314,883	314,883
Conference & Travel Expenses	5050009	33,064	43,950	43,950	43,950	43,950	43,950	43,950	43,950	43,950
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	28,668	0	0	0	0	0	0	0	0
Total		1,203,365	1,279,848	1,276,353	1,283,164	1,283,164	1,283,164	1,284,054	1,284,054	1,284,054
Funding Sources										
Federal Revenue	4000020	1,203,365	1,279,848		1,283,164	1,283,164	1,283,164	1,284,054	1,284,054	1,284,054
Total Funding		1,203,365	1,279,848		1,283,164	1,283,164	1,283,164	1,284,054	1,284,054	1,284,054
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,203,365	1,279,848		1,283,164	1,283,164	1,283,164	1,284,054	1,284,054	1,284,054

Analysis of Budget Request

Appropriation: 2CT - Board of Electrical Examiners

Funding Sources: MLS - Dept. of Labor Special Fund

Arkansas Code Annotated §17-28-201 created the Board of Electrical Examiners consisting of the Director of the Department of Labor and eight (8) other members appointed by the Governor with the advice and consent of the Senate. The Board is authorized to adopt rules and regulations; conduct examinations for licensure; register electrical apprentices and issue certificates; and revoke or suspend licenses or certificates. This appropriation is funded by special revenues from fees collected for license issuance and renewal of electrical contractors and the examination, licensure and renewal of master, journeyman, and industrial maintenance electricians as well as residential master and journeyman electricians and air conditioning electricians.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$669,115 in FY18 and \$669,237 in FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2CT - Board of Electrical Examiners

Funding Sources: MLS - Dept. of Labor Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	360,041	366,057	396,355	366,532	366,532	366,532	366,632	366,632	366,632
#Positions		9	9	9	9	9	9	9	9	9
Personal Services Matching	5010003	131,254	126,338	151,035	128,415	128,415	128,415	128,437	128,437	128,437
Operating Expenses	5020002	112,745	167,738	167,738	167,738	167,738	167,738	167,738	167,738	167,738
Conference & Travel Expenses	5050009	3,287	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		607,327	666,563	721,558	669,115	669,115	669,115	669,237	669,237	669,237
Funding Sources										
Fund Balance	4000005	1,192,526	924,199		757,636	757,636	757,636	588,521	588,521	588,521
Special Revenue	4000030	339,000	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding		1,531,526	1,424,199		1,257,636	1,257,636	1,257,636	1,088,521	1,088,521	1,088,521
Excess Appropriation/(Funding)		(924,199)	(757,636)		(588,521)	(588,521)	(588,521)	(419,284)	(419,284)	(419,284)
Grand Total		607,327	666,563		669,115	669,115	669,115	669,237	669,237	669,237

Analysis of Budget Request

Appropriation: 940 - Wage and Hour - Cash

Funding Sources: NDW - Cash in Treasury

The Department of Labor utilizes this appropriation as a "pass through" account to disburse cash funds collected from employers when it is determined an employer owes compensation to an employee resulting from wage and hour investigations and legal actions pursued by the Agency. Payments made to the Department of Labor by employers for this purpose are then disbursed to the employee.

The Agency Request is for Base Level of \$200,000 each year of the biennium.

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

Appropriation Summary

Appropriation: 940 - Wage and Hour - Cash

Funding Sources: NDW - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Miscellaneous CI 46 5900046	94,984	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total	94,984	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Funding Sources									
Cash Fund 4000045	94,984	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	94,984	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	94,984	200,000		200,000	200,000	200,000	200,000	200,000	200,000

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 942 - Seminar & Conference Expenses - Cash

Funding Sources: NDW - Cash in Treasury

The Department utilizes this appropriation to cover seminar and conference related costs. Cash funds collected from participants attending safety seminars and conferences hosted by the Department fund this appropriation.

The Agency Request is for Base Level of \$53,000 each year of the biennium.

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

Appropriation Summary

Appropriation: 942 - Seminar & Conference Expenses - Cash

Funding Sources: NDW - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	9,549	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Conference & Travel Expenses	5050009	17,997	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		27,546	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000
Funding Sources										
Fund Balance	4000005	5,641	4,113		0	0	0	0	0	0
Cash Fund	4000045	26,018	48,887		47,500	47,500	47,500	47,500	47,500	47,500
Total Funding		31,659	53,000		47,500	47,500	47,500	47,500	47,500	47,500
Excess Appropriation/(Funding)		(4,113)	0		5,500	5,500	5,500	5,500	5,500	5,500
Grand Total		27,546	53,000		53,000	53,000	53,000	53,000	53,000	53,000

Expenditure of appropriation is contingent upon available funding.

ARKANSAS NATURAL RESOURCES COMMISSION

Enabling Laws

Act 256 of 2016
Act 270 of 2015
Act 268 of 2014
Act 218 of 2013
Act 166 of 2012
Act 535 of 2011
Act 35 of 2010

A.C.A. §14-230-101 et seq.
A.C.A. §15-20-201 et seq.
A.C.A. §15-20-801 - §15-20-1301
A.C.A. §15-22-201 - §15-22-1301
A.C.A. §15-24-102 et seq.

History and Organization

The Mission of the Agency is to manage and protect our water and land resources for the health, safety, and economic benefit of the State of Arkansas.

Upon its formation in 1963 the Arkansas Natural Resources Commission (formerly the Soil and Water Conservation Commission) was assigned duties previously performed by the Water Conservation and Flood Control Commissions, in addition to those functions related to Soil and Water Conservation Districts formerly performed by the Geological Commission. Major duties of the Commission at that time included: water allocation, dam permitting, and interstate water rights.

In 1969 the Commission was assigned the task of developing the Arkansas Water Plan (AWP) and overseeing the State's flood plain management program. The Water Development Fund was created as a part of the water planning effort. The AWP, first published in 1975 and updated in 1985 and 2014, is the state's policy for long term water management.

In 1981, administration of the Water, Sewer and Solid Waste Management Fund was transferred from the Department of Local Services to the

Commission. Also in 1981, the Water Resources Cost Share Program was created to provide funds to Arkansas's communities to help meet the local cost share of federal water projects.

The Commission operates the Water, Waste Disposal and Pollution Abatement Facilities General Obligation (GO) Bond Program to provide low interest rate loans to communities. These loans are used for water resources and waste disposal projects.

In 1991 the Governor delegated administration of the Non-Point Source Pollution Abatement Program under the Federal Clean Water Act to the Commission. Primary funding to operate the program is from the US Environmental Protection Agency. In addition, Arkansas's General Assembly created the Ground Water Protection and Management Act. Under this act the Commission received additional responsibility for ground water management, collection of water use information, and collection of an annual fee for reporting water use.

The Commission, in conjunction with the Department of Finance and Administration operates two Tax Credit programs to encourage water resources development, water conservation, and protection of wetlands and riparian zones.

The Commission operates a Wetland Mitigation Bank that provides a voluntary, cost effective and environmentally sound alternative for mitigation of unavoidable wetland losses caused by individual, corporate, or state agency projects.

Since 1995 the Commission has provided administrative and field operations for the Water Well Construction Commission.

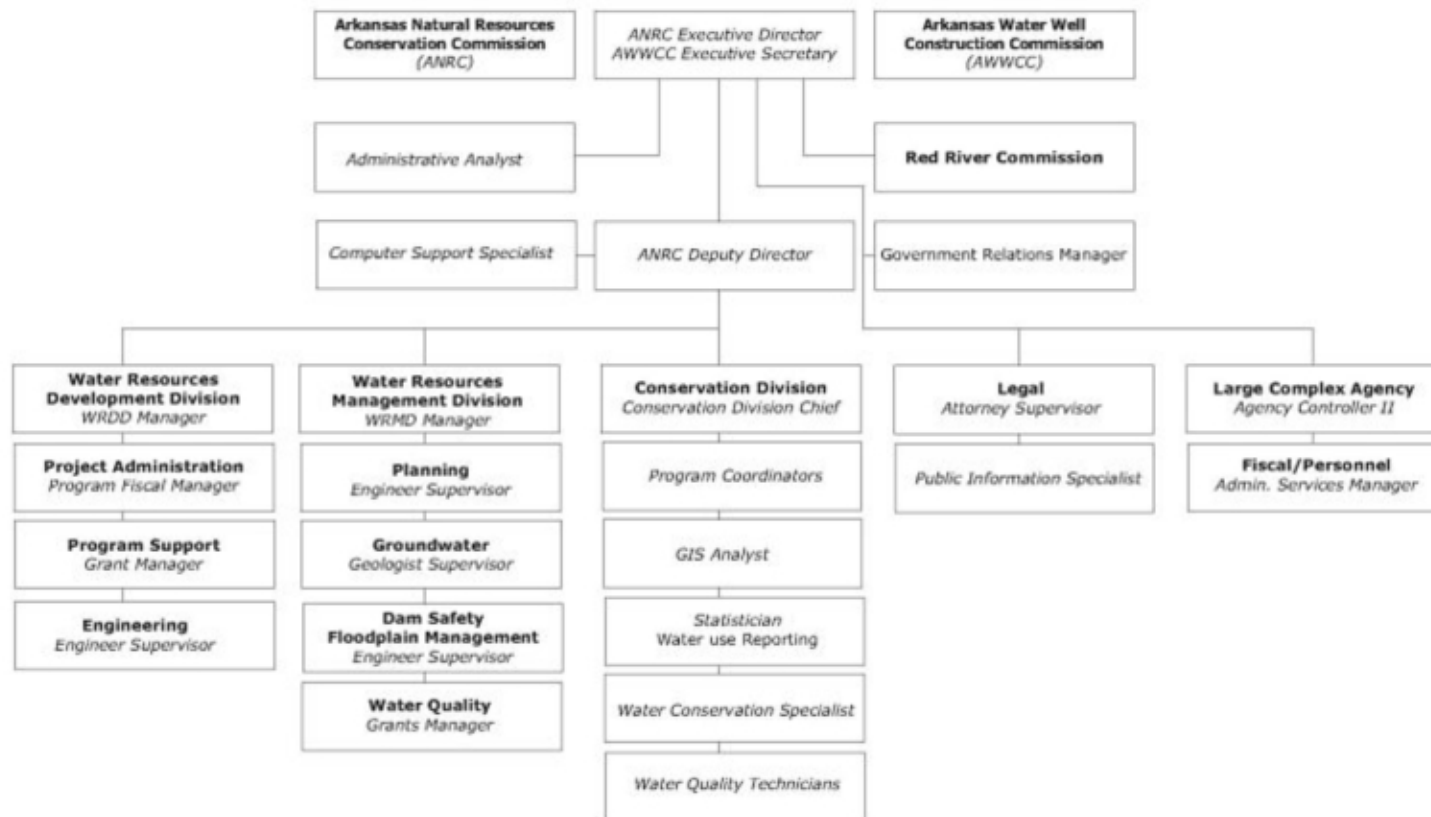
Act 1060 of 2003 directed the Commission to create and operate the Poultry Feeding Operation Registration Program. The purpose of this program is to assemble and maintain information on the number, composition, and practices of Poultry Feeding Operations in the state including the quantity of nutrients produced and used by those operations.

Act 1059 of 2003 authorized the Commission to institute a Nutrient Management Planner Certification Program for individuals who prepare Nutrient Management Plans. The purpose of this program is to establish criteria for planning and certify that planners have sufficient training to prepare adequate plans.

Act 1061 of 2003 authorized the Commission to institute a Nutrient Applicator Certification Program for individuals who apply agricultural nutrients in certain areas of the State. The purpose of this program is to certify that applicators have sufficient training to effectively apply nutrients in accord with applicable laws, regulations, and technical criteria.

Act 745 of 2003 requires that any community's flood plain manager must be accredited by the ANRC, and authorizes the agency to create and operate a program to insure that Flood Plain Managers have the requisite training and experience to successfully perform the duties of the position.

The Arkansas Natural Resources Commission provides technical and financial support for both the Red River Commission and the Ouachita River Commission.



Agency Commentary

The Arkansas Natural Resources Commission establishes policy and makes funding and regulatory decisions relative to soil conservation, nutrient management, water rights, dam safety and water resources planning and development. The ANRC is organized into four divisions: Administrative, Water Resources Management, Water Resources Development and Conservation.

ANRC Fiscal Efficiency

The Arkansas Natural Resources Commission recognizes the importance of fiscal efficiency and restraint. The Agency's Base Level Budget includes appropriation of approximately \$123.4 million along with 93 authorized positions. The Agency's funded budget includes many different fund sources, including State General Revenue; Federal Funds from the Environmental Protection Agency (EPA), the Federal Emergency Management Agency (FEMA), the United States Geological Survey (USGS) and the US Department of Agriculture, Natural Resources Conservation Service (NRCS); Agency fee generated Cash Funds, Revolving Loan Funds, Trust Funds, and Bond Proceeds from the sale of General Obligation Bonds.

The General Revenue portion of the ANRC funded budget is remarkably small. In fact, the ANRC's Base Level General Revenue of \$6,471,004 represents only 5.25% of our total funded budget. Additionally, more than half (\$3.7 million or 57.25%) of our total General Revenue funded budget consists of direct grant programs administered by the agency. These grant programs are primarily used to provide critical support for Arkansas' 75 conservation districts, as well as to fund water research and water quality programs, and other agency supported programs including water, sewer, solid waste projects and rural fire programs and as required state match for federal grants.

The Agency's remaining General Revenue Budget includes Regular Salaries and Related Matching budget of approximately \$2.3 million (to provide for 32 of the Agency's 93 total authorized positions), as well as a Maintenance and General Operations budget of \$420,615, of which almost 25% is allocated for rental fees for our office space. As a result, less than 5% of our total General Revenue Budget is used for our remaining operating expenses.

In accordance with the Executive Policy Statement, the ANRC has limited our new spending requests to only critical needs. The ANRC General Revenue change level request of \$2,547,800 is on behalf of the Arkansas Association of Conservation Districts (AACD) for the purpose of providing much needed critical support to Arkansas' 75 Conservation Districts. The ANRC is committed to improving state government by looking for opportunities to achieve budget efficiencies and savings. However, because our existing General Revenue budget is already so lean, a reallocation of existing resources to provide internally for this request is not possible.

Administrative Division

The Administrative Division provides oversight and direction as well as personnel, purchasing, legal and information technology support for the entire agency.

Changes requested for this division include:

- Unfunded appropriation in the amount of \$900,000 each year of the biennium for the Rural Fire Protection Program (Funds Center 381), which will restore this appropriation to the previously authorized level. This unfunded appropriation is requested in the event that savings from the Miscellaneous Agencies Fund Account become available during FY18 and/or FY19.

Water Resources Management Division

The Water Resources Management Division is responsible for statewide oversight and planning in the following areas: Water Systems, Water Supplies, Water Rights Allocation, Flood Plain Management, Non-Point Source Pollution Abatement, Dam Safety and Wetlands Mitigation Banking.

Changes requested for this division include:

- Unfunded appropriation in the amount of \$400,000 each year of the biennium. This request will provide additional appropriation of \$200,000 to both the Grants and Aid Line Item and the Water Quality Technician Line Item in the Water Quality Implementation appropriation (Funds Center 2RG). The Agency Request includes the continuation of Special Language that authorizes the agency to carry forward funds to support the amount of obligated grants certified for Matching Grants and Water Quality Technicians. This request for unfunded appropriation will enable the agency to utilize any funds carried forward between fiscal years.
- Additional cash appropriation of \$100,000 each year of the biennium for the Capital Outlay Line Item in the Arkansas Natural Resources Commission - Cash appropriation (Funds Center 420). This will enable the agency to purchase equipment to support the two wetland mitigation banks established by the Agency within the Arkansas Wetland Mitigation Bank Program.
- Additional federal appropriation of \$50,000 each year of the biennium for the Capital Outlay Line Item in the Non-Point Source Pollution Control Program (Funds Center 997). This request will enable the agency to replace existing field equipment for Water Quality Projects. This appropriation is 100% federally funded.
- Additional federal appropriation of \$10,000 each year of the biennium for Capital Outlay for the Dam Inventory Program (Funds Center 1AA). This request will enable the agency to replace existing equipment for the federally funded Dam Inventory Program. This appropriation is 100% federal funded.
- Additional federal appropriation \$25,000 per year in the Capital Outlay line item to enable the agency to replace existing equipment for the Flood Insurance Program (Funds Center 2BU). Specifically, this appropriation will be used to provide for the following three grants from the Federal Emergency Management Agency (FEMA): The Community Assistance Program - State Support Service Element (CAPP-SSSE) Grant, which provides funding to States to provide technical assistance to communities in the National Flood Insurance Program (NFIP) and to evaluate community performance in implementing NFIP floodplain management activities; the Cooperating Technical Partners (CTP) Program Grant, the goal of which is to create partnerships between FEMA and participating NFIP communities, regional agencies, State agencies, tribes, and universities that have the interest and capability to become more active

which is to provides funds for projects to reduce or eliminate risk of flood damage to buildings that are insured under the NFIP on an annual basis.

- Additional federal appropriation of \$126,000 for the Water Use Program (Funds Center U31). The ANRC recently completed an update of the Arkansas Water Plan. One of priority needs identified in this update was the need for reliable water use data. Acquiring this data means the expansion of the network of stream gages, monitoring wells, water quality monitoring sites and improved information of water use. To achieve this, the ANRC has received federal funding from the United States Geological Survey (USGS) Water Availability and Use Science Program. This change level request includes the restoration of Salary, Matching and Operating Expenses appropriation totaling \$26,000 that was approved in a Miscellaneous Federal Grant in FY16 and Continued in FY17 to provide operational support for the program. The change level request also includes additional appropriation of \$100,000 in the Professional Fees and Services Line Item. This request is for an additional USGS grant awarded to the ANRC that will enable the agency to contract with a service provider to install flow meters on irrigation wells in various counties statewide.

Water Resources Development Division

The Water Resources Development Division administers programs that provide funding to communities for local water supply and distribution; waste water collection, treatment and disposal; and collection and disposal of solid wastes.

Changes requested for this division include:

- Unfunded appropriation of \$665,704 each year of the biennium in the Water/Sewer/Solid Waste - State Appropriation (Funds Center 2GE). This request will restore this appropriation to the previously authorized level, and is requested in the event that savings from the Miscellaneous Agencies Fund Account become available during FY18 and/or FY19.
- Additional cash funded appropriation of \$5,000 for the Conference Fees and Travel line item to support the travel and training needs of the Water Development Program Supervisory staff. This request is funded by administrative funds from the EPA Drinking Water Revolving Loan Fund Program (Funds Center 420). Because of the complex nature of these programs, staff are required to attend training sessions with various federal regulatory agencies and workgroups (EPA, Council of Infrastructure Authorities (CIFA), State Revolving Fund Work Groups, United States Department of Agriculture - Rural Development (USDA-RD), etc.
- A reallocation of cash appropriation in the amount of \$105,000 from a Miscellaneous Commitment Item titled "Training/Contract Services" to the Soil & Water Grants and Loans Line Item (Funds Center 420). This appropriation is used to support a Cooperative Agreement between the ANRC and the Arkansas Rural Water Association (ARWA). These grant funds are used to enable the ARWA to

ARNC utilizes the grant funds; it is simply an administrative request to streamline the internal grant process.

Conservation Division

Functions of this division include oversight of the 75 Conservation Districts including fiscal management and program planning; registration of surface water and groundwater usage; administration of a tax credit program, creation of surface water storage, reduction of ground water use; and administrative support of the Board of Registration for Soil Classifiers. In addition this division also performs geographic information system analyses and data acquisition. The Nutrient Management Program was implemented to oversee the Poultry Feeding Operations Registration Program and the certification of Nutrient Planners and Applicators.

Change levels for this division include:

- The restoration of federal appropriation of \$1,219,433 along with three (3) C120 Environmental Coordinator Positions for the Conservation Technical Assistance Program (Funds Center U38). The appropriation and positions were authorized by Miscellaneous Federal Grants during FY16 and Continued into FY17 to enable the ANRC to utilize federal funding awarded by the United States Department of Agriculture, Natural Resources Conservation Service (NRCS) to provide conservation technical assistance and training to Conservation District Employees. This request includes Salary and Related Matching appropriation of \$152,550 for three employees, Operating Expenses appropriation of \$120,246; Grants and Aid appropriation of \$906,637 and Capital Outlay appropriation of \$40,000. These grants support five different Conservation Programs including: (1) Water Quality Technicians (to assist producers in the development and implementation of Nutrient Management Plans and Conservation Plans); (2) Irrigation Efficiency (to promote watershed assessment and Watershed Management Plan Implementation); (3) Environmental Quality Incentives Program (to provide outreach and on-farm technical assistance to promote the development of their Irrigation Water Management Plans and Conservation Plans); (4) District Training (to provide training and technical certification to Conservation District and NRCS Employees); and (5) Dam and Levee Safety (to assist in the inspection of dams, levees and other state regulated structures).
- Additional appropriation and general revenue funding of \$150,000 each year for the Conservation District Beaver Control Program (Funds Center 129). This program is administered by the ANRC through Arkansas' Conservation Districts. The program reimburses districts \$10 per beaver for payments made to certified beaver harvesters, thereby removing 15,000 beavers per year. According to an environmental assessment published in 2013 by the United States Department of Agriculture, the current beaver population has exceeded the societal carrying capacity. Recent studies have shown that the estimated costs associated with beaver damage across the state exceeds \$35 million. Beaver damage includes flooded timber and agricultural land, girdling, cutting valuable trees, interference with drainage systems, flooded properties, damage to roads and earthen embankments as well as to residential/commercial utilities and wildlife habitats. The State Conservation Districts have expressed a need to increase funding to help control the beaver population throughout the state. This request will increase the number of beavers districts are able to remove annually from 15,000 to 30,000.

- Additional appropriation and general revenue funding of \$802,800 each year for the Conservation District Expense Line Item within the State Operations appropriation (Funds Center 262). The Line Item is primarily used to flow funding through the ANRC to be disbursed evenly among all 75 Conservation Districts to support the District Operations. This request includes:
 - A. \$750,000 each year to increase the amount of funding that is disbursed evenly among the 75 Districts to support District Operations. This request, therefore, will provide an additional \$10,000 to each district. The Districts have not received an increase in funding since 1997, making it very difficult for these districts to provide for their most basic operating expenses. These districts manage numerous programs for the ANRC, such as Water Use Reporting, Poultry Registration, Beaver Eradication and other programs that fall under their statutory authority. District employees are required to maintain a comprehensive financial accounting system in Quickbooks, but a lack of funding has led to a high turnover within the district manager positions and made it increasingly difficult for the districts to hire competent personnel who can carry out the necessary duties. The funding situation for many of these districts is dire, making this request for additional funding and appropriation a vital request by the ANRC on behalf of the districts.
 - B. \$52,800 each year to be utilized for building capacity at the district level. Specifically, these funds would be used (1) To train District Directors on both their fiscal/legal responsibilities as well as on daily job related responsibilities including personnel, resource assessments, conservation projects, etc.; (2) To train District Employees on the basic programs available through various entities including the NRCS, Game and Fish, etc. as well as on daily job related responsibilities including presentations and reporting, resource concerns, meeting protocol, etc.; and (3) To provide basic equipment to various district offices that don't have critical equipment such as copy equipment, computer equipment, phones, surveying equipment, etc.
- Additional appropriation and general revenue funding of \$345,000 each year for the Water Quality Technician line item within the Water Quality Plan Implementation appropriation (Funds Center 2RG). This will be used to support the ANRC Nutrient Management Program, which oversees a licensing and certification program for consultants and compliance activities, education and training programs necessary to implement the law. A "nutrient management plan" is a document approved by a conservation district board that is prepared to assist landowners and operators in the proper management and utilization of nutrient sources for maximum soil fertility and protection of state waters. A nutrient management plan will not be approved unless it is prepared by a Certified Nutrient Planner. If a landowner or operator plans to apply litter, sewage sludge, or commercial fertilizer within an area designated as a "Nutrient Surplus Area," Arkansas law requires him/her to obtain a nutrient management plan. A Nutrient Surplus Area (NSA) is an area that has been designated by the Arkansas General Assembly as having such high concentrations of one or more nutrients that continued unrestricted application of the nutrient could negatively impact soil fertility and waters of the state. The ANRC currently contracts with the Conservation Districts to write nutrient management plans for local landowners and operators free of charge. When the State of Arkansas enacted nutrient management laws in 2003, this caused a significant increase in the district workload - increasing the number of plans from approximately 50 plans required per Certified Nutrient Planner to approximately 65 plans, with no additional funding to cover the associated cost increase. As the poultry industry continues to grow in Northeast Arkansas, this request represents a critical need to enable the districts to address the nutrient management needs. Because of the dismal funding situation currently experienced

- by many of these districts, this request for additional funding and appropriation is a vital request by the ANRC on behalf of these districts.
- Additional appropriation and general revenue funding of \$1,250,000 each year for the Conservation Projects line item within the ANRC Grants and Attorney Services Appropriation (Funds Center 263). This request will establish a new program to enable the ANRC to support the top resources concerns currently recognized by the districts. In October 2012, the ANRC assisted each Conservation District develop a comprehensive assessment of its soil and water resources and needs. These assessments, which were required by Conservation District Law, helped districts identify resource concerns at the local level and develop strategies to address those concerns. These assessments required each Conservation District Board of Directors to engage state and local officials and conservation partners in the process, and were designed to help the each district formulate its annual operating plan, especially in describing existing district programs and short and long term goals. The ANRC staff evaluated the results of these resource assessments and identified the top three resource concerns as: Stream Bank Stabilization, Water Conservation and Control of Invasive Species. These concerns represent critical needs of the Conservation Districts in their efforts to carry out conservation within their respective districts. This request will enable the ANRC to address these concerns by providing grants to conservation districts to support these three significant resource concerns.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS NATURAL RESOURCES COMMISSION
 FOR THE YEAR ENDED JUNE 30, 2015

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	41	26	67	87 %
Black Employees	3	6	9	12 %
Other Racial Minorities	0	1	1	1 %
Total Minorities			10	13 %
Total Employees			77	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
129 Beaver Eradication Program	150,000	0	150,000	0	300,000	0	150,000	0	300,000	0	150,000	0	150,000	0	300,000	0	150,000	0
1AA Dam Inventory	210,453	1	324,729	1	380,268	1	305,036	1	315,036	1	315,036	1	305,036	1	315,036	1	315,036	1
1EE Water, Waste Disposal, Pollution Abatement	8,144,884	5	90,314,747	5	90,314,507	5	90,316,054	5	90,316,054	5	90,316,054	5	90,316,177	5	90,316,177	5	90,316,177	5
262 Natural Resources Commission-Operations	3,483,798	28	3,496,853	27	4,236,058	27	3,503,800	27	4,306,600	27	3,503,800	27	3,505,395	27	4,308,195	27	3,505,395	27
263 Grants and Attorney Services	91,712	0	91,711	0	841,711	0	91,711	0	1,341,711	0	91,711	0	91,711	0	1,341,711	0	91,711	0
2BU Flood Insurance Program	1,163,152	3	3,228,062	3	3,226,971	3	3,198,932	3	3,223,932	3	3,179,245	2	3,199,054	3	3,224,054	3	3,179,367	2
2GE Water/Sewer/Solid Waste-State	89,482	0	84,296	0	750,000	0	84,296	0	750,000	0	84,296	0	84,296	0	750,000	0	84,296	0
2RG Water Quality Implementation	1,801,581	5	1,843,812	5	2,489,315	5	1,845,197	5	2,590,197	5	1,845,197	5	1,845,320	5	2,590,320	5	1,845,320	5
381 Rural Fire Protection Program	100,000	0	100,000	0	1,000,000	0	100,000	0	1,000,000	0	100,000	0	100,000	0	1,000,000	0	100,000	0
383 Conservation District Grants	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0
420 Natural Resources Comm-Cash	4,467,144	25	9,344,679	26	9,304,393	27	9,251,767	26	9,356,767	26	9,263,568	24	9,252,626	26	9,357,626	26	9,264,427	24
527 Construction Asst Revolving Loan Fund Program	1,023,744	13	1,198,696	15	1,201,809	15	1,185,790	15	1,185,790	15	1,100,244	13	1,186,035	15	1,186,035	15	1,100,489	13
659 Ouachita River Waterways Projects	0	0	57,675	0	57,675	0	57,675	0	57,675	0	57,675	0	57,675	0	57,675	0	57,675	0
808 Water Research	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0
822 Conservation District Clerks' Insurance	403,200	0	403,200	0	403,200	0	403,200	0	403,200	0	403,200	0	403,200	0	403,200	0	403,200	0
924 Water/Sewer/Solid Waste	2,247,587	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0
997 NonPoint Source Pollution Control Program	3,296,142	7	6,635,391	8	6,686,713	10	6,587,791	8	6,637,791	8	6,637,791	8	6,587,913	8	6,637,913	8	6,637,913	8
U31 Water Use Program	0	0	26,000	0	0	0	0	0	126,000	0	126,000	0	0	0	126,000	0	126,000	0
U38 Conservation Technical Assistance	7,282	1	1,269,347	3	0	0	0	0	1,219,433	3	1,219,433	3	0	0	1,219,433	3	1,219,433	3
Total	26,972,961	87	124,861,998	93	127,485,420	93	123,374,049	90	129,422,986	93	124,686,050	88	123,377,238	90	129,426,175	93	124,689,239	88

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	46,179,367	69.5	39,469,095	26.7			23,173,186	16.5	23,173,186	16.0	23,173,186	16.3	17,229,419	12.8	17,124,419	12.4	17,217,618	12.7
General Revenue	4000010	6,412,573	9.7	6,440,948	4.4			6,471,004	4.6	9,018,804	6.2	6,471,004	4.6	6,472,722	4.8	9,020,522	6.5	6,472,722	4.8
Federal Revenue	4000020	5,700,773	8.6	12,682,225	8.6			11,277,549	8.0	12,707,982	8.8	12,577,749	8.9	11,278,038	8.4	12,708,471	9.2	12,578,238	9.3
Cash Fund	4000045	5,413,222	8.1	5,048,770	3.4			5,308,000	3.8	5,308,000	3.7	5,308,000	3.7	5,308,000	3.9	5,308,000	3.8	5,308,000	3.9
Trust Fund	4000050	0	0.0	57,675	0.0			57,675	0.0	57,675	0.0	57,675	0.0	57,675	0.0	57,675	0.0	57,675	0.0
Merit Adjustment Fund	4000055	0	0.0	21,724	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Bond Proceeds	4000125	0	0.0	60,314,747	40.7			70,316,054	50.0	70,316,054	48.6	70,316,054	49.6	70,316,177	52.2	70,316,177	50.8	70,316,177	51.7
Inter-agency Fund Transfer	4000316	(18,257,522)	(27.5)	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Loan Repayment	4000330	20,993,643	31.6	24,000,000	16.2			24,000,000	17.1	24,000,000	16.6	24,000,000	16.9	24,000,000	17.8	24,000,000	17.3	24,000,000	17.7
Total Funds		66,442,056	100.0	148,035,184	100.0			140,603,468	100.0	144,581,701	100.0	141,903,668	100.0	134,662,031	100.0	138,535,264	100.0	135,950,430	100.0

Excess Appropriation/(Funding)	(39,469,095)	(23,173,186)		(17,229,419)	(15,158,715)	(17,217,618)	(11,284,793)	(9,109,089)	(11,261,191)
Grand Total	26,972,961	124,861,998		123,374,049	129,422,986	124,686,050	123,377,238	129,426,175	124,689,239

FY17 Budget exceeds Authorized in (2BU) Flood Insurance Program and (420) Natual Resources COMM-Cash due to salary and matching rate adjustments during the 2015-2017 Biennium.

