

# SUMMARY BUDGET INFORMATION

## TABLE OF CONTENTS

### VOLUME 8

	<u>Page #</u>
<b>2008 Agency Fund Transfer</b> .....	1
<b>Agency Position Usage Report</b> .....	2
<b>Agriculture, Department of</b> .....	3
Action Required: ( 2ZR ) Agri Dept - Operations .....	21
( 33R ) Agri Dept - Federal .....	24
( 36H ) L&P Operations .....	27
( 36J ) L&P Brucellosis Control & Eradication Prgm .....	29
( 36K ) L&P Egg Grading Program .....	34
( 36M ) L&P Small Animal Testing Program .....	37
( 36N ) L&P Large Animals & Poultry .....	40
( 36P ) L&P Brand Registry .....	43
( 36Q ) L&P Indemnities-Revolving .....	45
( 36R ) L&P Show Premiums .....	47
( 36S ) L&P Swamp Fever Testing Program .....	50
( 36T ) L&P Swine Testing Program .....	53
( 36U ) L&P Equine Infect Anemia .....	55
( 36V ) L&P Animal Health .....	58
( 36W ) Agri Dept - Div of Land Survey .....	61
( 37A ) PB Admn/Pest Control .....	64
( 37B ) PB Bureau of Standards .....	67
( 37C ) PB Public Grain Warehouse .....	70
( 37D ) PB Pest Surveillance .....	72
( 37E ) PB Apiary .....	74
( 37F ) PB Product Marketing Program .....	76
( 37G ) PB Pest/Plant Reg Program .....	79
( 37N ) Forestry-Operations-Special .....	81
( 37P ) Forestry-Rural Comm Fire Protection-Fed .....	84
( 37Q ) Forestry-Urban Forestry Services-Federal .....	87
( 37R ) Forestry-Rural Fire Protection Service Loans .....	90
( 37S ) Forestry-St Forestry Trust Program .....	92
( 37T ) Forestry-Southern Pine Beetle Prevention .....	94
( 37U ) Forestry-Forest Land Enhancement Program .....	97
( 37V ) Forestry-Wild Land Fire Assistance .....	100
( 37W ) Forestry-Forest Health Program .....	103
( 37X ) Forestry-Forest Legacy .....	106
( 37Y ) Forestry-Silvctrl Non-Point Program .....	109
( 37Z ) Agri Dept-Alt Fuels Dev Grants-(GR) .....	112
( 38A ) Agri Dept-Alt Fuels Dev Grants-(SR) .....	115
( ASP ) PB-Univ Scholarship Program .....	117
( D24 ) L&P Poultry Indemnities-Cash .....	119
( D25 ) PB Refunds/Transfers .....	121
<b>Arkansas Building Authority</b> .....	122
Action Required: ( 1VF ) Critical Maintenance .....	131

	<b>Page #</b>
Action Required: ( 253 ) ABA - State Operations .....	134
( 254 ) Building Maintenance .....	137
( 488 ) Acquisition and Maintenance .....	140
( 809 ) Justice Building Operations .....	143
( 915 ) Justice Building Maintenance.....	146
( D17 ) Justice Bldg Const-Cash .....	148
<b>Claims Commission, Arkansas State</b> .....	149
Action Required: ( 227 ) Claims Operations .....	155
( 228 ) Various Claims .....	158
<b>Economic Development Commission</b> .....	159
Action Required: ( 1MZ ) Super Projects .....	172
( 2SK ) State Operations (Before) (After Merge Page 175A) .....	175
( 2SM ) State Matching Grants (Before Merge).....	178
( 2SN ) Industrial Coordinator Program (Before Merge) .....	180
( 2SQ ) Community Assistance-Federal .....	183
( 2SR ) Motion Picture Development Office (Before Merge) .....	186
( 2SS ) Established Industry Division-State (Before Merge) .....	189
( 2ST ) State Energy Plan-Federal .....	192
( 2SU ) Business Development-State (Before Merge).....	194
( 2SV ) Industry Training (Before Merge).....	197
( 56N ) Energy Efficiency Arkansas-Cash .....	199
( C32 ) Incentive Plans-Cash .....	202
( C34 ) Trade & International Investment-Cash .....	204
( C35 ) Existing Business Resource Program-Cash .....	206
( C36 ) Petroleum Violation Escrow-Cash .....	208
( C38 ) Small Business Univiversity-Cash .....	210
<b>Health, Arkansas Department of</b> .....	213
Action Required: ( 106 ) Emergency Medical Services & Trauma .....	226
( 167 ) Information Technology Initiatives .....	228
( 34C ) Rural Health Facilities .....	231
( 34D ) Emergency Medical Services.....	234
( 34E ) Rural Physician Incentives .....	236
( 34P ) Health Operations Paying .....	241
( 38C ) Grants to Service Providers .....	248
( 38D ) Nuclear Planning Grants .....	251
( 604 ) Tobacco Prevention & Cessation Programs .....	253
( 803 ) Health Building & Local Health Grant Trust .....	257
( B72 ) WIC Food Instruments - Cash .....	259
( B74 ) Breast Cancer - Cash.....	262
<b>Higher Education, Department of</b> .....	266
Action Required: ( 153 ) General Operations.....	282
( 156 ) Research Development Program Grants .....	285
( 160 ) State Scholarship-Federal.....	288
( 197 ) Student Asst Grants/Scholarships .....	291
( 1GF ) Improving Teacher Quality .....	295
( 2XK ) TANF .....	297
( 54X ) Higher Education Grants-Administration .....	300
( 772 ) Teacher Education-Federal Programs .....	303

	<b>Page #</b>
Action Required: ( 921 ) Dept Higher Education - Cash in Treasury .....	306
( HEG ) Health Education Grants & Loans .....	309
<b>Judicial Discipline and Disability Commission</b> .....	323
Action Required: ( 913 ) Judicial Discipline - Operations .....	328
<b>Labor, Department of</b> .....	330
Action Required: ( 148 ) State Operations .....	338
( 149 ) Boiler Inspection .....	341
( 151 ) Federal Programs .....	344
( 2CT ) Board of Electrical Examiners .....	347
( 940 ) Wage and Hour - Cash .....	350
( 942 ) Seminar & Conference Expenses - Cash .....	352
<b>Public Employees Retirement System</b> .....	354
Action Required: ( 2QR ) Public Employee Retirement-Operations .....	370
( 2QS ) St Police Retirement-Operations .....	374
( 2QT ) Judicial Retirement-Operations .....	377
( 2QU ) District Judges Benefits-Oprs .....	380
( C22 ) Public Employee Retirement-Cash .....	383
( C23 ) St Police Retirement-Cash .....	386
( C24 ) Judicial Retirement-Cash .....	389
( C25 ) District Judges Benefits-Cash .....	392
<b>Science and Technology Authority</b> .....	394
Action Required: ( 1FA ) Rockefeller-IMSST-Cash in Treasury .....	402
( 1ND ) AR Manufacturing Extention Network-St .....	405
( 34G ) Seed Capital Investment-Cash in Treasury .....	408
( 35K ) AR EPSCoR-Federal .....	410
( 38W ) Industrial Energy Efficiency .....	412
( 38X ) St Industrial Assessment-Federal .....	415
( 678 ) Science & Tech-St Operations .....	418
( 919 ) AR Manufacturing Extention Network-Fed .....	422
<b>Teacher Retirement System</b> .....	424
Action Required: ( 2QV ) Property Management .....	438
( 2QW ) Teacher Retirement System-Operations .....	441
( C26 ) Teacher Retirement System-Cash .....	445
<b>Workforce Education Department - Administration</b> .....	447
Action Required: ( 179 ) High-Tech Scholarship Program .....	460
( 307 ) Fed Surplus Property .....	462
( 35S ) Housing Construction Program .....	465
( 640 ) Vo Tech Admin-Operations .....	467
( 641 ) Fed Voc Educ-Operations .....	470
( 644 ) Adult Basic Education .....	473
( 645 ) Fed-Adult Basic Education .....	476
( 647 ) Fed Equipment & Training-Operations .....	478
( 649 ) Fed-Veteran's Approving Agency .....	481
( 755 ) Construction Craft .....	483
( A88 ) Alternate Retirement Plan .....	485
<b>Workforce Education Department - Public School Fund</b> .....	489
Action Required: ( 200 ) Vocational Start-Up Grants .....	491
( 201 ) Vocational Center Aid .....	493
( 427 ) Governor's Commission on Adult Literacy .....	496

	<b>Page #</b>
Action Required: ( 453 ) Adult Basic & General Education .....	498
( 681 ) Coordinated Career Education Services .....	501
<b>Workforce Education Department - AR Rehabilitation Services</b> .....	<b>503</b>
Action Required: ( 128 ) Rehab Services - Operations .....	518
( 1VB ) Increase Capabilities Access Network .....	521
( 374 ) Statewide Disability Telecomm .....	523
( 743 ) People w/Disabilities .....	526
( 902 ) Tech Equipment - Treasury .....	528
( 903 ) Rehab Services - Treasury Pay .....	530
<b>Crowley's Ridge Technical Institute</b> .....	<b>533</b>
Action Required: ( 709 ) Crowley's Ridge - State .....	539
( 710 ) Crowley's Ridge - Federal .....	542
( B54 ) Crowley's Ridge - Cash .....	544
<b>Northwest Technical Institute</b> .....	<b>546</b>
Action Required: ( 721 ) Northwest TI-State .....	553
( 722 ) Northwest TI-Federal .....	556
( B60 ) Northwest TI-Cash .....	558
<b>Riverside Vocational Technical School</b> .....	<b>560</b>
Action Required: ( 4GY ) Workplace Training .....	566
( 732 ) Riverside VT-State Operations .....	569
( 750 ) Plumbing Apprenticeship Program .....	572
<b>Workforce Investment Board</b> .....	<b>573</b>
Action Required: ( 554 ) Workforce Investment .....	579
<b>Workforce Services, Department of</b> .....	<b>581</b>
Action Required: ( 2RD ) Administrative Building Upkeep .....	597
( 2RE ) Building and Land Acquisition .....	600
( 2RF ) Annual Assessments .....	603
( 2SA ) Rent of Buildings .....	606
( 2SB ) Special Improvement District Taxes .....	609
( 2SC ) Excess Unemploy Benefits/Expenses .....	612
( 2SD ) Operations .....	616
( 2SE ) Workforce Investment Act .....	620
( 2SF ) UI Trust Fund Loan Interest .....	625
( 2SG ) New Hire Registry-State .....	628
( 2SH ) New Hire Registry-Federal .....	632
( 35Q ) DWS Training Trust Fund .....	636
( 35R ) DWS Unemployment Insurance Fund .....	640
( 4KP ) TANF-IDA .....	644
( 4KQ ) TANF Block Grant Paying .....	647
( 56Z ) Workforce Investment .....	651
( C27 ) Unemployment Benefits & Expenses-Cash .....	654
( C28 ) Federal Employees Benefit-Cash .....	658
( C29 ) U I Benefits - Taxable Employers - Cash .....	662
( C30 ) U I Benefits-Reimb Employers-Cash .....	665
( C31 ) Bldg Improvmnt/Land-Reed Act .....	669

## 2008 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	\$1,130	\$1,921	\$15,179
Arkansas Building Authority	\$158	\$0	\$1,753
Claims Commission, Arkansas State	\$20	\$50	\$0
Economic Development Commission	\$176	\$0	\$246
Health, Arkansas Department of	\$5,482	\$31,119	\$86,984
Higher Education, Department of	\$89	\$0	\$8
Judicial Discipline and Disability Commission	\$12	\$0	\$0
Labor, Department of	\$184	\$0	\$399
Public Employees Retirement System	\$107	\$9,443	\$10
Science and Technology Authority	\$32	\$0	\$0
Teacher Retirement System	\$130	\$20,809	\$186
Workforce Education Dept - Administration	\$200	\$0	\$5,288
Workforce Education Dept - AR Rehab Services	\$980	\$5,195	\$3,361
Crowley's Ridge Technical Institute	\$113	\$0	\$138
Northwest Technical Institute	\$134	\$0	\$212
Riverside Vocational Technical School	\$69	\$0	\$0
Workforce Investment Board	\$24	\$0	\$0
Workforce Services, Department of	\$8	\$100	\$612

## AGENCY POSITION USAGE REPORT

Agency	FY2008 - FY2009						3 YEAR AVERAGE(FY07,FY08,FY09)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
0400 - Agriculture, Department of	617	581	35	616	1	5.83 %	612	571	40	611	1	6.70 %
0350 - Arkansas Building Authority	88	73	15	88	0	17.05 %	89	76	12	88	1	14.61 %
0360 - Claims Commission, Arkansas State	10	10	0	10	0	0.00 %	10	10	0	10	0	0.00 %
0790 - Economic Development Commission	102	91	9	100	2	10.78 %	104	90	9	99	5	13.46 %
0645 - Health, Arkansas Department of	3,100	2,784	286	3,070	30	10.19 %	3,093	2,797	261	3,058	35	9.57 %
0700 - Higher Education, Department of	48	44	3	47	1	8.33 %	46	44	2	46	0	4.35 %
0241 - Judicial Discipline and Disability Commission	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %
0800 - Labor, Department of	106	98	3	101	5	7.55 %	105	93	8	101	4	11.43 %
0370 - Public Employees Retirement System	69	57	12	69	0	17.39 %	66	55	9	64	2	16.67 %
0327 - Science and Technology Authority	18	15	3	18	0	16.67 %	17	15	2	17	0	11.76 %
0375 - Teacher Retirement System	82	75	7	82	0	8.54 %	79	71	8	79	0	10.13 %
0590 - Workforce Education Department - Administration	110	93	9	102	8	15.45 %	109	95	8	103	6	12.84 %
0520 - Workforce Education Department - AR Rehab Services	530	483	47	530	0	8.87 %	530	489	41	530	0	7.74 %
0534 - Crowley's Ridge Technical Institute	61	56	5	61	0	8.20 %	61	57	3	60	1	6.56 %
0552 - Northwest Technical Institute	69	58	8	66	3	15.94 %	68	61	5	66	2	10.29 %
0582 - Riverside Vocational Technical School	38	37	1	38	0	2.63 %	38	35	2	37	1	7.89 %
0264 - Workforce Investment Board	13	12	1	13	0	7.69 %	13	11	2	13	0	15.38 %
0810 - Workforce Services, Department of	784	732	58	790	-6	6.63 %	757	714	26	740	17	5.68 %

0810 - FY09 Budgeted number of positions higher than Authorized due to establishment of "Growth Pool" positions approved during 2007-2009 biennium.

# ARKANSAS AGRICULTURE DEPARTMENT

## Enabling Laws

Act 1242 of 2007  
Act 1098 of 2007  
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 Regular Session 2005 of the 85th Arkansas General Assembly 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 mission of the Secretary and Arkansas Agriculture 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 the state and nation.

The enabling legislation placed three agencies of the state government in the newly-formed Department, including the Arkansas Forestry Commission, the Arkansas Livestock and Poultry Commission and the Arkansas State Plant Board. Each remains intact with its own commission or board, executive director, budget and personnel. The 2009-11 Base Level Budget for the Department includes appropriation of approximately \$72.5 million with 616 total positions.

The enabling legislation directs the Secretary to administer and coordinate activities of the agencies and parts of the agencies transferred to the Department while creating new programs to enhance the marketing of the state'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 houses the office of the State Land Surveyor. The Division of Land Surveys was created by Act 458 of 1973 and provides that the head of the division be known as the State Surveyor. Act 1417 of 2001 transferred the Division of Land Surveys from the Geological Commission to the Arkansas Commissioner of State Lands Office and Act 752 of 2007 transferred the Division of Land Surveys from the Arkansas Commissioner of State Lands Office to the Arkansas Agriculture Department .

The primary functions of the Division of Land Surveys are (1) the establishment, maintenance, and preservation of land monuments, section corners, and other physical accessories of the United States Public Land survey within the State of Arkansas, the field notes, plats and other documents relating and evidencing the United States Public Land Survey, and (2) the prescribing of general land survey

regulations.

The Division of Land Surveys houses and maintains copies of the original survey notes and plats, and other land survey information. Duplicates of all survey information may be obtained upon request.

### **ARKANSAS FORESTRY COMMISSION**

Mission - The Arkansas Forestry Commission promotes forest resource health, conservation, and stewardship.

Statutory Responsibility - By Act 234 of 1931, the Arkansas Legislature created the Arkansas 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' forest. The Commission was composed 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 Arkansas Forestry Commission to enforce the fire laws of Arkansas.

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

Act 138 of 1945 abolished the Arkansas Forestry Commission. The 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 consisted of 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 Arkansas 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 Arkansas 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 agencies, both public and private.

Act 38 of 1971 reorganized the Executive Department of the State into thirteen major departments. The Arkansas Forestry Commission became a Division of the Department of Commerce, along with twelve other state agencies. The Arkansas Forestry Commission was transferred to the Principal department under a Type 1 Transfer whereby the Commission retained the same prescribed statutory powers, authority, duties and function prior to the transfer except all budgeting, purchasing and related management functions of the Arkansas 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 program within the Arkansas Forestry Commission. The Act authorized the 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 Arkansas Forestry Commission to the status of an independent agency of the state government. The same duty, authority and responsibility existing prior to 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 Arkansas 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.

**Primary Activities** - The Arkansas Forestry Commission administration, which includes personnel, fiscal and conservation education, lead, direct and support employees to accomplish the agency mission. The AFC Resource Protection Program is responsible for the protection of Arkansas' forest through wild land fire protection, law enforcement and rural community fire protection. The AFC Resource Management Program works with private non-industrial forest landowners, forest industry, universities, private forest consultants, other governmental agencies, and communities to promote stewardship and sustainability of Arkansas' rural and urban forest. Bluff City Tree Improvement Complex produces genetically improved tree seed. Baucum Nursery provides tree seedlings to landowners for reforestation. Poison Springs State Forest provides yearly revenue while demonstrating multiple use forest management techniques for non-industrial landowners.

**Advisory Commission** - A.C.A. §15-31-102 identifies the Arkansas Forestry Commission which consists of nine members to be appointed by the Governor with advice and consent of the Senate from resident electors of this State 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 full 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 purpose of the Agency includes the development of livestock and poultry industries and the administration of relevant laws and regulations. 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, assure food safety and quality and promote Arkansas livestock and poultry industries 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
4. Promote and enhance marketability of livestock, poultry and their products both nationally and internationally.

## **ARKANSAS STATE PLANT BOARD**

**MISSION:** The mission of the Arkansas State Plant Board is to protect and serve the citizens of Arkansas and the agricultural and business communities by providing information and unbiased enforcement of laws and regulations thus ensuring quality products and services.

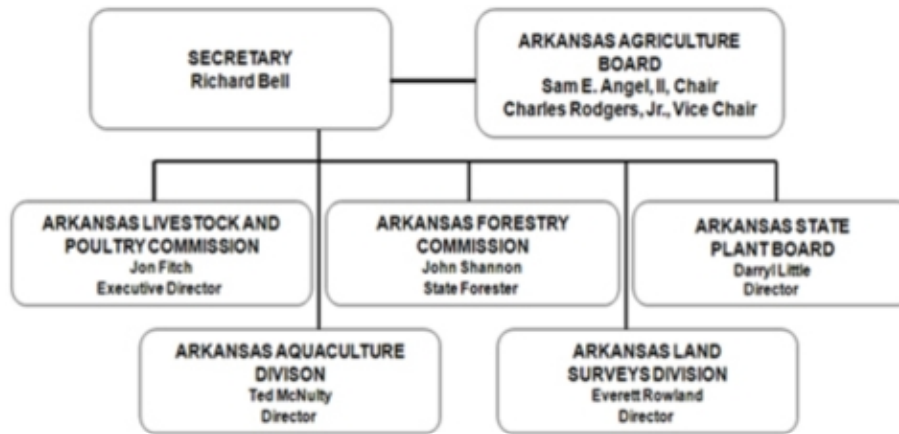
**VISION:** The vision of the Arkansas State Plant Board is to become a competent, friendly, cooperative and efficient agency that is willing and able to promptly serve the agricultural and business communities and the general public in a credible, professional manner.

**HISTORY:** 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 sixteen.

The Board currently has 28 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, and (28) Certification of Ornamental and Baitfish Act.