FY17 Budget exceeds Authorized in (U31) Water Use Program and (U38) Conservation Technical Assistance due to a transfer from the Miscellaneous Federal Grant Holding Account.

Variation in fund balance is due to unfunded appropriation in (129) Beaver Eradication Program, (262) Natural Resources Commission-Operations, (263) Grants and Attorney Services, (2GE) Water/Sewer/Solid Waste-State, (2RG) Water Quality Implentation, and (381) Rural Fire Protection Program.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
93	81	13	94	-1	12.90 %	93	80	13	93	0	13.98 %	93	79	14	93	0	15.05 %

FY2014-2015 Budgeted Positions exceed Authorized due to a position from a Miscellaneous Federal Grant.

Analysis of Budget Request

Appropriation: 129 - Beaver Eradication Program

Funding Sources: HUA - Miscellaneous Agencies Fund

The "Beaver Eradication Program" created under Act 630 of 1993 and coordinated by the Department of Finance and Administration and county governments is now called the "Conservation District Beaver Control Program," administered by the Arkansas Natural Resources Commission through Arkansas's conservation districts. This program reimburses conservation districts \$10 per beaver for payments they make to certified beaver harvesters. To receive grant funding through this program, conservation districts must submit a district beaver control plan to the Commission, who will allocate the available funding to districts according to their projected harvest, past participation, and other factors to ensure fairness. This program is funded entirely by general revenue.

Base Level is \$150,000 each year of the 2017-2019 Biennium in appropriation and general revenue funding.

The Agency Change Level Request includes appropriation and new general revenue funding of \$150,000 each year of the biennium. This request will enable Arkansas' 75 Conservation Districts to increase the number of beavers removed annually from the state from 15,000 to 30,000.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 129 - Beaver Eradication Program
Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	150,000	150,000	300,000	150,000	300,000	150,000	150,000	300,000	150,000
Total	150,000	150,000	300,000	150,000	300,000	150,000	150,000	300,000	150,000
Funding Sources									
General Revenue 4000010	150,000	150,000		150,000	300,000	150,000	150,000	300,000	150,000
Total Funding	150,000	150,000		150,000	300,000	150,000	150,000	300,000	150,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	150,000	150,000		150,000	300,000	150,000	150,000	300,000	150,000

Change Level by Appropriation

Appropriation: 129 - Beaver Eradication Program
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	150,000	0	150,000	100.0	150,000	0	150,000	100.0
C01	Existing Program	150,000	0	300,000	200.0	150,000	0	300,000	200.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	150,000	0	150,000	100.0	150,000	0	150,000	100.0
C01	Existing Program	0	0	150,000	100.0	0	0	150,000	100.0

Justification

C01	Additional appropriation and General Revenue funding in the amount of \$150,000 is requested to support the Beaver Eradication Program. This request will enable Arkansas' 75 Conservation Districts to increase the number of beavers removed annually from the state from 15,000 to 30,000.								
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Analysis of Budget Request

Appropriation: 1AA - Dam Inventory

Funding Sources: FSC - Natural Resources Commission Federal

The Natural Resources Commission's Dam Inventory appropriation is used to conduct periodic inspections to determine the number and current condition of dams within the State's jurisdiction. The Commission maintains this information in a database and provides updated records to the Federal Emergency Management Agency. This appropriation is 100% federally funded.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$305,036 each year of the biennium.

The Agency Change Level request is \$10,000 each year of the biennium for Capital Outlay to replace existing equipment for the Dam Inventory Program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1AA - Dam Inventory

Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	55,571	53,796	103,636	53,796	53,796	53,796	53,796	53,796	53,796
#Positions		1	1	1	1	1	1	1	1	1
Extra Help	5010001	6,615	10,000	0	10,000	10,000	10,000	10,000	10,000	10,000
#Extra Help		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	18,838	17,720	33,419	18,027	18,027	18,027	18,027	18,027	18,027
Operating Expenses	5020002	47,968	49,216	49,216	49,216	49,216	49,216	49,216	49,216	49,216
Conference & Travel Expenses	5050009	8,736	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Professional Fees	5060010	41,255	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	31,470	76,997	76,997	76,997	76,997	76,997	76,997	76,997	76,997
Capital Outlay	5120011	0	20,000	20,000	0	10,000	10,000	0	10,000	10,000
Total		210,453	324,729	380,268	305,036	315,036	315,036	305,036	315,036	315,036
Funding Sources										
Federal Revenue	4000020	210,453	324,729		305,036	315,036	315,036	305,036	315,036	315,036
Total Funding		210,453	324,729		305,036	315,036	315,036	305,036	315,036	315,036
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		210,453	324,729		305,036	315,036	315,036	305,036	315,036	315,036

FY17 Budgeted Extra Help exceed Authorized due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 1AA - Dam Inventory
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	305,036	1	305,036	100.0	305,036	1	305,036	100.0
C01	Existing Program	10,000	0	315,036	103.3	10,000	0	315,036	103.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	305,036	1	305,036	100.0	305,036	1	305,036	100.0
C01	Existing Program	10,000	0	315,036	103.3	10,000	0	315,036	103.3

Justification

C01	The Agency Request includes additional federal appropriation \$10,000 per year in Capital Outlay appropriation to to enable the agency to replace existing equipment for the federally funded Dam Inventory Program.
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Analysis of Budget Request

Appropriation: 1EE - Water, Waste Disposal, Pollution Abatement

Funding Sources: TPW - Water, Waste Disposal and Pollution Abatement Construction Fund

The Water, Waste Disposal and Pollution Abatement Program provides low interest rate loans to communities for water resources and waste disposal projects. The program is funded from the sale of Water, Waste Disposal and Pollution Abatement General Obligation Bonds, loan repayments and interest income.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$90,316,054 in FY18 and \$90,316,177 in FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1EE - Water, Waste Disposal, Pollution Abatement

Funding Sources: TPW - Water, Waste Disposal and Pollution Abatement Construction Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	237,958	233,440	232,539	233,440	233,440	233,440	233,540	233,540	233,540
#Positions		5	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	78,072	76,907	77,568	78,214	78,214	78,214	78,237	78,237	78,237
Operating Expenses	5020002	274	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Project Disbursements	5900046	7,828,580	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000
Total		8,144,884	90,314,747	90,314,507	90,316,054	90,316,054	90,316,054	90,316,177	90,316,177	90,316,177

Funding Sources										
Fund Balance	4000005	24,916,122	16,795,118		6,795,118	6,795,118	6,795,118	6,795,118	6,795,118	6,795,118
Bond Proceeds	4000125	0	60,314,747		70,316,054	70,316,054	70,316,054	70,316,177	70,316,177	70,316,177
Inter-agency Fund Transfer	4000316	(18,257,522)	0		0	0	0	0	0	0
Loan Repayment	4000330	18,281,402	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Funding		24,940,002	97,109,865		97,111,172	97,111,172	97,111,172	97,111,295	97,111,295	97,111,295
Excess Appropriation/(Funding)		(16,795,118)	(6,795,118)		(6,795,118)	(6,795,118)	(6,795,118)	(6,795,118)	(6,795,118)	(6,795,118)
Grand Total		8,144,884	90,314,747		90,316,054	90,316,054	90,316,054	90,316,177	90,316,177	90,316,177

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 262 - Natural Resources Commission-Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The State Operations appropriation provides administrative support for the Arkansas Natural Resources Commission and is funded entirely by general revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$3,503,800 in FY18 and \$3,505,395 in FY19 in appropriation and general revenue funding.

The Agency Change Level Request is \$802,800 each year of appropriation and new general revenue in Grants in Aid for the operating expenses of the state conservation districts.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 262 - Natural Resources Commission-Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,516,794	1,533,752	1,518,212	1,532,351	1,532,351	1,532,351	1,533,651	1,533,651	1,533,651
#Positions		28	27	27	27	27	27	27	27	27
Personal Services Matching	5010003	472,994	475,804	480,549	484,152	484,152	484,152	484,447	484,447	484,447
Operating Expenses	5020002	401,026	400,379	400,379	400,379	400,379	400,379	400,379	400,379	400,379
Conference & Travel Expenses	5050009	10,162	10,165	10,165	10,165	10,165	10,165	10,165	10,165	10,165
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	946,059	939,990	1,689,990	939,990	1,742,790	939,990	939,990	1,742,790	939,990
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Surveys & Investigations	5900046	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900
Water Planning	5900047	130,981	130,981	130,981	130,981	130,981	130,981	130,981	130,981	130,981
Research Project	5900048	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882
Total		3,483,798	3,496,853	4,236,058	3,503,800	4,306,600	3,503,800	3,505,395	4,308,195	3,505,395
Funding Sources										
General Revenue	4000010	3,483,798	3,475,129		3,503,800	4,306,600	3,503,800	3,505,395	4,308,195	3,505,395
Merit Adjustment Fund	4000055	0	21,724		0	0	0	0	0	0
Total Funding		3,483,798	3,496,853		3,503,800	4,306,600	3,503,800	3,505,395	4,308,195	3,505,395
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,483,798	3,496,853		3,503,800	4,306,600	3,503,800	3,505,395	4,308,195	3,505,395

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 262 - Natural Resources Commission-Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,503,800	27	3,503,800	100.0	3,505,395	27	3,505,395	100.0
C01	Existing Program	802,800	0	4,306,600	122.9	802,800	0	4,308,195	122.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,503,800	27	3,503,800	100.0	3,505,395	27	3,505,395	100.0
C01	Existing Program	0	0	3,503,800	100.0	0	0	3,505,395	100.0

Justification

C01	The Agency Request includes additional appropriation and General Revenue funding in the amount of \$802,800 to support the operating expenses of Arkansas' 75 Conservation Districts (political subdivisions of the State of Arkansas with the specific responsibility of managing the state's soil and water resources). Of this request, \$750,000 will be divided evenly among all 75 districts, providing an additional \$10,000 per district to support basic operations. The remaining \$52,800 will be used to build capacity at the district level, specifically by enabling the districts to receive training for District Directors and Employees as well as the basic support equipment.
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Analysis of Budget Request

Appropriation: 263 - Grants and Attorney Services

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Grants and Attorney Services appropriation provides for Arkansas's share of operating grants for three river and watershed compacts (the River Basin Compact, the Arkansas River Compact and the Red River Compact), provides for travel and stipend expenses for commission members, supports conservation projects, and provides for special legal assistance concerning water rights. This program is funded entirely by general revenue.

Base Level is \$91,711 each year of the biennium in appropriation and general revenue funding.

The Agency Change Level reflects an increase in Conservation Projects of \$1,250,000 in appropriation and new general revenue funding each year of the 2017-2019 Biennium to enable the Agency to provide grants to the State's 75 Conservation Districts and support the top three resource concerns: stream bank stabilization, water conservation, and invasive species control projects.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 263 - Grants and Attorney Services

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	42,820	42,820	42,820	42,820	42,820	42,820	42,820	42,820	42,820
Legal Counsel	5900040	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871
Committee/Commission Exp	5900041	10,001	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Conservation Projects	5900046	3,500	3,500	753,500	3,500	1,253,500	3,500	3,500	1,253,500	3,500
Arkansas River Compact	5900047	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800
Red River Compact	5900048	11,720	11,720	11,720	11,720	11,720	11,720	11,720	11,720	11,720
Total		91,712	91,711	841,711	91,711	1,341,711	91,711	91,711	1,341,711	91,711
Funding Sources										
General Revenue	4000010	91,712	91,711		91,711	1,341,711	91,711	91,711	1,341,711	91,711
Total Funding		91,712	91,711		91,711	1,341,711	91,711	91,711	1,341,711	91,711
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		91,712	91,711		91,711	1,341,711	91,711	91,711	1,341,711	91,711

Change Level by Appropriation

Appropriation: 263 - Grants and Attorney Services
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	91,711	0	91,711	100.0	91,711	0	91,711	100.0
C01	Existing Program	1,250,000	0	1,341,711	1,463.0	1,250,000	0	1,341,711	1,463.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	91,711	0	91,711	100.0	91,711	0	91,711	100.0
C01	Existing Program	0	0	91,711	100.0	0	0	91,711	100.0

Justification

C01	The Agency Request includes additional appropriation and General Revenue funding in the amount of \$1,250,000 to support the Conservations Projects Line Item within the Grants and Attorney Services Appropriation. This will enable the Arkansas Natural Resources Commission to provide grants to the State's 75 Conservation Districts support the top three resource concerns currently recognized by the districts: Stream Bank Stabilization, Water Conservation and Control of Invasive Species.
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Analysis of Budget Request

Appropriation: 2BU - Flood Insurance Program

Funding Sources: FSC - Natural Resources Commission Federal

The Natural Resources Commission's Flood Insurance Program is funded entirely by federal revenues granted to the Commission by the Federal Emergency Management Agency (FEMA) within the U.S. Department of Homeland Security. The Commission uses this appropriation to provide a community flood insurance assistance program and to provide grant funding to Arkansas Geographic Information Office (GIS) to support the FEMA Flood Map Modernization Program.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$3,198,932 in FY18 and \$3,199,054 in FY19.

The Agency's Change Level request is \$25,000 each year of the biennium for Capital Outlay to replace existing equipment for the Flood Insurance programs.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation, in addition to providing for the Agency Request, reflects the reduction of one (1) Land Resource Specialist (C115) position based on the personnel evaluation.

Appropriation Summary

Appropriation: 2BU - Flood Insurance Program
Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	127,933	132,208	130,909	132,308	132,308	99,999	132,408	132,408	100,099
#Positions	3	3	3	3	3	2	3	3	2
Extra Help 5010001	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
#Extra Help	0	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	43,547	45,169	45,377	45,939	45,939	33,561	45,961	45,961	33,583
Operating Expenses 5020002	31,658	281,039	281,039	281,039	281,039	281,039	281,039	281,039	281,039
Conference & Travel Expenses 5050009	9,193	32,571	32,571	32,571	32,571	32,571	32,571	32,571	32,571
Professional Fees 5060010	912,065	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	22,070	997,075	997,075	997,075	997,075	997,075	997,075	997,075	997,075
Capital Outlay 5120011	16,686	30,000	30,000	0	25,000	25,000	0	25,000	25,000
Total	1,163,152	3,228,062	3,226,971	3,198,932	3,223,932	3,179,245	3,199,054	3,224,054	3,179,367
Funding Sources									
Federal Revenue 4000020	1,163,152	3,228,062		3,198,932	3,223,932	3,179,245	3,199,054	3,224,054	3,179,367
Total Funding	1,163,152	3,228,062		3,198,932	3,223,932	3,179,245	3,199,054	3,224,054	3,179,367
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,163,152	3,228,062		3,198,932	3,223,932	3,179,245	3,199,054	3,224,054	3,179,367

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 2BU - Flood Insurance Program
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,198,932	3	3,198,932	100.0	3,199,054	3	3,199,054	100.0
C01	Existing Program	25,000	0	3,223,932	100.8	25,000	0	3,224,054	100.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,198,932	3	3,198,932	100.0	3,199,054	3	3,199,054	100.0
C01	Existing Program	25,000	0	3,223,932	100.8	25,000	0	3,224,054	100.8
C13	Not Recommended	(12,378)	0	3,211,554	100.4	(12,378)	0	3,211,676	100.4
C19	Executive Changes	(32,309)	(1)	3,179,245	99.4	(32,309)	(1)	3,179,367	99.4

Justification

C01	The Agency Request includes additional federal appropriation \$25,000 per year in Capital Outlay appropriation to to enable the agency to replace existing equipment for the Flood Insurance Program.
C19	Reduction of one (1) Land Resource Specialist (C115) position based on the personnel evaluation.

Analysis of Budget Request

Appropriation: 2GE - Water/Sewer/Solid Waste-State

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Water, Sewer, and Solid Waste - State appropriation provides funding for water, sewer, and solid waste projects that improve or provide basic infrastructure for Arkansas's rural communities. Special language provides for any obligated funds in this account that are not expended by the close of each fiscal year to be transferred to the Commission's Water, Sewer, and Solid Waste Revolving Fund account for later expenditure toward obligated projects. This program is funded entirely by general revenue.

Base Level is \$84,296 each year of the biennium in appropriation and general revenue.

The Agency's Change Level Request includes an increase in Grants and Aid of \$665,704 in appropriation only for each year of the 2017-19 Biennium to restore the Water, Sewer and Solid Waste Grants. This additional appropriation would be used in the event that savings from the Miscellaneous Agencies Fund Account become available.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 2GE - Water/Sewer/Solid Waste-State

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	89,482	84,296	750,000	84,296	750,000	84,296	84,296	750,000	84,296
Total		89,482	84,296	750,000	84,296	750,000	84,296	84,296	750,000	84,296
Funding Sources										
General Revenue	4000010	89,482	84,296		84,296	84,296	84,296	84,296	84,296	84,296
Total Funding		89,482	84,296		84,296	84,296	84,296	84,296	84,296	84,296
Excess Appropriation/(Funding)		0	0		0	665,704	0	0	665,704	0
Grand Total		89,482	84,296		84,296	750,000	84,296	84,296	750,000	84,296

Change Level by Appropriation

Appropriation: 2GE - Water/Sewer/Solid Waste-State
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	84,296	0	84,296	100.0	84,296	0	84,296	100.0
C05	Unfunded Appropriation	665,704	0	750,000	889.7	665,704	0	750,000	889.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	84,296	0	84,296	100.0	84,296	0	84,296	100.0
C05	Unfunded Appropriation	0	0	84,296	100.0	0	0	84,296	100.0

Justification

C05	The Agency Request includes unfunded appropriation of \$665,704 each year to support the Water, Sewer, Solid Waste - State Program in the event that savings from the Miscellaneous Agencies fund Account become available.
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Analysis of Budget Request

Appropriation: 2RG - Water Quality Implementation

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Water Quality Plan Implementation Program provides matching for federal funds in the U.S. Environmental Protection Agency (EPA) Section 319 Nonpoint Source Pollution Abatement Program, as well as matching for the EPA Clean Lakes Program and Corps of Engineers projects. This program is funded entirely by general revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$1,845,197 in FY18 and \$1,845,320 in FY19 in appropriation and general revenue.

The Agency's Change Level Request totaling \$745,000 in appropriation and \$345,000 in new general revenue funding includes the following:

- Grants and Aid increase of \$200,000 appropriation only for Water Quality Match Grants.
- Water Quality Technicians increase of \$545,000 each year with \$345,000 in new general revenue funding and \$200,000 in appropriation only to enable the Agency to meet its grant payment obligations and support the ANRC Nutrient Management Program.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 2RG - Water Quality Implementation

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	258,478	247,574	247,237	247,574	247,574	247,574	247,674	247,674	247,674
#Positions		5	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	82,619	80,038	80,878	81,423	81,423	81,423	81,446	81,446	81,446
Operating Expenses	5020002	2,364	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Conference & Travel Expenses	5050009	975	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	734,056	762,000	962,000	762,000	962,000	762,000	762,000	962,000	762,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Water Quality Technician	5900046	723,089	750,000	1,195,000	750,000	1,295,000	750,000	750,000	1,295,000	750,000
Total		1,801,581	1,843,812	2,489,315	1,845,197	2,590,197	1,845,197	1,845,320	2,590,320	1,845,320
Funding Sources										
General Revenue	4000010	1,801,581	1,843,812		1,845,197	2,190,197	1,845,197	1,845,320	2,190,320	1,845,320
Total Funding		1,801,581	1,843,812		1,845,197	2,190,197	1,845,197	1,845,320	2,190,320	1,845,320
Excess Appropriation/(Funding)		0	0		0	400,000	0	0	400,000	0
Grand Total		1,801,581	1,843,812		1,845,197	2,590,197	1,845,197	1,845,320	2,590,320	1,845,320

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 2RG - Water Quality Implementation
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,845,197	5	1,845,197	100.0	1,845,320	5	1,845,320	100.0
C01	Existing Program	345,000	0	2,190,197	118.7	345,000	0	2,190,320	118.7
C05	Unfunded Appropriation	400,000	0	2,590,197	140.4	400,000	0	2,590,320	140.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,845,197	5	1,845,197	100.0	1,845,320	5	1,845,320	100.0
C01	Existing Program	0	0	1,845,197	100.0	0	0	1,845,320	100.0
C05	Unfunded Appropriation	0	0	1,845,197	100.0	0	0	1,845,320	100.0

Justification

C01	The Agency Request includes additional appropriation and General Revenue funding in the amount of \$345,000 each year for the Water Quality Technician line item. This request will support the ANRC Nutrient Management Program, which oversees a licensing and certification program for consultants and compliance activities, education and training programs.
C05	The Agency Request includes additional unfunded appropriation in the amount of \$400,000 each year of the biennium. Prior to the 87th Regular Session of 2009, the Agency had a special language provision that authorized the carryforward of appropriation and funds from the first fiscal year to the second to support the amount of obligated grants that are certified for Water Quality Match Grants and Water Quality Technicians. However, due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation was to discontinue Special Language provisions for carry forward of appropriation, leaving only the provision for the carryforward of funds. This Request will provide additional appropriation of \$200,000 each for both the Grants and Aid line item and the Water Quality Technician line item, which will enable the Agency to utilize any funds carried forward to support the amount of obligated grants that are certified for Water Quality Match Grants and Water Quality Technicians.

**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: Natural Resources Commission

Program: Water Quality Implementation

Act #: 270 of 2015

Section(s) #: 7,21 & 22

Estimated Carry Forward Amount \$ 236,503.00 Funding Source: Miscellaneous Agencies Fund

Accounting Information:

Business Area: 0455

Funds Center: 2RG

Fund: HUA

Functional Area: COMM

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

Justification for carry forward of fund balance:

Special Language authorizes the carry forward of funds to support the amount of obligated grants certified by the agency for Matching Grants and Water Quality Technicians in the Water Quality Plan Implementation appropriation.

Actual Funding Carry Forward Amount \$ 252,772.91

Current status of carry forward funding:

The total amount actually carried forward from FY16 to FY17 was \$252,772.91. As required by special language, these funds were carried forward to support the amount of obligated grants certified for the Matching Grants and Water Quality Technicians in the appropriation entitled "Water Quality Plan Implementation."

Bruce Holland

Director

08-17-2016

Date

Analysis of Budget Request

Appropriation: 381 - Rural Fire Protection Program

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Rural Fire Protection Program provides assistance to rural communities to develop rural water impoundments and to improve firefighting capabilities. The agency disburses the entire allotment to the Arkansas Association of Resource Conservation and Development Council (AARCDC) located in Roland, Arkansas, which is an organization designed to assist rural communities solve problems and develop new opportunities. The AARCDC determines which local fire departments and political subdivisions will be assisted. This program is funded entirely by general revenue.

Base Level is \$100,000 each year of the biennium in appropriation and general revenue funding.

The Agency's Change Level Request includes an increase in Grants and Aid of \$900,000 in appropriation only each year of the 2017-2019 Biennium. The purpose of the request is to restore previously authorized appropriation. This will be used in the event that savings from the Miscellaneous Agencies Fund Account become available.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 381 - Rural Fire Protection Program

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	100,000	100,000	1,000,000	100,000	1,000,000	100,000	100,000	1,000,000	100,000
Total		100,000	100,000	1,000,000	100,000	1,000,000	100,000	100,000	1,000,000	100,000
Funding Sources										
General Revenue	4000010	100,000	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding		100,000	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)		0	0		0	900,000	0	0	900,000	0
Grand Total		100,000	100,000		100,000	1,000,000	100,000	100,000	1,000,000	100,000

Change Level by Appropriation

Appropriation: 381 - Rural Fire Protection Program
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C05	Unfunded Appropriation	900,000	0	1,000,000	1,000.0	900,000	0	1,000,000	1,000.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C05	Unfunded Appropriation	0	0	100,000	100.0	0	0	100,000	100.0

Justification

C05	The Agency Request includes unfunded appropriation of \$900,000 each year to support the Rural Fire Protection Program in the event that savings from the Miscellaneous Agencies fund Account become available.
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Analysis of Budget Request

Appropriation: 383 - Conservation District Grants

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Conservation District Program provides grants to conservation districts throughout the State for the purpose of enhancing the capability of conservation districts to carry out conservation within their respective district. Projects eligible for grant funds must carry out resource enhancement, restoration or protection and must be new or in addition to those projects in which a district is currently involved. Projects intended to replace existing programs are not eligible for grant funding. The maximum total grant per district is \$25,000 per year, and grant funds must be matched by local cash funds on a ratio of \$1 local to \$2 grant. This grant program is funded entirely from general revenue.

The Agency Request provides for Base Level of \$250,000 each year of the biennium in appropriation and general revenue funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 383 - Conservation District Grants

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Funding Sources									
General Revenue 4000010	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Total Funding	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000

Analysis of Budget Request

Appropriation: 420 - Natural Resources Comm-Cash

Funding Sources: NSW - Cash in Treasury

The Natural Resources Commission - Cash appropriation provides for the Safe Drinking Water Program and the Water Grants Program. These programs provide administration for safe drinking water projects that are funded through activities of the Arkansas Development Finance Authority. As authorized in Arkansas Code §15-22-1102, funds are transferred from Arkansas Development Finance Authority to the Natural Resources Commission Cash Account for maintenance and support of this program. Additional funding primarily consists of fees, principal and interest payments on previous loans and interest income earned on investments.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$9,251,767 in FY18 and \$9,252,626 in FY19.

The Agency's Change Level Request totals \$105,000 each year of the biennium and includes the following:

- Conference and Travel increase of \$5,000 each year for conference and seminar fees.
- Reallocation of \$105,000 each year from Training/Contract Services to Grants and Aid to streamline grant process.
- Capital Outlay increase of \$100,000 each year. This request will enable the agency to purchase equipment for the Wetland Mitigation Program.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation, in addition to providing for the Agency Request except Conference & Travel Expenses, reflects the reduction of one (1) Grants Analyst (C117) and one (1) Administrative Specialist (C109) position based on the personnel evaluation.