**PRIMARY ACTIVITIES:** Primary activities 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.

The Plant Board 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 Board's mission.



## **Agency Commentary**

In keeping with the intent of the Arkansas General Assembly in 2005 when it established the Arkansas Agriculture Department, the Administration proposes personnel and programs to meet the goals of the enabling legislation.

### **OFFICE OF THE SECRETARY**

The Office of the Secretary of the Arkansas Agriculture Department has three authorized Base Level positions: Agriculture Secretary (unclassified), Agriculture Deputy Secretary (unclassified) and Agriculture Administrative Specialist III (Grade C112). Additional staffing is needed to fulfill the potential of the department and goals set by the General Assembly when the department was established.

### **Personnel Requests**

In addition to Base Level, appropriation and general revenue funding of \$166,234 in FY10 and \$169,703 in FY11 is requested for Salary and Matching for 3 new positions including the following:

- Agriculture Director of Marketing (Grade C129)
- Agriculture Public Information Manager (Grade C123)
- Administrative Specialist III (Grade C112)

The Public Information Director will provide information aimed at helping agriculture constituent groups feel they are being adequately served by their state government. The Secretary is performing those duties at present.

In the discussions and hearings before the General Assembly leading to establishment of the department, attention centered on the need to improve and expand the marketing of Arkansas agricultural and forestry products.

An Agriculture Director of Marketing will focus on activities aimed at expanding exports of Arkansas agricultural and forestry products. These activities will be in cooperation with the U.S. Department of Agriculture's (USDA) export programs including participating in exhibits and fairs in international markets and hosting buyers from foreign markets arranged by USDA's Foreign Agricultural Service. The programs will be primarily financed from USDA grants. Recruiting potential Arkansas exporters to participate in those activities will be an important part of the activities of the Director of Marketing and the Administrative Assistant assigned to assist marketing activities. The Director of Marketing will also assist the Arkansas Livestock and Poultry Commission to qualify Arkansas cattle to supply beef for export

to markets such as Japan, South Korea and China.

The Director of Marketing will also carry out activities aimed at potential markets in Arkansas or elsewhere in the United States. A major effort will be made to develop branding activities that will attract buyers to Arkansas agricultural and forestry products through an "Arkansas Grown" logo, particularly for specialty crops produced on small farms within the state. The Director of Marketing will assist with the development of alternative fuels markets from Arkansas agricultural and forestry products.

### **Information Gathering and Dissemination**

The department proposes funding of new information gathering and dissemination programs during the 2009-11 biennium. One activity is to publish annual reports on the status of Arkansas agriculture and forestry in cooperation with the Arkansas Field Office of the USDA's National Agricultural Statistics Service (NASS). A major goal of this report will be to attract attention to Arkansas' agricultural and forestry activities in potential export and domestic markets

### **Maintenance and Operations Requests**

In addition to Base Level, additional appropriation and general revenue funding is requested of \$372,608 each year of the biennium. This request for Operating Expenses, Conference and Travel Expenses, Professional Fees and Capital Outlay will provide for the agency's expanded marketing programs and for the Information Gathering and Dissemination program.

## **LIVESTOCK & POULTRY FEDERAL ASSISTANCE GRANTS**

In addition to Base Level, the Office of the Secretary requests an increase in appropriation of \$1,984,515 for the Livestock Assistance Grants and Aid appropriation. This additional appropriation will enable the agency to distribute federal livestock assistance grants that are awarded to the state to assist eligible livestock producers in Arkansas.

## **AQUACULTURE**

The Aquaculture Division has two authorized Base Level positions: one unclassified Deputy Director-Aquaculture position and one grade C112 Administrative Specialist III position.

### **Maintenance and Operations Requests**

When the Aquaculture program was added to Office of the Secretary's budget during the 2007-2009 biennium, the two positions were added without any supporting appropriation or funding to support the Aquaculture operations. Therefore, the Agency's biennial budget request includes additional operating expenses appropriation and general revenue funding of \$30,000 each year to establish a maintenance and operations budget for the Aquaculture Program.

## **ALTERNATIVE FUELS**

The Agency's Alternative Fuels appropriations are used to provide grant incentives to alternative fuels producers, feedstock processors and alternative fuels distributors. The Agency's Base Level budget includes general revenue funding of \$1,960,440 each year and a biennial appropriation of \$11 million in the Alternative Fuels Development Special Revenue Fund. The Agency biennial request includes additional appropriation and general revenue funding in the amount of \$3,039,560 each year of the biennium.

## **DIVISION OF LAND SURVEY**

The Division of Land Survey has four authorized Base Level positions: one Land Survey State Surveyor (grade N901), one Agriculture Program Manager (grade C120) and two Administrative Specialist III (grade C112) positions.

### **Personnel Requests**

In addition to Base Level, a increase in appropriation and general revenue funding in the amount of \$35,273 in FY10 and \$35,966 in FY11 is requested for Salary and Matching for 1 new Administrative Specialist III (grade C112) position. This position is necessary to assist with the project of scanning the 220,000 plats and 15,000 monuments in Arkansas and posting them online to assist surveyors. It is estimated that utilization of the online plats will require 20% less time for Arkansas Surveyors. At the current rate of scanning, this project will take 10 years to complete. This additional position will move the project forward.

### **Maintenance and Operations Requests**

The Division of Land Survey Maintenance and Operations request for the biennial budget includes additional appropriation and general revenue funding of \$46,130 in FY10 and \$48,130 in FY11. This request consists of \$1,500 for Operating Expenses, \$1,500 each year for Conference and Travel Expenses, \$8,130 in FY10 and \$10,130 in FY11 for Professional Fees and \$35,000 for Capital Outlay each year.

## **ARKANSAS FORESTRY COMMISSION**

The Arkansas Forestry Commission (AFC) will continue to protect and develop the forest resources of Arkansas by: preventing, mitigating, and suppressing wildfires; assisting volunteer fire departments; facilitating forest stewardship and reforestation; monitoring and promoting forest health and; gathering forest inventory data and disseminating forest resource information.

The AFC is not requesting additional positions or changes to existing positions.

Following are several issues that should be addressed during the 2009 - 2011 biennium.

- The AFC fights wildland fires statewide. This emergency preparedness requires work centers and firefighting equipment in all forested counties. AFC funding for maintenance and operations has been inadequate for years. The AFC can no longer absorb, within its current budget, the increased costs of aviation fuel, vehicle fuels, and utilities. Accordingly, the AFC requests an increase in Operating Expenses appropriation and general revenue funding in the amount of \$300,000 for each year of the biennium.
- The AFC, in cooperation with the Ark. Game & Fish Commission, the Fire Academy, and the U.S. Coast Guard, conducts annual fireboat training for Volunteer Fire Departments (VFD). This year over 20 VFDs with 130 volunteers participated in the training. The AFC provides VFDs with fire boats through the federal excess personal property program. The AFC requests \$15,000 per year in appropriation and general revenue funds to continue for another biennium this increasingly important training.

- Arkansas is a member of several regional Interstate Fire Compacts through which crews from the Arkansas Forestry Commission are sent to other member states to assist with wildfire prevention and control. In order to provide overtime compensation for these crews, the Agency has been forced to request transfers from the DFA Overtime Holding Account during both FY08 and FY09. The AFC's biennial request includes additional appropriation of \$80,000 for Overtime and \$15,528 for related matching. This request includes additional general revenue funding of \$40,121 each year of the biennium.
- The AFC's biennial budget request also includes the restoration of appropriation that has been funded by Miscellaneous Federal Grants in FY09. This federally funded appropriation request includes \$500,064 per year in Rural Community Fire Protection; \$23,871 per year in the Forest Health Program; \$513,500 per year in the Forest Legacy Program; and \$693,750 in the Southern Pine Beetle Prevention Program.
- The AFC is also requesting additional appropriation in several federally funded appropriations to ensure that the agency has adequate appropriation to spend new federal grants. This federally funded request includes an increase of \$13,790 in the Forest Land Enhancement Program; \$150,000 in the Wild Land Fire Assistance Program; \$30,482 in the Silvicultural Non-Point Program; \$100,000 in the Rural Community Fire Protection Program; \$1,511,500 in the Forest Legacy Program; \$150,000 in the Forest Health Program; \$596,250 in the Southern Pine Beetle Prevention Program and \$25,000 in the Urban Forestry Services Federal appropriation.
- In accordance with recommendations from the Department of Finance and Administration Office of Accounting, the Agency is requesting to reallocate appropriation of \$4,500 each year from the Data Processing line item to the Operating Expenses line item in the state funded Operations appropriation.
- The Forestry Commission requests appropriation of \$5,000 each year for increased payments made in lieu of property taxes due to additional forest land the Agency purchased during the 2007-09 biennium.

### **ARKANSAS LIVESTOCK AND POULTRY COMMISSION**

Livestock and Poultry Commission programs are supported by general revenue, special revenue, and federal revenue. The Agency's Change Level requests for the 2009-11 biennium include the following:

#### State Operations (General Revenue)

The Agency requests additional appropriation and general revenue funding of \$308,082 in FY10 and \$310,339 in FY11. This request includes salary and matching for the restoration of one Veterinarian position that was authorized but not funded during the 2007-09 biennium. This request also includes salary and matching for the transfer of 3 positions from the federally funded Animal Health appropriation to the general revenue funded appropriation. The agency also requests additional \$70,000 for Operating Expenses including fuel and health lab supplies.

#### Livestock & Poultry Show Premiums (General Revenue)

The Agency requests additional appropriation and general revenue funding of \$90,000 each year of the biennium for increased travel reimbursement expenses paid from the following line items: ARSHS Rodeo Association, FFA Clubs Refunds/Reimbursement and 4H Clubs Refunds/Reimbursement.

#### Egg Grading Program (Special Revenue)

The Agency requests additional appropriation of \$476,551 in FY10 and \$481,978 in FY11. This request includes six new Egg Grader positions and one new Commodity Compliance Inspector position as well as additional Extra Help and Overtime appropriation to provide for an increasing workload demand. The request also includes additional appropriation of \$75,000 each year in Operating Expenses for fuel and travel expenses. The agency also requests to reallocate \$4,500 from the Data Processing Commitment Item to the Operating Expenses commitment item in line with recommendations from the DFA-Office of Accounting. Finally, \$50,000 is requested each year for Capital Outlay to replace agency equipment.

#### Brucellosis Control & Eradication Program (Special Revenue)

The Agency requests additional appropriation of \$70,000 each year of the biennium. This request includes \$50,000 in Operating Expenses for fuel, freight and vehicle upkeep and repair. The request also includes \$20,000 in Capital Outlay for the replacement of testing equipment.

#### Large Animal & Poultry (Special Revenue)

The Agency requests additional appropriation of \$536,800 in FY10 and \$540,744 in FY11. This request includes 2 new Administrative Specialist II positions each year of the biennium for the NPIP Avian Influenza Testing Program and the Veterinary Diagnostic Laboratory. This request also includes additional appropriation of \$210,000 each year for Operating Expenses for additional testing supplies, office supplies, fuel, freight, printing and software and courier services. The agency also requests additional appropriation of \$25,000 each year for Conference and Travel expenses for agency employees. Finally, the agency requests additional \$120,000 each year for Capital Outlay for the replacement of testing equipment in the diagnostic laboratory.

#### Small Animal Testing Program (Special Revenue)

The Agency requests additional appropriation of \$52,046 each year of the biennium for Operating Expenses for increased costs related to postage, printing, lab supplies and equipment. Additionally, the Agency requests additional \$50,000 in Capital Outlay appropriation to replace equipment in the diagnostic laboratory.

#### Equine infectious Anemia Control Program (Special Revenue)

The Agency requests additional appropriation of \$100,000 each year of the biennium for Capital Outlay to replace office machines and equipment.

#### Swamp Fever Testing Program (Special Revenue)

The Agency requests additional appropriation of \$107,500 each year of the biennium. This request includes a reallocation of \$200,000 from the Miscellaneous Commitment Item for Swamp Fever Testing to the Operating Expenses Commitment Item. The request also includes additional Operating Expenses appropriation of \$50,000 each year for increased costs of fuel and lab supplies. Finally, the request includes additional Capital Outlay appropriation of \$57,500 to replace testing equipment in the diagnostic lab.

#### Animal Health (Federal Funding)

The Agency requests additional appropriation of \$683,245 in FY10 and \$690,055 in FY11. This request includes the transfer of 3 positions to the general revenue funded State Operations appropriation. The agency also requests additional salary and matching appropriation to enable the agency to utilize federal grants to fund current positions that are normally funded from special revenue. The agency also requests additional appropriation of \$26,000 each year in Extra Help, \$20,910 each year in Conference and Travel expenses and \$472,769 each year in Capital Outlay. This appropriation will enable the agency

to utilize projected increases in federal funding.

## **ARKANSAS STATE PLANT BOARD**

The cost of basic input items such as seed, fertilizer, feed, pesticides, and fuel are at an all time high. The agency 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 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 28 laws.

Activities are funded through thirteen appropriations. These are (1) Overpayments/Refunds - Cash; (2) Administrative/Pest Control; (3) Pesticide Surveillance; (4) Apiary; (5) Public Grain Warehouse; (6) Survey and Quarantine; (7) Pesticide/Plant Regulator Program; (8) Bureau of Standards and (9) Product Marketing. The remaining four appropriations are for scholarships granted to agricultural students in the State's universities. Survey and Quarantine and the Bureau of Standards are funded with general revenue. All of the other appropriations are funded with special revenue from fees paid by regulated industries with the exception of the Product Marketing program, which is funded by federal revenue.

### Overpayments/Refunds (Cash)

This appropriation is used to transfer fees to the State Treasury, make refunds and other transfers as required and to transfer funds to the University of Arkansas for fertilizer and lime tonnage fees.

Request is for appropriation at Base Level.

### Administration/Pest Control (Special Revenues)

Because of the payment of appreciable fees in these programs, the people and industries under regulation feel that they are paying for Plant Board services and protection. Consequently, they expect and deserve prompt response and full service. To provide this, the Plant Board must maintain a reserve of supporting funds appropriated to it for this use. Personnel needs vary during the year, depending upon seasonal demand for services.

In addition to Base Level, Capital Outlay of \$508,000 in FY10 and \$472,000 for FY11 is requested for sales tax associated with vehicle replacements, data processing equipment, laboratory equipment, and field equipment. Additional Operating Expenses appropriation is also requested to support technical service costs. These additions to Base Level will be funded by Special Revenues.

### Pesticide Surveillance (Special Revenues)

Request is for appropriation at Base Level.



Apiary (Special Revenues)

Request is for appropriation at Base Level.

Public Grain Warehouse (Special Revenues)

Request is for appropriation at Base Level.

Survey and Quarantine (General Revenues)

Request is for appropriation at Base Level.

Abandoned Pesticide/Plant Regulatory Program (Special Revenues)

Request is for appropriation at Base Level.

Bureau of Standards (General Revenues and Special Revenues)

The Bureau of Standards was placed under the Plant Board on July 1, 1993. The four divisions are as follows: (1) Administration; (2) Laboratory Division; (3) Petroleum Division; and (4) Weights and Measures Division.

In addition to Base Level, \$35,000 in Operating Expenses is requested each year in order to keep field staff on travel status and provide services inspecting fuel pumps, meters, and other weighing and measuring devices.

Also in addition to the Base Level, additional Capital Outlay of \$27,000 in FY10 and \$35,000 in FY11 is requested for equipment replacements and upgrades in the Metrology Laboratory and Petroleum Laboratory. The Capital Outlay addition to Base Level will be funded by special revenues.

Product Marketing Program (Federal Funds)

The Product Marketing Program began in November, 2001, as a Miscellaneous Federal Grant to promote the sale of various agricultural products. Additional appropriation is requested to enable the agency to utilize anticipated increases in federal grant funds.

Grants for Scholarships and Internships (Special Revenues)

This program is for internships and scholarship grants from civil penalties collected in Special Revenue Programs. Grants are for agricultural students at the University of Arkansas, Arkansas State University, Southern Arkansas University, and Arkansas Tech University. Continuation at Base Level is requested for the 2009-11 Biennium.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS AGRICULTURE DEPARTMENT  
  
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	424	116	540	93 %
Black Employees	16	14	30	5 %
Other Racial Minorities	4	7	11	2 %
	Total Minorities		41	7 %
	Total Employees		581	100 %

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas 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.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
22R Agri Dept - Operations	13,167,702	228	14,358,064	234	14,659,839	235	15,362,042	234	16,629,087	241	15,951,418	235	15,604,492	234	16,877,263	241	16,195,459	235
33R Agri Dept - Federal	3,737,972	0	2,015,485	0	2,015,485	0	2,015,485	0	4,000,000	0	4,000,000	0	2,015,485	0	4,000,000	0	4,000,000	0
36H L&P Operations	0	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 Brucellosis Control & Eradication Prgm	903,543	18	1,562,134	22	1,555,738	22	1,607,924	22	1,677,924	22	1,677,924	22	1,622,889	22	1,692,889	22	1,692,889	22
36K L&P Egg Grading Program	2,819,435	40	3,247,187	40	3,394,491	40	3,385,117	40	3,861,668	47	3,746,572	44	3,422,994	40	3,904,972	47	3,787,584	44
36M L&P Small Animal Testing Program	246,144	0	290,954	0	290,954	0	247,954	0	350,000	0	350,000	0	247,954	0	350,000	0	350,000	0
36N L&P Large Animals & Poultry	895,781	1	969,021	1	978,516	1	880,846	1	1,417,646	3	1,417,646	3	881,481	1	1,422,225	3	1,422,225	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	736,780	0	736,780	0	736,780	0	736,780	0	826,780	0	736,780	0	736,780	0	826,780	0	736,780	0
36S L&P Swamp Fever Testing Program	301,179	0	265,718	0	265,617	0	215,718	0	323,218	0	323,218	0	215,718	0	323,218	0	323,218	0
36T L&P Swine Testing Program	0	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
36U L&P Equine Infect Anemia	210,819	4	455,587	4	453,990	4	366,604	4	466,604	4	466,604	4	368,661	4	468,661	4	468,661	4
36V L&P Animal Health	841,855	5	1,820,263	5	1,452,066	5	1,049,188	5	1,732,433	2	1,867,205	5	1,049,188	5	1,739,243	2	1,874,015	5
36W Agri Dept - Div of Land Survey	348,604	4	437,215	4	444,200	4	420,822	4	502,225	5	463,952	4	426,563	4	510,659	5	471,693	4
37A PB Admn/Pest Control	5,304,288	82	7,530,349	91	7,514,133	91	7,485,836	91	8,028,836	91	8,028,836	91	7,571,018	91	8,078,018	91	8,078,018	91
37B PB Bureau of Standards	0	0	59,000	0	59,000	0	0	0	27,000	0	27,000	0	0	0	35,000	0	35,000	0
37C PB Public Grain Warehouse	240,484	4	293,577	5	290,623	5	316,754	5	316,754	5	316,754	5	320,839	5	320,839	5	320,839	5
37D PB Pest Surveillance	311,931	5	322,991	5	304,627	5	338,913	5	338,913	5	338,913	5	344,708	5	344,708	5	344,708	5
37E PB Apiary	184,057	3	227,014	4	229,845	4	240,855	4	240,855	4	240,855	4	244,256	4	244,256	4	244,256	4
37F PB Product Marketing Program	3,622	0	191,916	1	192,226	1	200,306	1	587,705	1	587,705	1	200,306	1	587,705	1	587,705	1
37G PB Pest/Plant Reg Program	296,356	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	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	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
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	10,554,919	198	11,120,935	198	11,022,315	198	11,979,009	198	12,039,416	198	12,039,416	198	12,160,780	198	12,221,187	198	12,221,187	198
37P Forestry-Rural Comm Fire Protection-Fed	976,951	2	1,423,747	2	921,080	2	931,050	2	1,531,114	2	1,531,114	2	933,139	2	1,533,203	2	1,533,203	2
37Q Forestry-Urban Forestry Services-Federal	167,493	0	380,675	0	380,675	0	380,675	0	405,675	0	405,675	0	380,675	0	405,675	0	405,675	0
37R Forestry-Rural Fire Protection Service Loans	628,482	0	1,210,000	0	1,210,000	0	1,210,000	0	1,210,000	0	1,210,000	0	1,210,000	0	1,210,000	0	1,210,000	0
37S Forestry-St Forestry Trust Program	826,331	0	1,600,000	0	1,600,000	0	1,600,000	0	1,600,000	0	1,600,000	0	1,600,000	0	1,600,000	0	1,600,000	0
37T Forestry-Southern Pine Beetle Prevention	452,463	0	1,143,750	0	450,000	0	450,000	0	1,740,000	0	1,740,000	0	450,000	0	1,740,000	0	1,740,000	0
37U Forestry-Forest Land Enhancement Program	81,584	0	261,210	0	261,210	0	261,210	0	275,000	0	275,000	0	261,210	0	275,000	0	275,000	0