Appropriation Summary

Appropriation: 420 - Natural Resources Comm-Cash

Funding Sources: NSW - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,068,799	1,152,786	1,114,300	1,153,211	1,153,211	1,089,549	1,153,911	1,153,911	1,090,249
#Positions		25	26	27	26	26	24	26	26	24
Extra Help	5010001	12,392	30,800	30,800	30,800	30,800	30,800	30,800	30,800	30,800
#Extra Help		3	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	374,370	388,743	386,943	395,406	395,406	370,869	395,565	395,565	371,028
Operating Expenses	5020002	371,908	533,331	533,331	533,331	533,331	533,331	533,331	533,331	533,331
Conference & Travel Expenses	5050009	12,968	27,000	27,000	27,000	32,000	27,000	27,000	32,000	27,000
Professional Fees	5060010	243,700	910,002	910,002	910,002	910,002	910,002	910,002	910,002	910,002
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	2,274,737	6,097,017	6,097,017	6,097,017	6,202,017	6,202,017	6,097,017	6,202,017	6,202,017
Capital Outlay	5120011	3,270	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Training/Contract Services	5900043	105,000	105,000	105,000	105,000	0	0	105,000	0	0
Total		4,467,144	9,344,679	9,304,393	9,251,767	9,356,767	9,263,568	9,252,626	9,357,626	9,264,427
Funding Sources										
Fund Balance	4000005	13,150,521	14,096,599		9,800,690	9,800,690	9,800,690	5,856,923	5,751,923	5,845,122
Cash Fund	4000045	5,413,222	5,048,770		5,308,000	5,308,000	5,308,000	5,308,000	5,308,000	5,308,000
Total Funding		18,563,743	19,145,369		15,108,690	15,108,690	15,108,690	11,164,923	11,059,923	11,153,122
Excess Appropriation/(Funding)		(14,096,599)	(9,800,690)		(5,856,923)	(5,751,923)	(5,845,122)	(1,912,297)	(1,702,297)	(1,888,695)
Grand Total		4,467,144	9,344,679		9,251,767	9,356,767	9,263,568	9,252,626	9,357,626	9,264,427

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 420 - Natural Resources Comm-Cash
Funding Sources: NSW - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	9,251,767	26	9,251,767	100.0	9,252,626	26	9,252,626	100.0
C01	Existing Program	105,000	0	9,356,767	101.1	105,000	0	9,357,626	101.1
C04	Reallocation	0	0	9,356,767	101.1	0	0	9,357,626	101.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	9,251,767	26	9,251,767	100.0	9,252,626	26	9,252,626	100.0
C01	Existing Program	100,000	0	9,351,767	101.1	100,000	0	9,352,626	101.1
C04	Reallocation	0	0	9,351,767	101.1	0	0	9,352,626	101.1
C13	Not Recommended	(24,537)	0	9,327,230	100.8	(24,537)	0	9,328,089	100.8
C19	Executive Changes	(63,662)	(2)	9,263,568	100.1	(63,662)	(2)	9,264,427	100.1

Justification

C01	The Agency Request includes additional cash appropriation of the following: \$100,000 per year in Capital Outlay appropriation to provide for equipment needs for the Arkansas Wetland Mitigation Bank Program, a state-sponsored initiative aimed at providing off-site mitigation opportunities to Section 404 (Clean Water Act) permit recipients required to provide compensatory mitigation for impacts of approved wetland projects; and \$5,000 per year in for Conference & Travel appropriation to support increased travel costs for the Agency's Water Development Program Supervisory staff. Because of the complex nature of this program, staff are required to attend training sessions with various federal regulatory agencies and workgroups (Environmental Protection Agency, Council of Infrastructure Authorities (CIFA), State Revolving Fund Work Groups, United States Department of Agriculture - Rural Development (USDA-RD), etc.).
C04	The Agency Request includes a reallocation of appropriation of \$105,000 from a Miscellaneous Line item titled "Training/Contract Services" to the Soil & Water Grants and Loans Line Item. This appropriation is used to support a Cooperative Agreement between the ANRC and the Arkansas Rural Water Association (ARWA). Per the agreement, the ANRC provides funds to the ARWA, a private non-profit corporation whose sole purpose is to provide technical assistance and training to water systems and operators statewide.
C19	Reduction of one (1) Grants Analyst (C117) and one (1) Administrative Specialist (C109) position based on the personnel evaluation.

Analysis of Budget Request

Appropriation: 527 - Construction Asst Revolving Loan Fund Program

Funding Sources: FSC - Natural Resources Commission Federal

The Construction Assistance Revolving Loan Fund Program monitors and approves the progress of projects employing low interest loans from the Natural Resources Commission that are used to provide clean water by reducing or eliminating elements of water borne pollution. Funding for this appropriation is 100% federal.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for of \$1,185,790 in FY18 and \$1,186,035 in FY19.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation, in addition to providing for the Agency Request, reflects the reduction of one (1) Grants Analyst (C117) and one (1) Purchasing Specialist (C115) position based on the personnel evaluation.

Appropriation Summary

Appropriation: 527 - Construction Asst Revolving Loan Fund Program

Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	694,555	749,057	749,336	735,120	735,120	673,620	735,320	735,320	673,820
#Positions		13	15	15	15	15	13	15	15	13
Personal Services Matching	5010003	227,820	241,516	244,350	242,547	242,547	218,501	242,592	242,592	218,546
Operating Expenses	5020002	97,198	182,404	182,404	182,404	182,404	182,404	182,404	182,404	182,404
Conference & Travel Expenses	5050009	4,171	12,219	12,219	12,219	12,219	12,219	12,219	12,219	12,219
Professional Fees	5060010	0	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		1,023,744	1,198,696	1,201,809	1,185,790	1,185,790	1,100,244	1,186,035	1,186,035	1,100,489
Funding Sources										
Federal Revenue	4000020	1,023,744	1,198,696		1,185,790	1,185,790	1,100,244	1,186,035	1,186,035	1,100,489
Total Funding		1,023,744	1,198,696		1,185,790	1,185,790	1,100,244	1,186,035	1,186,035	1,100,489
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,023,744	1,198,696		1,185,790	1,185,790	1,100,244	1,186,035	1,186,035	1,100,489

Change Level by Appropriation

Appropriation: 527 - Construction Asst Revolving Loan Fund Program
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,185,790	15	1,185,790	100.0	1,186,035	15	1,186,035	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,185,790	15	1,185,790	100.0	1,186,035	15	1,186,035	100.0
C13	Not Recommended	(24,046)	0	1,161,744	98.0	(24,046)	0	1,161,989	98.0
C19	Executive Changes	(61,500)	(2)	1,100,244	92.8	(61,500)	(2)	1,100,489	92.8

Justification

C19	Reduction of one (1) Grants Analyst (C117) and one (1) Purchasing Specialist (C115) position based on the personnel evaluation.
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Analysis of Budget Request

Appropriation: 659 - Ouachita River Waterways Projects

Funding Sources: TWO - Ouachita River Waterways Project Trust Fund

The Natural Resources Commission's Ouachita River Waterways Projects Program provides grant funding to the Ouachita River Park Commission to support the development of recreational facilities, parks, and services along the banks of the Ouachita River across South Arkansas. This appropriation is funded from the Ouachita River Waterways Project Trust Fund (A.C.A. 19-5-1109).

The Agency Request is for Base Level of \$57,675 in each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 659 - Ouachita River Waterways Projects

Funding Sources: TWO - Ouachita River Waterways Project Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	57,675	57,675	57,675	57,675	57,675	57,675	57,675	57,675
Total		0	57,675	57,675	57,675	57,675	57,675	57,675	57,675	57,675
Funding Sources										
Trust Fund	4000050	0	57,675		57,675	57,675	57,675	57,675	57,675	57,675
Total Funding		0	57,675		57,675	57,675	57,675	57,675	57,675	57,675
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	57,675		57,675	57,675	57,675	57,675	57,675	57,675

Analysis of Budget Request

Appropriation: 808 - Water Research

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's appropriation for Water Research is used to provide grant funding to the U.S. Geological Survey to enable research using data collected and compiled in the Commission's water management and water quality programs. The appropriation is funded entirely by general revenue.

The Agency Request is for Base Level of \$42,800 in each year of the biennium in appropriation and general revenue funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 808 - Water Research

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800
Total		42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800
Funding Sources										
General Revenue	4000010	42,800	42,800		42,800	42,800	42,800	42,800	42,800	42,800
Total Funding		42,800	42,800		42,800	42,800	42,800	42,800	42,800	42,800
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		42,800	42,800		42,800	42,800	42,800	42,800	42,800	42,800

Analysis of Budget Request

Appropriation: 822 - Conservation District Clerks' Insurance

Funding Sources: HUA - Miscellaneous Agencies Fund

Conservation district clerks are authorized by Arkansas Code Annotated §14-125-312 to take part in the State Employees Group Insurance Plan. This appropriation provides the State's matching portion of health insurance premiums and is funded entirely by general revenue.

Base Level Request includes Personal Services Matching appropriation of \$403,200 each year of the 2017-2019 Biennium. This includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month for the current budgeted level of 80 eligible district clerks.

The Agency Request is for Base Level of \$403,200 each year of the biennium in appropriation and general revenue funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 822 - Conservation District Clerks' Insurance

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services Matching 5010003	403,200	403,200	403,200	403,200	403,200	403,200	403,200	403,200	403,200
Total	403,200	403,200	403,200	403,200	403,200	403,200	403,200	403,200	403,200
Funding Sources									
General Revenue 4000010	403,200	403,200		403,200	403,200	403,200	403,200	403,200	403,200
Total Funding	403,200	403,200		403,200	403,200	403,200	403,200	403,200	403,200
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	403,200	403,200		403,200	403,200	403,200	403,200	403,200	403,200

Analysis of Budget Request

Appropriation: 924 - Water/Sewer/Solid Waste

Funding Sources: MAC - Water, Sewer, and Solid Waste Revolving Fund

The Water, Sewer, and Solid Waste-Revolving appropriation is used to provide grants, low interest loans and deferred loans to eligible entities to use for water, sewer, or solid waste management (§14-230-105). Eligible entities include cities, towns, counties, regional water districts, special improvement districts, public facilities boards, rural development authorities, rural waterworks facilities boards, other public entities and nonprofit corporations which provide water, sewer, or solid waste services to one or more cities, towns, or counties. The Maximum assistance is 50% of the total project cost. Funding for this appropriation consists of loan principal and interest repayments that are deposited into the Water, Sewer and Solid Waste Revolving Fund (§19-5-310).

The Agency Request is for Base Level of \$6,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 924 - Water/Sewer/Solid Waste
Funding Sources: MAC - Water, Sewer, and Solid Waste Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	2,247,587	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total		2,247,587	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Funding Sources										
Fund Balance	4000005	8,112,724	8,577,378		6,577,378	6,577,378	6,577,378	4,577,378	4,577,378	4,577,378
Loan Repayment	4000330	2,712,241	4,000,000		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Funding		10,824,965	12,577,378		10,577,378	10,577,378	10,577,378	8,577,378	8,577,378	8,577,378
Excess Appropriation/(Funding)		(8,577,378)	(6,577,378)		(4,577,378)	(4,577,378)	(4,577,378)	(2,577,378)	(2,577,378)	(2,577,378)
Grand Total		2,247,587	6,000,000		6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000

Analysis of Budget Request

Appropriation: 997 - NonPoint Source Pollution Control Program

Funding Sources: FSC - Natural Resources Commission Federal

This program reflects the federal side of the Natural Resources Commission's role in conducting the U.S. Environmental Protection Agency (EPA) Section 319 grant program to fund nonpoint source pollution management strategies. This appropriation is funded from federal funding from the EPA (the state match portion of this program is expensed in the Water Quality Plan Implementation Appropriation). The Arkansas Natural Resources Commission administers this program with an emphasis on funding best management practices in priority watersheds.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$6,587,791 in FY18 and \$6,587,913 in FY19.

The Agency's Change Level Request totaling \$50,000 of Capital Outlay each year of the 2017-19 Biennium is to replace existing field equipment for Water Quality Projects.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 997 - NonPoint Source Pollution Control Program

Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	305,549	353,293	389,896	353,543	353,543	353,543	353,643	353,643	353,643
#Positions		7	8	10	8	8	8	8	8	8
Extra Help	5010001	3,418	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
#Extra Help		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	118,552	120,488	135,207	122,638	122,638	122,638	122,660	122,660	122,660
Operating Expenses	5020002	169,369	294,334	294,334	294,334	294,334	294,334	294,334	294,334	294,334
Conference & Travel Expenses	5050009	4,428	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Fees	5060010	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	2,691,582	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276
Capital Outlay	5120011	3,244	50,000	50,000	0	50,000	50,000	0	50,000	50,000
Total		3,296,142	6,635,391	6,686,713	6,587,791	6,637,791	6,637,791	6,587,913	6,637,913	6,637,913
Funding Sources										
Federal Revenue	4000020	3,296,142	6,635,391		6,587,791	6,637,791	6,637,791	6,587,913	6,637,913	6,637,913
Total Funding		3,296,142	6,635,391		6,587,791	6,637,791	6,637,791	6,587,913	6,637,913	6,637,913
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,296,142	6,635,391		6,587,791	6,637,791	6,637,791	6,587,913	6,637,913	6,637,913

Change Level by Appropriation

Appropriation: 997 - NonPoint Source Pollution Control Program
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	6,587,791	8	6,587,791	100.0	6,587,913	8	6,587,913	100.0
C01	Existing Program	50,000	0	6,637,791	100.8	50,000	0	6,637,913	100.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	6,587,791	8	6,587,791	100.0	6,587,913	8	6,587,913	100.0
C01	Existing Program	50,000	0	6,637,791	100.8	50,000	0	6,637,913	100.8

Justification

C01	The Agency Request includes the restoration of Capital Outlay appropriation in the amount of \$50,000 each year to enable the agency to replace existing equipment.
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Analysis of Budget Request

Appropriation: U31 - Water Use Program

Funding Sources: FSC - Natural Resources Commission Federal

The ANRC recently completed an update of the Arkansas Water Plan. One of priority needs identified in this update was the need for reliable water use data. Acquiring this data means the expansion of the network of stream gages, monitoring wells, water quality monitoring sites and improved information of water use.

The Agency's Change Level request totals \$126,000 each year and includes the following:

- Professional Fees of \$100,000 for an additional USGS grant awarded to the ANRC. This grant will enable the Agency to contract with a service provider to install flow meters on irrigation wells in various statewide countries.
- Restoration of \$26,000 each year that was approved as a Miscellaneous Federal Grant through the PEER subcommittee and Legislative Council in FY16 and FY17. This appropriation is broken down as follows:
 - \$13,023 each year in Regular Salaries.
 - \$3,992 each year in Personal Services Matching.
 - \$8,985 each year in Operating Expenses.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U31 - Water Use Program

Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	13,023	0	0	13,023	13,023	0	13,023	13,023
#Positions		0	0	0	0	0	0	0	0	0
Additional Fringe Benefits	5010002	0	0	0	0	3,992	3,992	0	3,992	3,992
Personal Services Matching	5010003	0	3,992	0	0	0	0	0	0	0
Operating Expenses	5020002	0	8,985	0	0	8,985	8,985	0	8,985	8,985
Professional Fees	5060010	0	0	0	0	100,000	100,000	0	100,000	100,000
Total		0	26,000	0	0	126,000	126,000	0	126,000	126,000
Funding Sources										
Federal Revenue	4000020	0	26,000		0	126,000	126,000	0	126,000	126,000
Total Funding		0	26,000		0	126,000	126,000	0	126,000	126,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	26,000		0	126,000	126,000	0	126,000	126,000

FY17 Budget exceeds Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: U31 - Water Use Program

Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C06	Restore Position/Approp	26,000	0	126,000	126.0	26,000	0	126,000	126.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C06	Restore Position/Approp	26,000	0	126,000	126.0	26,000	0	126,000	126.0

Justification

C01	The Agency Request includes additional federal appropriation of \$100,000 for Professional Fees and Services. The Agency has received a new federal grant from the United States Geological Survey (USGS) Water Availability and Use Science Program to enhance the State's baseline Water Use Data Collection and Management Program, which was one of the primary issues to come out of the 2014 Update to the Arkansas Water Plan.
C06	The Agency Request includes the restoration of federal appropriation authorized by an Miscellaneous Federal Grant in FY16 and Continued in FY17. This was the initial grant the Agency received from the United States Geological Survey (USGS) Water Availability and Use Science Program to enhance the State's baseline Water Use Data Collection and Management Program, which was one of the primary issues to come out of the 2014 Update to the Arkansas Water Plan. This grant provides operational support for the program.

Analysis of Budget Request

Appropriation: U38 - Conservation Technical Assistance

Funding Sources: FSC - Natural Resources Commission Federal

The functions of the Conservation Division include oversight of the 75 Conservation Districts including fiscal management and program planning; registration of surface water and groundwater usage; administration of a tax credit program, creation of surface water storage, reduction of ground water use; and administrative support of the Board of Registration for Soil Classifiers. This division also performs geographic information system analyses and data acquisition. The Nutrient Management Program was implemented to oversee the Poultry Feeding Operations Registration Program and the certification of Nutrient Planners and Applicators.

The Agency's Change Level Request is for the Restoration of \$1,219,433 each year that was approved as a Miscellaneous Federal Grant through the PEER subcommittee and Legislative Council in FY16 and FY17 and includes the following:

- Regular Salaries and Personal Services Matching of \$152,550 each year to restore three (3) positions.
- Operating Expenses of \$120,246 each year.
- Grants and Aid of \$906,637 each year.
- Capital Outlay of \$40,000 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U38 - Conservation Technical Assistance

Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,513	153,372	0	0	111,996	111,996	0	111,996	111,996
#Positions	1	3	0	0	3	3	0	3	3
Personal Services Matching 5010003	556	49,092	0	0	40,554	40,554	0	40,554	40,554
Operating Expenses 5020002	432	120,246	0	0	120,246	120,246	0	120,246	120,246
Grants and Aid 5100004	3,781	906,637	0	0	906,637	906,637	0	906,637	906,637
Capital Outlay 5120011	0	40,000	0	0	40,000	40,000	0	40,000	40,000
Total	7,282	1,269,347	0	0	1,219,433	1,219,433	0	1,219,433	1,219,433
Funding Sources									
Federal Revenue 4000020	7,282	1,269,347		0	1,219,433	1,219,433	0	1,219,433	1,219,433
Total Funding	7,282	1,269,347		0	1,219,433	1,219,433	0	1,219,433	1,219,433
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	7,282	1,269,347		0	1,219,433	1,219,433	0	1,219,433	1,219,433

FY17 Budget exceeds Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: U38 - Conservation Technical Assistance
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C06	Restore Position/Approp	1,219,433	3	1,219,433	100.0	1,219,433	3	1,219,433	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C06	Restore Position/Approp	1,219,433	3	1,219,433	100.0	1,219,433	3	1,219,433	100.0

Justification

C06	The Agency Request includes the restoration of federal appropriation and three positions that support five grants we recieved from the United States Department of Agriculture, Natural Resources Conservation Service (NRCS) to provide conservation technical assistance and training to Conservation District Employees. This request includes Salary and Related Matching appropriation of \$152,550 for three employees, Operating Expenses appropriation of \$120,246; Grants and Aid appropriation of \$906,637 and Capital Outlay appropriation of \$40,000.
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ARKANSAS STATE BOARD OF NURSING

Enabling Laws

Act 47 of 2016
A.C.A. §17-87-203 & 205

History and Organization

The "State Board of Nurse Examiners" was created by Act 128 of 1913. The Board is composed of thirteen members, appointed by the Governor, subject to confirmation by the Senate. The mission of the Arkansas State Board of Nursing is to protect the public and act as their advocate by effectively regulating the practice of nursing.

Statutory Responsibility & Primary Activities: Pursuant to A.C.A. §17-87-203, the Board of Nursing carries out the following responsibilities in the interest of public protection: (1) Cause the prosecution of persons violating the nurse practice act; (2) Employ personnel necessary for carrying out its functions; (3) Study, review, develop and recommend role levels of technical classes of nursing service and practice to state and federal health agencies and to public and private administrative bodies; (4) Prescribe minimum standards and approve curricula for educational programs preparing persons for licensure as registered nurses, advanced practice registered nurses, registered nurse practitioners, licensed practical nurses, licensed psychiatric technician nurses and preparing persons for certification as medication assistants; (5) Provide for surveys of such programs at such times as it deems necessary, or at the request of the schools; (6) Approve programs that meet the requirements of the law; (7) Deny or withdraw approval from educational programs for failure to meet prescribed standards; (8) Examine, certify, and renew the certifications of qualified applicants for medication assistants; (9) Examine, license and renew the licenses of duly qualified applicants for professional nursing, practical nursing, and psychiatric technician nursing; (10) License and renew the licenses of qualified applicants for registered nurse practitioner and advanced practice nursing; (11) Grant certificates of prescriptive authority to qualified advanced practice registered nurses; (12) Convene an advisory committee as provided for in the law to assist with oversight of prescriptive authority and medication assistants; and (13) Conduct disciplinary proceedings as provided for in the law. There are currently 53,943 licenses, 1,699 certificates and 2,583 temporary permits issued by the Board.

Advisory Board or Commission: A.C.A. §17-87-205 created a Prescriptive Authority Advisory Committee to assist the Board in implementing the provisions for prescriptive authority, which was authorized by Act 409 of 1995. This is a six (6) member multidisciplinary committee, which meets as needed to deal with prescriptive issues. A.C.A. §17-87-710 created a Medication Assistive Persons Advisory Committee to assist the Board in implementing the provisions of the medication assistant legislation passed in 2005. This is a six (6) member multidisciplinary committee also meets as needed to deal with issues related to medication assistants.

In addition, the Board has an advisory group comprised of directors of each nursing education program in the State. The Nurse Administrators of Nursing Education Programs (NANEP) is a sixty-three (63) member advisory group, composed of the deans of nursing education programs, which advises the Board on nursing educational issues in the State.



Agency Commentary

Receipts from license fees finance the Board of Nursing's operations. The Board is responsible for licensing, examination, endorsement, education and discipline of 53,943 nurses and has sufficient revenue and fund balance to accommodate the requests described herein. In order to execute the Board's responsibilities and fulfill the public protection mission, the following change requests are imperative.

The Board of Nursing has demonstrated efficient and productive use of the current level of appropriation and funding, and the requests made are limited only to critical needs. A review of existing operations resulted in the request by the Arkansas State Board of Nursing (ASBN) to reallocate funds for a more efficient use of resources. Budget classification transfers have been granted the past few years to reallocate funds. This request would allow this change to become permanent and limit additional appropriation needs. The Board of Nursing has absorbed the increasing operational costs for the past four years. This has resulted in meeting the agency's critical needs but has forgone purchases which were unessential at the time. Many of these unessential items such as upgrades of computer software are now necessary in order for the agency to work efficiently. The agency is requesting a reallocation of funds from Professional fees (10) to Operating Expenses (02) in order to cover the additional items needed without affecting overall budget. The Board of Nursing respectfully requests the continuance of Base Level for the 2017 - 2019 biennium plus the following Change Level requests.

*ASBN requests the addition of an Extra Help Position-Licensing Coordinator C113, and in FY19 an ASBN Assistant Director N901. Current staff will be utilized as much as possible to reduce additional staffing needs. Only a program director is requested to implement the alternative to discipline (ATD) program. Current staff will develop the ATD program during FY18 to reduce startup costs. When the program director is hired, the program will be ready for operationalization. An extra help Licensing staff position is needed to support the work load required to process applications in a timely manner. This position will be utilized during the two peak application periods each year.

*The online processing of examinations and endorsements has changed the process by which criminal background checks are paid. In the past, students could pay for their criminal background checks through their school. Now that it is part of the online application for examinations and endorsements with the Board, these funds are no longer going through the school but coming to the Board. The Information Network of Arkansas (INA) bills the Board \$22.00 for each state criminal background check and \$15.75 for each federal background check conducted online. The full \$37.75 criminal background fee collected is passed through to INA. Since this is a "pass through" expense that we are unable to control, we are requesting an increase in the appropriation for FY18 and FY19 to be able to reimburse INA for the fees now being processed through ASBN.

*ASBN is requesting \$17,428 in FY18 and \$7,589 in FY19 to cover projected increases in building rent, equipment rent, and to install bullet proof glass in the reception area for the security of the staff.

*The board requests \$169,339 in FY2019 to implement the alternative to discipline program. Including Arkansas, there are only 6 states that currently do not have an alternative to discipline program available for nurses. Arkansas already has similar programs for physicians, pharmacists, and attorneys. Although there is a cost to implement this program, investigation costs should reduce as the program matures.

*The IT related expenses of \$146,546 in FY18 and \$164,046 in FY19 would allow the Board to cover expenses of IT equipment, software upgrades, software maintenance fees, to scan prior year documents into digital images, redesign ASBN's website to make it more user friendly, and to purchase a new server or scanner to cover expenses of equipment malfunctions and replacement as needed. These items are included in the agency's IT Plan.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS STATE BOARD OF NURSING
 FOR THE YEAR ENDED JUNE 30, 2015

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	2	18	20	74 %
Black Employees	1	5	6	22 %

Other Racial Minorities	0	1	1	4 %
Total Minorities			7	26 %
Total Employees			27	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Report	17-87-203(4)	Y	N	200	Statutory requirement and public information for workforce data	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
286 Board of Nursing-Operations	2,718,461	29	2,792,907	29	2,793,334	29	2,779,262	29	2,954,813	29	2,954,813	29	2,780,120	29	3,217,474	30	3,217,474	30
2MA Nursing Education Workshops	5,790	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0
56K Background Check Fee	186,894	0	192,500	0	192,500	0	192,500	0	242,632	0	242,632	0	192,500	0	242,632	0	242,632	0
58J Scholar Loans	51,900	0	163,700	0	236,691	0	163,700	0	163,700	0	163,700	0	163,700	0	163,700	0	163,700	0
Total	2,963,045	29	3,184,107	29	3,257,525	29	3,170,462	29	3,396,145	29	3,396,145	29	3,171,320	29	3,658,806	30	3,658,806	30

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	2,972,085	50.9	2,876,030	50.9	2,461,722	46.6	2,461,722	46.6	2,461,722	46.6	2,267,592	44.5	2,041,909	42.0	2,041,909	42.0
Special Revenue	4000030	2,674,584	45.8	2,531,000	44.8	2,535,000	48.0	2,535,000	48.0	2,535,000	48.0	2,535,000	49.8	2,535,000	52.1	2,535,000	52.1
Cash Fund	4000045	192,406	3.3	238,799	4.2	289,232	5.5	289,232	5.5	289,232	5.5	289,232	5.7	289,232	5.9	289,232	5.9
Total Funds		5,839,075	100.0	5,645,829	100.0	5,285,954	100.0	5,285,954	100.0	5,285,954	100.0	5,091,824	100.0	4,866,141	100.0	4,866,141	100.0
Excess Appropriation/(Funding)		(2,876,030)		(2,461,722)		(2,115,492)		(1,889,809)		(1,889,809)		(1,920,504)		(1,207,335)		(1,207,335)	
Grand Total		2,963,045		3,184,107		3,170,462		3,396,145		3,396,145		3,171,320		3,658,806		3,658,806	

Variance in Fund Balance due to unfunded appropriation in 2MA - Nursing Education Workshops and 58J - Scholar Loans..

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
27	25	2	27	0	7.41 %	29	28	1	29	0	3.45 %	29	28	1	29	0	3.45 %

Analysis of Budget Request

Appropriation: 286 - Board of Nursing-Operations

Funding Sources: SBN - State Board of Nursing Fund

The State Board of Nursing is funded from the receipt of fees charged by the Agency, as authorized by Arkansas Code Annotated §17-87-306. The mission of the Board is to protect the public and act as their advocate by effectively regulating the practice of nursing.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015. The Base Level request for Regular Salaries includes board member stipend payments.

This is the operations appropriation for the Board of Nursing and Base Level supports 29 full-time positions as well as maintenance and operation expenses totaling \$2,779,262 in FY18 and \$2,780,120 in FY19.

The Agency requests totals \$175,551 in FY18 and \$437,354 in FY19 and includes the following Change Levels:

- Regular Salaries and Personal Services Matching totaling \$84,803 in FY19 to support one (1) position: one (1) ASBN Assistant Director (N901). This position will implement the Alternative to Discipline (ATD) program.
- Extra Help and Personal Services Matching totaling \$28,577 each year to support one (1) extra help position. This position will provide temporary support as needed to process applications in a timely manner.
- Operating Expenses totaling \$40,428 in FY18 and \$193,928 in FY19 to provide for a rent increase of \$5,364 in FY18 and \$52,990 in FY19 which includes additional office space for the Alternative to Discipline (ATD) program; and \$35,064 in FY18 and 140,936 for office supplies, equipment, and security enhancements.
- Technology related Operating Expenses totaling \$124,546 in FY18 and \$142,046 in FY19 to convert agency documents into digital images, software upgrades and basic IT expenses. This change is compliant with the Agency's Information Technology (IT) Plan.
- Conference & Travel Expenses totaling \$6,000 in FY19 to provide for training expenses for the Alternative to Discipline program.
- Reallocation of Professional Fees & Services totaling \$40,000 each year to offset Operating Expenses and Capital Outlay requests.

- Technology related Capital Outlay totaling \$22,000 in FY18 and \$22,000 in FY19 to replace as needed an aging data server and scanner. This equipment provides critical support to agency operations. This change is compliant with the Agency's Information Technology (IT) Plan.

The Technology related requests are documented in the Agency's Information Technology (IT) Plan (page 15).

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 286 - Board of Nursing-Operations

Funding Sources: SBN - State Board of Nursing Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,492,301	1,495,589	1,492,092	1,496,089	1,496,089	1,496,089	1,496,789	1,561,789	1,561,789
#Positions		29	29	29	29	29	29	29	30	30
Extra Help	5010001	0	0	0	0	26,531	26,531	0	26,531	26,531
#Extra Help		0	0	0	0	1	1	0	1	1
Personal Services Matching	5010003	475,063	473,953	477,877	482,308	484,354	484,354	482,466	504,315	504,315
Operating Expenses	5020002	673,326	711,940	711,940	711,940	876,914	876,914	711,940	1,047,914	1,047,914
Conference & Travel Expenses	5050009	17,268	30,448	30,448	30,448	30,448	30,448	30,448	36,448	36,448
Professional Fees	5060010	3,334	57,477	57,477	57,477	17,477	17,477	57,477	17,477	17,477
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	221	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Capital Outlay	5120011	56,948	22,500	22,500	0	22,000	22,000	0	22,000	22,000
Total		2,718,461	2,792,907	2,793,334	2,779,262	2,954,813	2,954,813	2,780,120	3,217,474	3,217,474

Funding Sources										
Fund Balance	4000005	2,764,605	2,720,728		2,458,821	2,458,821	2,458,821	2,214,559	2,039,008	2,039,008
Special Revenue	4000030	2,674,584	2,531,000		2,535,000	2,535,000	2,535,000	2,535,000	2,535,000	2,535,000
Total Funding		5,439,189	5,251,728		4,993,821	4,993,821	4,993,821	4,749,559	4,574,008	4,574,008
Excess Appropriation/(Funding)		(2,720,728)	(2,458,821)		(2,214,559)	(2,039,008)	(2,039,008)	(1,969,439)	(1,356,534)	(1,356,534)
Grand Total		2,718,461	2,792,907		2,779,262	2,954,813	2,954,813	2,780,120	3,217,474	3,217,474

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 286 - Board of Nursing-Operations
Funding Sources: SBN - State Board of Nursing Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,779,262	29	2,779,262	100.0	2,780,120	29	2,780,120	100.0
C01	Existing Program	46,005	0	2,825,267	101.7	36,166	0	2,816,286	101.3
C02	New Program	0	0	2,825,267	101.7	254,142	1	3,070,428	110.4
C04	Reallocation	(17,000)	0	2,808,267	101.0	(17,000)	0	3,053,428	109.8
C08	Technology	146,546	0	2,954,813	106.3	164,046	0	3,217,474	115.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,779,262	29	2,779,262	100.0	2,780,120	29	2,780,120	100.0
C01	Existing Program	46,005	0	2,825,267	101.7	36,166	0	2,816,286	101.3
C02	New Program	0	0	2,825,267	101.7	254,142	1	3,070,428	110.4
C04	Reallocation	(17,000)	0	2,808,267	101.0	(17,000)	0	3,053,428	109.8
C08	Technology	146,546	0	2,954,813	106.3	164,046	0	3,217,474	115.7

Justification

C01	ASBN requests \$17,428 in FY2018 and \$7,589 in FY2019 to cover projected increases in building rent, equipment rent, and to install bullet proof glass in the reception area for the security of the staff. ASBN also request (1) one Extra Help position with associated appropriation totaling \$28,577 each year to provide temporary support as needed to process applications in a timely manner.
C02	ASBN requests Operating expenses of \$169,339 in FY2019 to implement the alternative to discipline program. Including Arkansas, there are only 6 states that currently do not have an alternative to discipline program available for nurses. Arkansas already has similar programs for physicians, pharmacists, and attorneys. Although there is a cost to implement this program, investigation costs should reduce as the program matures. In addition to Operating Expenses ASBN request includes Regular Salaries and Personal Services Matching totaling \$84,803 in FY19 to support one (1) position: one (1) ASBN Assistant Director (N901).
C04	ASBN requests to reallocate \$40,000 in FY18 and FY19 to more efficiently use the funds of the board. Budget classification transfers have been granted the past few years to reallocate from commitment item "10" to "02". This request would allow this change to become permanent and limit additional appropriation requests.
C08	IT related expenses of \$146,546 in FY18 and \$164,046 in FY19 is requested by the Board to cover expenses of IT equipment, software upgrades, software maintenance fees, to scan prior year documents into digital images, redesign ASBN website to make it more user friendly, and to replace server or scanner equipment as needed. \$17,000 of the technology related request is offset by a "C04" reallocation. This request is in the agency's IT Plan.

Analysis of Budget Request

Appropriation: 2MA - Nursing Education Workshops

Funding Sources: NNB - Cash in Treasury

The Board conducts Continuing Education Workshops as mandated by A.C.A. §17-87-207. Currently, the Board is conducting onsite workshops as well as online courses for nurses. Funding for this appropriation is derived from registration fees.

The Board is requesting Base Level appropriation of \$35,000 each year of the 2017-2019 Biennium.

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

Appropriation Summary

Appropriation: 2MA - Nursing Education Workshops

Funding Sources: NNB - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	5,790	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		5,790	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Funding Sources										
Fund Balance	4000005	24,744	19,295		0	0	0	0	0	0
Cash Fund	4000045	341	15,705		16,000	16,000	16,000	16,000	16,000	16,000
Total Funding		25,085	35,000		16,000	16,000	16,000	16,000	16,000	16,000
Excess Appropriation/(Funding)		(19,295)	0		19,000	19,000	19,000	19,000	19,000	19,000
Grand Total		5,790	35,000		35,000	35,000	35,000	35,000	35,000	35,000

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 56K - Background Check Fee

Funding Sources: NNB - Cash in Treasury

The appropriation allows the Board to continue online criminal background check services provided by Information Network of Arkansas (INA). Criminal background checks are a required component of the online application for examinations and endorsements with Board. The INA bills the Board \$22.00 for each state criminal background check and \$15.75 for each federal background check conducted online.

The Board is requesting Base Level appropriation of \$192,500 each year of the 2017-2019 Biennium.

In addition to Base Level, a Change Level Request of \$50,132 each year is requested to process additional background checks as needed.

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

Appropriation Summary

Appropriation: 56K - Background Check Fee

Funding Sources: NNB - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	186,894	192,500	192,500	192,500	242,632	242,632	192,500	242,632	242,632
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		186,894	192,500	192,500	192,500	242,632	242,632	192,500	242,632	242,632
Funding Sources										
Fund Balance	4000005	16,299	2,901		2,901	2,901	2,901	53,033	2,901	2,901
Cash Fund	4000045	173,496	192,500		242,632	242,632	242,632	242,632	242,632	242,632
Total Funding		189,795	195,401		245,533	245,533	245,533	295,665	245,533	245,533
Excess Appropriation/(Funding)		(2,901)	(2,901)		(53,033)	(2,901)	(2,901)	(103,165)	(2,901)	(2,901)
Grand Total		186,894	192,500		192,500	242,632	242,632	192,500	242,632	242,632

Change Level by Appropriation

Appropriation: 56K - Background Check Fee
Funding Sources: NNB - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	192,500	0	192,500	100.0	192,500	0	192,500	100.0
C01	Existing Program	50,132	0	242,632	126.0	50,132	0	242,632	126.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	192,500	0	192,500	100.0	192,500	0	192,500	100.0
C01	Existing Program	50,132	0	242,632	126.0	50,132	0	242,632	126.0

Justification

C01	In FY14 ASBN started making available examination and endorsement applications online. The criminal background checks are part of these applications. In the past, applicants could make payments for their criminal background checks through their school. When the optional online applications began, there was an increase in criminal background checks processed by ASBN. Now that the process is only available online, all those application fees are no longer going through the applicant's school, but are now coming to ASBN. The Information Network of Arkansas (INA) bills the Board \$22.00 for each state criminal background check and \$15.75 for each federal background check conducted online. The full \$37.75 criminal background check fee collected is passed through to INA. Since this is a "pass through" expense that we are unable to control, we are requesting an increase in the appropriation for FY18 and FY19 to be able to reimburse INA for the fees now being processed through ASBN.
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Analysis of Budget Request

Appropriation: 58J - Scholar Loans

Funding Sources: NNB - Cash In Treasury

This appropriation is used by the Board to provide loans to persons studying to become a registered or licensed practical nurse and nurse educator. In FY10, Act 656 of 2009 authorized the transfer of funds from the State Board of Nursing Fund and the Nursing Student Loan Revolving Fund for the loan program. The Board contracts with the Department of Higher Education to review applications.

The Board is requesting Base Level appropriation of \$163,700 each year of the 2017-2019 Biennium.

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

Appropriation Summary

Appropriation: 58J - Scholar Loans

Funding Sources: NNB - Cash In Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Nursing Student Loan Program 5900046	51,900	163,700	236,691	163,700	163,700	163,700	163,700	163,700	163,700
Total	51,900	163,700	236,691	163,700	163,700	163,700	163,700	163,700	163,700
Funding Sources									
Fund Balance 4000005	166,437	133,106		0	0	0	0	0	0
Cash Fund 4000045	18,569	30,594		30,600	30,600	30,600	30,600	30,600	30,600
Total Funding	185,006	163,700		30,600	30,600	30,600	30,600	30,600	30,600
Excess Appropriation/(Funding)	(133,106)	0		133,100	133,100	133,100	133,100	133,100	133,100
Grand Total	51,900	163,700		163,700	163,700	163,700	163,700	163,700	163,700

Expenditure of appropriation is contingent upon available funding.

AR PUBLIC EMPLOYEE RETIREMENT SYSTEM

Enabling Laws

Public Employees Retirement System:

Act 116 of 2016

A.C.A. §24-1-101 through §24-2-704; §24-4-101 through §24-4-1109; §24-7-501; §24-7-1001 through §24-7-1101; §24-8-901 through §24-8-904; §24-12-126

State Police Retirement System:

A.C.A. §24-2-101 through §24-2-704; §24-2-401 through §24-2-704; §24-6-101 through §24-6-508

Judicial Retirement System:

A.C.A. §24-2-401 through §24-2-704; §24-8-201 through §24-8-228; §24-8-701 through §24-8-717

District Judges Retirement System:

A.C.A. §24-8-801 through §24-8-824 (Abolished and transferred to Public Employees Retirement System by Act 177 of 2007).

History and Organization

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM:

General - The Arkansas Public Employees Retirement System (APERS) administers a statewide public employee retirement program for certain state (including members of the General Assembly and State Constitutional Officers), municipal, school district employees (cafeteria workers, bus drivers, and janitors enrolled before July 1, 1989) and all county employees (including county constitutional officers). A nine member Board of Trustees appointed by the Governor controls APERS.

The Executive Director also serves as State Social Security Administrator and is responsible for coverage-related issues for state and local government employers.

Mission Statement - The mission of the Agency is to play an integral role in the future financial security of the APERS, Arkansas State Police Retirement System (ASPRS), and Arkansas Judicial Retirement System (AJRS) members by promptly and courteously delivering quality benefits and information which members value and trust through professional plan administration and prudent management of System assets.

Retirement Programs - Retirement Programs provide coverage and benefits under both "contributory" and "non-contributory" provisions.

Act 177 of 1956, as amended, established APERS as a contributory plan.

Act 793 of 1977, as amended, established the "non-contributory" provisions for APERS. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 653 of 1989 places all newly hired after July 1, 1989, school district employees in the AR Teacher Retirement System.

Act 339 of 2003 allowed the Board of Trustees to consider implementation of a new contributory plan for covered employees hired after July 1, 2005.

Act 2084 of 2005 established a new contributory plan for all members first hired on or after July 1, 2005, or returning members with a break in service of over six months. Members are required to contribute 5% of pretax earnings.

Act 558 of 2011 requires participating employers to pay matching on retired members who have returned to work under §24-4-520, as well as members who have entered the Deferred Retirement Option Plan (DROP) under §24-4-802(d). The rate(s) of percentage are set by the board as provided for by §24-2-701.

Act 288 of 2013 requires municipal or county elected officials first elected on or after January 1, 2014 to be contributory and the employer and the employee must both contribute an additional 2.5% of the employee's gross pay to APERS. The employee is required to contribute 7.5% (5.0% + 2.5%) and the employer would contribute the normal rate (currently 14.76%) plus 2.5%.

ARKANSAS STATE POLICE RETIREMENT SYSTEM:

Act 311 of 1951, as amended, established the "contributory" provisions of the Arkansas State Police Retirement System and provides for the retirement of uniformed troopers of the Arkansas State Police. A seven member Board of Trustees consists of an active vested member enrolled in the Tier 1 benefit program, the Chief Fiscal Officer of the State, one state police commissioner and three citizens at large who shall be appointed by the governor.

Act 647 of 1969 transferred the administration of the Arkansas State Police Retirement System (ASPRS) on July 1, 1969, to the Executive Director and staff of APERS.

Act 793 of 1977, as amended, established the "non-contributory" provisions for the State Police Retirement System. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 1071 of 1997 established a Tier II Plan for State Police Retirement.

ARKANSAS JUDICIAL RETIREMENT SYSTEM:

Act 365 of 1953 created the Arkansas Judicial Retirement System, which provides for the retirement of all Chancery, Circuit, Court of Appeals Judges and Supreme Court Justices. A five member Board of Trustees appointed by the Arkansas Judicial Council controls AJRS.

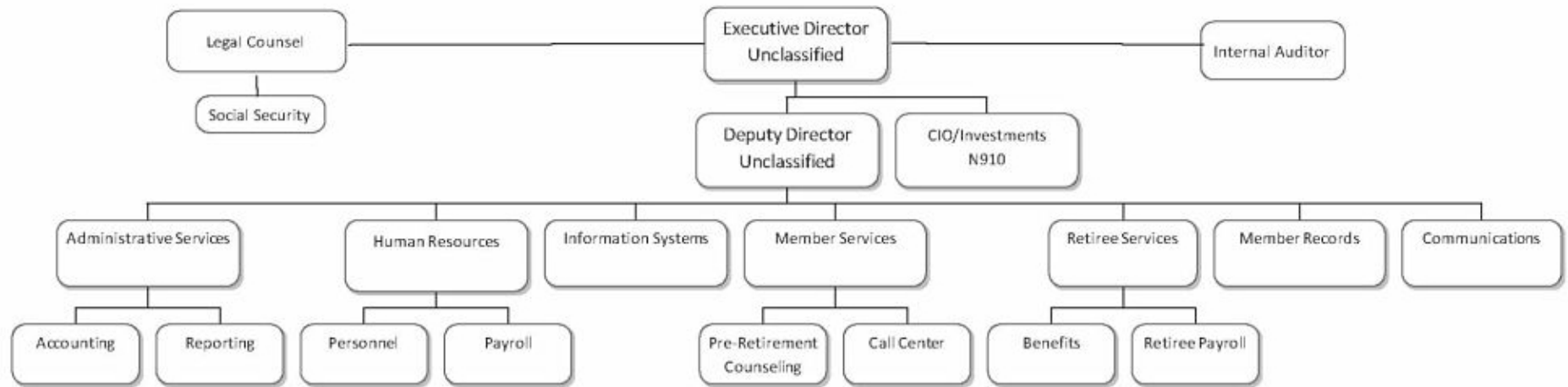
Act 922 of 1983 transferred the administration of the Arkansas Judicial Retirement System (AJRS) on July 1, 1983, to the Executive Director and staff of APERS.

Act 399 of 1999 established a Tier II Plan for Judicial Retirement.

ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM:

Act 1374 of 2003 created the Arkansas District Judge Retirement System, which provides for the retirement of all district judges. The same act closed the Municipal Judges and Clerks Retirement System. A five member Board of Trustees controls ADJRS. The trustees are appointed as follows: Two members are appointed by the Arkansas District Judges Council; Three members are appointed by the Governor, one of whom must not have previous service in the judicial system.

Act 177 of 2007 abolished the Arkansas District Judge Retirement System and transferred all powers, duties and plan liabilities to the Arkansas Public Employees Retirement System via a type 3 transfer as prescribed in A.C.A. §25-2-106.



Agency Commentary

The Arkansas Public Employees Retirement System’s (APERS) mission is to provide members and retirees with the highest level of customer service and accurate, timely information and annuity payments. This is accomplished through high quality delivery of services, including education and counseling to customers (members, retirees and employers) about the benefit program and other available services, and through the effective management of the investment of System assets. APERS also produces accurate and timely benefit payments to retired members or eligible beneficiaries and refunds to active/inactive members or employers of the System. The deadlines associated with providing these services are set by statute.

APERS staff currently serves 46,996 active members and 30,448 retired members. As of the 6/30/15 actuarial valuation by Gabriel, Roeder, Smith & Company, there are 1,842 members who are 65 years or over with at least 5 years of service; 1,110 members who are 60-64 years old and 4,000 members who are 45-59 years old with 20 or more years of service. This means that at various times within the next eight years, approximately 6,861 members will be eligible to retire. The number of retirees has increased by roughly 8,450 in the last ten years. These numbers reflect the retirement of the “baby boomer” generation and should level off by 2025.

We are extremely proud that our new pension administration system, COMPASS, will go live on time and on budget during the spring of 2017. Our plan is for COMPASS to gradually decrease the number of members who will require the assistance of APERS staff to run benefit scenarios for various time frames, benefit options, and deferred retirement option and partial annuity withdrawal calculations. Members who have more complicated retirement histories (i.e., multiple service credit, reciprocal service, or numerous breaks in service) may still require

the services of a retirement counselor in person or via correspondence, but many members will be able to log onto the system via the member portal and run the scenarios themselves, and complete their retirement application and upload other documents online without ever having to come to the office or speak with a staff member. In addition, participating employers will be able to log onto the employer portal to enroll participants, and make demographic information changes. They will also be able to transmit their salary and service data, receive an automatic invoice from the system and be able to pay via bank ACH, resulting in a significant savings of time and money. Retirees will be able to log onto the member portal to make deduction, banking and demographic changes rather than completing and submitting paper forms.

However, for the first few years there will be a learning curve and a trust factor for members, retirees and employers to overcome. That is why it is important that we remain staffed at the baseline level (82 authorized positions; 6 extra help), with plans to gradually reduce positions by approximately 10% due to retirements or resignations over the next five years.

We are extremely conscious of our fiduciary responsibility to utilize the system's assets as frugally as possible but still attain our functional obligations and the corresponding statute-driven deadlines to our members and retirees. All of the following requests for this biennium were carefully considered by staff and our Board of Trustees.

C01 Request - Capital Outlay Request (2QR/CI 512:00:11)

APERS requests \$15,000 in Capital Outlay for FY18 for the purchase of modular office furniture to relocate Benefits Administration staff together for the convenience of members and better communication and work flow.

C08 Request - Capital Outlay Request (2QR/CI 512:00:11)

APERS requests \$17,500 in both fiscal years to purchase (2) Enterprise scanners (\$6,000 each); (2) File servers (\$5,000 each); and (2) Division color printers (\$5,000) in conjunction with the new pension administration system (purchase one set of equipment in each fiscal year).

Both capital outlay requests are because of revisions in processes or relocating staff due to the new pension administration system, COMPASS.

C01 Request - Cash Fund (Benefits) (C22/CI 510:00:23)

APERS requests an increase of \$150,000,000 in both fiscal years to accommodate payment of retiree benefits via direct deposit.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	17	25	42	55 %
Black Employees	2	25	27	36 %
Other Racial Minorities	2	5	7	9 %
Total Minorities			34	45 %
Total Employees			76	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
1310100	\$15,179,833	Checking/Direct Deposit Account	Bank of America-Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Fund Account	Balance	Type	Location
1310200	\$893,018	Checking/Direct Deposit Account	Bank of America-Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Fund Account	Balance	Type	Location
1310300	\$0	Checking-Direct Deposit Account	Bank of America-Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Financial Report-AJRS	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.	0	0.00
Annual Financial Report-APERS	N	N	N	75	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.	0	0.00
Annual Financial Report-ASPRS	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.	0	0.00
APERSpective Newsletter-Active/Retired Members	N	N	N	75,000	Published and mailed biannually to all active/retired members.	0	0.00
APERSpective Newsletter-Employers	N	N	N	1,000	Published and mailed biannually to all active/retired members.	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Employer Guide-APERS	N	N	N	1,000	Published when significant legislative changes to retirement statutes and/or procedures occur.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QR Public Employee Retirement-Operations	91,526,414	88	142,487,233	92	142,454,535	82	142,017,785	82	142,050,285	82	142,050,285	82	142,022,648	82	142,040,148	82	142,040,148	82
2QS St Police Retirement-Operations	18,559,458	0	35,343,560	0	35,343,560	0	35,343,560	0	35,343,560	0	35,343,560	0	35,343,560	0	35,343,560	0	35,343,560	0
2QT Judicial Retirement-Operations	3,428,112	0	10,663,389	0	10,663,389	0	10,663,389	0	10,663,389	0	10,663,389	0	10,663,389	0	10,663,389	0	10,663,389	0
C22 Public Employee Retirement-Cash	411,626,274	0	500,000,000	0	500,000,000	0	500,000,000	0	650,000,000	0	650,000,000	0	500,000,000	0	650,000,000	0	650,000,000	0
C23 St Police Retirement-Cash	19,506,800	0	35,000,000	0	35,000,000	0	35,000,000	0	35,000,000	0	35,000,000	0	35,000,000	0	35,000,000	0	35,000,000	0
C24 Judicial Retirement-Cash	11,556,976	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0
F73 APERS Pension Administration System	5,457,256	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0	21,000,000	0
Total	561,661,290	88	765,494,182	92	765,461,484	82	765,024,734	82	915,057,234	82	915,057,234	82	765,029,597	82	915,047,097	82	915,047,097	82

Funding Sources		%		%		%		%		%		%		%		%		%
Trust Fund 4000050	561,661,290	100.0	765,494,182	100.0			765,024,734	100.0	915,057,234	100.0	915,057,234	100.0	765,029,597	100.0	915,047,097	100.0	915,047,097	100.0
Total Funds	561,661,290	100.0	765,494,182	100.0			765,024,734	100.0	915,057,234	100.0	915,057,234	100.0	765,029,597	100.0	915,047,097	100.0	915,047,097	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	561,661,290		765,494,182				765,024,734		915,057,234		915,057,234		765,029,597		915,047,097		915,047,097	

FY17 Budget exceeds the Authorized amount in (2QR) Public Employee Retirement- Operations due to Personal Services Matching rate adjustments during the 2015-2017 Biennium.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
82	69	13	82	0	15.85 %	82	75	7	82	0	8.54 %	82	76	6	82	0	7.32 %

Analysis of Budget Request

Appropriation: 2QR - Public Employee Retirement-Operations

Funding Sources: TSR - APERS Fund

The Administration Program of the Arkansas Public Employees Retirement System (APERS) administers the Public Employees Retirement System, the State Police Retirement System, the Judicial Retirement System, and the District Judges Retirement System. Each retirement system has a separate Board of Trustees. The Public Employees Retirement System and the State Police Retirement System have both contributory and non-contributory provisions. The Judicial Retirement System is a contributory system.

The main goal of this Program is to provide members and retirees with the highest level of benefits, customer service and accurate, timely information.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$142,017,785 for FY18 and \$142,022,648 for FY19.

The Agency's Change Level request for \$32,500 in FY18 and \$17,500 in FY19 reflects the following:

- \$15,000 in Capital Outlay for FY18 to purchase office furniture.
- \$17,500 in Capital Outlay for each year for office equipment in conjunction with the new pension administration system operations.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QR - Public Employee Retirement-Operations

Funding Sources: TSR - APERS Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,178,073	3,846,258	3,846,258	3,488,918	3,488,918	3,488,918	3,492,518	3,492,518	3,492,518
#Positions		88	92	82	82	82	82	82	82	82
Extra Help	5010001	73,744	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
#Extra Help		6	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	1,126,539	1,332,357	1,299,659	1,220,249	1,220,249	1,220,249	1,221,512	1,221,512	1,221,512
Operating Expenses	5020002	1,345,813	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473
Conference & Travel Expenses	5050009	19,568	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Professional Fees	5060010	1,352,489	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	29,546,476	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Refunds/Reimbursements	5110014	54,871,915	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000
Capital Outlay	5120011	11,797	0	0	0	32,500	32,500	0	17,500	17,500
Total		91,526,414	142,487,233	142,454,535	142,017,785	142,050,285	142,050,285	142,022,648	142,040,148	142,040,148
Funding Sources										
Trust Fund	4000050	91,526,414	142,487,233		142,017,785	142,050,285	142,050,285	142,022,648	142,040,148	142,040,148
Total Funding		91,526,414	142,487,233		142,017,785	142,050,285	142,050,285	142,022,648	142,040,148	142,040,148
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		91,526,414	142,487,233		142,017,785	142,050,285	142,050,285	142,022,648	142,040,148	142,040,148

FY17 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2015-2017 Biennium.

Budget Number of Positions may exceed the Authorized Number due to transfers from the Temporary Position Pool as authorized by Section 15 of Act 116 of 2016 during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 2QR - Public Employee Retirement-Operations
Funding Sources: TSR - APERS Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	142,017,785	82	142,017,785	100.0	142,022,648	82	142,022,648	100.0
C01	Existing Program	15,000	0	142,032,785	100.0	0	0	142,022,648	100.0
C08	Technology	17,500	0	142,050,285	100.0	17,500	0	142,040,148	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	142,017,785	82	142,017,785	100.0	142,022,648	82	142,022,648	100.0
C01	Existing Program	15,000	0	142,032,785	100.0	0	0	142,022,648	100.0
C08	Technology	17,500	0	142,050,285	100.0	17,500	0	142,040,148	100.0

Justification

C01	Request \$15,000 for modular offices that are needed for re-organizing Benefits Administration Division staff.
C08	Request capital outlay to purchase (2) Enterprise scanner/\$6,000; (2) File server/\$5,000; (2) Division color printer/\$5,000-one set acquired during FY18 and one set during FY19 (total for biennium is \$35,000). These are needed in conjunction with the new pension administration system operations.

Analysis of Budget Request

Appropriation: 2QS - St Police Retirement-Operations

Funding Sources: TMR - State Police Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Arkansas State Police Retirement System (ASPRS) under the authority of A.C.A. §24-6-204. The administration, management, and control of the System are the responsibility of the Board of Trustees of the State Police Retirement System. The Board meets at least once each quarter and consists of eleven members: the Chairman of the Arkansas State Police Commission, the Director of the Department of Arkansas State Police, the Director of the Arkansas Department of Finance and Administration or the Director's designee from that department, five members of the SPRS to be elected by the members of the system with at least two holding the rank of trooper, trooper first class or corporal, at least one holding a rank higher than the rank of corporal, and at least one whose retirement eligibility is covered under the Tier Two Benefit Plan of the ASPRS.

The Agency Request provides for Base Level of \$35,343,560 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QS - St Police Retirement-Operations

Funding Sources: TMR - State Police Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	5,484	77,610	77,610	77,610	77,610	77,610	77,610	77,610	77,610
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	37,550	265,950	265,950	265,950	265,950	265,950	265,950	265,950	265,950
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	1,841,033	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Refunds/Reimbursements	5110014	16,675,391	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		18,559,458	35,343,560	35,343,560	35,343,560	35,343,560	35,343,560	35,343,560	35,343,560	35,343,560
Funding Sources										
Trust Fund	4000050	18,559,458	35,343,560		35,343,560	35,343,560	35,343,560	35,343,560	35,343,560	35,343,560
Total Funding		18,559,458	35,343,560		35,343,560	35,343,560	35,343,560	35,343,560	35,343,560	35,343,560
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		18,559,458	35,343,560		35,343,560	35,343,560	35,343,560	35,343,560	35,343,560	35,343,560

Analysis of Budget Request

Appropriation: 2QT - Judicial Retirement-Operations

Funding Sources: TAR - Judges Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Judicial Retirement System (JRS) under the authority of A.C.A. § 24-8-204. The administration and control of the JRS is the responsibility of the Board of Trustees of the Judicial Retirement System. The Board meets at least once each quarter and consists of five members appointed by the Arkansas Judicial Council. These members serve at the pleasure of the Council and one member is elected by the Board to serve as Chairman.