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
37V Forestry-Wild Land Fire Assistance	0	0	28,800	0	28,800	0	28,800	0	178,800	0	178,800	0	28,800	0	178,800	0	178,800	0
37W Forestry-Forest Health Program	46,205	0	59,521	0	35,650	0	35,650	0	209,521	0	209,521	0	35,650	0	209,521	0	209,521	0
37X Forestry-Forest Legacy	16,498	0	538,500	0	25,000	0	25,000	0	2,050,000	0	2,050,000	0	25,000	0	2,050,000	0	2,050,000	0
37Y Forestry-Silvctrl Non-Point Program	42,682	0	106,918	0	106,918	0	89,518	0	120,000	0	120,000	0	89,518	0	120,000	0	120,000	0
37Z Agri Dept-Alt Fuels Dev Grants-(GR)	4,317,218	0	1,960,440	0	26,000,000	0	1,960,440	0	5,000,000	0	5,000,000	0	1,960,440	0	5,000,000	0	5,000,000	0
38A Agri Dept-Alt Fuels Dev Grants-(SR)	0	0	0	0	0	0	11,000,000	0	11,000,000	0	11,000,000	0	0	0	0	0	0	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
D25 PB Refunds/Transfers	29,516	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
<b>Total</b>	<b>48,710,894</b>	<b>594</b>	<b>62,321,482</b>	<b>616</b>	<b>84,583,509</b>	<b>617</b>	<b>72,526,227</b>	<b>616</b>	<b>86,390,905</b>	<b>630</b>	<b>85,604,639</b>	<b>623</b>	<b>62,112,275</b>	<b>616</b>	<b>75,973,553</b>	<b>630</b>	<b>75,180,167</b>	<b>623</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	9,312,683	13.3	21,250,487	25.9			19,680,515	24.8	19,680,515	21.4	19,680,515	22.9	6,744,323	10.1	5,730,972	7.3	5,846,068	8.0
General Revenue	4000010	18,430,549	26.3	17,384,028	21.2			18,480,084	23.3	22,958,092	24.9	16,632,029	19.4	18,728,275	27.9	23,214,702	29.4	16,883,811	23.2
Federal Revenue	4000020	11,066,133	15.8	12,551,601	15.3			10,484,309	13.2	17,903,082	19.4	18,037,854	21.0	10,972,543	16.4	18,398,126	23.3	18,532,898	25.4
Special Revenue	4000030	28,559,367	40.8	19,479,787	23.8			19,312,118	24.4	20,261,664	22.0	20,261,664	23.6	19,325,399	28.8	20,246,945	25.7	20,246,945	27.8
Non-Revenue Receipts	4000040	703,672	1.0	1,092,923	1.3			1,092,924	1.4	1,092,924	1.2	1,092,924	1.3	1,092,924	1.6	1,092,924	1.4	1,092,924	1.5
Cash Fund	4000045	809,036	1.2	6,775,600	8.3			6,775,600	8.5	6,775,600	7.4	6,775,600	7.9	6,775,600	10.1	6,775,600	8.6	6,775,600	9.3
Trust Fund	4000050	123,166	0.2	1,600,000	2.0			1,600,000	2.0	1,600,000	1.7	1,600,000	1.9	1,600,000	2.4	1,600,000	2.0	1,600,000	2.2
Merit Adjustment Fund	4000055	0	0.0	108,471	0.1			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DFA Motor Vehicle Acquisition	4000184	380,117	0.5	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	(771,197)	(1.1)	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	0.0	45,000	0.1	45,000	0.1	45,000	0.1	45,000	0.1
Other	4000370	1,347,855	1.9	1,714,100	2.1			1,800,000	2.3	1,805,000	2.0	1,805,000	2.1	1,800,000	2.7	1,805,000	2.3	1,805,000	2.5
<b>Total Funds</b>		<b>69,961,381</b>	<b>100.0</b>	<b>82,001,997</b>	<b>100.0</b>			<b>79,270,550</b>	<b>100.0</b>	<b>92,121,877</b>	<b>100.0</b>	<b>85,930,586</b>	<b>100.0</b>	<b>67,084,064</b>	<b>100.0</b>	<b>78,909,269</b>	<b>100.0</b>	<b>72,828,246</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(21,250,487)		(19,680,515)				(6,744,323)		(5,730,972)		(325,947)		(4,971,789)		(2,935,716)		2,351,921	
<b>Grand Total</b>		<b>48,710,894</b>		<b>62,321,482</b>				<b>72,526,227</b>		<b>86,390,905</b>		<b>85,604,639</b>		<b>62,112,275</b>		<b>75,973,553</b>		<b>75,180,167</b>	

The FY08 Actual and/or FY09 Budget exceed the Authorized due to salary and/or matching rate adjustments during the 2007-09 biennium in 36J, 36U, 37A, 37C, 37D, 37P and 36S.

The FY08 Actual and/or FY09 Budget exceed the Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account in 33R, 36V, 37P, 37T, 37W and 37X.

The FY08 Actual exceeds Authorized due to a transfer from the DFA Motor Vehicle Acquisition Fund in 36S. The FY09 Budget exceeds the Authorized due a transfer from the DFA Overtime Holding Account in 37N.

The FY08 Actual exceeds the FY09 Budget due to general revenue funding reductions in 37Z.

The Alt Fuels Dev Grants-SR appropriation (38A) is a Biennial Appropriation. The amount authorized for the 2007-09 biennium was \$11 million. The amount that carried forward into FY09 was \$11 million.

The Executive FY10 ending Fund Balance does not equal the Executive FY11 beginning Fund Balance due to unfunded appropriation in 22R, 36W and 37Z.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
604	563	43	606	-2	6.79 %	617	571	42	613	4	7.46 %	617	581	35	616	1	5.83 %

The position totals for FY2006-2007 reflect the merged totals for the Livestock and Poultry Commission, the Forestry Commission and the Plant Board.

The total number of budgeted positions in FY2006-2007 exceeds the number of positions authorized in the Act because two additional positions were established with a Miscellaneous Federal Grant for the Livestock and Poultry Commission.

## **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.

Base Level includes appropriation and general revenue funding of \$15,362,042 in FY10 and \$15,604,492 in FY11 with 234 Regular positions and 26 Extra Help positions.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for nine positions transitioning from unclassified to classified positions. Unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

### **OFFICE OF THE SECRETARY**

Base Level for the Office of the Secretary includes appropriation and general revenue funding of \$580,160 in FY10 and \$589,726 in FY11 with 5 Regular positions.

The Office of the Secretary requests additional appropriation and general revenue funding of \$568,842 in FY10 and \$572,311 in FY11 for the following:

- Salaries and related matching: \$166,234 in FY10 and \$169,703 for 3 new positions including an Agriculture Director of Marketing, a Public Information Manager and an Administrative Specialist III. The positions are requested to improve and expand the marketing of Arkansas agricultural and forestry products
- Operations Expenses: \$369,608 each year to support the 3 new positions requested, to provide for an operational budget for the aquaculture program, to provide an increased budget for new agricultural marketing program aimed at expanding exports of Arkansas' agricultural and forestry products and to provide a budget to expand the agency's information gathering and disseminating program, which will include working with the Arkansas Field Office of the USDA's National Agricultural Statistics Service (NASS) to publish annual reports on the status of Arkansas agriculture and forestry for the purpose of attracting attention to Arkansas' agricultural and forestry activities
- Conference and Travel Expenses: \$16,000 each year to provide for staff development and training
- Professional Fees: \$7,000 each year to provide for professional and administrative fees to support the agency's increased functions
- Capital Outlay: \$10,000 each year to provide for equipment purchases

The Executive Recommendation for the Office of the Secretary includes Base Level plus additional appropriation of \$144,255 in FY10 and \$145,846 in FY11 and additional general revenue funding of

\$84,255 in FY10 and \$85,846 in FY11 for the following:

- Salaries and related matching: Appropriation and general revenue funding of \$74,255 in FY10 and \$75,846 in FY11 for the new Agriculture Director of Marketing position
- Operating Expenses: Appropriation only of \$60,000 each year
- Capital Outlay: Appropriation and general revenue funding of \$10,000 each year

### **FORESTRY COMMISSION**

Base Level for the Forestry Commission includes appropriation and general revenue funding of \$8,224,705 in FY10 and \$8,341,989 in FY11 along with 129 Regular positions and 5 Extra Help positions.

The Forestry Commission requests additional appropriation and general revenue funding of \$355,121 each year of the biennium for the following:

- Overtime and related matching: \$40,121 each year to enable the commission to compensate crews from the Arkansas Forestry Commission that are requested through an Interstate Fire Protection Compact Agreement to assist other member states with the control and/or prevention of wildfires
- Operating Expenses: \$300,000 each year to provide for anticipated increases in utilities (electricity, water/sewage, natural gas) and fuel costs
- Operating Expenses: \$4,500 each year, which represents a reallocation of appropriation from the Data Processing Commitment Item as recommended by the Department of Finance and Administration (DFA) Office of Accounting
- Grants and Aid: \$15,000 each year to provide grant funding to volunteer marine fire fighting units to support the fireboat training of volunteer fire fighters

The Executive Recommendation for the Forestry Commission provides for the Agency Request for appropriation with no additional general revenue funding.

### **PLANT BOARD**

Base Level for the Plant Board includes appropriation and general revenue funding of \$2,606,849 in FY10 and \$2,648,362 in FY11 with 42 regular positions.

The Plant Board requests additional appropriation and general revenue funding of \$35,000 each year for Operating Expenses. This request will provide for increased travel related expenses including meals and lodging, bulk fuel for the diesel driven weight trucks and gasoline for the remainder of the Agency's fleet.

The Executive Recommendation for the Plant Board includes Base Level plus additional Operating Expenses appropriation and general revenue funding in the amount of \$20,000 each year.

### **LIVESTOCK AND POULTRY COMMISSION**

Base Level for the Livestock and Poultry Commission includes appropriation and general revenue funding of \$3,950,328 in FY10 and \$4,024,415 in FY11 with 58 Regular positions and 21 Extra Help positions.

The Livestock and Poultry Commission requests additional appropriation and general revenue funding of

\$308,082 in FY10 and \$310,339 in FY11 for the following:

- Salaries and related matching: \$103,310 in FY10 and \$105,567 in FY11 for the restoration of one Veterinarian position not budgeted in FY09 due to a lack of available funding
- Salaries and related matching: \$134,772 each year for the transfer of 3 positions from the Agency's federal Animal Health appropriation to this general revenue funded appropriation. These positions were authorized as general revenue funded positions during the previous biennium, however, because no general revenue funding was provided, the Agency utilized federal funds. The Agency's biennial request is to transfer the positions back to the state funded operations appropriation and fund them with new general revenue.
- Operating Expenses: \$70,000 each year to provide for higher costs for fuel purchases (\$25,000) and health lab supplies (\$45,000)

The Executive Recommendation for the Livestock and Poultry Commission provides for the Base Level plus additional Operating Expenses appropriation of \$70,000 each year with no additional general revenue funding.

In summary, the Executive Recommendation for the Arkansas Agriculture Department State Operations appropriation provides for Base Level plus additional appropriation of \$589,376 in FY10 and \$590,967 in FY11 and additional general revenue funding of \$104,255 in FY10 and \$105,846 in FY11 for the following:

- Salaries and related matching: Appropriation and general revenue funding of \$74,255 in FY10 and \$75,846 in FY11 for the new Agriculture Director of Marketing Position for the Office of the Secretary
- Overtime and related matching: Appropriation only of \$40,121 each year for the Forestry Commission
- Operating Expenses: Appropriation of \$454,500 each year with additional general revenue funding of \$20,000 each year. This includes appropriation of \$60,000 each year for the Office of the Secretary; appropriation of \$304,500 each year for the Arkansas Forestry Commission; appropriation and general revenue funding of \$20,000 each year for the Plant Board; and appropriation of \$70,000 each year for the Livestock & Poultry Commission.
- Capital Outlay: Appropriation and general revenue funding of \$10,000 each year for the Office of the Secretary
- Data Processing: Decrease of \$4,500 for the Forestry Commission, which represents a reallocation to Operating Expenses
- Grants and Aid: Appropriation only of \$15,000 each year for the Forestry Commission



## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	8,025,848	8,632,195	8,653,040	9,177,841	9,486,538	9,235,755	9,380,845	9,694,339	9,440,091
<b>#Positions</b>		<b>228</b>	<b>234</b>	<b>235</b>	<b>234</b>	<b>241</b>	<b>235</b>	<b>234</b>	<b>241</b>	<b>235</b>
Extra Help	5010001	84,755	161,868	161,868	161,868	161,868	161,868	161,868	161,868	161,868
<b>#Extra Help</b>		<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>
Personal Services Matching	5010003	2,359,155	2,513,802	2,794,732	2,986,134	3,088,274	3,008,996	3,025,580	3,128,649	3,048,701
Overtime	5010006	31,601	4,000	4,000	4,000	37,600	37,600	4,000	37,600	37,600
Uniform Allowance	5010016	19,112	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Operating Expenses	5020002	2,014,819	2,145,356	2,145,356	2,145,356	2,924,464	2,599,856	2,145,356	2,924,464	2,599,856
Conference & Travel Expenses	5050009	48,232	62,113	62,113	62,113	78,113	62,113	62,113	78,113	62,113
Professional Fees	5060010	160,786	193,422	193,422	193,422	200,422	193,422	193,422	200,422	193,422
Data Processing	5090012	4,500	4,500	4,500	4,500	0	0	4,500	0	0
Grants and Aid	5100004	0	0	0	0	15,000	15,000	0	15,000	15,000
Refunds/Reimbursements	5110014	0	6,418	6,418	6,418	6,418	6,418	6,418	6,418	6,418
Capital Outlay	5120011	162,124	14,000	14,000	0	10,000	10,000	0	10,000	10,000
Boll Weevil Program	5900046	26,255	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Buffalo Gnat Control Program	5900047	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Fire Fighting Equipment	5900048	222,515	562,390	562,390	562,390	562,390	562,390	562,390	562,390	562,390
<b>Total</b>		<b>13,167,702</b>	<b>14,358,064</b>	<b>14,659,839</b>	<b>15,362,042</b>	<b>16,629,087</b>	<b>15,951,418</b>	<b>15,604,492</b>	<b>16,877,263</b>	<b>16,195,459</b>
<b>Funding Sources</b>										
General Revenue	4000010	13,027,947	14,249,593		15,362,042	16,629,087	15,466,297	15,604,492	16,877,263	15,710,338
Merit Adjustment Fund	4000055	0	108,471		0	0	0	0	0	0
DFA Motor Vehicle Acquisition	4000184	139,755	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>13,167,702</b>	<b>14,358,064</b>		<b>15,362,042</b>	<b>16,629,087</b>	<b>15,466,297</b>	<b>15,604,492</b>	<b>16,877,263</b>	<b>15,710,338</b>
Excess Appropriation/(Funding)		0	0		0	0	485,121	0	0	485,121
<b>Grand Total</b>		<b>13,167,702</b>	<b>14,358,064</b>		<b>15,362,042</b>	<b>16,629,087</b>	<b>15,951,418</b>	<b>15,604,492</b>	<b>16,877,263</b>	<b>16,195,459</b>

The FY08 Actual in Overtime exceeds the Authorized due to a transfer from the DFA Overtime Holding Account to the Arkansas Forestry Commission.

The FY08 Actual in Capital Outlay exceeds the Authorized due to a transfer from the DFA Motor Vehicle Acquisition Fund to the Arkansas Plant Board and due to a higher authorized appropriation in FY08 for the Livestock and Poultry Commission.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,362,042</b>	<b>234</b>	<b>15,362,042</b>	<b>100.0</b>	<b>15,604,492</b>	<b>234</b>	<b>15,604,492</b>	<b>100.0</b>
C01	Existing Program	1,132,273	4	16,494,315	107.4	1,137,999	4	16,742,491	107.3
C04	Reallocation	0	0	16,494,315	107.4	0	0	16,742,491	107.3
C07	Agency Transfer	134,772	3	16,629,087	108.2	134,772	3	16,877,263	108.2

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,362,042</b>	<b>234</b>	<b>15,362,042</b>	<b>100.0</b>	<b>15,604,492</b>	<b>234</b>	<b>15,604,492</b>	<b>100.0</b>
C01	Existing Program	589,376	1	15,951,418	103.8	590,967	1	16,195,459	103.8
C04	Reallocation	0	0	15,951,418	103.8	0	0	16,195,459	103.8
C07	Agency Transfer	0	0	15,951,418	103.8	0	0	16,195,459	103.8

### Justification

C01	SECRETARY'S OFFICE – Salaries and Related Matching: Increase in appropriation and general revenue funding of \$166,234 in FY10 and \$169,703 in FY11 for 3 new positions including a grade C129 Agriculture Director of Marketing, a grade C123 Public Information Manager and a grade C112 Administrative Specialist III. The Secretary is also asking for additional Operating Expenses of \$369,608 each year, additional Conference and Travel of \$16,000 each year, additional Professional Fees of \$7,000 each year and additional Capital Outlay of \$10,000 each year. These additions will provide an operating budget for the increasing functions to be performed by the Secretary and the administrative staff. FORESTRY COMMISSION –Overtime: Increase in appropriation and general revenue funding of \$33,600 plus related matching of \$6,521 each year is necessary to compensate crews from the Arkansas Forestry Commission that are requested through an Interstate Fire Protection Compact to assist other member states with the control and/or prevention of wildfires. Operating Expenses: Increase in appropriation and general revenue funding of \$300,000 each year for increased fuel expenses and utilities. Grants & Aid: Increase in appropriation and general revenue funding of \$15,000 each year of the biennium to provide grant funding to marine fire fighting units. PLANT BOARD-Operating Expense: Increase in appropriation and general revenue funding of \$35,000 each year to cover increased travel costs of field staff that provide services including the inspection of fuel pumps, meters and other weighing and measuring devices. This request includes \$10,000 each year for meals and lodging, \$5,000 each year for bulk fuel purchases, and \$20,000 each year for gasoline purchases. LIVESTOCK AND POULTRY-Salaries and Related Matching: Increase in appropriation and general revenue funding in the amount of \$103,310 in FY10 and \$105,567 in FY11 to restore one grade N907 Veterinarian position that was not budgeted in FY09. Operating Expenses: Increase of \$25,000 each year for the inflationary price increases in fuel costs and \$45,000 each year for health lab supplies due to the increased demand in the agency's testing services and the increasing price of supplies.
C04	FORESTRY COMMISSION - In accordance with recommendations from the Department of Finance and Administration Office of Accounting, the Forestry Commission is requesting to reallocate appropriation of \$4,500 each year from the Data Processing line item to the Operating Expenses line item.
C07	LIVESTOCK AND POULTRY-Salaries and Related Matching: Increase in appropriation and general revenue funding in the amount of \$134,772 each year of the biennium to provide for the transfer of three currently authorized positions from the federally funded Animal Health appropriation to the agency's general revenue funded appropriation.

## **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.

Base Level includes Grants and Aid appropriation in the amount of \$2,015,485 each year of the biennium.