Pursuant to A.C.A. §24-8-207(a), all chancery judges, circuit judges, judges of the Arkansas Court of Appeals, and justices of the Arkansas Supreme Court, whether elected or appointed to office, shall participate in the Arkansas Judicial Retirement System (AJRS).

The Agency Request provides for Base Level of \$10,663,389 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QT - Judicial Retirement-Operations

Funding Sources: TAR - Judges Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	3,285	40,510	40,510	40,510	40,510	40,510	40,510	40,510	40,510
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	95,950	122,879	122,879	122,879	122,879	122,879	122,879	122,879	122,879
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	455,922	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000
Refunds/Reimbursements	5110014	2,872,955	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		3,428,112	10,663,389	10,663,389	10,663,389	10,663,389	10,663,389	10,663,389	10,663,389	10,663,389
Funding Sources										
Trust Fund	4000050	3,428,112	10,663,389		10,663,389	10,663,389	10,663,389	10,663,389	10,663,389	10,663,389
Total Funding		3,428,112	10,663,389		10,663,389	10,663,389	10,663,389	10,663,389	10,663,389	10,663,389
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,428,112	10,663,389		10,663,389	10,663,389	10,663,389	10,663,389	10,663,389	10,663,389

Analysis of Budget Request

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

The Arkansas Public Employees Retirement System cash fund is utilized for payments to beneficiaries by check or wire transfer.

Base Level is \$500,000 each year of the biennium.

The Agency Request change level totals \$150,000,000 each year of the biennium to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	411,626,274	500,000,000	500,000,000	500,000,000	650,000,000	650,000,000	500,000,000	650,000,000	650,000,000
Total		411,626,274	500,000,000	500,000,000	500,000,000	650,000,000	650,000,000	500,000,000	650,000,000	650,000,000
Funding Sources										
Trust Fund	4000050	411,626,274	500,000,000		500,000,000	650,000,000	650,000,000	500,000,000	650,000,000	650,000,000
Total Funding		411,626,274	500,000,000		500,000,000	650,000,000	650,000,000	500,000,000	650,000,000	650,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		411,626,274	500,000,000		500,000,000	650,000,000	650,000,000	500,000,000	650,000,000	650,000,000

Change Level by Appropriation

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	500,000,000	0	500,000,000	100.0	500,000,000	0	500,000,000	100.0
C01	Existing Program	150,000,000	0	650,000,000	130.0	150,000,000	0	650,000,000	130.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	500,000,000	0	500,000,000	100.0	500,000,000	0	500,000,000	100.0
C01	Existing Program	150,000,000	0	650,000,000	130.0	150,000,000	0	650,000,000	130.0

Justification

C01	Request \$150,000,000 in both fiscal years to accommodate payment of retiree benefits via direct deposit (total of \$300,000,000 for the biennium).
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Analysis of Budget Request

Appropriation: C23 - St Police Retirement-Cash

Funding Sources: 131 - Arkansas State Police Retirement-Cash

The Arkansas State Police Retirement cash fund is utilized for payments to beneficiaries of the State Police Retirement System by wire transfer.

The Agency Request provides for Base Level of \$35,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C23 - St Police Retirement-Cash

Funding Sources: 131 - Arkansas State Police Retirement-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	19,506,800	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Total	19,506,800	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Funding Sources									
Trust Fund 4000050	19,506,800	35,000,000		35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Total Funding	19,506,800	35,000,000		35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	19,506,800	35,000,000		35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000

Analysis of Budget Request

Appropriation: C24 - Judicial Retirement-Cash

Funding Sources: 131 - Arkansas Judicial Retirement-Cash

The Arkansas Judicial Retirement cash fund is utilized for payments to beneficiaries of the Judicial Retirement System by direct deposit.

The Agency Request provides for Base Level of \$21,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C24 - Judicial Retirement-Cash

Funding Sources: 131 - Arkansas Judicial Retirement-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	11,556,976	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Total	11,556,976	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Funding Sources									
Trust Fund 4000050	11,556,976	21,000,000		21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Total Funding	11,556,976	21,000,000		21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	11,556,976	21,000,000		21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000

Analysis of Budget Request

Appropriation: F73 - APERS Pension Administration System

Funding Sources: TSR - Arkansas Public Employees' Retirement System Fund

The APERS Pension Administration System is an ongoing project to overhaul the APERS Customer Relations Management (CRM) software for the first time in several decades.

The Agency provides for Base Level of \$21,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency request.

Appropriation Summary

Appropriation: F73 - APERS Pension Administration System

Funding Sources: TSR - Arkansas Public Employees' Retirement System Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
APERS Pension Capital Projects 5900046	5,457,256	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Total	5,457,256	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Funding Sources									
Trust Fund 4000050	5,457,256	21,000,000		21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Total Funding	5,457,256	21,000,000		21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	5,457,256	21,000,000		21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000

ARKANSAS TEACHER RETIREMENT SYSTEM

Enabling Laws

Act 211 of 2016
A.C.A. §24-7-101 et seq.

History and Organization

MISSION:

The Arkansas Teacher Retirement System (ATRS) is a cost sharing, multiple-employer, combination contributory/non-contributory defined benefit pension plan. ATRS provides age and service retirement benefits, Teacher Deferred Retirement Option Plan benefits, disability retirement benefits, survivor benefits, and lump sum death benefits for public school teachers and other educationally related employees as defined by Act 427 of 1973, as amended. ATRS is committed to providing high quality member services (including education and counseling), effectively and prudently managing the investment of the assets of the System, and making accurate and timely benefit payments to retired members or beneficiaries.

As of June 30, 2013, ATRS had 70,660 active members; 36,254 retired members and beneficiaries receiving benefits; 4,265 T-DROP participants; and 13,099 terminated plan members entitled to but not yet receiving benefits. The monthly benefits payroll averaged over \$65,000,000. The System had 337 participating employers. As of June 30, 2013, total assets were over \$13,600,000,000 with net assets available for benefits of over \$12,800,000,000. The System's revenue sources consist of employer and employee contributions and investment earnings.

HISTORY OF THE AGENCY:

The Teacher Retirement System of the State of Arkansas was established by authority of the Arkansas General Assembly on March 17, 1937 pursuant to Act 266 of 1937. Numerous changes were made to the teacher retirement laws over the next 20 years. Act 93 of 1957 combined the existing laws and made further refinements. Act 93 of 1957 was superseded by Act 42 of 1971, which included the changes made since 1957. The teacher retirement laws were rewritten in entirety by Act 427 of 1973. Subsequent changes have been made in the form of amendments to Act 427. Statutes covering the Teacher Retirement System are primarily located in Title 24 of the Arkansas Code, particularly Chapter 7.

Act 541 of 1977 placed the system on the level-percent of payroll funding method and for the first time provided that the employer contribution rate is determined by the most recent actuarial valuation of the System. Act 472 of 1989 exercised the General Assembly's prerogative to set the employer contribution rate. Act 1446 of 2013 authorized the ATRS Board of Trustees to set the employer contribution rate beginning July 1, 2015 subject to legislative mandates. The current employer contribution rate is set at 14% of active member payroll.

On July 1, 2001, the Board of Trustees raised the multipliers for contributory and non-contributory service to 2.15% and 1.39% respectively under the provisions of Act 396 of 1999. Beginning in 1997, ATRS is prohibited by various statutes from implementing any benefit enhancement if (1) it would cause ATRS' unfunded actuarial accrued liabilities to exceed a thirty-year amortization or (2) ATRS has unfunded actuarial accrued liabilities being amortized over a period exceeding thirty years until the unfunded actuarial accrued liability is reduced.

Act 504 of 1985 established a non-contributory plan for members of the system in addition to the contributory plan. Act 93 of 2007, effective July 1, 2007, provides that beginning July 1, 2007, and each July 1 thereafter, active noncontributory members may make an irrevocable election to become contributory; inactive members may make an irrevocable election to become contributory at the time of reemployment regardless of a previous noncontributory status; new members who are not under contract or are contracted less than 181 days enter the system as non-contributory but may make an irrevocable election to become contributory.

Act 653 of 1989 provided that any person employed full-time by a school district after July 1, 1989, must become a member of the Teacher Retirement System. Act 43 of 1991 removed the right of a part-time employee to be excluded from membership in the Teacher Retirement System. Act 974 of 2011 required members to earn 160 days in a fiscal year to obtain one year of credited service.

Act 1096 of 1995 established the Teacher Deferred Retirement Option Plan (T-DROP), which allows members to defer receipt of benefit payments, and to continue to work in a position covered by Teacher Retirement. In order to make T-DROP more cost neutral, Acts 991 and 992 of 2003 made changes in the methods for calculating T-DROP deposits for new members in the T-DROP on or after September 1, 2003. Act 298 of 2007, effective July 1, 2007, changes the date for entering T-DROP to July 1; provides for the extension of employer contribution requirement for post and pre-September 2003 T-DROP members beyond July 1, 2011. Act 743 of 2009 causes T-DROP employer contributions to be the same as the regular employer contribution rate after July 1, 2009.

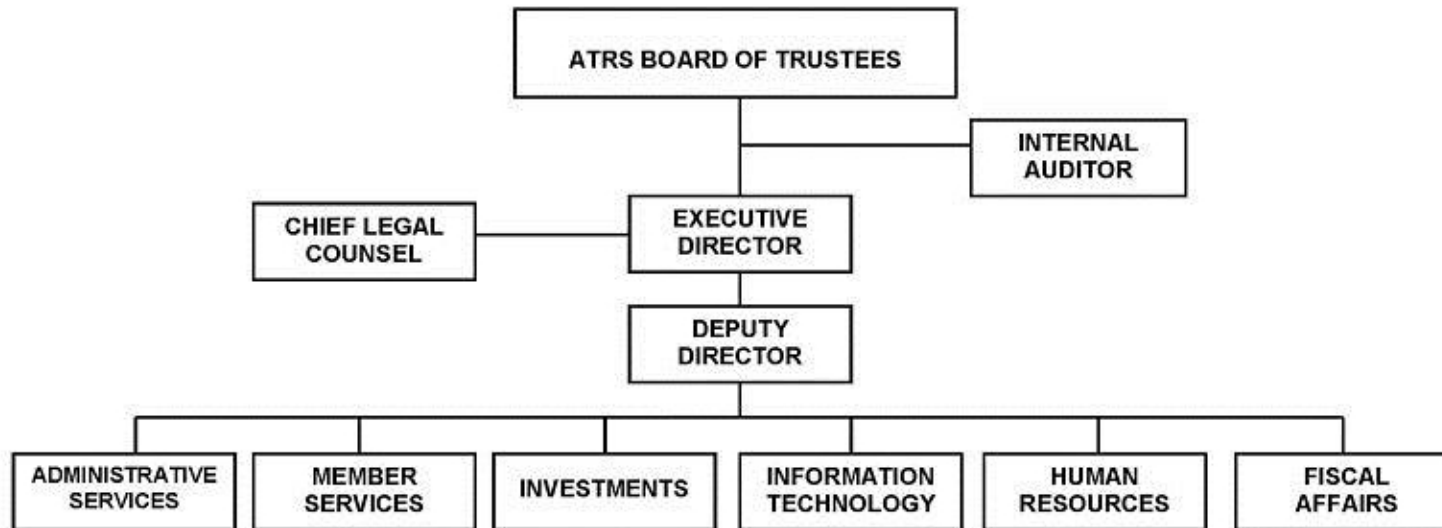
Act 461 of 2001 defined "Normal Retirement Age" as age 65, thus allowing members who reach that age to apply for retirement benefits without termination of employment. Act 45 of 2011 also designates that members under age 65 must terminate employment for a minimum of 1 month to be eligible for retirement benefits.

ADMINISTRATION:

The general administration and responsibility for the proper operation of the system and for making effective the provisions of the teacher retirement laws is vested in the 15-member Board of Trustees. The State Bank Commissioner, State Treasurer, State Auditor and the

Commissioner of the Department of Education serve as ex-officio members on the Board. Eleven (11) members are elected to the Board; eight (8) are active members and three (3) represent retirees. The Board believes that its paramount purpose is to provide an adequate and equitable retirement plan for the members of the System, to protect its members in the event of total and permanent disability, and to provide in part for their dependents upon their deaths.

The trustees serve without compensation except reimbursement for any necessary expenses incurred in attending meetings of the Board or in performing other official duties as defined by the Board. The Board appoints the Executive Director for the system as well as an actuarial firm to serve as technical advisor on matters regarding the operation of the system on an actuarial basis. The Board has the authority to employ professional investment counsel and to appoint a medical board to advise the Board on disability claims. The Board meets at least quarterly and must have eight (8) members present for a quorum. At least eight (8) concurring votes are needed to reach a decision.



Agency Commentary

During the last biennium, ATRS assets have increased \$2 billion, active membership has remained near 70,000, and the ATRS benefit payroll

has grown to \$85 million per month (over \$1 billion annually) with additional payments for lump sum death benefits, T-DROP distributions, and refunds. This growth has resulted in greater complexity of ATRS investments and higher demand for member services. In addition, compliance with IRS regulations, tax laws, and new Government Accounting Standards Board (GASB) rules have added time and complexity to ATRS operations.

It is imperative that ATRS be adequately staffed, trained, and prepared to provide the high quality services that ATRS members should expect to receive and to fulfill the fiduciary duty to safeguard and properly account for ATRS assets. From providing reliable benefit estimates to members, maintaining proper accounting records, and ensuring compliance with IRS requirements, it is incumbent upon ATRS to provide accurate and timely information to the General Assembly, Governor, ATRS Board of Trustees, and ATRS members to use in decision-making processes.

Through fiscal responsibility, ATRS has remained a strong, stable pension system during difficult market cycles. The ATRS budget request was created to meet the demands presented by system growth and to provide enhanced services to ATRS members, while maintaining a conservative budget approach.

ATRS continues to operate efficiently within the ATRS budget by maintaining staffing levels below the number of authorized positions. ATRS receives no general revenue appropriation from the state and uses the ATRS trust fund assets for the payment of all operating expenses and benefit payments. ATRS is funded by member and employer contributions as well as investment returns produced within the trust fund.

In addition to Base Level, ATRS requests the following for the 2017 - 2019 Biennium:

Appropriation 2QV - Property Management

ATRS requests a continuation of Base Level budget for this appropriation. The base level will allow for any necessary expenses that arise related to property management. ATRS has been conservative in this area utilizing funds only when absolutely necessary.

Appropriation 2QW - Teacher Retirement System Operations

ATRS is looking to continue the surrender of full time positions (six [6] in the 2015-2017 biennial budget cycle) and is requesting to surrender four (4) additional positions as follows: **Fiscal Support Specialist (C112) - Computer Support Specialist (C117) -Attorney (C124) - Public Information Coordinator (C120)**

ATRS requests four (4) additional extra help positions (to move to twenty (20) total extra help positions) with an additional \$200,000 for the

twenty (20) extra help positions. Extra help positions are utilized within ATRS to provide flexible coverage and allow ATRS to rely upon experienced staff on a reduced schedule, at such peak times as retirement season, 1099 tax processing, mailing and response to member annual statements, and during legislative cycles. ATRS uses extra help in important positions such as licensed attorney hearing officers, internal auditors, attorney specialists, and other high level responsibility positions. These positions are also utilized to maintain coverage in important positions during employee illness/maternity leave/military deployment/vacation periods due to full-time employee work volume.

ATRS also requests a reallocation of resources of \$1,000,000 from Data Processing Services to Investment Counsel. ATRS has developed and maintains in-house computer systems that have decreased the need for contracted data processing services. Additionally, ATRS has contracted with a local financial institution to provide investment consulting services for enhanced due diligence on more Arkansas related investments.

Appropriation C26 - Teacher Retirement System Cash

The Arkansas Teacher Retirement System (ATRS) requests an additional \$210,000,000 for FY2018 and \$410,000,000 for FY2019 for Non-Employee Benefits to meet its obligations for pension retiree benefits paid by electronic funds transfer (EFT) as paper warrants from the State Auditor's office continue to decrease. This fund is used to pay all electronic funds payments to retired members. Paper warrants are paid using a separate line item within our Treasury Fund. ATRS has experienced growth in both the number of retirees and the amounts of annuities paid in recent years. Retiree payments from this fund have increased an average of 7.9% over the past three (3) fiscal years. With this trend in place, the anticipation that more retirees will receive payments via EFT, and as paper warrants processed through the Treasury decrease, an increase in appropriation will be necessary to meet these demands.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	23	42	65	82 %
Black Employees	5	6	11	14 %
Other Racial Minorities	1	2	3	4 %
	Total Minorities		14	18 %
	Total Employees		79	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
3750000	\$0	Checking	First Security Bank

Statutory/Other Restrictions on use:

A.C.A 1-4-801

Statutory Provisions for Fees, Fines, Penalties:

A.C.A 1-4-801 established the agency

Revenue Receipts Cycle:

Monthly

Fund Balance Utilization:

Fund balance is returned to the trust fund at the end of the year

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Agency Comprehensive Annual Financial Report	24-7-305(e)(1), 24-2-702	Y	Y	50	Reports on the financial health of ATRS; provides necessary information to ATRS board; required by GFOA and other entities	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QV Property Management	8,481	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
2QW Teacher Retirement System-Operations	137,476,272	93	453,630,285	100	453,598,953	101	453,722,955	100	453,747,546	96	453,747,546	96	453,728,377	100	453,752,968	96	453,752,968	96
C26 Teacher Retirement System-Cash	913,449,336	0	996,000,000	0	996,000,000	0	996,000,000	0	1,206,000,000	0	1,206,000,000	0	996,000,000	0	1,406,000,000	0	1,406,000,000	0
Total	1,050,934,089	93	1,450,130,285	100	1,450,098,953	101	1,450,222,955	100	1,660,247,546	96	1,660,247,546	96	1,450,228,377	100	1,860,252,968	96	1,860,252,968	96

Funding Sources		%		%		%		%		%		%		%		%		%
Cash Fund 4000045	913,449,336	86.9	996,000,000	68.7			996,000,000	68.7	1,206,000,000	72.6	1,206,000,000	72.6	996,000,000	68.7	1,406,000,000	75.6	1,406,000,000	75.6
Trust Fund 4000050	137,484,753	13.1	454,130,285	31.3			454,222,955	31.3	454,247,546	27.4	454,247,546	27.4	454,228,377	31.3	454,252,968	24.4	454,252,968	24.4
Total Funds	1,050,934,089	100.0	1,450,130,285	100.0			1,450,222,955	100.0	1,660,247,546	100.0	1,660,247,546	100.0	1,450,228,377	100.0	1,860,252,968	100.0	1,860,252,968	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	1,050,934,089		1,450,130,285				1,450,222,955		1,660,247,546		1,660,247,546		1,450,228,377		1,860,252,968		1,860,252,968	

FY17 Budget amount in (2QW) Teacher Retirement System-Operations exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
104	87	5	92	12	16.35 %	101	79	16	95	6	21.78 %	101	78	22	100	1	22.77 %

Analysis of Budget Request

Appropriation: 2QV - Property Management

Funding Sources: TER - Teacher Retirement Fund

The Property Management Program of the Arkansas Teacher Retirement System pays for the necessary expenses to maintain properties that the System holds as investments. These expenses include, but are not limited to, attorney fees, foreclosure expenses, selling expenses, audit costs, appraisal expenses, property management fees, property rehabilitation costs, travel expenses related to property management, property repairs, property maintenance, advertising expenses, and property operating expenses.

The Agency Request provides for Base Level of \$500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QV - Property Management

Funding Sources: TER - Teacher Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Property Management 5900046	8,481	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	8,481	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Trust Fund 4000050	8,481	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	8,481	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	8,481	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Analysis of Budget Request

Appropriation: 2QW - Teacher Retirement System-Operations

Funding Sources: TER - Teacher Retirement Fund

The Arkansas Teacher Retirement System provides age, service, survivor, and disability benefits for public school teachers and other covered employees. This appropriation is funded by trust funds of the Teacher Retirement System.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$453,722,955 in FY18 and \$453,728,377 in FY19.

The Agency's Change level request is for \$24,591 each year and includes the following:

- Extra Help and Personal Services Matching of \$215,420 for four (4) additional Extra Help positions to provide flexible coverage and allow ATRS to rely upon experienced staff during peak times.
- Regular Salaries and Personal Services Matching reduction of (\$190,829) due to the elimination of one (1) Fiscal Support Specialist (C112), one (1) Computer Support Specialist (C117), one (1) Attorney (C124), and one (1) Public Information Coordinator (C120).
- Reallocation of \$1,000,000 from Data Processing to Investment Counsel to provide consulting services for enhanced due diligence on more Arkansas related investments.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QW - Teacher Retirement System-Operations

Funding Sources: TER - Teacher Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,068,299	4,524,390	4,483,589	4,589,690	4,449,464	4,449,464	4,593,790	4,453,564	4,453,564
#Positions		93	100	101	100	96	96	100	96	96
Extra Help	5010001	174,057	200,000	200,000	200,000	400,000	400,000	200,000	400,000	400,000
#Extra Help		14	16	16	16	20	20	16	20	20
Personal Services Matching	5010003	1,412,239	1,495,351	1,504,820	1,522,721	1,487,538	1,487,538	1,524,043	1,488,860	1,488,860
Overtime	5010006	2,479	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Operating Expenses	5020002	1,662,907	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889
Conference & Travel Expenses	5050009	10,434	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759
Professional Fees	5060010	83,985	558,115	558,115	558,115	558,115	558,115	558,115	558,115	558,115
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	119,384,037	344,000,000	344,000,000	344,000,000	344,000,000	344,000,000	344,000,000	344,000,000	344,000,000
Refunds/Reimbursements	5110014	8,207,201	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781
Capital Outlay	5120011	20,925	0	0	0	0	0	0	0	0
Professional Sevices	5900043	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Data Processing Services	5900044	0	2,000,000	2,000,000	2,000,000	1,000,000	1,000,000	2,000,000	1,000,000	1,000,000
Investment Counsel	5900046	2,449,709	2,500,000	2,500,000	2,500,000	3,500,000	3,500,000	2,500,000	3,500,000	3,500,000
Discount Buyout Plan	5900047	0	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Total		137,476,272	453,630,285	453,598,953	453,722,955	453,747,546	453,747,546	453,728,377	453,752,968	453,752,968
Funding Sources										
Trust Fund	4000050	137,476,272	453,630,285		453,722,955	453,747,546	453,747,546	453,728,377	453,752,968	453,752,968
Total Funding		137,476,272	453,630,285		453,722,955	453,747,546	453,747,546	453,728,377	453,752,968	453,752,968
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		137,476,272	453,630,285		453,722,955	453,747,546	453,747,546	453,728,377	453,752,968	453,752,968

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 2QW - Teacher Retirement System-Operations
Funding Sources: TER - Teacher Retirement Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	453,722,955	100	453,722,955	100.0	453,728,377	100	453,728,377	100.0
C01	Existing Program	215,420	0	453,938,375	100.0	215,420	0	453,943,797	100.0
C03	Discontinue Program	(190,829)	(4)	453,747,546	100.0	(190,829)	(4)	453,752,968	100.0
C04	Reallocation	0	0	453,747,546	100.0	0	0	453,752,968	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	453,722,955	100	453,722,955	100.0	453,728,377	100	453,728,377	100.0
C01	Existing Program	215,420	0	453,938,375	100.0	215,420	0	453,943,797	100.0
C03	Discontinue Program	(190,829)	(4)	453,747,546	100.0	(190,829)	(4)	453,752,968	100.0
C04	Reallocation	0	0	453,747,546	100.0	0	0	453,752,968	100.0

Justification

C01	Four (4) additional Extra Help positions to provide flexible coverage, maintain coverage in important positions, and to rely upon experienced staff at peak times.
C03	Elimination of one (1) Fiscal Support Specialist (C112), one (1) Computer Support Specialist (C117), one (1) Attorney (C124), and one (1) Public Information Coordinator (C120).
C04	Reallocation of \$1,000,000 from Data Processing to Investment Counsel due to a decrease need for contracted data processing services. Additionally, ATRS has contracted with a local financial institution to provide investment consulting services for enhanced due diligence on more Arkansas related investments.

Analysis of Budget Request

Appropriation: C26 - Teacher Retirement System-Cash

Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

The Arkansas Teacher Retirement System cash fund allows the Agency to make payments to beneficiaries by check or direct deposit.

Base Level is \$996,000,000 for each year of the biennium.

The Agency Request provides for an additional \$210,000,000 in FY18 and \$410,000,000 in FY19 to keep the pace with retiree growth and demand for direct deposit of benefits.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C26 - Teacher Retirement System-Cash
Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	911,505,724	990,000,000	990,000,000	990,000,000	1,200,000,000	1,200,000,000	990,000,000	1,400,000,000	1,400,000,000
Refunds/Reimbursements	5110014	1,943,612	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total		913,449,336	996,000,000	996,000,000	996,000,000	1,206,000,000	1,206,000,000	996,000,000	1,406,000,000	1,406,000,000
Funding Sources										
Cash Fund	4000045	913,449,336	996,000,000		996,000,000	1,206,000,000	1,206,000,000	996,000,000	1,406,000,000	1,406,000,000
Total Funding		913,449,336	996,000,000		996,000,000	1,206,000,000	1,206,000,000	996,000,000	1,406,000,000	1,406,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		913,449,336	996,000,000		996,000,000	1,206,000,000	1,206,000,000	996,000,000	1,406,000,000	1,406,000,000

Change Level by Appropriation

Appropriation: C26 - Teacher Retirement System-Cash
Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	996,000,000	0	996,000,000	100.0	996,000,000	0	996,000,000	100.0
C01	Existing Program	210,000,000	0	1,206,000,000	121.1	410,000,000	0	1,406,000,000	141.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	996,000,000	0	996,000,000	100.0	996,000,000	0	996,000,000	100.0
C01	Existing Program	210,000,000	0	1,206,000,000	121.1	410,000,000	0	1,406,000,000	141.2

Justification

C01	Increase in appropriation needed to keep pace with retiree growth and demands for direct deposit of benefits
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DEPARTMENT OF WORKFORCE SERVICES

Enabling Laws

Act 244 of 2016
A.C.A. §11-10-101 et seq.

History and Organization

The Arkansas Department of Workforce Services (DWS) was created as the Arkansas Employment Security Department (AESD), a division of the Department of Labor (DOL), by Act 391 of 1941 to administer the Employment Security Law. Act 100 of 1991 made AESD independent of the State DOL and established it as a separate department. The Director is appointed by and serves at the pleasure of the Governor. The primary responsibilities of the Department are to promote and provide employment security by increasing opportunities for job placement through a system of public employment offices; which is funded by employer's contribution taxes for the payment of benefits to individuals who are involuntarily unemployed.

Act 391 of 1941 was enacted to conform to the state law requirements of the Federal Unemployment Tax Act (26 USCA 3301-3310), Title IX of the Social Security Act (42 USCA 501-504) and the Wagner-Peyser Act (29 USCA 49). The Workforce Investment Act was enacted by Congress as Public Law 105-220 of 1998 to replace the Job Training Partnership Act with new workforce investment systems to induce local businesses to participate in the delivery of Workforce Development Services. In addition, the Workforce Investment Act also created WIA Boards which are chaired by private sector members in the local community. Other state acts which govern the operations of the Department include Act 35 of 1971, as amended; Act 1205 of 1975 (Extended Session of 1976); and Act 173 of 1935.

Act 1705 of 2005 changed the name of the agency to Arkansas Department of Workforce Services. This Act authorized the transfer of the Transitional Employment Assistance (TEA) program to this agency and receipt of Temporary Assistance for Needy Families (TANF) block grant funds from the U.S. Department of Health and Human Services.

Act 490 of 2007 changed the name of the unemployment insurance (UI) law from "Arkansas Employment Security Law" to "Department of Workforce Services Law".

Act 1487 of 2009 transferred the Arkansas Workforce Investment Board to DWS and restructured the Workforce Investment Board to be in compliance with applicable federal law.

ADMINISTRATION

The Department of Workforce Services Law provides that DWS shall be administered by a Director appointed by the Governor. The Director is

responsible for the proper administration of the Department and the workforce services programs in conformity with state and federal law and regulations.

DWS operates through a central administrative office and local offices strategically located throughout the state, frequently in one-stop career development centers known in Arkansas as "Arkansas Workforce Centers." Within the central administrative offices are located six main departments: Administration, Financial Management and Administrative Services, Unemployment Insurance, Employment Assistance, TANF, and New Hire Registry and Career Readiness Certification.

Administrative activities include: communication services by providing information in various formats within and outside the Agency; monitor the overall operation of the affirmative action program and promote equal employment opportunities; provide training for agency staff; handle legal agency affairs; and organize and control overall information technology activities.

Financial Management activities include preparation of budgets, disbursements of agency funds, preparation of payroll, maintenance of the agency accounting system, preparation of financial reports, and forecasting expenditures. Additional activities include monitoring the fiscal affairs of the agency and sub grantees; conducting audits, studies and investigations to prevent waste, theft, and undesirable practices; and making recommendations for improvement of the operations of the agency. Financial Management Services also provides material support for leasing, records management, maintenance, printing, contracts, shipping/receiving, personnel administration and maintenance of the Agency's classification and compensation plan as well as developing and implementing policies, programs, and services to meet agency needs.

APPEAL TRIBUNAL

An initial determination of eligibility for unemployment compensation benefits is made by the Agency. Any interested party may appeal this determination to the Appeal Tribunal, where the parties are afforded fair hearings before appeals referees. Either party may then appeal to the Board of Review.

When a potential issue related to an unemployment insurance claim is identified, a decision is rendered by the Department of Workforce Services based on the facts and the application of the Department of Workforce Services Law. Both the claimant and the employer are notified in writing of the decision. If either the claimant or employer objects to the decision, they may file an appeal as authorized by statute. The Appeal Tribunal is the first of two (2) administrative steps available to claimants and employers alike in resolving disputes related to unemployment insurance claims. Decisions of the Appeal Tribunal may be appealed by either party to the Board of Review.

BOARD OF REVIEW

The Board of Review provides the final level of administrative appeal in unemployment compensation cases and in employer coverage cases. The Board is composed of a full-time chairman and two part-time members, who are appointed by the Governor. The chairman is authorized to independently decide most cases. Appeals of the decision of the Board of Review are made to the Arkansas Court of Appeals.

The Board of Review will review the decision of the Appeal Tribunal when properly appealed by the claimant or employer. The Board of

Review evaluates the facts of the record and either affirms, reverses or remand the Appeal Tribunal decision. Claimants and employers may appeal decisions of the Board of Review through the Arkansas Court of Appeals.

ADVISORY COUNCIL

A.C.A. §11-10-305 was originally enacted to comply with the Wagner-Peyser Act that requires states to have advisory councils composed of men and women representing employers and employees. Though this requirement was removed by subsequent amendment to the Wagner-Peyser Act, the Council is a firmly fixed institution in Arkansas. The purpose of the Council is to advise and assist the Director of the Department in the administration of ADWS Law.

UNEMPLOYMENT INSURANCE

The Office of Unemployment Insurance is responsible for planning, directing, and coordinating tax collections and payment of benefit claims; interpreting laws, rules, and regulations which affect the unemployment insurance program; evaluating the effectiveness of the programs and conferring with the Deputy Director concerning operating needs or changes necessary for more effective operations; and exercising functional responsibility for procedures, policies, and guidelines for the claims taking and adjudication process.

The Arkansas Unemployment Insurance Program provides workers with protection against temporary loss of income during periods of involuntary unemployment. Tax rated employers subject to the Arkansas Department of Workforce Services law presently pay a quarterly payroll tax on the first \$12,000 of wages paid to each employee during the calendar year or, if the employer is a reimbursable employer, the employer repays the UI Trust Fund for all unemployment insurance benefits paid to their former employees. Tax rates for employers are determined by an experience rating system, which measures each employer's benefit risk and history of contributions and benefit payments. The tax rate calculation considers taxes paid in, benefits paid and charged to the employer's account and the average annual taxable payroll. In addition, a Stabilization Tax of up to 0.80% is added to the calculated tax rate based on the overall balance of the UI Trust Fund as compared to total payrolls for covered employment during the preceding calendar year. All tax rates are recalculated each year.

As of July 1, 2014, an individual may qualify for a maximum weekly benefit of \$451, with the minimum weekly benefit being \$81 for up to 25 weeks of total unemployment. As of March 2014, an individual's weekly benefit amount represents on average, approximately 39% of his/her average weekly wage.

During periods of high unemployment, individuals who have exhausted their regular benefits may be eligible for additional weeks of extended benefits under a program jointly funded by the State's Unemployment Insurance Trust Fund and the federal government, or under programs resulting entirely from special federal legislation. Special federal programs for extended benefits, when authorized, are 100% federally funded.

In addition to the regular and extended unemployment compensation programs, unemployment compensation is paid to former federal employees and ex-military personnel. Federal employee and ex-military unemployment benefits are funded entirely by federal funds.

Special benefits administered by DWS Unemployment Insurance Division are paid to workers whose jobs or hours of work and wages have

Act of 1974, as amended. When approved these benefits afford individual workers opportunities for retraining and relocation to a more favorable labor market area.

Another federal program is Disaster Unemployment Assistance (DUA), which provides special benefits for workers whose jobs are temporarily closed due to a natural disaster upon proclamation by the President. When DUA benefits are authorized, they are 100% federally funded.

Unemployment Insurance fraud detection (both internal and external), overpayment prevention, and recovery are inherently important aspects of the Unemployment Insurance program. A toll-free hot line is available for anyone who wishes to report a suspected case of fraud or abuse and callers are not required to reveal their identity. A special computer software program cross-matches wages reported by employers with benefits paid to claimants. Unemployment Insurance investigators conduct on-site investigations of potentially fraudulent claims, and a close working relationship is maintained with county officials in order to prosecute persons fraudulently claiming benefits. Department of Workforce Services participates in the Benefit Accuracy Measures Program (BAM), as mandated by the US Department of Labor, which is based on comprehensive reviews for randomly sampled claims made statewide to determine the precise nature of any improper payments. The audit performed under the BAM program produces estimates of overpayment rates, underpayment rates and total error rates while identifying the source of the errors, whether it is the agency, the claimant, the employer or some other action. Department of Workforce Services also participates in the Benefit Payment Control Program (BPC) designed to identify over payments by administrative and/or legal action. Finally, Department of Workforce Services also participates in the Tax Performance System (TPS) intended to ensure full and proper reporting of all wage items and the accurate and timely payment of taxes due from employers.

EMPLOYMENT ASSISTANCE

The Office of Employment Assistance plans, directs, coordinates and evaluates activities relevant to labor exchange functions, service to military veterans, Workforce Investment Act programs, Reemployment Services, the Governor's Dislocated Worker Task Force, Trade Adjustment Assistance, Work Opportunity Tax Credit, Alien Labor Certification, Labor Market Information, and National Emergency grants.

The Office of Employment Assistance provides staff support to the Arkansas Workforce Investment Board and technical assistance for the operation of the Arkansas Workforce Centers statewide. Arkansas Workforce Centers provide locally developed and operated services linking employers and job seekers through a statewide delivery system of convenient one-stop centers designed to eliminate the need to visit different locations. The Centers integrate multiple workforce development programs into a single system, making the resources much more accessible and user friendly to job seekers as well as expanding services to employers. Arkansas Workforce Centers are designed "by employers for employers" to find and train qualified workers and help job seekers find new opportunities.

Workforce Investment Act Title I Programs; Adult, Youth and Dislocated Worker Employment Assistance

The Department of Workforce Services serves as the Governor's Administrative Entity (GAE) for Arkansas programs funded by Title I of the federal Workforce Investment Act (WIA) of 1998. WIA seeks to provide needed employment and preparation services for adults, youth and dislocated workers through programs operated by agencies in the ten local workforce investment areas (LWIAs). Each area's Local Workforce Investment Board (LWIB) selects their operation entities. WIA program activities include core (e.g. employment information, employment self-

service centers, etc.), intensive (e.g., comprehensive assessments, employment planning, and counseling, etc.) and training (e.g. classroom instruction, on-the-job training, etc.) activities. DWS monitors the fiscal and performance integrity of the Title I programs and provides technical assistance on the program, fiscal, and governance aspects of Title I.

The Workforce Investment Act (WIA) authorizes the nation's public workforce development system, a state-local system helping businesses increase productivity, strengthen competitiveness and meet skill and hiring needs as it helps Americans gain skills, attain jobs, improve earnings and advance their careers. Governors are required by statute to conduct certain activities with WIA set-aside funding and are given the authority to use any remaining funding for initiatives and innovations that address state-specific needs.

Workforce Investment Act Title I Programs; Adult, Youth and Dislocated Worker Employment Assistance

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DWS acts as the lead agency for the Governor's Dislocated Worker Task Force. Composed of DWS, the Department of Economic Development and the Arkansas American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), this group provides on-site rapid response assistance in the event of a business closing or major layoff. The assistance ranges from help in securing a replacement company for a vacated building to help for laid off individuals to find new employment or training for employment. The Task Force also helps the community and the individuals cope with the loss of employment.

DWS also serves as the staff of the State Workforce Investment Board. DWS serves as the fiscal agency for Title I of WIA. Workforce Investment Act dollars are distributed by formula under direction of the State WIB.

Furthermore, DWS:

- Administers the Trade Adjustment Act to provide re-employment assistance and re-training to workers dislocated as a result of production moving to another country;

- Administers the Work Opportunity Tax Credit Program;
- Administers the Alien Certification Program to certify foreign workers for existing employer needs based on a market survey;
- Inspects housing of agricultural workers who are legally eligible to work in the United States (as part of the agricultural Alien Labor Certification Program);
- Provides occupational assessments through the TORQ online system to individuals to determine skills gaps and match them with job openings;
- Administers the Arkansas Career Readiness Certificate program, a portable credential based upon the ACT Work Keys assessments that confirms to employers that a job seeker possesses the basic workplace skills required for 21st century jobs.
- Offers the Microsoft IT Academy to adult learners through 26 workforce centers throughout Arkansas. With the Microsoft IT Academy (ITA) program, job seekers get digital curriculum and certifications for fundamental technology skills - as well as courses critical to be successful in today's technologically evolving world.

The Labor Market Information (LMI) program is administered by the U.S. Department of Labor through three (3) organizations: the Employment and Training Administration (ETA), the Bureau of Labor Statistics (BLS), and the State Workforce Agency (SWA).

- The ETA is responsible for funding, monitoring, and evaluating the LMI activities relating to the development of state and local labor market information.
- The BLS is responsible for developing methods and procedures for federal-state programs. The Bureau is authorized to collect labor market information and reimburse SWA's to provide national statistical information. More specifically, BLS is responsible for funding, administering, and providing technical guidance for the Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Occupational Employment Statistics (OES), Quarterly Census of Employment and Wages (QCEW) programs.
- SWA's Occupational-Career Information/BLS sections carry out the basic work in compliance with the ETA's policies and the BLS technical directives.

The Labor Market Information program in Arkansas provides six (6) basic types of information output services:

- Occupational employment projections, employment supply and demand data, labor force statistics on employment and unemployment, and employment estimates by industry are produced for the state and many of its labor market areas. This information, with other Labor Market Information (LMI) is available via Internet through LMI's web portal. Through this portal, the DWS/LMI is able to provide instant industry, occupational, career, and workforce information to its many customers including counselors, employers, planners, job seekers, and others needing occupational, career, and workforce information.

- A computerized delivery of educational training provider services provided is found in the Arkansas Consumer Reporting System (ACRS). This system is designed for two different but complimentary purposes. First, it is intended to be a reference for any Arkansan wishing to pursue post-secondary education. Secondly, it is intended to assist in the automation of applications submitted by education providers who wish to become or remain eligible training providers under the Workforce Investment Act. DWS has attempted to include all Arkansas postsecondary educational institutions, as well as out-of-state post-secondary educational institutions that are certified by the Arkansas Board of Private Career Education.
- A computerized Lifestyle Budget Calculator program that serves as a learning tool for students and job seekers. It shows how education impacts earnings, how living expenses add up, and which careers can support a preferred type of lifestyle. The site uses Labor Market Information data from the Occupational Employment Statistics (OES) Wage survey and the Short and Long Term Projections Programs. It also uses information from the American Chamber of Commerce Researchers Association Cost of Living Index, and Department of Labor's America's Career Info Net.
- Publications that provide the following type of labor market information on the Internet and in hard copy format are produced on a regular basis: monthly analyses of total employment, unemployment, industrial employment, and hours and earnings statistics for the state and major labor areas; monthly labor force estimates and unemployment rates for the state and 75 counties; annual affirmative action information for the state and its 75 counties; annual planning information for the state, local workforce investment areas (LWIAs) and metropolitan statistical areas (MSAs); projections by industry and occupation for the state and LWIAs; and wage data for manufacturing industries and occupations within those industries for the state, LWIAs and 75 counties. A directory of labor market information publications is also available.
- Technical assistance and training in the availability and use of labor market information are offered. Additionally, materials are distributed for pre-service and in-service counselor education and training needs. Also, training on the availability and uses of LMI, occupational and career information is now being offered through the LMI training seminars conducted by DWS LMI professionals.
- Research and special projects are conducted to update labor market information techniques and output, particularly those that streamline programs through computerization.

Labor Market Information is needed by planners and administrators who decide which programs best develop and use the state's human resources. The LMI Program allows DWS to place current occupational and industrial labor market information in Arkansas schools through the delivery of both hard copy publication and data via the Internet, as well as through customized personal visits by LMI staff. These delivery techniques provide educational administrators, teachers, and counselors with the information needed to assist education officials in establishing specific training to meet labor shortages, and to assist students in selecting appropriate careers. Through these vital program linkages, students, counselors, job seekers, planners, and administrators develop a better knowledge of the state's economic conditions and labor needs.

and public work projects conducted by local, state, and national governments. Also, LMI development and use is an integral part of the Arkansas Workforce Center operations. Many new pamphlets, flyers, publications, Internet and CD-ROM materials, and other additions to the career and planning information systems are being developed primarily for use in these centers and Arkansas' educational institutions.

WORKFORCE INVESTMENT BOARD

The Arkansas Workforce Investment Board (AWIB), an advisory board to the Governor, coordinates and establishes policy for conducting employment and training activities in the state, including all activities within the Arkansas Workforce Centers. The AWIB was established by Arkansas Annotated Code §15-4-2204. The Board is comprised of a majority of business and industry leaders from throughout Arkansas, including representatives from local chief elected officials, organized labor, legislative appointments, and the state agency directors of Workforce Services, Career Education, Economic Development, Higher Education, Human Services, Rehabilitation Services, and Services for the Blind.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The TANF Division provides assistance to TEA and Work Pays participants in preparing them for gainful employment through skills assessment, career counseling, work search techniques, job training, and provides supportive services. TANF contracts with various community and faith-based providers in Arkansas for services to low-income families to assist them in reaching self-sufficiency.

TANF provides technical assistance related to the delivery of TANF program services to agency staff in the statewide network of Arkansas Workforce Centers and DWS Local Offices. TANF Division staff also provides technical assistance to the community and faith-based contractors across the state.

Arkansas Act 514 of 2007 created the Temporary Assistance for Needy Families Oversight Board to provide program oversight for the delivery of effective services to the Transitional Employment Assistance (TEA) and Work Pays Program recipients. The nine-member TANF Oversight Board is required to meet no less than one time every three months and is responsible for the development of a vision and blueprint for the state's TANF Program. The Board provides recommendations to the Governor, the General Assembly, DWS, and other state agencies on a variety of topics. The main focus of the TANF Oversight Board is the provision of effective program services to clients, improved performance in client outcomes, and increased integration of TEA and Work Pays Program services into local workforce offices. The Director of the Department of Workforce Services is required to designate a senior manager of DWS as staff director for the board. Additional staff support to the board is provided by DWS and DHS.

The TANF program provides a wide variety of employment and training activities, supportive services, and benefits that will enable clients to get a job, keep a job, and improve their economic circumstances. The four purposes of TANF are to 1) provide assistance to needy families; 2) end dependence of needy parents by promoting job preparation, work and marriage; 3) prevent and reduce out-of-wedlock pregnancies; and 4) encourage the formation and maintenance of two-parent families.

State Maintenance of Effort Requirements - The TANF block grant program has an annual cost-sharing requirement referred to as "maintenance of effort" or "MOE." Every fiscal year each state must spend a certain minimum amount of its own money to help eligible

families in ways that are consistent with the purposes of the TANF program. The required MOE amount is based on an “applicable percentage” of the state’s (non federal) expenditure on Aid to Families with Dependent Children (AFDC) and the AFDC-related programs in 1994.

Congress reauthorized the TANF program through the Deficit Reduction Act of 2005. Although the Act requires states to meet higher rates of work participation, no significant changes were made in the program design beyond the initiatives and organizational changes prescribed by Act 1705 of 2005 and Act 514 of 2007.

NEW HIRE REGISTRY

The New Hire Registry was created to compile an automated state registry of newly hired and returning employees. Information shall be entered into the registry database maintained by the Department of Workforce Services or its designated contractor within five (5) business days of receipt from an employer. This information shall be furnished to the National Registry of New Hires. This is required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193.

FIELD OPERATIONS

Field Operations, overseen by the Deputy Director, is responsible for the delivery of services to the public through 30 local workforce centers, 13 satellite offices, and six mobile offices. These services include: 1) job placement assistance to job seekers; 2) recruiting and screening assistance to employers seeking workers or a central place to post job openings; 3) initial unemployment insurance claims processing for unemployed workers; 4) career readiness certificate preparation and issuance; 5) case management services to low-income families enrolled in TEA and Work Pays; 6) assistance to migrant seasonal farm workers; 7) other specialized services to applicants and employers through contractual agreements with other local, state, or federal agencies and organizations; and 8) coordinates all logistical support for all DWS workforce centers.

Applicant services include job finding assistance to all persons legally qualified to work; job referral, job development, and placement services for workers who are “job ready”; and assessment, counseling, and referral to available training for those not “job ready”. Veteran’s services are provided on a priority basis as required by federal statute. Other special applicant groups such as youth, older workers, handicapped and economically disadvantaged receive special attention and referral to services that help in the removal of barriers to employment. Unemployment insurance claimants are given special attention to encourage and assist their re-entry into the workforce.

Employer services include: Assessment, screening, selection of qualified applicants for job referral, labor surveys, and recruitment of applicants in shortage occupations locally and nationwide, Career Readiness Certification, and conditionally certifying applicants for Work Opportunity Tax Credits.

Other services include: Cooperation with partner agencies providing services under the Workforce Investment Act (WIA), participation on workforce investment boards in local workforce investment areas to improve delivery of services, and provide Labor Market Information to

Veterans state grant provided by the Veterans Employment and Training Service to staff Local Veterans Employment Representatives and

The delivery of service to both employers and applicants is enhanced by a computerized statewide job order sharing system to bring applicants and employers together, thereby speeding up the placement process. To increase efficiency and save staff time in the delivery of services, DWS uses a computerized file search system to match job applicants with employer openings. This computerized matching system, known as the Arkansas Job Link (AJL) is active in all local offices and workforce centers in Arkansas.

Legal Services

The legal office provides legal advice to the Director on the diverse issues he faces. The office represents the agency in any legal proceeding involving ADWS in administrative, state and federal courts and is consulted on decisions made by ADWS which could result in legal action. The office also reviews every agreement that ADWS plans to execute, including data sharing agreements, resource sharing agreements, memorandums of understanding, contracts and grant agreements. The integrity efforts of ADWS regarding Unemployment Insurance payments are coordinated by the Legal Office. Unemployment Insurance improper payments detection (both fraud and non-fraud and internal and external), overpayment prevention, and recovery are inherently important aspects of the Unemployment Insurance program. A toll-free "hot line" is available for anyone who wishes to report a suspected case of fraud or abuse and callers are not required to reveal their identity. A dedicated computer software program cross-matches both wages reported by employers and new hire reports with benefits paid to claimants to identify suspicious claims. Unemployment Insurance investigators conduct on-site investigations of potentially fraudulent claims, and a close working relationship is maintained with county officials in order to prosecute persons fraudulently claiming benefits. Department of Workforce Services also participates in the Benefit Payment Control Program (BPC) designed to identify and collect over payments by administrative and/or legal action.

Information Technology

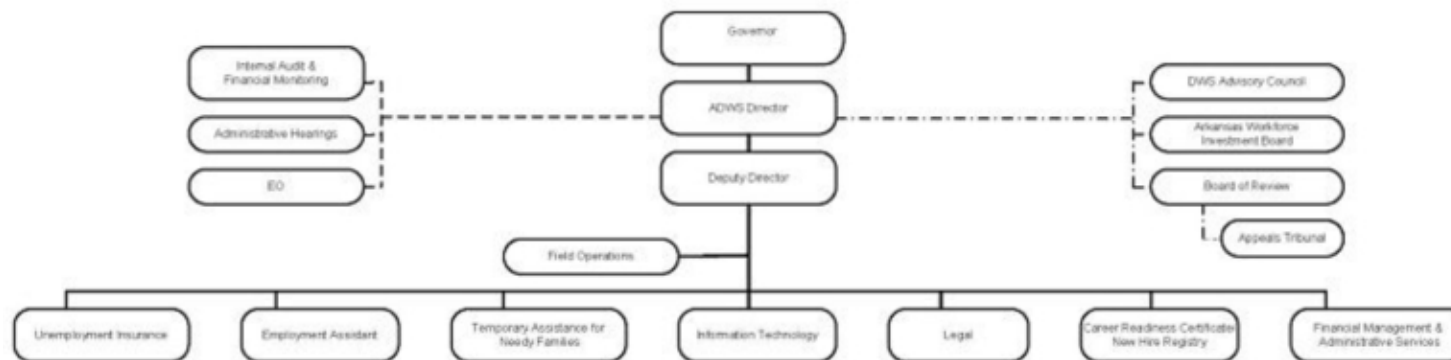
The Office of Information Technology provides high-quality information technology and communication resources and services through shared resources, common infrastructure and functions in support of the citizens of Arkansas, the Arkansas Department of Workforce Services, and its partners.

This office provides centralized services in the areas of staff computing; server administration; administrative computing; application development; training and staff development; technology consulting; information and network security; data, voice, and video networks; computer installation, upgrades, service, and support; help desk support for agency staff in all of our agencies offices; computer hardware, software, and accessory configuration and acquisition; cable TV; telephone services; multi function convenience copiers, printers, and scanners installation, configuration, and repair; digital printing services. These services are in place to provide a flexible infrastructure to meet the rapidly changing needs of our agency. The Office of Information Technology Services abides by all federal and state policies.

Internal Audit

Internal Audit's (IA) responsibilities include internal investigations, hot line administration, coordination of agency-wide risk assessments, local

office and central office risk analyses, and internal audit engagements in addition to the examination/analysis of various daily, weekly, and monthly Unemployment Insurance (UI) cross-match reports. Recently, IA's workload has significantly increased due to expanding the scope of the local office risk analysis as well as the addition of OMB Circular A-133 compliance audits for the major Agency programs. IA has also taken over the continuous monitoring of the UI overpayment receipts and recently implemented statewide cash counts of these receipts. With the implementation of the new OMB Uniform Guidance, there will be increased oversight responsibilities for everyone involved, including IA.



Agency Commentary

The mission of the Arkansas Department of Workforce Services (ADWS) is to enable Arkansas' workforce to compete in the global economy by linking a comprehensive array of services for employers and job seekers. Funding for appropriation for Arkansas Department of Workforce Services is state general revenue and cash funds from grants.

The Arkansas Department of Workforce Services (ADWS) requests the following changes in appropriation for the 2017 - 2019 biennium.

A. The Agency is requesting to restore previously authorized appropriation for Annual Assessments (2RF), Training Trust Fund (35Q), Unemployment Insurance Fund (35R), Temporary Assistance for Needy Families (TANF) Block Grant/New Hire Registry (4KQ), UI Benefits-Reimburse Employers - Cash (C30), Loans to Local Workforce Development Board's (LWDB) (C56).

B. For Federal Employees Benefit-Cash (C28), ADWS is requesting to reduce appropriation of Federal Employees Benefit Payments (C28) to \$75,000,000. Unemployment Benefits - Taxable Employers - Cash (C29), ADWS is requesting reducing appropriation to \$500,000,000.

These reductions are in part due to robust economy and these will move ADWS closer to pre-recession levels.

C. In Excess Unemployment Benefits/Expenses (2SC), our agency is requesting that line item Payment/Expenses (2SC) appropriation is reduced to \$10,000,000. This reduction is due to decreasing revenues over the last several years.

D. For Reed Act (C31), ADWS is requesting to reduce appropriation (C31) due to the fact that the agency does not anticipate any funding for this program during 2017-2019, but request appropriation amount of \$1 just for a place holder in the event funding becomes available.

E. For Individual Development Account's (IDA's), (4KP), ADWS is requesting to discontinue this appropriation line. IDA programs will utilize PWS0000 4KQ to continue supporting these activities.

F. In Workforce Development Grant (N48), ADWS is requesting to restore previously authorized appropriation of \$10,000,000. Currently ADWS has these discretionary grants being supported by this fund: Promise Grant and American Initiative Grants. ADWS will continue to apply for discretionary grants as Department of Labor releases them.

G. For Workforce Innovation and Opportunity Act (WIOA), (2SE), the Agency is requesting to increase appropriations from Base Level to \$50,000,000. This appropriation had previously been authorized at \$60,000,000. One reason for the reduction of appropriation from the previous fiscal year is decreasing revenue, however reducing this appropriation for WIOA will not affect the ability of ADWS to provide needed employment and preparation services for adults, youth and dislocated workers through programs operated by agencies in the ten Local Workforce Development Areas (LWDA).

H. For UI Trust Fund Loan Interest, which is Refunds/Investments/Transfers (2SF), our agency is requesting that line item UI Trust Fund Loan Interest (2SF) be restored to previously authorized appropriation of \$3,000,000. Requesting that line item Loan Interest (2SFL) remain \$1 as a holding amount in case we are to require another Advance Loan due to our states economic conditions. The appropriation amount for this fund will be \$3,000,001 if approved.

I. In Disaster Relief Payments, which is Grants & Aid (C27), ADWS is requesting to restore previously authorized appropriation to \$5,000,000. This will ensure that ADWS has sufficient authority in the event of a major disaster.

J. In the 2015-2017 Biennial Budget, ADWS requested to increase appropriation for TAA's Training Allowance and Payment to Participant Contractors. In this biennial budget for 2017- 2019, ADWS is requesting to restore previously authorized appropriations for Training Allowance (C27A) to \$5,000,000 due to continued support for the mileage requirement for receipt of a Travel stipend that was reduced from 50 miles one-way to 10 miles one-way. In Payments to Participant Contractors (C27B) requesting to restore previously authorized appropriation to \$10,000,000, due to increase cost of tuition, fees, tools, and books required by the school and the cost of supplies

appropriate for students in this program.

K. UI Advance Repayment (C27C) was fully expended in SFY2015. The agency is requesting that this line item remain available in case of our economy takes a downturn, we are requesting the appropriation be restored to \$1 for SFY 2018 and 2019.

L. ADWS's position request is for nine hundred seven six (976) Regular Salary Positions. This includes nine hundred fifty-eight (958) currently budgeted positions. As well as three hundred eighty (380) Base Level Extra Help positions. These positions are requested based on the need to be able to provide prompt, quality service to Arkansan in a difficult labor market where both the need for unemployment and employment services is great. Should federal funding end, so will the additional requested positions.

M. In appropriation for Operation 2SD, the Agency is requesting that Overtime, Conference & Travel, and Capital Outlay be restored to previously authorized appropriation levels. Requesting base level for operating expense is increased by \$10,760,432 for a total of \$21,335,741 and increase Professional Fees & Services base level by \$2,349,306 for a total of \$4,000,000. These appropriation requests are to ensure sufficient authority in the event the economy should take a turn for the worst. When the economy is sluggish ADWS receives more funding than during robust times in order to pay increased Unemployment Insurance benefits to promote training for the unemployed individuals. This will increase skill levels and additional administrative funds for the increased workload.

Audit Findings

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

Findings	Recommendations
None	None

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

Findings

Review of Selected Federal Awards

For the Year Ended June 30, 2014

Arkansas Department of Workforce Services

Temporary Assistance for Needy Families (TANF)

Allowable Costs/Cost Principles; Subrecipient Monitoring

ALA staff reviewed 66 invoices to determine allowability of the expenditures, in accordance with 2 CFR § 225, Appendix A. The review revealed the Agency did not maintain sufficient, appropriate evidence for two subrecipient reimbursement requests totaling \$15,944.

ALA staff also requested copies of the Subrecipient Agreement for the two subrecipients identified in the sample to determine compliance with OMB Circular A-133 § 400(d). One Agreement did not contain all required federal award identifying information.

Further inquiry revealed that, to support any claims, the Agency only required subrecipients to submit a reimbursement form and a summary spreadsheet itemizing the expenses, rather than actual invoices. The Agency Assistant Director for the Office of Financial Management Services stated that supporting documentation is not required of the subrecipients because the Agency relies on monitoring visits performed by the TANF Monitoring Unit to ensure expenses are allowable and in compliance with program requirements.