The Agency requests additional Grants and Aid appropriation in the amount of \$1,984,515 each year to ensure the Agency has enough appropriation to fully distribute federal funds to eligible livestock producers in Arkansas.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	3,737,972	2,015,485	2,015,485	2,015,485	4,000,000	4,000,000	2,015,485	4,000,000	4,000,000
Total		3,737,972	2,015,485	2,015,485	2,015,485	4,000,000	4,000,000	2,015,485	4,000,000	4,000,000
<b>Funding Sources</b>										
Federal Revenue	4000020	3,737,972	2,015,485		2,015,485	4,000,000	4,000,000	2,015,485	4,000,000	4,000,000
Total Funding		3,737,972	2,015,485		2,015,485	4,000,000	4,000,000	2,015,485	4,000,000	4,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,737,972	2,015,485		2,015,485	4,000,000	4,000,000	2,015,485	4,000,000	4,000,000

The FY08 Actual in Grants and Aid exceeds the Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 33R - Agri Dept - Federal

**Funding Sources:** FAD - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,015,485</b>	<b>0</b>	<b>2,015,485</b>	<b>100.0</b>	<b>2,015,485</b>	<b>0</b>	<b>2,015,485</b>	<b>100.0</b>
C01	Existing Program	1,984,515	0	4,000,000	198.5	1,984,515	0	4,000,000	198.5

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,015,485</b>	<b>0</b>	<b>2,015,485</b>	<b>100.0</b>	<b>2,015,485</b>	<b>0</b>	<b>2,015,485</b>	<b>100.0</b>
C01	Existing Program	1,984,515	0	4,000,000	198.5	1,984,515	0	4,000,000	198.5

### Justification

C01	The Agency request provides additional appropriation to enable the agency to distribute federal livestock assistance grants.
-----	--

## **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 the continuation of Base Level appropriation in the amount 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	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
<b>Total</b>		<b>0</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>
<b>Funding Sources</b>										
Special Revenue	4000030	0	77,131		77,131	77,131	77,131	77,131	77,131	77,131
<b>Total Funding</b>		<b>0</b>	<b>77,131</b>		<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>0</b>	<b>77,131</b>		<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>	<b>77,131</b>

## **Analysis of Budget Request**

**Appropriation:** 36J - L&P Brucellosis Control & Eradication Prgm

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

The Arkansas Livestock & Poultry Commission's Brucellosis 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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes appropriation of \$1,607,924 in FY10 and \$1,622,889 in FY11 with 22 Regular positions and 21 Extra Help positions.

The Agency requests additional appropriation of \$70,000 each year for the following:

- Operating Expenses: \$50,000 each year to provide for increased costs of fuel, freight and vehicle maintenance
- Capital Outlay: \$20,000 each year for the replacement of equipment

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 36J - L&P Brucellosis 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	444,408	615,126	605,824	653,639	653,639	653,639	666,171	666,171	666,171
<b>#Positions</b>		<b>18</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>
Extra Help	5010001	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
<b>#Extra Help</b>		<b>0</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>
Personal Services Matching	5010003	181,515	216,416	219,322	243,693	243,693	243,693	246,126	246,126	246,126
Operating Expenses	5020002	200,062	205,592	205,592	205,592	255,592	255,592	205,592	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
Grants and Aid	5100004	77,558	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Capital Outlay	5120011	0	20,000	20,000	0	20,000	20,000	0	20,000	20,000
Brucellosis Depopulation	5900046	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Total</b>		<b>903,543</b>	<b>1,562,134</b>	<b>1,555,738</b>	<b>1,607,924</b>	<b>1,677,924</b>	<b>1,677,924</b>	<b>1,622,889</b>	<b>1,692,889</b>	<b>1,692,889</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,617,626	1,585,278		943,144	943,144	943,144	255,220	255,220	255,220
Federal Revenue	4000020	214,812	220,000		220,000	220,000	220,000	220,000	220,000	220,000
Special Revenue	4000030	656,383	700,000		700,000	770,000	770,000	700,000	770,000	770,000
<b>Total Funding</b>		<b>2,488,821</b>	<b>2,505,278</b>		<b>1,863,144</b>	<b>1,933,144</b>	<b>1,933,144</b>	<b>1,175,220</b>	<b>1,245,220</b>	<b>1,245,220</b>
Excess Appropriation/(Funding)		(1,585,278)	(943,144)		(255,220)	(255,220)	(255,220)	447,669	447,669	447,669
<b>Grand Total</b>		<b>903,543</b>	<b>1,562,134</b>		<b>1,607,924</b>	<b>1,677,924</b>	<b>1,677,924</b>	<b>1,622,889</b>	<b>1,692,889</b>	<b>1,692,889</b>

The FY09 Budget in Regular Salaries exceeds the Authorized due to salary adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,607,924</b>	<b>22</b>	<b>1,607,924</b>	<b>100.0</b>	<b>1,622,889</b>	<b>22</b>	<b>1,622,889</b>	<b>100.0</b>
C01	Existing Program	70,000	0	1,677,924	104.4	70,000	0	1,692,889	104.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,607,924</b>	<b>22</b>	<b>1,607,924</b>	<b>100.0</b>	<b>1,622,889</b>	<b>22</b>	<b>1,622,889</b>	<b>100.0</b>
C01	Existing Program	70,000	0	1,677,924	104.4	70,000	0	1,692,889	104.3

### Justification

C01	The Agency requests additional capital outlay appropriation of \$20,000 each year to replace testing equipment and additional operating expenses appropriation \$50,000 each year for increased costs of fuel, freight and vehicle upkeep and repair.
-----	---

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Agriculture Department

Program: Livestock & Poultry Brucellosis Control & Eradication Program

Act #: 1242 of 2007

Section(s) #: 7 & 65

Estimated Carry Forward Amount \$ 528,000.00

Appropriation

Funds

Funding Source: Special

**Accounting Information:**

Business Area: 0400

Funds Center: 36J

Fund: SPC

Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Regular Salaries	5010000	74,000.00	149,546.68
Extra Help	5010001	55,000.00	55,000.00
Personal Services Matching	5010003	8,000.00	35,400.27
Grants and Aid	5100004	271,000.00	272,442.50
Capital Outlay	5120011	20,000.00	20,000.00
Brucellosis Depopulation	5900046	100,000.00	100,000.00
Total		\$ 528,000.00	\$ 632,389.45

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

To ensure the agency has sufficient appropriation to meet any extraordinary fluctuations in its Brucellosis and other animal disease eradication programs.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

The appropriation that carried forward from FY08 to FY09 will be held in reserve and utilized in the event of a Brucellosis (or other animal disease) outbreak.

Richard Bell  
Secretary

08-14-2008  
Date

## **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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes appropriation of \$3,385,117 in FY10 and \$3,422,994 in FY11 with 40 Regular positions and 5 Extra Help positions.

The Agency requests additional appropriation of \$476,551 in FY10 and \$481,978 in FY11 for the following:

- Salaries and related matching: \$197,861 in FY10 and \$202,407 in FY11 plus related matching for 7 new positions including 1 Agriculture Commodity Compliance Inspector position and 6 Agriculture Commodity Grader II positions to enable the agency to respond to increased demand for the agency's egg grading services
- Extra Help and related matching: \$18,339 plus related matching each year to enable the agency to increase the number of hours worked by currently authorized Extra Help positions
- Overtime: \$50,000 plus related matching each year to provide for the agency's resident egg grading employees that remain on duty in an overtime status when egg production plants extend their hours of operations in response to increased demand within the egg industry
- Operating Expenses: \$75,000 each year for increased travel expenses including fuel, meals and lodging and mileage
- Operating Expenses: \$4,500 each year, which represents a reallocation of appropriation from Data Processing as recommended by the Department of Finance and Administration (DFA) Office of Accounting
- Capital Outlay: \$50,000 each year to purchase new and replacement equipment for the Egg and Poultry Division

The Executive Recommendation provides Base Level and additional appropriation of \$361,455 in FY10 and \$364,590 in FY11 for the following:

- Salaries and related matching: \$114,287 in FY10 and \$116,913 in FY11 plus related matching for the new Agriculture Commodity Compliance Inspector position and 3 new Agriculture Commodity Grader II positions
- Extra Help and related matching: \$18,339 plus related matching each year
- Overtime: \$50,000 plus related matching each year
- Operating Expenses: \$79,500 each year including a reallocation of \$4,500 from Data Processing
- Data Processing: Reallocation of \$4,500 each year to Operating Expenses
- Capital Outlay: \$50,000 each year

## 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		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,312,315	1,314,479	1,410,557	1,425,827	1,623,688	1,540,114	1,457,549	1,659,956	1,574,462
<b>#Positions</b>		<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>47</b>	<b>44</b>	<b>40</b>	<b>47</b>	<b>44</b>
Extra Help	5010001	13,442	49,161	49,161	49,161	67,500	67,500	49,161	67,500	67,500
<b>#Extra Help</b>		<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	433,348	456,827	508,053	533,409	618,760	587,238	539,564	625,796	593,902
Overtime	5010006	250,755	250,000	250,000	250,000	300,000	300,000	250,000	300,000	300,000
Operating Expenses	5020002	151,248	151,402	151,402	151,402	230,902	230,902	151,402	230,902	230,902
Conference & Travel Expenses	5050009	12,051	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	4,500	4,500	4,500	0	0	4,500	0	0
Refunds/Reimbursements	5110014	584,572	887,968	887,968	887,968	887,968	887,968	887,968	887,968	887,968
Capital Outlay	5120011	53,513	50,000	50,000	0	50,000	50,000	0	50,000	50,000
Egg Promotion Expense	5900046	8,191	64,500	64,500	64,500	64,500	64,500	64,500	64,500	64,500
<b>Total</b>		<b>2,819,435</b>	<b>3,247,187</b>	<b>3,394,491</b>	<b>3,385,117</b>	<b>3,861,668</b>	<b>3,746,572</b>	<b>3,422,994</b>	<b>3,904,972</b>	<b>3,787,584</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,344,432	1,755,429		1,723,899	1,723,899	1,723,899	1,554,439	1,077,888	1,192,984
Special Revenue	4000030	3,215,657	3,215,657		3,215,657	3,215,657	3,215,657	3,215,657	3,215,657	3,215,657
DFA Motor Vehicle Acquisition	4000184	14,775	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>4,574,864</b>	<b>4,971,086</b>		<b>4,939,556</b>	<b>4,939,556</b>	<b>4,939,556</b>	<b>4,770,096</b>	<b>4,293,545</b>	<b>4,408,641</b>
Excess Appropriation/(Funding)		(1,755,429)	(1,723,899)		(1,554,439)	(1,077,888)	(1,192,984)	(1,347,102)	(388,573)	(621,057)
<b>Grand Total</b>		<b>2,819,435</b>	<b>3,247,187</b>		<b>3,385,117</b>	<b>3,861,668</b>	<b>3,746,572</b>	<b>3,422,994</b>	<b>3,904,972</b>	<b>3,787,584</b>

The FY08 Actual in Capital Outlay exceeds the Authorized due to a transfer from the DFA Motor Vehicle Acquisition Fund Account.

The FY08 Actual in Overtime exceeds the Authorized due to a transfer from the DFA Overtime Holding Fund Account.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,385,117</b>	<b>40</b>	<b>3,385,117</b>	<b>100.0</b>	<b>3,422,994</b>	<b>40</b>	<b>3,422,994</b>	<b>100.0</b>
C01	Existing Program	476,551	7	3,861,668	114.1	481,978	7	3,904,972	114.1
C04	Reallocation	0	0	3,861,668	114.1	0	0	3,904,972	114.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,385,117</b>	<b>40</b>	<b>3,385,117</b>	<b>100.0</b>	<b>3,422,994</b>	<b>40</b>	<b>3,422,994</b>	<b>100.0</b>
C01	Existing Program	361,455	4	3,746,572	110.7	364,590	4	3,787,584	110.7
C04	Reallocation	0	0	3,746,572	110.7	0	0	3,787,584	110.7

### Justification

C01	The Agency is requesting salary and related matching appropriation for seven new positions (one Commodity Compliance Inspector Position and six Commodity Grader positions) as well as additional extra help appropriation of \$18,339 and Overtime appropriation of \$50,000 each year due to the increasing workload demand in the agency's Egg and Poultry Division. The Agency is requesting \$75,000 each year in Operating Expenses due to the inflationary price increases of fuel and all travel expenses. The Agency requests Capital Outlay appropriation of \$50,000 each year to replace office machines, furniture and equipment for the Egg and Poultry Inspection Division.
C04	In accordance with recommendations from the Department of Finance and Administration Office of Accounting, the Agency is requesting to reallocate appropriation of \$4,500 each year from the Data Processing line item to the Operating Expenses line item.

## **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 \$247,954 each year of the biennium.

The Agency requests additional appropriation of \$102,046 each year for the following:

- Operating Expenses: \$52,046 each year to provide for increased expenses for health lab supplies, other rent and leases, printing and postage due to higher prices and increased demand for diagnostic laboratory services
- Capital Outlay: \$50,000 each year to replace and maintain small animal testing equipment in the Agency's diagnostic laboratory

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	241,057	247,954	247,954	247,954	300,000	300,000	247,954	300,000	300,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	5,087	43,000	43,000	0	50,000	50,000	0	50,000	50,000
<b>Total</b>		<b>246,144</b>	<b>290,954</b>	<b>290,954</b>	<b>247,954</b>	<b>350,000</b>	<b>350,000</b>	<b>247,954</b>	<b>350,000</b>	<b>350,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	308,230	445,793		529,839	529,839	529,839	554,839	554,839	554,839
Special Revenue	4000030	383,707	375,000		272,954	375,000	375,000	272,954	375,000	375,000
<b>Total Funding</b>		<b>691,937</b>	<b>820,793</b>		<b>802,793</b>	<b>904,839</b>	<b>904,839</b>	<b>827,793</b>	<b>929,839</b>	<b>929,839</b>
Excess Appropriation/(Funding)		(445,793)	(529,839)		(554,839)	(554,839)	(554,839)	(579,839)	(579,839)	(579,839)
<b>Grand Total</b>		<b>246,144</b>	<b>290,954</b>		<b>247,954</b>	<b>350,000</b>	<b>350,000</b>	<b>247,954</b>	<b>350,000</b>	<b>350,000</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>247,954</b>	<b>0</b>	<b>247,954</b>	<b>100.0</b>	<b>247,954</b>	<b>0</b>	<b>247,954</b>	<b>100.0</b>
C01	Existing Program	102,046	0	350,000	141.2	102,046	0	350,000	141.2

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>247,954</b>	<b>0</b>	<b>247,954</b>	<b>100.0</b>	<b>247,954</b>	<b>0</b>	<b>247,954</b>	<b>100.0</b>
C01	Existing Program	102,046	0	350,000	141.2	102,046	0	350,000	141.2

### Justification

C01	The Agency requests additional Operating Expenses appropriation due to the inflationary price increases of postage, printing, laboratory supplies and the leasing of laboratory equipment and for building changes needed to better utilize lab and office equipment. The increase in Capital Outlay is to replace and maintain small animal testing equipment in the agency's diagnostic lab.
-----	--

## **Analysis of Budget Request**

**Appropriation:** 36N - L&P Large Animals & Poultry

**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).

Base Level salaries for the classified position reflects the recommendation of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes appropriation in the amount of \$880,846 in FY10 and \$881,481 in FY11 with 1 Regular position.

The Agency requests additional appropriation of \$536,800 in FY10 and \$540,744 in FY11 for the following:

- Regular Salaries and related matching: \$43,654 in FY10 and \$44,658 in FY11 plus related matching each year for two new Administrative Specialist II positions to support the National Poultry Improvement Plan (NPIP) - Avian Influenza Testing and Monitoring Program and to provide administrative support due to the increased level of testing performed in the Veterinary Diagnostic Laboratory.
- Regular Salaries and related matching: \$100,052 in FY10 and \$102,353 in FY11 plus related matching each year of the biennium to enable the agency to utilize this appropriation for the salaries of current positions that may work on Large Animals and Poultry projects from as necessary.
- Operating Expenses: \$210,000 each year for increased costs of health lab supplies, software maintenance, courier service, office supplies, mileage, freight, and printing caused by price increases as well as an increased level of testing performed at the Agency's Diagnostic Laboratory.
- Conference and Travel Expenses: \$25,000 each year to enable Agency staff to attend professional development conferences/workshops and to maintain licenses, etc.
- Capital Outlay: \$120,000 each year for the purchase of new and replacement testing equipment in the Agency's Diagnostic Laboratory.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 36N - L&P Large Animals & Poultry  
**Funding Sources:** SPS - Livestock & Poultry Special Revenue Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	21,002	21,619	20,989	23,171	166,877	166,877	23,703	170,714	170,714
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	8,445	8,396	8,450	9,598	47,692	47,692	9,701	48,434	48,434
Operating Expenses	5020002	813,336	838,006	848,077	848,077	1,058,077	1,058,077	848,077	1,058,077	1,058,077
Conference & Travel Expenses	5050009	0	0	0	0	25,000	25,000	0	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	52,998	101,000	101,000	0	120,000	120,000	0	120,000	120,000
<b>Total</b>		<b>895,781</b>	<b>969,021</b>	<b>978,516</b>	<b>880,846</b>	<b>1,417,646</b>	<b>1,417,646</b>	<b>881,481</b>	<b>1,422,225</b>	<b>1,422,225</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,029,545	858,950		873,243	873,243	873,243	975,711	438,911	438,911
Special Revenue	4000030	725,186	983,314		983,314	983,314	983,314	983,314	983,314	983,314
<b>Total Funding</b>		<b>1,754,731</b>	<b>1,842,264</b>		<b>1,856,557</b>	<b>1,856,557</b>	<b>1,856,557</b>	<b>1,959,025</b>	<b>1,422,225</b>	<b>1,422,225</b>
Excess Appropriation/(Funding)		(858,950)	(873,243)		(975,711)	(438,911)	(438,911)	(1,077,544)	0	0
<b>Grand Total</b>		<b>895,781</b>	<b>969,021</b>		<b>880,846</b>	<b>1,417,646</b>	<b>1,417,646</b>	<b>881,481</b>	<b>1,422,225</b>	<b>1,422,225</b>

The FY08 Actual and the FY09 Budget in Regular Salaries exceeds the Authorized due to salary adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** 36N - L&P Large Animals & Poultry  
**Funding Sources:** SPS - Livestock & Poultry Special Revenue Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>880,846</b>	<b>1</b>	<b>880,846</b>	<b>100.0</b>	<b>881,481</b>	<b>1</b>	<b>881,481</b>	<b>100.0</b>
C01	Existing Program	536,800	2	1,417,646	160.9	540,744	2	1,422,225	161.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>880,846</b>	<b>1</b>	<b>880,846</b>	<b>100.0</b>	<b>881,481</b>	<b>1</b>	<b>881,481</b>	<b>100.0</b>
C01	Existing Program	536,800	2	1,417,646	160.9	540,744	2	1,422,225	161.3

### Justification

C01	<p>The Agency request for Capital Outlay appropriation is to replace large animal and poultry testing equipment in the agency's diagnostic laboratory. The Operating Expenses appropriation is for the increase in testing and testing supplies, the inflationary price increases of office and lab supplies, fuel purchases, freight, printing and software. Additional appropriation is also needed due to increased demand for the laboratory's courier services. The \$25,000 for conference fees and travel expenses is due to keeping our laboratory accreditation which demands that the laboratory personnel attend up-to-date educational and training classes. Two new Administrative Specialist II positions are requested to support the National Poultry Improvement Plan (NPIP) Avian Influenza Testing and Monitoring Program and to provide administrative support in the Veterinary Diagnostic Laboratory.</p>
-----	---

## **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 the continuation of Base Level appropriation in the amount 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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	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
<b>Funding Sources</b>									
Fund Balance 4000005	2,000	3,100		0	0	0	0	0	0
Special Revenue 4000030	1,100	2,900		6,000	6,000	6,000	6,000	6,000	6,000
Total Funding	3,100	6,000		6,000	6,000	6,000	6,000	6,000	6,000
Excess Appropriation/(Funding)	(3,100)	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 the continuation of Base Level appropriation in the amount 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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				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
<b>Funding Sources</b>									
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 AR Rodeo for expenses incurred while representing the State of Arkansas at national conferences and events outside the State.

Base Level includes appropriation and general revenue funding of \$736,780 each year of the biennium.

The Agency requests additional appropriation and general revenue funding of \$90,000 each year to provide for increased travel costs of high school members attending out of state competitions and conventions. This request includes the following:

- ARSHS Rodeo Association: \$30,000 each year
- 4-H Clubs: \$30,000 each year
- FFA Clubs: \$30,000 each year

The Executive Recommendation provides for Base Level.