As a result, ALA requested copies of the monitoring visits conducted by the TANF Monitoring Unit for the subrecipients selected in the sample. The Agency was unable to provide monitoring visit reports because monitoring visits were not conducted for these subrecipients in fiscal year 2013 or 2014.

Arkansas Department of Workforce Services (Continued)

Temporary Assistance for Needy Families (TANF) (Continued)

Subrecipient Monitoring - Monitoring Grant Supported Activities

ALA staff reviewed control procedures, in accordance with OMB Circular A-133 § 300

Recommendations

Recommendation

ALA staff recommend the Agency establish policies and implement procedures to ensure sufficient, appropriate evidence is maintained for all subrecipient reimbursement requests and agreements.

Management Response: DWS agrees with this finding and is in the process of revamping its internal controls regarding the transportation providers that will provide the necessary and proper oversight required by 2 CFR § 225, Appendix A.

Specifically, DWS will implement the following steps no later than January 1, 2016:

- Establish a new centralized Procurement unit that will facilitate the solicitation of all subrecipients, in lieu of the current process whereby each federal program's DWS unit enters into these agreements individually.
- Develop and implement strengthened procedures that will require a thorough review of all reimbursement requests, prior to payment, to ensure that all costs are allowable and reasonable and in accordance with existing signed agreements.
- Revise existing reimbursement request review procedures to require that sufficient supporting documentation is submitted with each reimbursement request to provide appropriate evidence that all expenditures are appropriate and in accordance with the signed subrecipient agreement.
- Establish a new centralized DWS Financial Monitoring unit that will conduct annual on-site and periodic desk reviews of reimbursement requests and supporting documentation, as well as the provided services in coordination with programmatic monitoring to ensure that all contractual performance deliverables are being met. Failure to meet these performance deliverables will result in the actions prescribed in the signed engagements.

Recommendation

ALA staff recommend the Agency adhere to its policy and conduct performance evaluations to ensure transportation providers are in compliance with the MOA and purpose of the TANF program.

Management Response: We agree with the auditors' comments, and the following

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AUDIT OF :
ARKANSAS DEPARTMENT OF WORKFORCE SERVICES
FOR THE YEAR ENDED JUNE 30, 2014

Findings

(b), to determine if they were designed, implemented, and operating effectively regarding performance evaluations of TANF transportation providers. In addition, the Agency is responsible for monitoring subrecipients to ensure compliance with 45 CFR § 92.40.

In order to participate, transportation providers enter into a Memorandum of Agreement (MOA) with the Agency regarding transportation services for TANF participants who would be unable to actively participate in the program due to transportation barriers. The MOA includes specific language regarding performance evaluations that are to be conducted by the Agency to determine if provider performance is adequate, as well as performance deliverables and indicators. Additional language states that "the Department shall conduct a final performance evaluation before final payment is made. The final payment shall not be made until this final performance evaluation evidencing adequate performance is completed."

The review revealed that although transportation services were provided during fiscal year 2014, the Agency did not conduct any performance evaluations.

Arkansas Department of Workforce Services (Continued)

Temporary Assistance for Needy Families (TANF) (Continued)

Subrecipient Monitoring - TANF Monitoring Unit (TMU)

Because of the deficiencies discovered regarding performance evaluations of transportation providers and lack of monitoring of subrecipient reimbursement claims,

Recommendations

action will be taken to improve the situation. We plan to manage the TANF Transportation component through a broker-based system by April of 2016. We feel this will result in documented, positive benefits for the TANF program. DWS will continue to monitor provider performance, collect detailed data for analysis, and ensure efficient and effective transportation services for TANF recipients. In addition to the TANF broker system, we will be restructuring the TANF monitoring unit to ensure that both programmatic and fiscal aspects of transportation agreements are effectively monitored.

TANF Broker-Based System Beginning in 2016: DWS already collects monthly detailed data from the brokers that can be used to develop performance measures for determining program cost and/or efficiency. These major performance measures will include:

- Number of Trips by Type
- Number of Miles Traveled
- Number of Beneficiaries Served
- Call Center Operation details
- Number of/Reason for Denials
- Number and Type of Complaints
- Details of Complaint Resolution

DWS will commission the University of Arkansas at Little Rock, Institute for Economic Advancement, to conduct a survey of TANF recipients who received transportation services provided through the new broker system. The survey will be conducted during the third quarter of 2016 and will be based on completed interviews with 1,000 TANF recipients who have received at least one TANF trip in the past thirty days.

Recommendation

ALA staff recommend the Agency establish and implement monitoring procedures to ensure all TANF contracts, grants, subrecipient agreements, MOAs, and MOUs are in compliance with applicable federal requirements.

Management Response: We acknowledge the auditors' comments and findings. The

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Findings

ALA expanded its review to include determining the purpose and actual function of the TANF Monitoring Unit (TMU).

The TMU was established in 2006 to monitor contracted programs and grants approved to support the TANF program. According to its policy manual, the purpose of TMU is to ensure all contracts, grants, Memorandums of Agreement (MOA), and Memorandums of Understanding (MOU) are operating within federal and state directives, laws, regulations, and policies.

According to the policy manual, each monitoring review must verify that contractors:

1. Meet program goals, deliverables, and outcomes.
2. Operate within the financial parameters of their contract budget.
3. Comply with financial and state laws, OMB Circulars, and regulations that govern the spending of federal dollars.

The policy manual also states that TMU reports are used by the Agency to determine if:

- Program deliverables are on target.
- Program outcomes are on schedule.
- Funds are being spent in accordance with the contract budget.
- The contract is in compliance with federal and state regulations.
- Corrective action is needed.

ALA staff requested copies of all reports issued by the TMU for fiscal years 2013 and 2014. The Agency provided information for July 2012 through November 2014, which revealed the following:

- Reports were not issued for July 2012 through July 2013, September 2013, January through February 2014, April 2014, or July 2014.
- Thirteen Individual Development Account (IDA) reports were issued for eight vendors. An IDA is a family savings account for low-income and low asset families. Each IDA vendor monitors the participant's utilization of the savings account.

Recommendations

following corrective actions will be implemented in 2016:

- Revision and update the TANF monitoring policies and procedures manual to strengthen and provide clarity on the types of evidence and supportive documents that are required to justify reimbursement request.
- Restructure of the existing TANF monitoring unit by establishing a programmatic monitoring unit and a fiscal-focused monitoring unit in the first quarter of 2016. This will ensure that the requisite checks and balances will be maintained between the programmatic monitoring requirements, as well as fiscal and reimbursement requirements of the overall TANF monitoring requirement.
- As part of this restructuring, staffing will be enhanced to ensure that regular monitoring schedules for site visits for IDA and CPI grantees are established and consistent site visits are conducted under appropriate management oversight.
- The TANF monitoring procedures manual will be updated to ensure that, in addition to establishing guidelines for conformity with federal requirements, corresponding protocols will be followed on all TANF contracts, grants, subrecipient agreements, MOAs, and MOUs.

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 AUDIT OF :
 ARKANSAS DEPARTMENT OF WORKFORCE SERVICES
 FOR THE YEAR ENDED JUNE 30, 2014

Findings

- Five Career Pathways Initiative (CPI) reports were issued. A CPI is designed to meet the needs of low-income parents and non-traditional students through work-based programs at two-year colleges and technical institutions.

The TMU is responsible for overseeing the activity of the IDA vendors and the two-year colleges and technical institutions participating in the program. The Agency also provided a TMU monthly activities report for fiscal years 2013 and 2014, summarizing TMU plans and activities. The report contained many duplicated entries, giving the appearance that the TMU is not performing monitoring activities as designed and, as a result, is not operating effectively. In addition, several months noted no activity. This lack of adequate oversight jeopardizes the intent of the TANF program and puts those federal monies at risk.

Recommendations

Employment Summary

	Male	Female	Total	%
White Employees	119	247	366	50 %
Black Employees	72	274	346	47 %
Other Racial Minorities	12	10	22	3 %
Total Minorities			368	50 %
Total Employees			734	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
1770200	\$165,541	Checking	Bank of America, Regions, US Bank

Statutory/Other Restrictions on use:

Title 11 Chapter 10 of the Arkansas Code and federal regulations require that funds in 1770200 can only be used for the payment of benefits. Funds are drawn from the appropriations Federal account in the US Treasury, including the Arkansas UITF (Unemployment Insurance TrustFund) as benefit payments are authorized.

Statutory Provisions for Fees, Fines, Penalties:

Title 11 Chapter 10 Subchapter 3 of Arkansas Code addresses Administration and Enforcement.

Revenue Receipts Cycle:

Federal Revenue deposited as needed.

Fund Balance Utilization:

Funds in this account are disbursed normally within 24 hours, although there may be occasional 'lags' due to Federal/Bank holidays and rejected electronic payments.

Fund Account	Balance	Type	Location
1770300	\$0	Emergency Cash Fund for Local Workforce Development Boards	Bank of America

Statutory/Other Restrictions on use:

Act 244 provides for this appropriation from FCG0100.

Statutory Provisions for Fees, Fines, Penalties:

Approved by Legislative Council for State Fiscal Years 2016 and 2017.

Revenue Receipts Cycle:

Federal Revenue deposited as needed.

Fund Balance Utilization:

Funds in this account are for loans to Local Workforce Investment Boards (WIB) for local WIB wire transfers by the Department of Workforce Services.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Comprehensive Annual Program Report to the Arkansas Legislature	A.C.A. § 20-76-106	Y	Y	10	Arkansas Act 817 of 2011 required this comprehensive TANF Program Report, as required by A.C.A. § 20-76-106. This requirement replaced the various legislatively mandate reports and consolidated all of the prior reporting requirements.	0	200.00
Department of Workforce Services Annual Report	A.C.A. § 11-10-306 (e)	Y	N	750	To meet the requirements of A.C.A. § 11-10-306 (e) and to have sufficient copies for interested parties.	0	2101.59

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0810 DEPARTMENT OF WORKFORCE SERVICES

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
Andre Morgan	\$85,950	X					
KLR Properties	\$141,722	X					
Southern Maid	\$80,421	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>3</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$4,296,302</u>
% OF MINORITY CONTRACTS AWARDED	<u>3.32 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2RF Annual Assessments	22,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0
2SC Excess Unemploy Benefits/Expenses	3,595,978	0	11,151,677	0	11,304,389	0	11,151,677	0	10,000,000	0	10,000,000	0	11,151,677	0	10,000,000	0	10,000,000	0
2SD Operations	51,069,783	805	60,054,615	904	78,224,398	924	59,952,935	903	76,671,069	922	75,965,869	903	59,982,172	903	76,700,306	922	75,995,106	903
2SE Workforce Innovation and Opportunity Act	20,569,993	0	27,949,842	0	60,000,000	0	27,949,842	0	50,000,000	0	50,000,000	0	27,949,842	0	50,000,000	0	50,000,000	0
25F UI Trust Fund Loan Interest	6,748,712	0	3,000,000	0	3,000,001	0	3,000,000	0	3,000,001	0	3,000,001	0	3,000,000	0	3,000,001	0	3,000,001	0
35Q DWS Training Trust Fund	815,126	0	3,256,577	0	5,000,000	0	3,256,577	0	5,000,000	0	3,256,577	0	3,256,577	0	5,000,000	0	3,256,577	0
35R DWS Unemployment Insurance Fund	1,719,113	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
4KP TANF-IDA	352,304	0	504,375	0	1,700,000	0	504,375	0	0	0	0	0	504,375	0	0	0	0	0
4KQ TANF Block Grant Paying/New Hire Registry	6,530,923	52	40,000,000	54	40,000,000	54	40,007,608	54	40,007,608	54	40,007,608	54	40,009,700	54	40,009,700	54	40,009,700	54
C27 Unemployment Benefits & Expenses - Cash	4,507,760	0	20,000,000	0	20,000,001	0	20,000,000	0	20,000,001	0	20,000,001	0	20,000,000	0	20,000,001	0	20,000,001	0
C28 Federal Employees Benefit-Cash	9,169,241	0	175,000,000	0	175,000,000	0	175,000,000	0	75,000,000	0	75,000,000	0	175,000,000	0	75,000,000	0	75,000,000	0
C29 U I Benefits - Taxable Employers - Cash	190,990,295	0	600,000,000	0	600,000,000	0	600,000,000	0	500,000,000	0	500,000,000	0	600,000,000	0	500,000,000	0	500,000,000	0
C30 U I Benefits-Reimb Employers - Cash	8,358,983	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
C31 Bldg Improvmt/Land-Reed Act	0	0	0	0	38,500,000	0	0	0	1	0	1	0	0	0	1	0	1	0
C56 Loans to Local WDBs	409,997	0	500,000	0	1,500,000	0	500,000	0	1,500,000	0	1,500,000	0	500,000	0	1,500,000	0	1,500,000	0
N48 DWS Federal Grants	952,242	0	3,501,590	0	10,000,000	0	3,501,590	0	10,000,000	0	10,000,000	0	3,501,590	0	10,000,000	0	10,000,000	0
Total	305,812,450	857	979,944,676	958	1,079,254,789	978	979,850,604	957	826,204,680	976	823,756,057	957	979,881,933	957	826,236,009	976	823,787,386	957

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	30,769,272	9.4	21,907,840	2.2	8,495,276	0.9	8,495,276	1.1	8,495,276	1.1	0	0.0	0	0.0	0	0.0	
General Revenue	4000010	3,364,840	1.0	3,864,840	0.4	3,864,840	0.4	3,864,840	0.5	3,864,840	0.5	3,864,840	0.4	3,864,840	0.5	3,864,840	0.5	
Federal Revenue	4000020	321,983,179	98.2	990,442,034	100.2	949,780,063	101.5	779,328,633	101.8	779,328,633	102.1	948,990,668	102.4	778,539,238	103.0	778,539,238	103.3	
Stabilization Tax	4000033	5,074,609	1.5	3,928,811	0.4	5,000,000	0.5	5,000,000	0.7	5,000,000	0.7	5,000,000	0.5	5,000,000	0.7	5,000,000	0.7	
Advance Interest Funds	4000070	93,825	0.0	0	0.0	0	0.0	1	0.0	1	0.0	0	0.0	1	0.0	1	0.0	
Employer Penalties & Interest	4000225	1,232,609	0.4	4,015,527	0.4	4,015,527	0.4	4,015,527	0.5	4,015,527	0.5	4,015,527	0.4	4,015,527	0.5	4,015,527	0.5	
Inter-agency Fund Transfer	4000316	(37,355,394)	(11.4)	(34,564,725)	(3.5)	(34,598,506)	(3.7)	(34,598,506)	(4.5)	(37,098,506)	(4.9)	(34,598,506)	(3.7)	(34,598,506)	(4.6)	(37,098,506)	(4.9)	
Intra-agency Fund Transfer	4000317	2,555,045	0.8	(504,375)	(0.1)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Miscellaneous Adjustments	4000345	2,305	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Transfer to DHS-DCO	4000612	0	0.0	(650,000)	(0.1)	(650,000)	(0.1)	(650,000)	(0.1)	(650,000)	(0.1)	(650,000)	(0.1)	(650,000)	(0.1)	(650,000)	(0.1)	
Total Funds		327,720,290	100.0	988,439,952	100.0	935,907,200	100.0	765,455,771	100.0	762,955,771	100.0	926,622,529	100.0	756,171,100	100.0	753,671,100	100.0	
Excess Appropriation/(Funding)		(21,907,840)		(8,495,276)		43,943,404		60,748,909		60,800,286		53,259,404		70,064,909		70,116,286		
Grand Total		305,812,450		979,944,676		979,850,604		826,204,680		823,756,057		979,881,933		826,236,009		823,787,386		

Variations in fund balance due to unfunded appropriation in (25C) Excess Unemploy Benefits/Expenses, (25D) Operations, (25F) UI Trust Fund Loan Interest, (35Q) DWS Training Trust Fund, (35R) DWS Unemployment Insurance Fund, (4KP) TANF-IDA, (4KQ) TANF Block Grant Paying/New Hire Registry, and (C27) Unemployment Benefits & Expenses - Cash.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
978	769	191	960	18	21.37 %	978	741	219	960	18	24.23 %	978	742	216	958	20	24.13 %

Analysis of Budget Request

Appropriation: 2RF - Annual Assessments

Funding Sources: TZS - DWS Special Fund

The Annual Assessments appropriation pays the annual assessment to maintain voting member rights in the National Association of Workforce Agencies. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Base Level and total request is for appropriation of \$26,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2RF - Annual Assessments

Funding Sources: TZS - DWS Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Annual Assessment 5900046	22,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Total	22,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Funding Sources									
Employer Penalties & Interest 4000225	22,000	26,000		26,000	26,000	26,000	26,000	26,000	26,000
Total Funding	22,000	26,000		26,000	26,000	26,000	26,000	26,000	26,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	22,000	26,000		26,000	26,000	26,000	26,000	26,000	26,000

Analysis of Budget Request

Appropriation: 2SC - Excess Unemploy Benefits/Expenses

Funding Sources: TZS - DWS Special Fund

The Excess Unemployment Benefits and Expenses appropriation is utilized by the Department of Workforce Services for payment of administrative expenditures in excess of other funding sources due to reductions in federal funds. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Base Level request is for appropriation of \$11,151,677 each year of the 2017-2019 Biennium.

The Agency's Change Level request is for a decrease in Payments/Expenses appropriation of (\$1,151,677) due to reduced revenue and inter-agency transfers.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SC - Excess Unemploy Benefits/Expenses

Funding Sources: TZS - DWS Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Construction	5090005	0	0	0	0	0	0	0	0	0
Rent of Buildings	5900022	0	0	0	0	0	0	0	0	0
Payment/Expenses	5900046	3,595,978	11,151,677	11,304,389	11,151,677	10,000,000	10,000,000	11,151,677	10,000,000	10,000,000
Total		3,595,978	11,151,677	11,304,389	11,151,677	10,000,000	10,000,000	11,151,677	10,000,000	10,000,000
Funding Sources										
Fund Balance	4000005	9,693,430	7,308,061		145,911	145,911	145,911	0	0	0
Employer Penalties & Interest	4000225	1,210,609	3,989,527		3,989,527	3,989,527	3,989,527	3,989,527	3,989,527	3,989,527
Total Funding		10,904,039	11,297,588		4,135,438	4,135,438	4,135,438	3,989,527	3,989,527	3,989,527
Excess Appropriation/(Funding)		(7,308,061)	(145,911)		7,016,239	5,864,562	5,864,562	7,162,150	6,010,473	6,010,473
Grand Total		3,595,978	11,151,677		11,151,677	10,000,000	10,000,000	11,151,677	10,000,000	10,000,000

Change Level by Appropriation

Appropriation: 2SC - Excess Unemploy Benefits/Expenses
Funding Sources: TZS - DWS Special Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	11,151,677	0	11,151,677	100.0	11,151,677	0	11,151,677	100.0
C03	Discontinue Program	(1,151,677)	0	10,000,000	89.7	(1,151,677)	0	10,000,000	89.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	11,151,677	0	11,151,677	100.0	11,151,677	0	11,151,677	100.0
C03	Discontinue Program	(1,151,677)	0	10,000,000	89.7	(1,151,677)	0	10,000,000	89.7

Justification

C03	DWS is requesting to reduce Payment/Expenses appropriation to \$10,000,000, which will reduce current appropriations by \$1,151,677. This is due to reduced revenue and inter-agency transfers.								
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Analysis of Budget Request

Appropriation: 2SD - Operations

Funding Sources: TES - DWS Trust Fund

The Department of Workforce Services Trust Fund (A.C.A. §19-5-912) provides operational support for the various programs of the Department. Funding for this appropriation is derived from revenues authorized by the federal government for support of various programs, any interest earned on these revenues, and any other funds made available by the Arkansas General Assembly.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015. The Base Level request for Regular Salaries includes board member stipend payments.

The Base Level request is for appropriation of \$59,952,935 in FY18 and \$59,982,172 in FY19.

The Agency's Change Level request is \$16,718,134 each year of the biennium, and reflects the following:

- Regular Salaries and related Personal Services Matching increases in the amount of \$705,200 each year of the biennium due to 19 restored positions.
- Overtime and related Personal Services Matching increase in the amount of \$68,960 each year of the biennium.
- Operating Expenses increase in the amount of \$10,760,432 each year of the biennium.
- Conference & Travel Expenses increase in the amount of \$415,235 each year of the biennium.
- Professional Fees increase in the amount of \$2,349,306 each year of the biennium.
- Capital Outlay appropriation in the amount of \$2,419,001 each year of the biennium.

These appropriation requests are to ensure sufficient authority in the event the economy should take a turn for the worst. When the economy is sluggish, ADWS receives more funding than during robust times in order to pay increased Unemployment Insurance benefits to promote training for the unemployed individuals. This will increase skill levels and additional administrative funds for the increased workload.

The Executive Recommendation provides for the Agency's requests with the exception of the 19 restored positions and corresponding Regular Salaries and Personal Services Matching. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 2SD - Operations
Funding Sources: TES - DWS Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	27,586,876	32,003,152	33,679,388	31,943,852	32,439,006	31,943,852	31,967,252	32,462,406	31,967,252
#Positions		805	904	924	903	922	903	903	922	903
Extra Help	5010001	1,950,624	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
#Extra Help		177	365	380	365	365	365	365	365	365
Personal Services Matching	5010003	11,500,203	12,063,305	12,724,828	12,188,904	12,411,881	12,201,835	12,194,741	12,417,718	12,207,672
Overtime	5010006	181	3,971	60,000	3,971	60,000	60,000	3,971	60,000	60,000
Operating Expenses	5020002	8,885,310	10,575,309	21,335,741	10,575,309	21,335,741	21,335,741	10,575,309	21,335,741	21,335,741
Conference & Travel Expenses	5050009	130,013	290,205	705,440	290,205	705,440	705,440	290,205	705,440	705,440
Professional Fees	5060010	975,513	1,650,694	4,000,000	1,650,694	4,000,000	4,000,000	1,650,694	4,000,000	4,000,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	41,063	167,979	2,419,001	0	2,419,001	2,419,001	0	2,419,001	2,419,001
Total		51,069,783	60,054,615	78,224,398	59,952,935	76,671,069	75,965,869	59,982,172	76,700,306	75,995,106

Funding Sources										
Federal Revenue	4000020	48,514,738	37,357,296		35,553,104	35,553,104	35,553,104	34,763,709	34,763,709	34,763,709
Intra-agency Fund Transfer	4000317	2,555,045	22,697,319		22,697,319	22,697,319	22,697,319	22,697,319	22,697,319	22,697,319
Total Funding		51,069,783	60,054,615		58,250,423	58,250,423	58,250,423	57,461,028	57,461,028	57,461,028
Excess Appropriation/(Funding)		0	0		1,702,512	18,420,646	17,715,446	2,521,144	19,239,278	18,534,078
Grand Total		51,069,783	60,054,615		59,952,935	76,671,069	75,965,869	59,982,172	76,700,306	75,995,106

Budget Number of Positions may exceed the Base Level Number due to transfers from the OPM Pool during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 2SD - Operations
Funding Sources: TES - DWS Trust Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	59,952,935	903	59,952,935	100.0	59,982,172	903	59,982,172	100.0
C01	Existing Program	16,667,145	18	76,620,080	127.8	16,667,145	18	76,649,317	127.8
C06	Restore Position/Approp	50,989	1	76,671,069	127.9	50,989	1	76,700,306	127.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	59,952,935	903	59,952,935	100.0	59,982,172	903	59,982,172	100.0
C01	Existing Program	16,209,323	0	76,162,258	127.0	16,209,323	0	76,191,495	127.0
C06	Restore Position/Approp	0	0	76,162,258	127.0	0	0	76,191,495	127.0
C13	Not Recommended	(196,389)	0	75,965,869	126.7	(196,389)	0	75,995,106	126.7

Justification

C01	Department of Workforce Services is requesting increases in Regular Salaries and Personal Services Matching for each year of the biennium, reflecting the restoration of 18 previously unbudgeted positions. These include 12 DWS Workforce Specialists, 5 Administrative Specialist I positions, and 1 Fiscal Support Analyst. The Agency is also requesting that Overtime, Operating Expense, Conference & Travel, Professional Fees, and Capital Outlay be restored to previously authorized appropriation levels.
C06	DWS surrendered three G217C positions and is requesting to restore one (1) DWS Director of Communication N903 position which was approved and received through the OPM pool.

Analysis of Budget Request

Appropriation: 2SE - Workforce Innovation and Opportunity Act

Funding Sources: FCG - Federal Funds

The Workforce Innovation and Opportunity Act appropriation provides for payment of federal funds to agencies in the ten local workforce investment areas (LWIAs). These programs provide needed employment and employment preparation services for adults, youth, and dislocated workers. Funding for this appropriation is provided by federal funds derived from the Workforce Investment Act of 2014.

The Base Level request is for appropriation of \$27,949,842 each year of the biennium.

The Agency's Change Level request is for an appropriation increase of \$22,050,158 in Grants and Aid each year in case additional WIOA grants are received.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SE - Workforce Innovation and Opportunity Act

Funding Sources: FCG - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,569,993	27,949,842	60,000,000	27,949,842	50,000,000	50,000,000	27,949,842	50,000,000	50,000,000
Total		20,569,993	27,949,842	60,000,000	27,949,842	50,000,000	50,000,000	27,949,842	50,000,000	50,000,000
Funding Sources										
Federal Revenue	4000020	20,569,993	27,949,842		27,949,842	50,000,000	50,000,000	27,949,842	50,000,000	50,000,000
Total Funding		20,569,993	27,949,842		27,949,842	50,000,000	50,000,000	27,949,842	50,000,000	50,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		20,569,993	27,949,842		27,949,842	50,000,000	50,000,000	27,949,842	50,000,000	50,000,000

Change Level by Appropriation

Appropriation: 2SE - Workforce Innovation and Opportunity Act
Funding Sources: FCG - Federal Funds

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	27,949,842	0	27,949,842	100.0	27,949,842	0	27,949,842	100.0
C01	Existing Program	22,050,158	0	50,000,000	178.9	22,050,158	0	50,000,000	178.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	27,949,842	0	27,949,842	100.0	27,949,842	0	27,949,842	100.0
C01	Existing Program	22,050,158	0	50,000,000	178.9	22,050,158	0	50,000,000	178.9

Justification

C01	DWS is requesting an increase in Grants and Aid appropriation of \$22,050,158 for a total of \$50,000,000. In previous years the base level has been \$60,000,000.								
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Analysis of Budget Request

Appropriation: 2SF - UI Trust Fund Loan Interest

Funding Sources: TZR - Employment Security Advance Interest Trust Fund

A.C.A. §11-10-708 created an Advance Interest Tax in addition to the contributions and any stabilization and extended benefits taxes levied under other provisions of A.C.A. §11-10-703 - §11-10-708. Each employer, except employers that have made an election to reimburse the Unemployment Compensation Fund under A.C.A. §11-10-713(c), shall pay a separate and additional tax known as the advance interest tax on wages paid by that employer with respect to employment.

For rate years beginning on and after January 1, 1993, the advance interest tax shall be two-tenths of one percent (0.2%) when the state has an outstanding interest-bearing advance under Title XII of the Social Security Act. The Advance Interest Tax is only triggered "on" when such outstanding interest-bearing advance loan status is in effect. At all other times there is no assessment of the Advance Interest Tax.

When triggered "on", the tax is effective the first month of the quarter following the state's obtaining an interest-bearing advance and shall remain until the quarter immediately following the repayment of the advancement and the Employment Security Advance Interest Trust Fund (A.C.A. §19-5-935) attains a balance of five million dollars (\$5,000,000).

This Advance Interest Tax shall be levied and collected in the same manner as contributions and shall be subject to the same penalty and interest, collection, impoundment, priority, lien, certificate of assessment, and assessment provisions and procedures set forth in A.C.A. §11-10-716 - §11-10-722. When in effect, at least once each month, deposits which have been established as Advance Interest Tax payments and any interest and penalty payments applicable to the advance interest payments shall be paid over to the Treasurer of State and credited by the Treasurer of State to the Employment Security Advance Interest Trust Fund created and established in the State Treasury. In addition, all income from investment of the Employment Security Advance Interest Trust Fund shall be deposited and credited to that Employment Security Advance Interest Trust Fund.

All withdrawals shall be upon voucher warrants issued, or caused to be issued, by the Director of the Arkansas Department of Workforce Services as authorized by legislative appropriation and, shall be used only for the purposes of:

- A. Paying interest incurred by the state on advances obtained from the federal Unemployment Trust Fund under Title XII of the Social Security Act;
- B. Making refunds of the aforementioned advance interest tax and interest and penalty payments attributed to the advance interest tax which were erroneously paid; and
- C. Returning moneys to the Unemployment Compensation Fund Clearing Account which may have been incorrectly identified and erroneously transferred to the Employment Security Advance Interest Trust Fund in the State Treasury.