## Appropriation Summary

**Appropriation:** 36R - L&P Show Premiums

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Distr Jr Livestock Show Prem 5100004	28,430	28,430	28,430	28,430	28,430	28,430	28,430	28,430	28,430
Distr Livestock Show Premiums 5100004	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000
State Livestock Show Premiums 5100004	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
4 Sts Livestock Show Premiums 5100004	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
ARSHS Rodeo Association 5100004	20,000	20,000	20,000	20,000	50,000	20,000	20,000	50,000	20,000
Co Livestock Show Premiums 5100004	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Miss Ark Rodeo Refunds/Reimb 5110014	350	350	350	350	350	350	350	350	350
FFA Clubs Refunds/Reimb 5110014	20,000	20,000	20,000	20,000	50,000	20,000	20,000	50,000	20,000
4H Clubs Refunds/Reimb 5110014	20,000	20,000	20,000	20,000	50,000	20,000	20,000	50,000	20,000
<b>Total</b>	<b>736,780</b>	<b>736,780</b>	<b>736,780</b>	<b>736,780</b>	<b>826,780</b>	<b>736,780</b>	<b>736,780</b>	<b>826,780</b>	<b>736,780</b>

Funding Sources									
General Revenue 4000010	736,780	736,780		736,780	826,780	736,780	736,780	826,780	736,780
Total Funding	736,780	736,780		736,780	826,780	736,780	736,780	826,780	736,780
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>736,780</b>	<b>736,780</b>		<b>736,780</b>	<b>826,780</b>	<b>736,780</b>	<b>736,780</b>	<b>826,780</b>	<b>736,780</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>736,780</b>	<b>0</b>	<b>736,780</b>	<b>100.0</b>	<b>736,780</b>	<b>0</b>	<b>736,780</b>	<b>100.0</b>
C01	Existing Program	90,000	0	826,780	112.2	90,000	0	826,780	112.2

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>736,780</b>	<b>0</b>	<b>736,780</b>	<b>100.0</b>	<b>736,780</b>	<b>0</b>	<b>736,780</b>	<b>100.0</b>
C01	Existing Program	0	0	736,780	100.0	0	0	736,780	100.0

### Justification

C01	The Agency Requests additional appropriation and general revenue funding of \$90,000 each year of the biennium to supplement the increased travel costs of high school rodeo participants and members of the Future Farmers of America (FFA) Club and 4-H Club who attend out of state competitions and conventions.
-----	--

## **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 \$215,718 each year of the biennium with 1 Extra Help position.

The Agency requests additional appropriation of \$107,500 each year of the biennium for the following:

- Operating Expenses: Reallocation of appropriation in the amount of \$200,000 from the Swamp Fever Testing line item to Operating Expenses to better align the appropriation with the Agency's needs
- Operating Expenses: \$50,000 each year to provide for increased costs for health lab supplies and fuel due to rising prices and increased demand for the Agency's diagnostic lab services
- Capital Outlay: \$57,500 each year to purchase new and replacement testing equipment in the Agency's diagnostic lab

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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Extra Help	5010001	5,681	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500
<b>#Extra Help</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	436	1,218	1,117	1,218	1,218	1,218	1,218	1,218	1,218
Operating Expenses	5020002	0	0	0	0	250,000	250,000	0	250,000	250,000
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	130,498	50,000	50,000	0	57,500	57,500	0	57,500	57,500
Swamp Fever Testing	5900046	164,564	200,000	200,000	200,000	0	0	200,000	0	0
<b>Total</b>		<b>301,179</b>	<b>265,718</b>	<b>265,617</b>	<b>215,718</b>	<b>323,218</b>	<b>323,218</b>	<b>215,718</b>	<b>323,218</b>	<b>323,218</b>
<b>Funding Sources</b>										
Fund Balance	4000005	276,096	365,911		370,193	370,193	370,193	316,975	316,975	316,975
Special Revenue	4000030	270,000	270,000		162,500	270,000	270,000	162,500	270,000	270,000
DFA Motor Vehicle Acquisition	4000184	120,994	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>667,090</b>	<b>635,911</b>		<b>532,693</b>	<b>640,193</b>	<b>640,193</b>	<b>479,475</b>	<b>586,975</b>	<b>586,975</b>
<b>Excess Appropriation/(Funding)</b>		<b>(365,911)</b>	<b>(370,193)</b>		<b>(316,975)</b>	<b>(316,975)</b>	<b>(316,975)</b>	<b>(263,757)</b>	<b>(263,757)</b>	<b>(263,757)</b>
<b>Grand Total</b>		<b>301,179</b>	<b>265,718</b>		<b>215,718</b>	<b>323,218</b>	<b>323,218</b>	<b>215,718</b>	<b>323,218</b>	<b>323,218</b>

The FY08 Actual exceeds the Authorized in Capital Outlay due to a transfer from the Department of Finance and Administration Motor Vehicle Acquisition Fund.

The FY09 Budget exceeds the Authorized in Personal Services Matching due to salary adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>215,718</b>	<b>0</b>	<b>215,718</b>	<b>100.0</b>	<b>215,718</b>	<b>0</b>	<b>215,718</b>	<b>100.0</b>
C01	Existing Program	107,500	0	323,218	149.8	107,500	0	323,218	149.8
C04	Reallocation	0	0	323,218	149.8	0	0	323,218	149.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>215,718</b>	<b>0</b>	<b>215,718</b>	<b>100.0</b>	<b>215,718</b>	<b>0</b>	<b>215,718</b>	<b>100.0</b>
C01	Existing Program	107,500	0	323,218	149.8	107,500	0	323,218	149.8
C04	Reallocation	0	0	323,218	149.8	0	0	323,218	149.8

### Justification

C01	The agency requests additional Capital Outlay appropriation of \$57,500 each year to replace swamp fever testing equipment used in the diagnostic laboratory and additional Operating Expenses appropriation of \$50,000 each year for fuel and lab supplies due to the increase of lab testing and the inflationary increase of fuel and lab supplies.
C04	The Agency requests to reallocate appropriation of \$200,000 within the Swamp Fever Testing Program appropriation. Because the appropriation that is authorized in the Miscellaneous Commitment Item titled Swamp Fever Testing is only spent on Operating Expenses, the agency requests to reallocate the appropriation to the Operating Expenses Commitment Item.

## **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 the continuation of Base Level appropriation in the amount of \$30,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.



**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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Swine Testing Program 5900046	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Total	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
<b>Funding Sources</b>									
Fund Balance 4000005	1,877	1,896		0	0	0	0	0	0
Special Revenue 4000030	19	28,104		30,000	30,000	30,000	30,000	30,000	30,000
Total Funding	1,896	30,000		30,000	30,000	30,000	30,000	30,000	30,000
Excess Appropriation/(Funding)	(1,896)	0		0	0	0	0	0	0
Grand Total	0	30,000		30,000	30,000	30,000	30,000	30,000	30,000

## **Analysis of Budget Request**

**Appropriation:** 36U - L&P Equine Infect Anemia

**Funding Sources:** SIA - Livestock & 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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes appropriation of \$366,604 in FY10 and \$368,661 in FY11 with 4 Regular positions.

The Agency requests additional Capital Outlay appropriation in the amount of \$100,000 each year for the replacement of medical equipment and office machines that support the EIA program.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 36U - L&P Equine Infect Anemia

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	70,486	91,104	89,138	97,316	97,316	97,316	99,038	99,038	99,038
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	30,993	34,483	34,852	39,288	39,288	39,288	39,623	39,623	39,623
Operating Expenses	5020002	70,329	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	27	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Capital Outlay	5120011	38,984	100,000	100,000	0	100,000	100,000	0	100,000	100,000
<b>Total</b>		<b>210,819</b>	<b>455,587</b>	<b>453,990</b>	<b>366,604</b>	<b>466,604</b>	<b>466,604</b>	<b>368,661</b>	<b>468,661</b>	<b>468,661</b>
<b>Funding Sources</b>										
Fund Balance	4000005	501,595	531,648		316,061	316,061	316,061	189,457	189,457	189,457
Special Revenue	4000030	240,872	240,000		240,000	340,000	340,000	240,000	340,000	340,000
<b>Total Funding</b>		<b>742,467</b>	<b>771,648</b>		<b>556,061</b>	<b>656,061</b>	<b>656,061</b>	<b>429,457</b>	<b>529,457</b>	<b>529,457</b>
Excess Appropriation/(Funding)		(531,648)	(316,061)		(189,457)	(189,457)	(189,457)	(60,796)	(60,796)	(60,796)
<b>Grand Total</b>		<b>210,819</b>	<b>455,587</b>		<b>366,604</b>	<b>466,604</b>	<b>466,604</b>	<b>368,661</b>	<b>468,661</b>	<b>468,661</b>

The FY09 Budget in Regular Salaries exceeds the Authorized due to salary adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** 36U - L&P Equine Infect Anemia

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>366,604</b>	<b>4</b>	<b>366,604</b>	<b>100.0</b>	<b>368,661</b>	<b>4</b>	<b>368,661</b>	<b>100.0</b>
C01	Existing Program	100,000	0	466,604	127.3	100,000	0	468,661	127.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>366,604</b>	<b>4</b>	<b>366,604</b>	<b>100.0</b>	<b>368,661</b>	<b>4</b>	<b>368,661</b>	<b>100.0</b>
C01	Existing Program	100,000	0	466,604	127.3	100,000	0	468,661	127.1

### Justification

C01	The Agency Request is for additional capital outlay appropriation to replace office machines and equipment for the Equine Infectious Anemia Program.
-----	--

## **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, Johnnes 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.

One Base Level position (Veterinary Virologist) was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and the salary was adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes appropriation of \$1,049,188 each year of the biennium with 5 Regular positions and 2 Extra Help positions.

The Agency requests additional appropriation of \$683,245 in FY10 and \$690,055 in FY11 for the following:

- Regular Salaries & related matching: \$296,154 in FY10 and \$302,964 in FY11 to restore appropriation approved through a Miscellaneous Federal Grant (MFG) in FY09 for the Low Path and High Path Avian Influenza programs and the National Animal ID System program. This appropriation will be used when federal grant funding is available to pay livestock inspectors and investigators that otherwise are funded with special revenues
- Regular Salaries & related matching: Decrease of \$134,772 each year to transfer three positions from this federal appropriation to the agency's general revenue funded appropriation. These positions were authorized as general revenue funded positions during the previous biennium, however, because no general revenue funding was provided, the Agency utilized federal funds. The Agency's biennial request is to transfer the positions back to the state funded operations appropriation (Fund Center 2ZR) and fund them with new general revenue
- Extra Help & related matching: Increase of \$28,184 each year to restore appropriation that was approved in a Miscellaneous Federal Grant in FY09 for the High Path Avian Influenza program
- Conference & Travel Expenses: \$20,910 each year to restore appropriation that was approved in a Miscellaneous Federal Grant in FY09 for the Low Path and High Path Avian Influenza programs
- Capital Outlay: \$472,769 each year to purchase new and replacement equipment in support of the animal health disease control programs

The Executive Recommendation provides for the Agency Request with the exception of the request to transfer three positions to the agency's general revenue funded Operations appropriation (2ZR)

## 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	211,300	395,300	147,286	194,995	342,957	443,009	194,995	348,661	448,713
<b>#Positions</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>5</b>
Extra Help	5010001	6,056	52,000	26,000	26,000	52,000	52,000	26,000	52,000	52,000
<b>#Extra Help</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	43,836	116,623	43,350	65,532	81,136	115,856	65,532	82,242	116,962
Operating Expenses	5020002	224,352	615,161	615,161	615,161	615,161	615,161	615,161	615,161	615,161
Conference & Travel Expenses	5050009	1,675	20,910	0	0	20,910	20,910	0	20,910	20,910
Professional Fees	5060010	24,824	147,500	147,500	147,500	147,500	147,500	147,500	147,500	147,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	329,812	472,769	472,769	0	472,769	472,769	0	472,769	472,769
<b>Total</b>		<b>841,855</b>	<b>1,820,263</b>	<b>1,452,066</b>	<b>1,049,188</b>	<b>1,732,433</b>	<b>1,867,205</b>	<b>1,049,188</b>	<b>1,739,243</b>	<b>1,874,015</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	841,855	1,820,263		1,049,188	1,732,433	1,867,205	1,049,188	1,739,243	1,874,015
Total Funding		841,855	1,820,263		1,049,188	1,732,433	1,867,205	1,049,188	1,739,243	1,874,015
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>841,855</b>	<b>1,820,263</b>		<b>1,049,188</b>	<b>1,732,433</b>	<b>1,867,205</b>	<b>1,049,188</b>	<b>1,739,243</b>	<b>1,874,015</b>

The FY08 Actual and/or FY09 Budget exceed the Authorized in Regular Salaries, Extra Help, Personal Services Matching and Conference & Travel Expenses due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 36V - L&P Animal Health

**Funding Sources:** FFA - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,049,188</b>	<b>5</b>	<b>1,049,188</b>	<b>100.0</b>	<b>1,049,188</b>	<b>5</b>	<b>1,049,188</b>	<b>100.0</b>
C01	Existing Program	472,769	0	1,521,957	145.1	472,769	0	1,521,957	145.1
C06	Restore Position/Approp	345,248	0	1,867,205	178.0	352,058	0	1,874,015	178.6
C07	Agency Transfer	(134,772)	(3)	1,732,433	165.1	(134,772)	(3)	1,739,243	165.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,049,188</b>	<b>5</b>	<b>1,049,188</b>	<b>100.0</b>	<b>1,049,188</b>	<b>5</b>	<b>1,049,188</b>	<b>100.0</b>
C01	Existing Program	472,769	0	1,521,957	145.1	472,769	0	1,521,957	145.1
C06	Restore Position/Approp	345,248	0	1,867,205	178.0	352,058	0	1,874,015	178.6
C07	Agency Transfer	0	0	1,867,205	178.0	0	0	1,874,015	178.6

### Justification

C01	Additional appropriation of \$472,769 is requested each year of the biennium for capital outlay. This appropriation will be use to re-establish a budget to purchase new and replacement laboratory and emergency disease control equipment for the animal health program.
C06	The Agency requests to restore appropriation authorized in three Miscellaneous Federal Grants during FY09 for the High Pathogenicity Control Program, the National Animal Identification System Program and the Low Pathogenicity Control Program. This request includes additional appropriation of \$248,014 in FY2010 and \$253,718 in FY2011 for salaries, \$26,000 each year of the biennium for extra help, \$50,324 in FY2010 and \$51,430 in FY2011 for matching, and \$20,910 each year of the biennium for conference and travel.
C07	LIVESTOCK AND POULTRY-Salaries and Related Matching: Decrease in appropriation in the amount of \$134,772 each year of the biennium to provide for the transfer of three currently authorized positions from the federally funded Animal Health appropriation to the agency's general revenue funded appropriation.

## **Analysis of Budget Request**

**Appropriation:** 36W - Agri Dept - Div of Land Survey

**Funding Sources:** HAD - Department of Agriculture Fund Account

The Division of Land Survey was transferred from the Arkansas Commissioner of State Lands Office to the Arkansas Agriculture Department during the 2007-09 biennium. The Division maintains original survey notes, plats, and other land survey information; records survey documentation and establishes uniform, professional surveying and mapping methods and standards within the state. Funding consists entirely of general revenue.

Base Level includes appropriation and general revenue funding of \$420,822 in FY10 and \$426,563 in FY11 with 4 Regular positions.

All Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency requests additional appropriation and general revenue funding in the amount of \$81,403 in FY10 and \$84,096 in FY11 for the following:

- Salaries and related matching: \$35,273 in FY10 and \$35,966 in FY11 for a new Administrative Assistant III position to assist with the project of scanning Arkansas plats and monuments and posting them online to assist Surveyors
- Operating Expenses: \$1,500 each year to provide for increasing fuel costs
- Conference and Travel Expenses: \$1,500 each year to enable the agency staff to attend professional development conferences
- Professional Fees: \$8,130 in FY10 and \$10,130 in FY11 to provide for increased expenses related to setting and refurbishing monuments
- Capital Outlay: \$35,000 each year for equipment purchases

The Executive Recommendation provides for Base Level plus additional appropriation of \$43,130 in FY10 and \$45,130 in FY11 and additional general revenue funding of \$8,130 in FY10 and \$10,130 in FY11 for the following:

- Professional Fees: Additional appropriation and general revenue funding of \$8,130 in FY10 and \$10,130 in FY11
- Capital Outlay: Additional appropriation only of \$35,000 each year



## Appropriation Summary

**Appropriation:** 36W - Agri Dept - Div of Land Survey  
**Funding Sources:** HAD - Department of Agriculture Fund Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	163,189	201,215	198,915	207,032	232,300	207,032	211,839	237,688	211,839
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>
Personal Services Matching	5010003	41,101	47,794	57,079	60,584	70,589	60,584	61,518	71,635	61,518
Operating Expenses	5020002	36,161	61,986	61,986	61,986	63,486	61,986	61,986	63,486	61,986
Conference & Travel Expenses	5050009	0	4,350	4,350	4,350	5,850	4,350	4,350	5,850	4,350
Professional Fees	5060010	86,519	86,870	86,870	86,870	95,000	95,000	86,870	97,000	97,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	21,634	35,000	35,000	0	35,000	35,000	0	35,000	35,000
<b>Total</b>		<b>348,604</b>	<b>437,215</b>	<b>444,200</b>	<b>420,822</b>	<b>502,225</b>	<b>463,952</b>	<b>426,563</b>	<b>510,659</b>	<b>471,693</b>
<b>Funding Sources</b>										
General Revenue	4000010	348,604	437,215		420,822	502,225	428,952	426,563	510,659	436,693
Total Funding		348,604	437,215		420,822	502,225	428,952	426,563	510,659	436,693
Excess Appropriation/(Funding)		0	0		0	0	35,000	0	0	35,000
<b>Grand Total</b>		<b>348,604</b>	<b>437,215</b>		<b>420,822</b>	<b>502,225</b>	<b>463,952</b>	<b>426,563</b>	<b>510,659</b>	<b>471,693</b>

The FY09 Budget in Regular Salaries exceeds the Authorized due to salary adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** 36W - Agri Dept - Div of Land Survey  
**Funding Sources:** HAD - Department of Agriculture Fund Account

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>420,822</b>	<b>4</b>	<b>420,822</b>	<b>100.0</b>	<b>426,563</b>	<b>4</b>	<b>426,563</b>	<b>100.0</b>
C01	Existing Program	81,403	1	502,225	119.3	84,096	1	510,659	119.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>420,822</b>	<b>4</b>	<b>420,822</b>	<b>100.0</b>	<b>426,563</b>	<b>4</b>	<b>426,563</b>	<b>100.0</b>
C01	Existing Program	43,130	0	463,952	110.2	45,130	0	471,693	110.6

### Justification

C01	<p>Salary and Matching: Increase in appropriation and general revenue funding of \$35,273 in FY2010 and \$35,966 in FY2011 for one new Administrative Specialist III position. Operating Expenses: Increase of \$1,500 each year of the biennium to cover increased fuel expenses. Conference and Travel: Increase of \$1,500 each year of the biennium to enable the agency's staff to attend national conferences. Professional Fees: Increase of \$8,130 in FY2010 and \$10,130 in FY2011 to provide for increased expenses related to setting and refurbishing monuments. Capital Outlay: Increase of \$35,000 to provide a budget for equipment expense.</p>
-----	---

## **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 salaries for classified positions reflect the recommendations of the Pay Plan Study and the unclassified position reflects similar adjustments in the line item salary. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes appropriation of \$7,485,836 in FY10 and \$7,571,018 in FY11 with 91 Regular positions and 25 Extra Help positions.

The Agency requests additional appropriation of \$543,000 in FY10 and \$507,000 in FY11 for the following:

- Operating Expenses: \$35,000 each year to replace computers and low value network equipment
- Capital Outlay: \$508,000 in FY10 and \$472,000 in FY11 to purchase new and replacement lab and office equipment for the Nursery Division, the Pest Control Division, the Feed Division, the Seed Laboratory and the Chemical Laboratory

The Executive Recommendation provides for the Agency Request.

## 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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,000,784	3,452,507	3,380,126	3,643,461	3,643,461	3,643,461	3,714,798	3,714,798	3,714,798
<b>#Positions</b>		<b>82</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>
Extra Help	5010001	37,225	75,460	75,460	75,460	75,460	75,460	75,460	75,460	75,460
<b>#Extra Help</b>		<b>8</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
Personal Services Matching	5010003	941,744	1,018,149	1,074,314	1,179,382	1,179,382	1,179,382	1,193,227	1,193,227	1,193,227
Overtime	5010006	0	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Operating Expenses	5020002	1,069,655	1,257,410	1,257,410	1,257,410	1,292,410	1,292,410	1,257,410	1,292,410	1,292,410
Conference & Travel Expenses	5050009	64,538	76,613	76,613	76,613	76,613	76,613	76,613	76,613	76,613
Professional Fees	5060010	3,700	244,510	244,510	244,510	244,510	244,510	244,510	244,510	244,510
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	186,642	396,700	396,700	0	508,000	508,000	0	472,000	472,000
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
<b>Total</b>		<b>5,304,288</b>	<b>7,530,349</b>	<b>7,514,133</b>	<b>7,485,836</b>	<b>8,028,836</b>	<b>8,028,836</b>	<b>7,571,018</b>	<b>8,078,018</b>	<b>8,078,018</b>
<b>Funding Sources</b>										
Fund Balance	4000005	2,523,253	3,335,367		2,685,850	2,685,850	2,685,850	2,080,846	2,080,846	2,080,846
Federal Revenue	4000020	874,611	722,792		722,792	722,792	722,792	722,792	722,792	722,792
Special Revenue	4000030	5,241,791	6,158,040		6,158,040	6,701,040	6,701,040	6,158,040	6,665,040	6,665,040
<b>Total Funding</b>		<b>8,639,655</b>	<b>10,216,199</b>		<b>9,566,682</b>	<b>10,109,682</b>	<b>10,109,682</b>	<b>8,961,678</b>	<b>9,468,678</b>	<b>9,468,678</b>
Excess Appropriation/(Funding)		(3,335,367)	(2,685,850)		(2,080,846)	(2,080,846)	(2,080,846)	(1,390,660)	(1,390,660)	(1,390,660)
<b>Grand Total</b>		<b>5,304,288</b>	<b>7,530,349</b>		<b>7,485,836</b>	<b>8,028,836</b>	<b>8,028,836</b>	<b>7,571,018</b>	<b>8,078,018</b>	<b>8,078,018</b>

The FY09 Budget in Regular Salaries exceeds the Authorized due to salary adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>7,485,836</b>	<b>91</b>	<b>7,485,836</b>	<b>100.0</b>	<b>7,571,018</b>	<b>91</b>	<b>7,571,018</b>	<b>100.0</b>
C01	Existing Program	508,000	0	7,993,836	106.8	472,000	0	8,043,018	106.2
C08	Technology	35,000	0	8,028,836	107.3	35,000	0	8,078,018	106.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>7,485,836</b>	<b>91</b>	<b>7,485,836</b>	<b>100.0</b>	<b>7,571,018</b>	<b>91</b>	<b>7,571,018</b>	<b>100.0</b>
C01	Existing Program	508,000	0	7,993,836	106.8	472,000	0	8,043,018	106.2
C08	Technology	35,000	0	8,028,836	107.3	35,000	0	8,078,018	106.7

### Justification

C01	Additional Capital Outlay appropriation of \$508,000 in FY10 and \$472,000 in FY11 is requested for the following: \$20,000 each year for the Nursery Division for sales tax on vehicle purchases, lab equipment and office fixtures/equipment; \$20,000 in FY10 only for the Pest Control Division for sales tax on vehicle purchases, lab equipment and office fixtures/equipment; \$20,000 in FY11 only for the Feed Division for sales tax on vehicle purchases and lab equipment; \$260,000 each year for the Pesticides Division for equipment to expand and enhance the Board's weather monitoring stations located throughout the State; \$98,000 in FY10 and \$92,000 in FY11 to replace and upgrade the growth and environmental chambers in the Seed Laboratory; and \$110,000 in FY10 and \$80,000 in FY11 to replace and upgrade equipment and instruments in the Chemical Laboratory.
C08	Additional Operating Expenses appropriation of \$35,000 is requested each year for Technical Services to replace computers and low value network equipment. (Agency IT Plan: Operations Tab, IT Support Costs-Hardware Section).

## **Analysis of Budget Request**

**Appropriation:** 37B - PB Bureau of Standards

**Funding Sources:** SDP - Plant Board Fund

The Arkansas Bureau of Standards, created by Act 482 of 1963, was transferred to the State Plant Board by Act 610 of 1993. The Bureau functions as an operating division of the Plant Board, but retains all of its previous programs and duties. The Bureau sets standards for weights and measures and enforces uniform procedures to verify weight, volume, length, or count. This ensures that consumers get the quantity they pay for and that businesses sell the quantity they advertise, thereby protecting both buyers and sellers.

Although the Bureau's operating budget is included in the State Plant Board's general revenue Operations appropriation (Fund Center 2ZR), the Capital Outlay portion of the Bureau's budget is maintained separately in this appropriation and is funded by special revenue.

The Bureau is requesting Capital Outlay appropriation of \$27,000 in FY10 and \$35,000 in FY11 for the replacement of equipment for the Bureau Metrology Lab and for the Bureau Petroleum Program.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 37B - PB Bureau of Standards

**Funding Sources:** SDP - Plant Board Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 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	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	59,000	59,000	0	27,000	27,000	0	35,000	35,000
<b>Total</b>		<b>0</b>	<b>59,000</b>	<b>59,000</b>	<b>0</b>	<b>27,000</b>	<b>27,000</b>	<b>0</b>	<b>35,000</b>	<b>35,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	11,752	11,752		0	0	0	0	0	0
Special Revenue	4000030	0	47,248		0	27,000	27,000	0	35,000	35,000
<b>Total Funding</b>		<b>11,752</b>	<b>59,000</b>		<b>0</b>	<b>27,000</b>	<b>27,000</b>	<b>0</b>	<b>35,000</b>	<b>35,000</b>
Excess Appropriation/(Funding)		(11,752)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>0</b>	<b>59,000</b>		<b>0</b>	<b>27,000</b>	<b>27,000</b>	<b>0</b>	<b>35,000</b>	<b>35,000</b>

## Change Level by Appropriation

**Appropriation:** 37B - PB Bureau of Standards

**Funding Sources:** SDP - Plant Board Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C01	Existing Program	27,000	0	27,000	100.0	35,000	0	35,000	100.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C01	Existing Program	27,000	0	27,000	100.0	35,000	0	35,000	100.0

### Justification

C01	Capital Outlay: Increase in appropriation of \$27,000 in FY10 and \$35,000 in FY11. This request includes \$13,000 in FY10 and \$11,000 in FY11 to replace equipment in the Bureau Metrology Lab and \$14,000 in FY10 and \$24,000 in FY11 for the Bureau Petroleum Program for additional equipment for fuel quality and biofuels testing.
-----	---



## **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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency requests the continuation of Base Level appropriation in the amount of \$316,754 in FY10 and \$320,839 in FY11 along with 5 Regular positions.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	128,679	170,705	162,890	182,150	182,150	182,150	185,571	185,571	185,571
<b>#Positions</b>		<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	42,826	49,124	53,985	60,856	60,856	60,856	61,520	61,520	61,520
Operating Expenses	5020002	67,750	67,935	67,935	67,935	67,935	67,935	67,935	67,935	67,935
Conference & Travel Expenses	5050009	1,229	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
<b>Total</b>		<b>240,484</b>	<b>293,577</b>	<b>290,623</b>	<b>316,754</b>	<b>316,754</b>	<b>316,754</b>	<b>320,839</b>	<b>320,839</b>	<b>320,839</b>
<b>Funding Sources</b>										
Special Revenue	4000030	240,484	293,577		316,754	316,754	316,754	320,839	320,839	320,839
Total Funding		240,484	293,577		316,754	316,754	316,754	320,839	320,839	320,839
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>240,484</b>	<b>293,577</b>		<b>316,754</b>	<b>316,754</b>	<b>316,754</b>	<b>320,839</b>	<b>320,839</b>	<b>320,839</b>

The FY09 Budget in Regular Salaries exceeds the Authorized due to salary adjustments during the 2007-2009 biennium.

## **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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency requests the continuation of Base Level appropriation in the amount of \$338,913 in FY10 and \$344,708 in FY11 along with 5 Regular positions.

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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	197,512	204,275	187,577	213,840	213,840	213,840	218,693	218,693	218,693
<b>#Positions</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching 5010003	60,908	60,650	58,984	67,007	67,007	67,007	67,949	67,949	67,949
Operating Expenses 5020002	48,457	52,066	52,066	52,066	52,066	52,066	52,066	52,066	52,066
Conference & Travel Expenses 5050009	5,054	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
<b>Total</b>	<b>311,931</b>	<b>322,991</b>	<b>304,627</b>	<b>338,913</b>	<b>338,913</b>	<b>338,913</b>	<b>344,708</b>	<b>344,708</b>	<b>344,708</b>
<b>Funding Sources</b>									
Special Revenue 4000030	311,931	322,991		338,913	338,913	338,913	344,708	344,708	344,708
Total Funding	311,931	322,991		338,913	338,913	338,913	344,708	344,708	344,708
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>311,931</b>	<b>322,991</b>		<b>338,913</b>	<b>338,913</b>	<b>338,913</b>	<b>344,708</b>	<b>344,708</b>	<b>344,708</b>

The FY08 Actual and FY09 Budget in Regular Salaries and Personal Services Matching exceed the Authorized due to salary adjustments during the 2007-2009 biennium.

## **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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency requests the continuation of Base Level appropriation in the amount of \$240,855 in FY10 and \$244,256 in FY11 along with 4 Regular positions and 8 Extra Help positions.

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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	90,485	117,274	118,878	125,850	125,850	125,850	128,699	128,699	128,699
<b>#Positions</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help 5010001	1,527	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>#Extra Help</b>	<b>1</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
Personal Services Matching 5010003	35,205	40,571	41,798	45,836	45,836	45,836	46,388	46,388	46,388
Operating Expenses 5020002	53,489	53,519	53,519	53,519	53,519	53,519	53,519	53,519	53,519
Conference & Travel Expenses 5050009	3,351	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>184,057</b>	<b>227,014</b>	<b>229,845</b>	<b>240,855</b>	<b>240,855</b>	<b>240,855</b>	<b>244,256</b>	<b>244,256</b>	<b>244,256</b>
<b>Funding Sources</b>									
Special Revenue 4000030	184,057	227,014		240,855	240,855	240,855	244,256	244,256	244,256
<b>Total Funding</b>	<b>184,057</b>	<b>227,014</b>		<b>240,855</b>	<b>240,855</b>	<b>240,855</b>	<b>244,256</b>	<b>244,256</b>	<b>244,256</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>184,057</b>	<b>227,014</b>		<b>240,855</b>	<b>240,855</b>	<b>240,855</b>	<b>244,256</b>	<b>244,256</b>	<b>244,256</b>

## **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).

The Base Level salary for the classified position reflects the recommendation of the Pay Plan Study. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes \$200,306 each year of the biennium with 1 Regular position.

The Agency requests additional appropriation of \$387,399 each year for the following:

- Operating Expenses: \$86,000 each year
- Professional Fees: \$26,399 each year
- Promotional Items: \$50,000 each year, which includes \$34,000 each year for the restoration of appropriation that was authorized with a Miscellaneous Federal Grant during FY09 plus an additional \$16,000 for growth in the program
- Grants and Aid: \$200,000 each year, which includes \$15,000 each year for the restoration of appropriation that was authorized with a Miscellaneous Federal Grant during FY09 plus an additional \$185,000 for growth in the program
- Capital Outlay: \$25,000 each year for the purchase of equipment

These requests for additional appropriation will enable the Agency to utilize federal funding for the following projects:

- Organic Cost Share - This project will assist specialty crop producers with organic certification cost and encourage the expansion of organic production in Arkansas.
- Farmers Markets and Naturally Arkansas Promotion - This project is used to provide promotional sacks to vendors at Arkansas Farmers' Markets to increase the awareness of the "Arkansas Brand" and farmers' markets.
- Audit Fee Assistance and Food Safety Promotion - This project seeks to inform Arkansas produce growers/handlers of the importance of following and documenting GAP in their businesses for both liability issues and market access.
- Electronic Benefits Transfer (EBT) in Farmers' Markets - This project goal is 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 - This project will enable the Arkansas Agriculture Department to promote Arkansas produce growers with a booth at the Annual Fresh Summit Show.
- Floriculture Workshop - This project will enable the agency to host a two day floriculture educational workshop focusing on crop selection, post harvest handling and marketing.

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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	36,944	36,944	43,217	43,217	43,217	43,217	43,217	43,217
<b>#Positions</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	350	11,371	11,681	13,488	13,488	13,488	13,488	13,488	13,488
Operating Expenses 5020002	3,272	14,000	14,000	14,000	100,000	100,000	14,000	100,000	100,000
Conference & Travel Expenses 5050009	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Professional Fees 5060010	0	123,601	123,601	123,601	150,000	150,000	123,601	150,000	150,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Promotional Items 5090028	0	0	0	0	50,000	50,000	0	50,000	50,000
Grants and Aid 5100004	0	0	0	0	200,000	200,000	0	200,000	200,000
Capital Outlay 5120011	0	0	0	0	25,000	25,000	0	25,000	25,000
<b>Total</b>	<b>3,622</b>	<b>191,916</b>	<b>192,226</b>	<b>200,306</b>	<b>587,705</b>	<b>587,705</b>	<b>200,306</b>	<b>587,705</b>	<b>587,705</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	3,622	191,916		200,306	587,705	587,705	200,306	587,705	587,705
Total Funding	3,622	191,916		200,306	587,705	587,705	200,306	587,705	587,705
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	3,622	191,916		200,306	587,705	587,705	200,306	587,705	587,705



## Change Level by Appropriation

**Appropriation:** 37F - PB Product Marketing Program

**Funding Sources:** FFA - Plant Board Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>200,306</b>	<b>1</b>	<b>200,306</b>	<b>100.0</b>	<b>200,306</b>	<b>1</b>	<b>200,306</b>	<b>100.0</b>
C01	Existing Program	338,399	0	538,705	268.9	338,399	0	538,705	268.9
C06	Restore Position/Approp	49,000	0	587,705	293.4	49,000	0	587,705	293.4

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>200,306</b>	<b>1</b>	<b>200,306</b>	<b>100.0</b>	<b>200,306</b>	<b>1</b>	<b>200,306</b>	<b>100.0</b>
C01	Existing Program	338,399	0	538,705	268.9	338,399	0	538,705	268.9
C06	Restore Position/Approp	49,000	0	587,705	293.4	49,000	0	587,705	293.4

### Justification

C01	Increase in federal appropriation is requested for Operating Expenses, Professional Fees, Promotional Items, Grants and Aid and Capital Outlay. This additional appropriation will establish a budget to ensure the agency has sufficient appropriation to utilize potential increases in federal funding.
C06	Agency requests to restore appropriation authorized in an Miscellaneous Federal Grant (MFG) in FY2009. The agency received a federal grant from the US Department of Agriculture that provides funding for the Agency's Product Marketing Program. The Grant appropriation will be used to continue establishing Electronic Benefit Transfer (EBT) access at Arkansas Farmers' Markets. The Promotional Items appropriation will be used to support agency programs, including the Farmers Markets and Naturally Arkansas Promotion, the Produce Marketing Association Fresh Market Show and the Floriculture Workshop.

## **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 the continuation of Base Level appropriation in the amount of \$750,000 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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	296,356	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>296,356</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>
<b>Funding Sources</b>									
Special Revenue 4000030	296,356	750,000		750,000	750,000	750,000	750,000	750,000	750,000
<b>Total Funding</b>	<b>296,356</b>	<b>750,000</b>		<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>296,356</b>	<b>750,000</b>		<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>

## **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 salaries for classified positions reflect the recommendations of the Pay Plan Study and the unclassified position reflects similar adjustments in the line item salary. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes appropriation of \$11,979,009 in FY10 and \$12,160,780 in FY11 with 198 Regular positions and 83 Extra Help positions.

The Agency requests additional appropriation of \$60,407 each year for the following:

- Overtime and related matching: \$55,407 each year to compensate crews from the Arkansas Forestry Commission that are sent out of state to assist surrounding states with wildfire prevention and control
- Refund/Reimbursement: \$5,000 each year for payments the Agency makes in lieu of property taxes to counties in which the Arkansas Forestry Commission owns forest land. This request will provide appropriation for additional forest land the Agency purchased in the Poison Springs State Park during FY08 and FY09.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 37N - Forestry-Operations-Special

**Funding Sources:** SDF - State Forestry Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries	5010000	5,826,800	6,201,831	5,979,380	6,699,029	6,699,029	6,699,029	6,851,245	6,851,245	6,851,245
<b>#Positions</b>		<b>198</b>	<b>198</b>	<b>198</b>	<b>198</b>	<b>198</b>	<b>198</b>	<b>198</b>	<b>198</b>	<b>198</b>
Extra Help	5010001	84,727	164,455	164,455	164,455	164,455	164,455	164,455	164,455	164,455
<b>#Extra Help</b>		<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>83</b>
Personal Services Matching	5010003	1,993,438	1,966,745	2,090,576	2,327,621	2,336,628	2,336,628	2,357,176	2,366,183	2,366,183
Overtime	5010006	45,791	6,000	6,000	6,000	52,400	52,400	6,000	52,400	52,400
Uniform Allowance	5010016	29,999	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Operating Expenses	5020002	2,193,011	2,228,293	2,228,293	2,228,293	2,228,293	2,228,293	2,228,293	2,228,293	2,228,293
Conference & Travel Expenses	5050009	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600
Professional Fees	5060010	48,972	250,383	250,383	250,383	250,383	250,383	250,383	250,383	250,383
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	3,417	9,628	9,628	9,628	14,628	14,628	9,628	14,628	14,628
Capital Outlay	5120011	110,820	0	0	0	0	0	0	0	0
Federal Initiative Program	5900047	184,344	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000
<b>Total</b>		<b>10,554,919</b>	<b>11,120,935</b>	<b>11,022,315</b>	<b>11,979,009</b>	<b>12,039,416</b>	<b>12,039,416</b>	<b>12,160,780</b>	<b>12,221,187</b>	<b>12,221,187</b>

Funding Sources										
Fund Balance	4000005	25,636	304,374		304,374	304,374	304,374	0	0	0
Federal Revenue	4000020	3,609,385	3,638,024		4,074,635	4,130,042	4,130,042	4,560,780	4,616,187	4,616,187
Special Revenue	4000030	5,771,824	5,768,811		5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000
DFA Motor Vehicle Acquisition	4000184	104,593	0		0	0	0	0	0	0
Other	4000370	1,347,855	1,714,100		1,800,000	1,805,000	1,805,000	1,800,000	1,805,000	1,805,000
<b>Total Funding</b>		<b>10,859,293</b>	<b>11,425,309</b>		<b>11,979,009</b>	<b>12,039,416</b>	<b>12,039,416</b>	<b>12,160,780</b>	<b>12,221,187</b>	<b>12,221,187</b>
Excess Appropriation/(Funding)		(304,374)	(304,374)		0	0	0	0	0	0
<b>Grand Total</b>		<b>10,554,919</b>	<b>11,120,935</b>		<b>11,979,009</b>	<b>12,039,416</b>	<b>12,039,416</b>	<b>12,160,780</b>	<b>12,221,187</b>	<b>12,221,187</b>

The FY09 Budget in Regular Salaries exceeds the Authorized due to salary adjustments during the 2007-09 biennium.

The FY08 Actual in Overtime exceeds the Authorized due to a transfer from the DFA Overtime Holding Account.

The FY08 Actual in Capital Outlay exceeds the Authorized due to a transfer from the DFA Motor Vehicle Acquisition Fund.