In November of each calendar year, the director shall transfer all assets of the Employment Security Advance Interest Trust Fund, which

exceed five million dollars (\$5,000,000) to the Unemployment Compensation Fund, A.C.A. §11-10-801, provided that the state has no interest-bearing advances obtained from the federal Unemployment Fund under Title XII of the Social Security Act outstanding.

Any interest required to be paid on advances obtained by the state under Title XII of the Social Security Act shall be paid in a timely manner and shall not be paid directly or indirectly by an equivalent reduction in unemployment contributions or taxes imposed under other provisions of §11-10-701 - §11-10-715 or otherwise from amounts in the Unemployment Compensation Fund established under A.C.A. §11-10-801 -- § 11-10-804.

The UI Trust Fund Transfer line item was established for transferring from the Advance Interest Trust Fund as was required by law when the Advanced Interest Tax Fund exceeds \$5 million. Excess funds over the \$5 million in FY2010 totaled \$81,354 and were transferred to the Unemployment Insurance Trust Fund as required.

The Base Level request is for appropriation of \$3,000,000 each year of the 2017-2019 Biennium.

The Agency's Change level request is for appropriation of \$1 in Loan Interest as a holding amount in case the Agency is to require another Advance Loan due to our state's economic conditions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SF - UI Trust Fund Loan Interest

Funding Sources: TZR - Employment Security Advance Interest Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Investments/Transfers 5110020	6,748,712	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Loan Interest 5900046	0	0	1	0	1	1	0	1	1
Total	6,748,712	3,000,000	3,000,001	3,000,000	3,000,001	3,000,001	3,000,000	3,000,001	3,000,001
Funding Sources									
Fund Balance 4000005	11,721,813	5,066,926		2,066,926	2,066,926	2,066,926	0	0	0
Advance Interest Funds 4000070	93,825	0		0	1	1	0	1	1
Total Funding	11,815,638	5,066,926		2,066,926	2,066,927	2,066,927	0	1	1
Excess Appropriation/(Funding)	(5,066,926)	(2,066,926)		933,074	933,074	933,074	3,000,000	3,000,000	3,000,000
Grand Total	6,748,712	3,000,000		3,000,000	3,000,001	3,000,001	3,000,000	3,000,001	3,000,001

Change Level by Appropriation

Appropriation: 2SF - UI Trust Fund Loan Interest
Funding Sources: TZR - Employment Security Advance Interest Trust Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,000,000	0	3,000,000	100.0	3,000,000	0	3,000,000	100.0
C01	Existing Program	1	0	3,000,001	100.0	1	0	3,000,001	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,000,000	0	3,000,000	100.0	3,000,000	0	3,000,000	100.0
C01	Existing Program	1	0	3,000,001	100.0	1	0	3,000,001	100.0

Justification

C01	DWS is requesting that Loan Interest be restored to previously authorized appropriation amount of \$1 as a holding amount in case the Agency is to require another Advance Loan due to our state's economic conditions.
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Analysis of Budget Request

Appropriation: 35Q - DWS Training Trust Fund

Funding Sources: TWT - DWS Training Trust Fund

The Department of Workforce Services Training Trust Fund was established in A.C.A. §19-5-1131 to be used for worker training by providing a state funding source under certain conditions for benefits to Arkansas employers and employees. Funding for this appropriation consists of the proceeds of the Stabilization Tax, any interest accruing on these revenues, and any other funds made available by the General Assembly.

The Base Level request is for appropriation of \$3,256,577 each year of the 2017-2019 Biennium.

The Agency's Change Level request is for appropriation of \$1,743,423 each year in Personal Services, Operating Expenses, and Grants in order to restore appropriation to the FY17 authorized amount.

The Executive Recommendation provides for Base Level. The Executive Recommendation also provides for the continuation of the \$2,500,000 transfer to the Skills Development Fund, per the Agency's Special Language (Act 244, Section 24).

Appropriation Summary

Appropriation: 35Q - DWS Training Trust Fund

Funding Sources: TWT - DWS Training Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services, Operating Exp 5900046	815,126	3,256,577	5,000,000	3,256,577	5,000,000	3,256,577	3,256,577	5,000,000	3,256,577
Total	815,126	3,256,577	5,000,000	3,256,577	5,000,000	3,256,577	3,256,577	5,000,000	3,256,577
Funding Sources									
Fund Balance 4000005	5,233,145	4,463,137		680,294	680,294	680,294	0	0	0
Stabilization Tax 4000033	2,545,118	1,973,734		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Inter-agency Fund Transfer 4000316	(2,500,000)	(2,500,000)		0	0	(2,500,000)	0	0	(2,500,000)
Total Funding	5,278,263	3,936,871		3,180,294	3,180,294	680,294	2,500,000	2,500,000	0
Excess Appropriation/(Funding)	(4,463,137)	(680,294)		76,283	1,819,706	2,576,283	756,577	2,500,000	3,256,577
Grand Total	815,126	3,256,577		3,256,577	5,000,000	3,256,577	3,256,577	5,000,000	3,256,577

Change Level by Appropriation

Appropriation: 35Q - DWS Training Trust Fund
Funding Sources: TWT - DWS Training Trust Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,256,577	0	3,256,577	100.0	3,256,577	0	3,256,577	100.0
C01	Existing Program	1,743,423	0	5,000,000	153.5	1,743,423	0	5,000,000	153.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,256,577	0	3,256,577	100.0	3,256,577	0	3,256,577	100.0
C01	Existing Program	0	0	3,256,577	100.0	0	0	3,256,577	100.0

Justification

C01	DWS is requesting an increase in Personal Services, Operating Expenses and Grants appropriation of \$1,743,423 to restore appropriation to FY17 authorized amount.
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Analysis of Budget Request

Appropriation: 35R - DWS Unemployment Insurance Fund

Funding Sources: MUI - DWS Unemployment Insurance Administration Fund

The Department of Workforce Services Unemployment Insurance Administration Fund was established in A.C.A. §19-5-1232 to be used for operating expenses of the unemployment insurance program necessary for the proper administration of the Arkansas Employment Security Law. This appropriation is used to maintain current programs during federal funding shortfalls to avoid reducing services to the state. Funding for this appropriation consists of the proceeds of the Stabilization Tax, any interest accruing on these revenues, and any other funds made available by the General Assembly.

A.C.A. 11-10-106 (f)(2)(A) provides 0.025% of taxable wages from the Stabilization Tax to support this program, which includes a sunset clause of June 30, 2017. The Agency will request to continue this funding during the 91st Legislative Session. If the funding is not continued, the Agency will still require this appropriation in order to spend the balance remaining in the fund.

The Agency's Base Level and total request is for appropriation of \$5,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35R - DWS Unemployment Insurance Fund

Funding Sources: MUI - DWS Unemployment Insurance Administration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5900046	1,719,113	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total		1,719,113	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources										
Fund Balance	4000005	3,625,647	4,436,025		1,391,102	1,391,102	1,391,102	0	0	0
Stabilization Tax	4000033	2,529,491	1,955,077		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Funding		6,155,138	6,391,102		3,891,102	3,891,102	3,891,102	2,500,000	2,500,000	2,500,000
Excess Appropriation/(Funding)		(4,436,025)	(1,391,102)		1,108,898	1,108,898	1,108,898	2,500,000	2,500,000	2,500,000
Grand Total		1,719,113	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Analysis of Budget Request

Appropriation: 4KP - TANF-IDA

Funding Sources: TID - Individual Development Account

The Individual Development Account (IDA) appropriation was created by Act 1217 of 1999 to assist in the Welfare Reform effort by providing low income families with an opportunity to accumulate assets, facilitate good savings habits, promote home ownership, micro enterprise development, education, saving for retirement, and stabilize and build communities. Program participants must participate in mandatory training and establish a savings goal. For each \$1 contributed by program participants to their IDA savings account, the state agency matches their deposits by \$3. Funds are only available once the savings goal has been met or for qualified emergency withdrawals as specified by the Agency. The Department of Workforce Services provides IDA program services by contracting with fiduciary organizations that are non-profit organizations.

Funding for this appropriation is 100% federally funded with Transitional Employment Assistance Program funds (TANF Block Grant).

The Base Level request is for appropriation of \$504,375 each year of the 2017-2019 Biennium.

The Agency is requesting to reduce appropriation to \$0. The Agency has sufficient appropriation and funding in the TANF Block Grant Paying/New Hire Registry appropriation to fund this program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 4KP - TANF-IDA

Funding Sources: TID - Individual Development Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	0	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	352,304	504,375	1,700,000	504,375	0	0	504,375	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	352,304	504,375	1,700,000	504,375	0	0	504,375	0	0
Funding Sources									
Federal Revenue 4000020	352,304	504,375		0	0	0	0	0	0
Total Funding	352,304	504,375		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		504,375	0	0	504,375	0	0
Grand Total	352,304	504,375		504,375	0	0	504,375	0	0

Change Level by Appropriation

Appropriation: 4KP - TANF-IDA
Funding Sources: TID - Individual Development Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	504,375	0	504,375	100.0	504,375	0	504,375	100.0
C03	Discontinue Program	(504,375)	0	0	0.0	(504,375)	0	0	0.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	504,375	0	504,375	100.0	504,375	0	504,375	100.0
C03	Discontinue Program	(504,375)	0	0	0.0	(504,375)	0	0	0.0

Justification

C03	DWS is requesting to reduce appropriation of Individual Development Account Program (4KP) to \$0. DWS has sufficient appropriation and funding in the TANF Block Grant Paying/New Hire Registry (4KQ) to fund this program.
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Analysis of Budget Request

Appropriation: 4KQ - TANF Block Grant Paying/New Hire Registry

Funding Sources: PWS - TANF Block Grant Paying

With the enactment of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997, open-ended entitlement for Aid to Families with Dependent Children (AFDC) was replaced with Temporary Assistance to Needy Families federal block grant funding to states. The Arkansas program is entitled Transitional Employment Assistance (TEA). The Arkansas 81st General Assembly passed Act 1058 of 1997 and in so doing, declared that "welfare reform is one of the major human service priorities of state government and establishes the goals of achieving a significant reduction in the number of citizens who are enrolled in such programs, transforming a "one size fits all" welfare system that fosters dependence, low self-esteem, and irresponsible behavior to one that rewards work and fosters self-reliance, responsibility and family stability. Act 1567 of 1999 amended Act 1058 of 1997 by establishing the Arkansas Transitional Employment Board. Act 1264 of 2001 and Act 1306 of 2003 enacted other provisions to strengthen the Arkansas TEA Program. Arkansas Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS). Under this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remained with the Division of County Operations (DCO) while DWS was responsible for the provision of case management services and overall administration of the program. Special Language in Act 1289 of 2007 allows for the transfer of general revenue to DCO of up to \$3,640,650 each fiscal year in support of Arkansas' Temporary Assistance for Needy Families (TANF) programs or any related State programs. Act 1705 of 2005 also created the Work Pays program, which is an extension of the TEA program for former TEA recipients who are working. DWS has overall responsibility for the Work Pays program with eligibility determination and benefit delivery remaining with DCO.

TEA Program eligibility is limited to economically needy families with children under the age of 18 who are U.S. citizens or aliens lawfully admitted to the United States under specific criteria and are residing in Arkansas. The parent(s) living with the children must cooperate in child support enforcement activities, if applicable to the family, and must sign and comply with a Personal Responsibility Agreement, which includes ensuring that their children are immunized and that they attend school. All able-bodied parent(s) must actively engage in work related activities as a condition of the family's on-going eligibility. TEA cash assistance is limited to a maximum of twenty-four (24) months in an adult's lifetime. For those former TEA recipients who are employed at least 24 hours per week and meet the minimum federal work participation rates, an additional twenty-four (24) months of Work Pays benefits are available.

Assistance under the TEA and Work Pays Programs may include: monthly cash assistance payments to help meet the family's basic needs; employment services such as work experience, job search, and job readiness activities; assistance with basic and vocational education; assistance with supportive services such as childcare, transportation and other expenses related to work activity; case management services; and eligibility for extended support services to help the parent retain a job after the cash assistance case closes due to employment.

Congress reauthorized the TANF program through the Deficit Reduction Act of 2005. Although the Act requires States to meet higher rates of work participation, no significant changes were made in the program design beyond the State initiatives and organizational changes

prescribed by Act 1705 of 2005.

Funding for this appropriation is derived from the federal TANF Block Grant and General Revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level and total request is for appropriation of \$40,007,608 in FY18 and \$40,009,700 in FY19.

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

Appropriation Summary

Appropriation: 4KQ - TANF Block Grant Paying/New Hire Registry

Funding Sources: PWS - TANF Block Grant Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
TANF/New Hire Registry	5900046	6,530,923	40,000,000	40,000,000	40,007,608	40,007,608	40,007,608	40,009,700	40,009,700	40,009,700
Total		6,530,923	40,000,000	40,000,000	40,007,608	40,007,608	40,007,608	40,009,700	40,009,700	40,009,700
Funding Sources										
Fund Balance	4000005	495,237	633,691		4,211,043	4,211,043	4,211,043	0	0	0
General Revenue	4000010	3,364,840	3,864,840		3,864,840	3,864,840	3,864,840	3,864,840	3,864,840	3,864,840
Federal Revenue	4000020	38,157,626	95,628,931		57,275,527	57,275,527	57,275,527	57,275,527	57,275,527	57,275,527
Inter-agency Fund Transfer	4000316	(34,855,394)	(32,064,725)		(34,598,506)	(34,598,506)	(34,598,506)	(34,598,506)	(34,598,506)	(34,598,506)
Intra-agency Fund Transfer	4000317	0	(23,201,694)		(22,697,319)	(22,697,319)	(22,697,319)	(22,697,319)	(22,697,319)	(22,697,319)
Miscellaneous Adjustments	4000345	2,305	0		0	0	0	0	0	0
Transfer to DHS-DCO	4000612	0	(650,000)		(650,000)	(650,000)	(650,000)	(650,000)	(650,000)	(650,000)
Total Funding		7,164,614	44,211,043		7,405,585	7,405,585	7,405,585	3,194,542	3,194,542	3,194,542
Excess Appropriation/(Funding)		(633,691)	(4,211,043)		32,602,023	32,602,023	32,602,023	36,815,158	36,815,158	36,815,158
Grand Total		6,530,923	40,000,000		40,007,608	40,007,608	40,007,608	40,009,700	40,009,700	40,009,700

**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: Workforce Services Department

Program: TANF Block Grant Paying/New Hire Registry

Act #: 922 Section(s) #: 9 & 17

Estimated Carry Forward Amount \$ 108,368.00 Funding Source: General Revenue

Accounting Information:

Business Area: 0810 Funds Center: 4KQ Fund: PWS Functional Area: COMM

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

Justification for carry forward of fund balance:

The Carry Forward is necessary to continue the normal operation of the Agency, specifically New Hire Registry Services, overall administration of the New Hire program. This Carry Forward is critical when an unanticipated increase in service is required.

Actual Funding Carry Forward Amount \$ 128,493.00

Current status of carry forward funding:

The Carry Forward balance of the State General Revenue for the New Hire Registry Program will be utilized for any unanticipated increase in services.

Daryl Bassett

Director

08-01-2016

Date

Analysis of Budget Request

Appropriation: C27 - Unemployment Benefits & Expenses - Cash

Funding Sources: 177 - DWS Cash

The Department of Workforce Services Unemployment Benefits & Expenses - Cash appropriation currently provides for the operational costs of the Agency as well as Unemployment Insurance (UI) programs. This appropriation is funded by federal dollars deposited into a cash account. An explanation of the line items other than those for normal departmental operations is listed below:

- Training Allowances - federal funding is provided to pay allowances to economically disadvantaged, unemployed, and underemployed individuals so that they can attend training to maximize their employment opportunities and enhance self-sufficiency.
- Payments to Participant Contractors - federal funding is provided to reimburse private and nonprofit employers for costs incurred to train individuals who are economically disadvantaged, unemployed, and underemployed.
- UI Loan Repayments - to repay loans taken by the State from the federal Unemployment Insurance Trust Fund during times of high unemployment.
- Department of Workforce Services Special Fund - for repayment to the Special Fund for building construction costs from the federally funded operating budget.

The Base Level request is for appropriation of \$20,000,000 each year of the biennium.

The Agency's Change Level request is for appropriation of \$1 in UI Advance Repayment as a holding marker in case our economy takes a downturn.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C27 - Unemployment Benefits & Expenses - Cash

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	13,777	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Training Allowances	5900046	1,051,886	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Payments to Part Contractors	5900047	3,442,097	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
UI Advance Repayment	5900048	0	0	1	0	1	1	0	1	1
Total		4,507,760	20,000,000	20,000,001	20,000,000	20,000,001	20,000,001	20,000,000	20,000,001	20,000,001
Funding Sources										
Federal Revenue	4000020	4,507,760	20,000,000		20,000,000	20,000,001	20,000,001	20,000,000	20,000,001	20,000,001
Total Funding		4,507,760	20,000,000		20,000,000	20,000,001	20,000,001	20,000,000	20,000,001	20,000,001
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,507,760	20,000,000		20,000,000	20,000,001	20,000,001	20,000,000	20,000,001	20,000,001

Change Level by Appropriation

Appropriation: C27 - Unemployment Benefits & Expenses - Cash
Funding Sources: 177 - DWS Cash

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0
C01	Existing Program	1	0	20,000,001	100.0	1	0	20,000,001	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0
C01	Existing Program	1	0	20,000,001	100.0	1	0	20,000,001	100.0

Justification

C01	DWS is requesting that UI Advance Repayment be restored to previously authorized \$1 as a holding marker in case our economy takes a downturn.
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Analysis of Budget Request

Appropriation: C28 - Federal Employees Benefit-Cash

Funding Sources: 177 - DWS Cash

The Federal Employees Benefit Payments appropriation is funded by federal dollars deposited into a cash account. These funds are provided to pay unemployment benefits to unemployed federal civilian employees, ex-servicemen, and public service employees.

The Base Level request is for appropriation of \$175,000,000 each year of the 2017-2019 Biennium.

The Agency's Change Level request is for a decrease in Benefits-Non Employee appropriation of (\$100,000,000) in order to more accurately reflect pre-recession levels.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C28 - Federal Employees Benefit-Cash

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	9,169,241	175,000,000	175,000,000	175,000,000	75,000,000	75,000,000	175,000,000	75,000,000	75,000,000
Total	9,169,241	175,000,000	175,000,000	175,000,000	75,000,000	75,000,000	175,000,000	75,000,000	75,000,000
Funding Sources									
Federal Revenue 4000020	9,169,241	175,000,000		175,000,000	75,000,000	75,000,000	175,000,000	75,000,000	75,000,000
Total Funding	9,169,241	175,000,000		175,000,000	75,000,000	75,000,000	175,000,000	75,000,000	75,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	9,169,241	175,000,000		175,000,000	75,000,000	75,000,000	175,000,000	75,000,000	75,000,000

Change Level by Appropriation

Appropriation: C28 - Federal Employees Benefit-Cash
Funding Sources: 177 - DWS Cash

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	175,000,000	0	175,000,000	100.0	175,000,000	0	175,000,000	100.0
C03	Discontinue Program	(100,000,000)	0	75,000,000	42.9	(100,000,000)	0	75,000,000	42.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	175,000,000	0	175,000,000	100.0	175,000,000	0	175,000,000	100.0
C03	Discontinue Program	(100,000,000)	0	75,000,000	42.9	(100,000,000)	0	75,000,000	42.9

Justification

C03	DWS is requesting to reduce Benefits-Non Employee appropriation to \$75,000,000. That will reduce current appropriations by \$100,000,000 to more accurately reflect pre-recession levels.
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Analysis of Budget Request

Appropriation: C29 - U I Benefits - Taxable Employers - Cash

Funding Sources: 177 - DWS Cash

The Unemployment Insurance (UI) Benefits - Taxable Employers appropriation allows for payment of Unemployment Insurance benefits to unemployed individuals. The individuals receive payments based on wages paid by Arkansas employers. The employer must be a for-profit organization and pay contributions to the Unemployment Compensation Fund.

The Base Level request is for appropriation of \$600,000,000 each year of the 2017-2019 Biennium.

The Agency's Change Level request is for a decrease in Benefits-Non Employee appropriation of (\$100,000,000) in order to more accurately reflect pre-recession levels.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C29 - U I Benefits - Taxable Employers - Cash

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	190,990,295	600,000,000	600,000,000	600,000,000	500,000,000	500,000,000	600,000,000	500,000,000	500,000,000
Total	190,990,295	600,000,000	600,000,000	600,000,000	500,000,000	500,000,000	600,000,000	500,000,000	500,000,000
Funding Sources									
Federal Revenue 4000020	190,990,295	600,000,000		600,000,000	500,000,000	500,000,000	600,000,000	500,000,000	500,000,000
Total Funding	190,990,295	600,000,000		600,000,000	500,000,000	500,000,000	600,000,000	500,000,000	500,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	190,990,295	600,000,000		600,000,000	500,000,000	500,000,000	600,000,000	500,000,000	500,000,000

Change Level by Appropriation

Appropriation: C29 - U I Benefits - Taxable Employers - Cash
Funding Sources: 177 - DWS Cash

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	600,000,000	0	600,000,000	100.0	600,000,000	0	600,000,000	100.0
C03	Discontinue Program	(100,000,000)	0	500,000,000	83.3	(100,000,000)	0	500,000,000	83.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	600,000,000	0	600,000,000	100.0	600,000,000	0	600,000,000	100.0
C03	Discontinue Program	(100,000,000)	0	500,000,000	83.3	(100,000,000)	0	500,000,000	83.3

Justification

C03	DWS is requesting to reduce Benefits-Non Employee appropriation to \$500,000,000. That will reduce current appropriations by \$100,000,000 to more accurately reflect pre-recession levels.
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Analysis of Budget Request

Appropriation: C30 - U I Benefits-Reimb Employers - Cash

Funding Sources: 177 - DWS Cash

The Unemployment Insurance (UI) Benefits - Reimbursable Employers appropriation allows for payments for Unemployment Insurance benefits to unemployed individuals. The individuals receive payments based on wages paid by any Arkansas non-profit organization or government employing unit which elects to reimburse the Unemployment Compensation Fund rather than pay contributions.

The Agency's Base Level and total request is for appropriation of \$30,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C30 - U I Benefits-Reimb Employers - Cash

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	8,358,983	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total		8,358,983	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Funding Sources										
Federal Revenue	4000020	8,358,983	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total Funding		8,358,983	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		8,358,983	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000

Analysis of Budget Request

Appropriation: C31 - Bldg Improvmnt/Land–Reed Act

Funding Sources: 167 - DWS Cash - Reed Act

A provision of Title IX of the Social Security Act makes excess funds collected under the Federal Unemployment Tax Act (FUTA) available for administration of the Employment Security Program. These funds are often referred to as "Reed Act" Funds.

The appropriation authorizing the use of Reed Act Funds must be specific and must:

1. Limit the use of funds appropriated exclusively for Employment Security purposes, and;
2. Must specify the purpose of the funds being appropriated.

Reed Act funds become a part of a State's unemployment fund as defined in Section 3306(f) of the Federal Unemployment Tax Act as of the date they are transferred to the account of the State in the Unemployment Trust Fund. The funds must retain legal status as part of the State's unemployment fund until expended for the payment benefits or expenses of Employment Security Administration. Reed Act funds may be withdrawn from the State Unemployment Fund and deposited in another State account for use for Employment Security Administration only pending payment of obligations which have become due or the maturity of which is imminent. Since any amount withdrawn remains legally part of the State's Unemployment Fund until expended, it must be accounted for as part of the State's Unemployment Fund.

This appropriation is funded by Reed Act Funds for the purpose of construction and improvement of buildings, rent/lease costs, acquisition of data processing equipment and/or land, and for the payment of salaries and related benefits of local office staff.

The Base Level request is for appropriation of \$0 each year of the 2017-2019 Biennium.

The Agency's Change Level request is for appropriation of \$1 in Reed Act Funds as a placeholder in the event that funding becomes available. The Agency does not anticipate any funding for this program during 2017-2019.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C31 - Bldg Improvmnt/Land-Reed Act

Funding Sources: 167 - DWS Cash - Reed Act

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Reed Act Funds 5900046	0	0	38,500,000	0	1	1	0	1	1
Total	0	0	38,500,000	0	1	1	0	1	1
Funding Sources									
Federal Revenue 4000020	0	0		0	1	1	0	1	1
Total Funding	0	0		0	1	1	0	1	1
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	1	1	0	1	1

Change Level by Appropriation

Appropriation: C31 - Bldg Improvmnt/Land-Reed Act
Funding Sources: 167 - DWS Cash - Reed Act

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C01	Existing Program	1	0	1	100.0	1	0	1	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C01	Existing Program	1	0	1	100.0	1	0	1	100.0

Justification

C01	The Agency is requesting an appropriation amount of \$1 in Reed Act Funds as a placeholder in the event funding becomes available. The Agency does not anticipate any funding for this program during 2017-2019.								
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Analysis of Budget Request

Appropriation: C56 - Loans to Local WDBs

Funding Sources: 177 - DWS - Cash

Local Workforce Development Boards (WDBs) request funding for payroll and other operating expenses from Arkansas Department of Workforce Services (DWS) as needed. Upon receiving the request, DWS orders funds from the US Department of Labor (DOL). These funds are then deposited into the state treasury overnight and an Automated Clearing House transaction is processed to send the funds overnight the following night to the WDB. The entire process normally takes three days. The timing of the requests is controlled to comply with the federal Cash Management Improvement Act (Public Law 101-453).

The Base Level request is for appropriation of \$500,000 each year of the 2017-2019 Biennium.

The Agency's Change Level request provides for an increase in Loans appropriation of \$1,000,000 each year in order to assist in the process of making loans to local workforce development boards.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C56 - Loans to Local WDBs

Funding Sources: 177 - DWS - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	409,997	500,000	1,500,000	500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
Total	409,997	500,000	1,500,000	500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
Funding Sources									
Federal Revenue 4000020	409,997	500,000		500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
Total Funding	409,997	500,000		500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	409,997	500,000		500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000

Change Level by Appropriation

Appropriation: C56 - Loans to Local WDBs
Funding Sources: 177 - DWS - Cash

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	500,000	0	500,000	100.0	500,000	0	500,000	100.0
C01	Existing Program	1,000,000	0	1,500,000	300.0	1,000,000	0	1,500,000	300.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	500,000	0	500,000	100.0	500,000	0	500,000	100.0
C01	Existing Program	1,000,000	0	1,500,000	300.0	1,000,000	0	1,500,000	300.0

Justification

C01	DWS is requesting an increase in Loans appropriation of \$1,000,000 in order to assist in the process of making loans to local workforce development boards.								
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Analysis of Budget Request

Appropriation: N48 - DWS Federal Grants

Funding Sources: FWS - Federal Funds

The Workforce Development Grant appropriation was first authorized in Fiscal Year 2016. Its purpose is for unanticipated federal workforce development grants.

The Base Level request is for appropriation of \$3,501,590 each year of the 2017-2019 Biennium.

The Agency's Change Level request is for Workforce Development Grant appropriation of \$6,498,410 each year in the event that ADWS receives discretionary grants from the Department of Labor.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: N48 - DWS Federal Grants

Funding Sources: FWS - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Workforce Development Grant 5900046	952,242	3,501,590	10,000,000	3,501,590	10,000,000	10,000,000	3,501,590	10,000,000	10,000,000
Total	952,242	3,501,590	10,000,000	3,501,590	10,000,000	10,000,000	3,501,590	10,000,000	10,000,000
Funding Sources									
Federal Revenue 4000020	952,242	3,501,590		3,501,590	10,000,000	10,000,000	3,501,590	10,000,000	10,000,000
Total Funding	952,242	3,501,590		3,501,590	10,000,000	10,000,000	3,501,590	10,000,000	10,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	952,242	3,501,590		3,501,590	10,000,000	10,000,000	3,501,590	10,000,000	10,000,000

Change Level by Appropriation

Appropriation: N48 - DWS Federal Grants
Funding Sources: FWS - Federal Funds

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,501,590	0	3,501,590	100.0	3,501,590	0	3,501,590	100.0
C01	Existing Program	6,498,410	0	10,000,000	285.6	6,498,410	0	10,000,000	285.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,501,590	0	3,501,590	100.0	3,501,590	0	3,501,590	100.0
C01	Existing Program	6,498,410	0	10,000,000	285.6	6,498,410	0	10,000,000	285.6

Justification

C01	DWS is requesting that Workforce Development Grant appropriation be increased by \$6,498,410 in the event that DWS receives discretionary grants from the Department of Labor.								
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