## Change Level by Appropriation

**Appropriation:** 37N - Forestry-Operations-Special

**Funding Sources:** SDF - State Forestry Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>11,979,009</b>	<b>198</b>	<b>11,979,009</b>	<b>100.0</b>	<b>12,160,780</b>	<b>198</b>	<b>12,160,780</b>	<b>100.0</b>
C01	Existing Program	60,407	0	12,039,416	100.5	60,407	0	12,221,187	100.5

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>11,979,009</b>	<b>198</b>	<b>11,979,009</b>	<b>100.0</b>	<b>12,160,780</b>	<b>198</b>	<b>12,160,780</b>	<b>100.0</b>
C01	Existing Program	60,407	0	12,039,416	100.5	60,407	0	12,221,187	100.5

### Justification

C01	Arkansas is a member of several Interstate Fire Protection Compacts through which member states agree to assist each other in the control and/or prevention of wildfires. An increase in overtime appropriation in the amount of \$46,400 plus related matching each year is necessary to compensate crews from the Arkansas Forestry Commission that are requested by member states experiencing fire hazards. The Agency also requests \$5,000 each year for payments in lieu of taxes for additional forest land purchased during FY08 and FY09.
-----	---

## **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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes appropriation in the amount of \$931,050 in FY10 and \$933,139 in FY11 with 2 Regular positions and 2 Extra Help positions.

The Agency requests additional appropriation of \$600,064 each year of the biennium to support the Firewise Communities Program. This program provides assistance to communities, organizations, institutions, volunteer fire departments and other groups to reduce their risk of loss from wildfires in the woodland urban interface. Projects must meet the National Fire Plan's objective for risk assessment, hazard reductions, fire prevention/education and homeowner/community involvement in reducing the wildfire risk to homes and communities across Arkansas. The Change Level Request includes the following:

- Operating Expenses: \$90,000 each year for the restoration of appropriation authorized by a Miscellaneous Federal Grant in FY09
- Professional Fees: \$129,744 each year, which includes \$29,744 each year for the restoration of appropriation authorized by a Miscellaneous Federal Grant in FY09, plus additional appropriation of \$100,000 each year to provide for anticipated increases in federal funding
- Capital Outlay: \$380,320 each year for the restoration of appropriation authorized by a Miscellaneous Federal Grant in FY09

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	65,804	71,521	69,599	76,182	76,182	76,182	77,933	77,933	77,933
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Extra Help	5010001	14,800	16,260	16,260	16,260	16,260	16,260	16,260	16,260	16,260
<b>#Extra Help</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	22,924	23,648	22,967	26,354	26,354	26,354	26,692	26,692	26,692
Operating Expenses	5020002	155,938	356,893	266,893	266,893	356,893	356,893	266,893	356,893	356,893
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	112,500	29,744	0	0	129,744	129,744	0	129,744	129,744
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	260,898	545,361	545,361	545,361	545,361	545,361	545,361	545,361	545,361
Capital Outlay	5120011	344,087	380,320	0	0	380,320	380,320	0	380,320	380,320
<b>Total</b>		<b>976,951</b>	<b>1,423,747</b>	<b>921,080</b>	<b>931,050</b>	<b>1,531,114</b>	<b>1,531,114</b>	<b>933,139</b>	<b>1,533,203</b>	<b>1,533,203</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	976,951	1,423,747		931,050	1,531,114	1,531,114	933,139	1,533,203	1,533,203
Total Funding		976,951	1,423,747		931,050	1,531,114	1,531,114	933,139	1,533,203	1,533,203
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>976,951</b>	<b>1,423,747</b>		<b>931,050</b>	<b>1,531,114</b>	<b>1,531,114</b>	<b>933,139</b>	<b>1,533,203</b>	<b>1,533,203</b>

The FY08 Actual and/or FY09 Budget in Operating Expenses, Professional Fees and Capital Outlay exceed the Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.  
The FY09 Budget in Regular Salaries and Personal Services Matching exceeds the Authorized due to salary adjustments during the 2007-2009 biennium.



## Change Level by Appropriation

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

**Funding Sources:** FIT - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>931,050</b>	<b>2</b>	<b>931,050</b>	<b>100.0</b>	<b>933,139</b>	<b>2</b>	<b>933,139</b>	<b>100.0</b>
C01	Existing Program	100,000	0	1,031,050	110.7	100,000	0	1,033,139	110.7
C06	Restore Position/Approp	500,064	0	1,531,114	164.5	500,064	0	1,533,203	164.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>931,050</b>	<b>2</b>	<b>931,050</b>	<b>100.0</b>	<b>933,139</b>	<b>2</b>	<b>933,139</b>	<b>100.0</b>
C01	Existing Program	100,000	0	1,031,050	110.7	100,000	0	1,033,139	110.7
C06	Restore Position/Approp	500,064	0	1,531,114	164.5	500,064	0	1,533,203	164.3

### Justification

C01	Additional Professional Fees appropriation of \$100,000 in both FY10 and FY11 is necessary to support potential increases in federal funding from the United States Department of Agriculture.
C06	The Agency Request for each year of the biennium includes the restoration of appropriation in the amount of \$500,064 to support the Firewise Communities Program. This includes \$90,000 each year for Operating Expenses, \$29,744 each year for Professional Fees and \$380,230 each year for Capital Outlay.

## **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 includes appropriation in the amount of \$380,675 each year of the biennium.

The Agency requests additional Operating Expenses appropriation in the amount of \$25,000 each year to provide for anticipated increases in federal grant funding.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	21,387	12,000	12,000	12,000	37,000	37,000	12,000	37,000	37,000
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
Grants and Aid	5100004	146,106	363,675	363,675	363,675	363,675	363,675	363,675	363,675	363,675
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>167,493</b>	<b>380,675</b>	<b>380,675</b>	<b>380,675</b>	<b>405,675</b>	<b>405,675</b>	<b>380,675</b>	<b>405,675</b>	<b>405,675</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	167,493	380,675		380,675	405,675	405,675	380,675	405,675	405,675
Total Funding		167,493	380,675		380,675	405,675	405,675	380,675	405,675	405,675
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>167,493</b>	<b>380,675</b>		<b>380,675</b>	<b>405,675</b>	<b>405,675</b>	<b>380,675</b>	<b>405,675</b>	<b>405,675</b>

The FY08 Actual in Operating Expenses exceeds the Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

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

**Funding Sources:** SDF - State Forestry Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>380,675</b>	<b>0</b>	<b>380,675</b>	<b>100.0</b>	<b>380,675</b>	<b>0</b>	<b>380,675</b>	<b>100.0</b>
C01	Existing Program	25,000	0	405,675	106.6	25,000	0	405,675	106.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>380,675</b>	<b>0</b>	<b>380,675</b>	<b>100.0</b>	<b>380,675</b>	<b>0</b>	<b>380,675</b>	<b>100.0</b>
C01	Existing Program	25,000	0	405,675	106.6	25,000	0	405,675	106.6

### Justification

C01	An increase of \$25,000 is necessary in Operating Expenses to enable the agency to expense increased grant funding provided by the USDA Forest Service Grant for Urban and Community Forestry.
-----	--

## **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 the continuation of Base Level appropriation in the amount of \$1,210,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## 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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	628,482	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000
Total		628,482	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000
<b>Funding Sources</b>										
Fund Balance	4000005	276,039	351,229		234,152	234,152	234,152	117,076	117,076	117,076
Non-Revenue Receipts	4000040	703,672	1,092,923		1,092,924	1,092,924	1,092,924	1,092,924	1,092,924	1,092,924
Total Funding		979,711	1,444,152		1,327,076	1,327,076	1,327,076	1,210,000	1,210,000	1,210,000
Excess Appropriation/(Funding)		(351,229)	(234,152)		(117,076)	(117,076)	(117,076)	0	0	0
Grand Total		628,482	1,210,000		1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000

## **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.

The Agency requests the continuation of Base Level appropriation in the amount of \$1,600,000 each year of the biennium.

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		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	87,737	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	4,995	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	0	0	0	0	0	0	0	0
Fire Control/Communicate	5900046	733,599	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Management & Operations	5900047	0	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
<b>Total</b>		<b>826,331</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,368,207	665,042		665,042	665,042	665,042	665,042	665,042	665,042
Trust Fund	4000050	123,166	1,600,000		1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
<b>Total Funding</b>		<b>1,491,373</b>	<b>2,265,042</b>		<b>2,265,042</b>	<b>2,265,042</b>	<b>2,265,042</b>	<b>2,265,042</b>	<b>2,265,042</b>	<b>2,265,042</b>
Excess Appropriation/(Funding)		(665,042)	(665,042)		(665,042)	(665,042)	(665,042)	(665,042)	(665,042)	(665,042)
<b>Grand Total</b>		<b>826,331</b>	<b>1,600,000</b>		<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,600,000</b>



## **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).

Base Level includes appropriation in the amount of \$450,000 each year of the biennium.

The Agency requests additional appropriation in the amount of \$1,290,000 each year for the following:

- Operating Expenses: \$140,000 each year for the restoration of appropriation authorized by a Miscellaneous Federal Grant during FY09
- Grants and Aid: \$1,150,000 each year. This amount includes \$553,750 for the restoration of appropriation authorized by a Miscellaneous Federal Grant during FY09 plus an additional increase of \$596,250 each year of the biennium to enable the Agency to utilize projected increases in federal funds.

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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	19,944	240,000	100,000	100,000	240,000	240,000	100,000	240,000	240,000
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	432,519	903,750	350,000	350,000	1,500,000	1,500,000	350,000	1,500,000	1,500,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>452,463</b>	<b>1,143,750</b>	<b>450,000</b>	<b>450,000</b>	<b>1,740,000</b>	<b>1,740,000</b>	<b>450,000</b>	<b>1,740,000</b>	<b>1,740,000</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	452,463	1,143,750		450,000	1,740,000	1,740,000	450,000	1,740,000	1,740,000
<b>Total Funding</b>		<b>452,463</b>	<b>1,143,750</b>		<b>450,000</b>	<b>1,740,000</b>	<b>1,740,000</b>	<b>450,000</b>	<b>1,740,000</b>	<b>1,740,000</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>452,463</b>	<b>1,143,750</b>		<b>450,000</b>	<b>1,740,000</b>	<b>1,740,000</b>	<b>450,000</b>	<b>1,740,000</b>	<b>1,740,000</b>

The FY08 Actual and/or FY09 Budget in Operating Expenses and Grants and Aid exceed the Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 37T - Forestry-Southern Pine Beetle Prevention

**Funding Sources:** FIT - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>450,000</b>	<b>0</b>	<b>450,000</b>	<b>100.0</b>	<b>450,000</b>	<b>0</b>	<b>450,000</b>	<b>100.0</b>
C01	Existing Program	596,250	0	1,046,250	232.5	596,250	0	1,046,250	232.5
C06	Restore Position/Approp	693,750	0	1,740,000	386.7	693,750	0	1,740,000	386.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>450,000</b>	<b>0</b>	<b>450,000</b>	<b>100.0</b>	<b>450,000</b>	<b>0</b>	<b>450,000</b>	<b>100.0</b>
C01	Existing Program	596,250	0	1,046,250	232.5	596,250	0	1,046,250	232.5
C06	Restore Position/Approp	693,750	0	1,740,000	386.7	693,750	0	1,740,000	386.7

### Justification

C01	The Agency requests an increase of grant appropriation in the amount of \$596,250 to ensure the agency has enough appropriation to utilize increased federal funding from the US Department of Agriculture.
C06	The Agency requests to restore appropriation authorized by a Miscellaneous Federal Grant in FY2009 in support of the Southern Pine Beetle Prevention program. This request includes \$140,000 in Operating Expenses and \$553,750 in Grants and Aid.

## **Analysis of Budget Request**

**Appropriation:** 37U - Forestry-Forest Land Enhancement Program

**Funding Sources:** FIT - Federal Funds

This appropriation provides financial assistance to landowners who adopt conservation practices such as planting site preparation, tree planting, prescribed burning, and forest stand improvement. Funding consists of forest land enhancement grants from the United States Department of Agriculture Forest Service Agency (USDA-FSA).

Base Level includes appropriation in the amount of \$261,210 each year of the biennium.

The Agency requests additional Grants and Aid appropriation in the amount of \$13,790 each year of the biennium to ensure the Agency has adequate appropriation to support federal grant funding.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 37U - Forestry-Forest Land Enhancement Program

**Funding Sources:** FIT - Federal Funds

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	81,584	261,210	261,210	261,210	275,000	275,000	261,210	275,000	275,000
Total		81,584	261,210	261,210	261,210	275,000	275,000	261,210	275,000	275,000
<b>Funding Sources</b>										
Federal Revenue	4000020	81,584	261,210		261,210	275,000	275,000	261,210	275,000	275,000
Total Funding		81,584	261,210		261,210	275,000	275,000	261,210	275,000	275,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		81,584	261,210		261,210	275,000	275,000	261,210	275,000	275,000

## Change Level by Appropriation

**Appropriation:** 37U - Forestry-Forest Land Enhancement Program

**Funding Sources:** FIT - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>261,210</b>	<b>0</b>	<b>261,210</b>	<b>100.0</b>	<b>261,210</b>	<b>0</b>	<b>261,210</b>	<b>100.0</b>
C01	Existing Program	13,790	0	275,000	105.3	13,790	0	275,000	105.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>261,210</b>	<b>0</b>	<b>261,210</b>	<b>100.0</b>	<b>261,210</b>	<b>0</b>	<b>261,210</b>	<b>100.0</b>
C01	Existing Program	13,790	0	275,000	105.3	13,790	0	275,000	105.3

### Justification

C01	Additional grant appropriation of \$13,790 each year is requested to support the Forest Land Enhancement Grant Program.
-----	---

## **Analysis of Budget Request**

**Appropriation:** 37V - Forestry-Wild Land Fire Assistance

**Funding Sources:** FIT - Federal Funds

The Wild Land Fire Assistance Program implements prescribed burns to reduce fuel loads in natural areas adjacent to Forest Service lands, thereby protecting nearby communities. Funding consists of federal funding from a Community Fire Assistance Grant from the Federal Emergency Management Agency (FEMA).

Base Level includes appropriation in the amount of \$28,800 each year of the biennium.

The Agency requests additional Grants and Aid appropriation of \$150,000 each year of the biennium to support an increase in anticipated federal funding for the program.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 37V - Forestry-Wild Land Fire Assistance

**Funding Sources:** FIT - Federal Funds

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	28,800	28,800	28,800	178,800	178,800	28,800	178,800	178,800
<b>Total</b>	<b>0</b>	<b>28,800</b>	<b>28,800</b>	<b>28,800</b>	<b>178,800</b>	<b>178,800</b>	<b>28,800</b>	<b>178,800</b>	<b>178,800</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	0	28,800		28,800	178,800	178,800	28,800	178,800	178,800
<b>Total Funding</b>	<b>0</b>	<b>28,800</b>		<b>28,800</b>	<b>178,800</b>	<b>178,800</b>	<b>28,800</b>	<b>178,800</b>	<b>178,800</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>28,800</b>		<b>28,800</b>	<b>178,800</b>	<b>178,800</b>	<b>28,800</b>	<b>178,800</b>	<b>178,800</b>



## Change Level by Appropriation

**Appropriation:** 37V - Forestry-Wild Land Fire Assistance

**Funding Sources:** FIT - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>28,800</b>	<b>0</b>	<b>28,800</b>	<b>100.0</b>	<b>28,800</b>	<b>0</b>	<b>28,800</b>	<b>100.0</b>
C01	Existing Program	150,000	0	178,800	620.8	150,000	0	178,800	620.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>28,800</b>	<b>0</b>	<b>28,800</b>	<b>100.0</b>	<b>28,800</b>	<b>0</b>	<b>28,800</b>	<b>100.0</b>
C01	Existing Program	150,000	0	178,800	620.8	150,000	0	178,800	620.8

### Justification

C01	Additional grant appropriation of \$150,000 is requested in both FY10 and FY11 to support the Wild Land Fire Assistance Grant Program.								
-----	--	--	--	--	--	--	--	--	--

## **Analysis of Budget Request**

**Appropriation:** 37W - Forestry-Forest Health Program

**Funding Sources:** FIT - Federal Funds

This appropriation supports the Invasive Species Management Program within the Cooperative Forest Health Program. This program provides for a cost sharing program to manage invasive species on private non-industrial forest lands and for forest health training related to invasive species for Arkansas Forestry Commission personnel. Funding consists of a Forest Service Grant from the United States Department of Agriculture (USDA).

Base Level includes Grants and Aid appropriation in the amount of \$35,650 each year of the biennium.

The Agency requests additional Grants and Aid appropriation in the amount of \$173,871 each year of the biennium to continue the Agency's efforts with the management of invasive species in Arkansas forests. This amount includes \$23,871 each year for the restoration of appropriation authorized in a Miscellaneous Federal Grant in FY09 as well as an additional \$150,000 each year to enable the Agency to utilize projected increases in federal funding.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 37W - Forestry-Forest Health Program

**Funding Sources:** FIT - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	46,205	59,521	35,650	35,650	209,521	209,521	35,650	209,521	209,521
Total		46,205	59,521	35,650	35,650	209,521	209,521	35,650	209,521	209,521
<b>Funding Sources</b>										
Federal Revenue	4000020	46,205	59,521		35,650	209,521	209,521	35,650	209,521	209,521
Total Funding		46,205	59,521		35,650	209,521	209,521	35,650	209,521	209,521
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		46,205	59,521		35,650	209,521	209,521	35,650	209,521	209,521

The FY08 Actual and FY09 Budget in Grants and Aid exceed the Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 37W - Forestry-Forest Health Program

**Funding Sources:** FIT - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>35,650</b>	<b>0</b>	<b>35,650</b>	<b>100.0</b>	<b>35,650</b>	<b>0</b>	<b>35,650</b>	<b>100.0</b>
C01	Existing Program	150,000	0	185,650	520.8	150,000	0	185,650	520.8
C06	Restore Position/Approp	23,871	0	209,521	587.7	23,871	0	209,521	587.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>35,650</b>	<b>0</b>	<b>35,650</b>	<b>100.0</b>	<b>35,650</b>	<b>0</b>	<b>35,650</b>	<b>100.0</b>
C01	Existing Program	150,000	0	185,650	520.8	150,000	0	185,650	520.8
C06	Restore Position/Approp	23,871	0	209,521	587.7	23,871	0	209,521	587.7

### Justification

C01	The Agency requests additional grant appropriation of \$150,000 each year due to anticipated increases in federal grant funding from the US Department of Agriculture.
C06	The Agency requests to restore grant appropriation of \$23,871 each year that was previously authorized in a Miscellaneous Federal Grant during FY2009 to support the Forest Health Program.

## **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 forestlands 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.

Base Level includes Operating Expenses appropriation in the amount of \$25,000 each year of the biennium.

The Agency requests additional appropriation in the amount of \$2,025,000 each year for the following:

- Operating Expenses: \$25,000 each year to support the operating costs of maintaining the Forest Legacy Program. This amount includes \$13,500 each year of the biennium for the restoration of appropriation authorized in a Miscellaneous Federal Grant during FY09 plus additional appropriation in the amount of \$11,500 each year to enable the Agency to utilize projected increased in federal funding.
- Capital Outlay: \$2 million each year to enable the Agency to acquire conservation easements. This amount includes \$500,000 each year for the restoration of appropriation authorized in a Miscellaneous Federal Grant during FY09 plus additional appropriation in the amount of \$1,500,000 each year to enable the Agency to utilize projected increased in federal funding.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	16,498	38,500	25,000	25,000	50,000	50,000	25,000	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
Capital Outlay 5120011	0	500,000	0	0	2,000,000	2,000,000	0	2,000,000	2,000,000
<b>Total</b>	<b>16,498</b>	<b>538,500</b>	<b>25,000</b>	<b>25,000</b>	<b>2,050,000</b>	<b>2,050,000</b>	<b>25,000</b>	<b>2,050,000</b>	<b>2,050,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	16,498	538,500		25,000	2,050,000	2,050,000	25,000	2,050,000	2,050,000
<b>Total Funding</b>	<b>16,498</b>	<b>538,500</b>		<b>25,000</b>	<b>2,050,000</b>	<b>2,050,000</b>	<b>25,000</b>	<b>2,050,000</b>	<b>2,050,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>16,498</b>	<b>538,500</b>		<b>25,000</b>	<b>2,050,000</b>	<b>2,050,000</b>	<b>25,000</b>	<b>2,050,000</b>	<b>2,050,000</b>

The FY09 Budget in Operating Expenses and Capital Outlay exceeds the Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 37X - Forestry-Forest Legacy

**Funding Sources:** FIT - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>25,000</b>	<b>0</b>	<b>25,000</b>	<b>100.0</b>	<b>25,000</b>	<b>0</b>	<b>25,000</b>	<b>100.0</b>
C01	Existing Program	1,511,500	0	1,536,500	6,146.0	1,511,500	0	1,536,500	6,146.0
C06	Restore Position/Approp	513,500	0	2,050,000	8,200.0	513,500	0	2,050,000	8,200.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>25,000</b>	<b>0</b>	<b>25,000</b>	<b>100.0</b>	<b>25,000</b>	<b>0</b>	<b>25,000</b>	<b>100.0</b>
C01	Existing Program	1,511,500	0	1,536,500	6,146.0	1,511,500	0	1,536,500	6,146.0
C06	Restore Position/Approp	513,500	0	2,050,000	8,200.0	513,500	0	2,050,000	8,200.0

### Justification

C01	The Agency request is for increased appropriation of \$11,500 in Operating Expenses and \$1.5 million in Capital Outlay due to projected increases in federal fund receipts supporting the Forest Legacy Program.
C06	The Agency request is for the restoration of appropriation authorized in a Miscellaneous Federal Grant during FY2009 to support the Forest Legacy Program. This request consists of \$13,500 each year for Operating Expenses and \$500,000 each year for capital outlay.

## **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).

Base Level includes Operating Expenses appropriation in the amount of \$89,518 each year of the biennium.

The Agency requests additional appropriation in the amount of \$30,482 each year of the biennium for the following:

- Operating Expenses: \$10,482 each year to enable the Agency to utilize projected increases in federal funding for training and investigating purposes
- Capital Outlay: \$20,000 each year to provide for training equipment

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			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	25,847	89,518	89,518	89,518	100,000	100,000	89,518	100,000	100,000
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	16,835	17,400	17,400	0	20,000	20,000	0	20,000	20,000
<b>Total</b>	<b>42,682</b>	<b>106,918</b>	<b>106,918</b>	<b>89,518</b>	<b>120,000</b>	<b>120,000</b>	<b>89,518</b>	<b>120,000</b>	<b>120,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	42,682	106,918		89,518	120,000	120,000	89,518	120,000	120,000
<b>Total Funding</b>	<b>42,682</b>	<b>106,918</b>		<b>89,518</b>	<b>120,000</b>	<b>120,000</b>	<b>89,518</b>	<b>120,000</b>	<b>120,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>42,682</b>	<b>106,918</b>		<b>89,518</b>	<b>120,000</b>	<b>120,000</b>	<b>89,518</b>	<b>120,000</b>	<b>120,000</b>

## Change Level by Appropriation

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

**Funding Sources:** FIT - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>89,518</b>	<b>0</b>	<b>89,518</b>	<b>100.0</b>	<b>89,518</b>	<b>0</b>	<b>89,518</b>	<b>100.0</b>
C01	Existing Program	30,482	0	120,000	134.1	30,482	0	120,000	134.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>89,518</b>	<b>0</b>	<b>89,518</b>	<b>100.0</b>	<b>89,518</b>	<b>0</b>	<b>89,518</b>	<b>100.0</b>
C01	Existing Program	30,482	0	120,000	134.1	30,482	0	120,000	134.1

### Justification

C01	Additional Operating Expense appropriation of \$10,482 in both FY10 and FY11 is necessary to support the Silvicultural Non-Point Pollution Program. Additional Capital Outlay appropriation of \$20,000 each year is necessary to provide an equipment budget.
-----	--

## **Analysis of Budget Request**

**Appropriation:** 37Z - Agri Dept-Alt Fuels Dev Grants-(GR)

**Funding Sources:** HAD - Department of Agriculture Fund Account

This appropriation provides general revenue funding to support the Arkansas Agriculture Department's Alternative Fuels Development Program (A.C.A. §15-13-301 et seq).

This program includes three types of incentive grants:

- Capital and Production - grants up to \$2 million per fiscal year (based on the gallon production of alternative fuels) for alternative fuels producers for the construction, modification, alteration, or retrofitting of an alternative fuels production facility located and operated in Arkansas and for the operations costs of an alternative fuels production facility located and operated in Arkansas
- Production - grants up to \$2 million per fiscal year for feedstock processors to assist in the construction, modification, alteration, or retrofitting of feedstock processing facilities that are located and operated in Arkansas
- Distribution - grants up to \$50,000 per fiscal year for alternative fuels distributors to improve the statewide supply and distribution of alternative fuels and alternative fuels mixtures that are produced in Arkansas

Base Level includes appropriation and general revenue funding of \$1,960,440 each year.

The Agency requests additional appropriation and general revenue funding in the amount of \$3,039,560 each year. This request restores the Agency's level of funding to the \$4.5 million that was funded in the 2007-09 biennium and adds an additional \$500,000 each year to provide a total Agency budget of \$5 million each year for incentive grants.

The Executive Recommendation provides for the Agency Request and eliminates the general revenue funding for this program pending a decision on General Improvement funding.

## Appropriation Summary

**Appropriation:** 37Z - Agri Dept-Alt Fuels Dev Grants-(GR)

**Funding Sources:** HAD - Department of Agriculture Fund Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	4,317,218	1,960,440	26,000,000	1,960,440	5,000,000	5,000,000	1,960,440	5,000,000	5,000,000
Total		4,317,218	1,960,440	26,000,000	1,960,440	5,000,000	5,000,000	1,960,440	5,000,000	5,000,000
<b>Funding Sources</b>										
General Revenue	4000010	4,317,218	1,960,440		1,960,440	5,000,000	0	1,960,440	5,000,000	0
Total Funding		4,317,218	1,960,440		1,960,440	5,000,000	0	1,960,440	5,000,000	0
Excess Appropriation/(Funding)		0	0		0	0	5,000,000	0	0	5,000,000
Grand Total		4,317,218	1,960,440		1,960,440	5,000,000	5,000,000	1,960,440	5,000,000	5,000,000

The FY08 Actual exceeds the FY09 Budget in Grants and Aid due to general revenue funding reductions in FY09.

## Change Level by Appropriation

**Appropriation:** 37Z - Agri Dept-Alt Fuels Dev Grants-(GR)  
**Funding Sources:** HAD - Department of Agriculture Fund Account

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,960,440</b>	<b>0</b>	<b>1,960,440</b>	<b>100.0</b>	<b>1,960,440</b>	<b>0</b>	<b>1,960,440</b>	<b>100.0</b>
C01	Existing Program	3,039,560	0	5,000,000	255.0	3,039,560	0	5,000,000	255.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,960,440</b>	<b>0</b>	<b>1,960,440</b>	<b>100.0</b>	<b>1,960,440</b>	<b>0</b>	<b>1,960,440</b>	<b>100.0</b>
C01	Existing Program	3,039,560	0	5,000,000	255.0	3,039,560	0	5,000,000	255.0

### Justification

C01	An increase of \$3,039,560 each year is requested to enable the agency to continue providing incentive grants for alternative fuels production, feedstock processing and distribution.
-----	--

## **Analysis of Budget Request**

**Appropriation:** 38A - Agri Dept-Alt Fuels Dev Grants-(SR)

**Funding Sources:** SFD - Alternative Fuels Development Fund

This biennial appropriation provides special revenue funding to support the Arkansas Agriculture Department's Alternative Fuels Development Program (A.C.A. §15-13-301 et seq.). The original source of funding was a one-time fund transfer of \$11 million from the General Revenue Allotment Reserve Fund during the 2007-09 biennium as authorized by the 86th General Assembly in Section 2 of Act 1098 of 2007.

This program includes three types of incentive grants:

- Capital and Production - grants up to \$2 million per fiscal year (based on the gallon production of alternative fuels) for alternative fuels producers for the construction, modification, alteration, or retrofitting of an alternative fuels production facility located and operated in Arkansas and for the operations costs of an alternative fuels production facility located and operated in Arkansas
- Production - grants up to \$2 million per fiscal year for feedstock processors to assist in the construction, modification, alteration, or retrofitting of feedstock processing facilities that are located and operated in Arkansas
- Distribution - grants up to \$50,000 per fiscal year for alternative fuels distributors to improve the statewide supply and distribution of alternative fuels and alternative fuels mixtures that are produced in Arkansas

Base Level includes appropriation of \$11 million for the 2009-11 biennium. Appropriation which remains unexpended at the end of FY10 will be carried forward to be used for the same purpose in FY11.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 38A - Agri Dept-Alt Fuels Dev Grants-(SR)  
**Funding Sources:** SFD - Alternative Fuels Development Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	0	0	11,000,000	11,000,000	11,000,000	0	0	0
Total	0	0	0	11,000,000	11,000,000	11,000,000	0	0	0
Funding Sources									
Fund Balance 4000005	0	11,000,000		11,000,000	11,000,000	11,000,000	0	0	0
Special Revenue 4000030	11,000,000	0		0	0	0	0	0	0
Total Funding	11,000,000	11,000,000		11,000,000	11,000,000	11,000,000	0	0	0
Excess Appropriation/(Funding)	(11,000,000)	(11,000,000)		0	0	0	0	0	0
Grand Total	0	0		11,000,000	11,000,000	11,000,000	0	0	0

This is a Biennial Appropriation. The amount authorized for the 2007-09 biennium was \$11 million. The amount that carried forward from FY08 into FY09 was \$11 million.

FY08 Actual Revenue consists of a one-time fund transfer of \$11 million from the General Revenue Allotment Reserve Fund as authorized in Section 2 of Act 1098 of 2007.

## **Analysis of Budget Request**

**Appropriation:** ASP - PIB-Univ Scholarship Program

**Funding Sources:** SDP - Plant Board Fund

The Agriculture Scholarship Program was created by Act 687 of 2003 for the purpose of providing grants for internships and scholarships to the following:

- University of Arkansas - \$5,000
- Arkansas State University - \$5,000
- Arkansas Tech University - \$5,000
- Southern Arkansas University - \$5,000

Funding consists of civil penalties collected by the State Plant Board.

The Agency requests the continuation of Base Level appropriation each year of the biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** ASP - PB-Univ Scholarship Program

**Funding Sources:** SDP - Plant Board Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
SAU Agri Scholarships	5100004	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
U of A Agri Scholarships	5100004	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
AR Tech Agri Scholarships	5100004	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
ASU Agri Scholarships	5100004	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total</b>		<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Funding Sources</b>										
Special Revenue	4000030	20,000	20,000		20,000	20,000	20,000	20,000	20,000	20,000
<b>Total Funding</b>		<b>20,000</b>	<b>20,000</b>		<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>20,000</b>	<b>20,000</b>		<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>

## **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 the continuation of Base Level appropriation 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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				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
<b>Total</b>	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Funding Sources</b>									
Cash Fund 4000045	0	10,000		10,000	10,000	10,000	10,000	10,000	10,000
<b>Total Funding</b>	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
<b>Grand Total</b>	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 the continuation of Base Level appropriation in the amount 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					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	29,516	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
<b>Total</b>		<b>29,516</b>	<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>
<b>Funding Sources</b>										
Fund Balance	4000005	26,395	34,718		34,718	34,718	34,718	34,718	34,718	34,718
Cash Fund	4000045	809,036	6,765,600		6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600
Inter-agency Fund Transfer	4000316	(771,197)	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>64,234</b>	<b>6,800,318</b>		<b>6,800,318</b>	<b>6,800,318</b>	<b>6,800,318</b>	<b>6,800,318</b>	<b>6,800,318</b>	<b>6,800,318</b>
<b>Excess Appropriation/(Funding)</b>		<b>(34,718)</b>	<b>(34,718)</b>		<b>(34,718)</b>	<b>(34,718)</b>	<b>(34,718)</b>	<b>(34,718)</b>	<b>(34,718)</b>	<b>(34,718)</b>
<b>Grand Total</b>		<b>29,516</b>	<b>6,765,600</b>		<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>	<b>6,765,600</b>

The Inter-agency Fund Transfer in FY08 reflects fund transfer to University of Arkansas for its share of fertilizer and lime tonnage fees (A.C.A. 2-19-201).

# ARKANSAS BUILDING AUTHORITY

## Enabling Laws

Act 1220 of 2007  
A.C.A. §22-2-101 et seq.

## History and Organization

### MISSION STATEMENT

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

### HISTORY and MAJOR OBJECTIVES

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

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

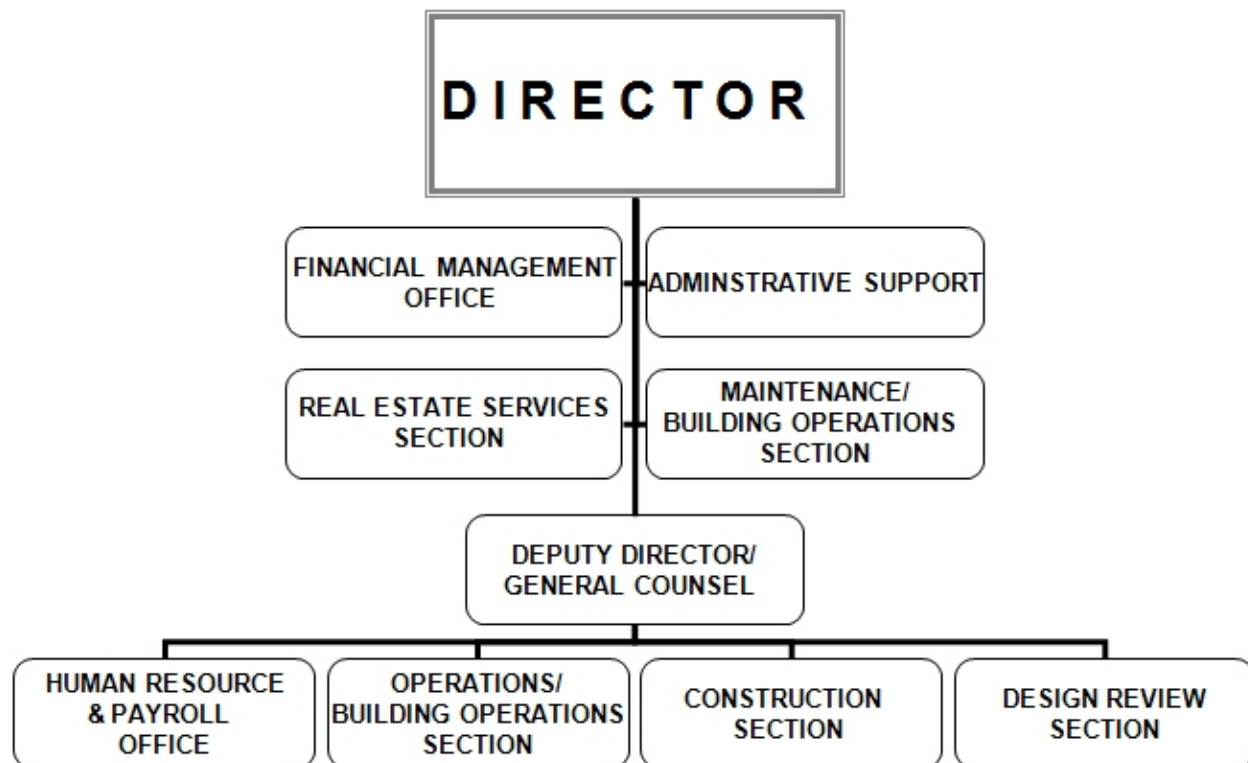
**(2) Construction Section** supervises the bidding and awarding of construction contracts for capital improvements for or by state agencies; establishes and maintains complete construction files on all jobs, including observation reports, plans and specifications for all capital improvements; approves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

that the construction of all projects complies with the contract documents; and manages the bidders list.

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

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

In addition, the core of ABA is supported by internal services that fulfill additional programmatic functions: The Director's staff, which includes Legal, Information Technology, Human Resources and other administrative supportive services; and the Financial Management office which is responsible for the administration of the Agency's purchasing and accounting functions.



## **Agency Commentary**

This commentary relates to five (5) primary appropriations (fund centers) for Arkansas Building Authority:

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

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

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

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

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



## Operations:

Arkansas Building Authority operates and performs its duties through these five (5) distinct appropriations. The Agency is a dual-faceted agency providing two distinct client bases for which it serves: (1) building operation services, and (2) statewide client services. ABA does not collect fees for the client services it provides; nearly seventy-five percent (75%) of the funds used to operate the Agency are generated through rent revenues billed and collected through tenant leases for ABA's building portfolio of more than 1 million square feet. These funds not only support the maintenance and operation of the buildings, it also funds more than half of the agency's administrative and client-based services that do not contribute to the operational fund.

ABA has been very successful in the management of its building portfolio which has achieved a 99.9% occupancy rate. Unfortunately, this success also creates a detriment to the Agency with its dependency on the rent revenues to support its operations. With a nearly 100% occupancy rate, rent revenues have peaked, limiting ABA's opportunity to generate more rents without a rental rate increase. However, in ABA's efforts to support other state agencies in baseline budgeting, ABA has elected not to propose rental increases for its properties; and as a result, the Agency's primary funding source has become stagnant. The end result, ABA has limited opportunities to improve client services or offset building operational costs. As reflected in the MWJ0100/254 Appropriation Summary, operating expenses continue to rise. The referenced appropriation reflects a 27.7% increase in operating expenses, which is directly related to the increase in electric utilities, fuel costs, minimum wage, insurance rates, and environmental regulations. Furthermore, with pending congressional legislation proposing mandates for carbon footprint reductions, it is imperative that ABA continue to fund its Critical Maintenance Fund (MWJ0300 / IVF) at the highest possible level. In order for ABA to improve its facilities to comply with the "greening" initiatives being imposed, funds must be available to replace or upgrade critical buildings systems which are largely responsible for carbon emissions. It is known that the commercial real estate industry will bare the brunt of this legislation, creating potentially devastating costs for carbon footprints that are not substantially decreased. The Critical Maintenance Fund referenced above is 100% dependent on operational savings which is continually shrinking and will soon be eliminated.

With the scenario above, ABA has no other choice than to explore opportunities to expand its building management portfolio in its efforts to generate additional rent revenues and management fees. This Biennial Budget Requests reflects two (2) opportunities to support that goal:

(1) Management Contract for the maintenance and operation of the Arkansas Services Center in Jonesboro, AR housing multiple state services including DHS, AR Rehabilitation Services and a Behavioral Health In-Patient Services unit. The Center is a state-owned facility currently managed by ASU. ASU provided notice of its desire to terminate management services in the fall of 2009 (FY2010). The appropriation for this proposal is reflected in the MWJ0100 Operating Expenses; and

(2) Proposed Lease/Purchase Agreement for a 110,000 square foot commercial office building to house multiple state agencies. ABA is negotiating a Master Lease Agreement with a projected occupancy during the first quarter of FY2010. Upon exercising the purchase option in year 5 or 6 of the initial lease term, ABA will assume full management and operational duties. The appropriation for this proposal is reflected in the MWJ0100 Lease Purchase.

The same operational challenges expressed above are reflected in the Justice Building Operations MWJ0200/809 Appropriation Summary as well.

In addition, ABA's master lease for the facility occupied by DDSSA at 7th & Pulaski Streets, Little Rock, is subsidized by ABA. ABA's rent portion (\$104,481/yr) is funded by ABA rent revenues in MWJ0100. This particular expenditure has been moved from Lease Purchase to the Operating Expenses since the purchase option for this lease was removed years ago as a result of the Department of Labor's restriction on the use of federal funds. Aside from ABA's efforts to eliminate the rent subsidy altogether through direct lease re-negotiations, the reallocation of the expenditure within the ABA Maintenance Fund (MWJ0100 / 254) had simply not been made previously.

Lastly, a contingent rent appropriation has been included in past years in the amount of \$121,000 for ABA in the event that a situation arose that would necessitate ABA to pay rent for its offices to house the ABA staff. ABA occupies office space in an ABA building and does not charge itself rent, but in the event that the need arises that requires ABA to seek substitute facilities, a rent appropriation may be required. This appropriation in Rent of Space is reflected in the ABA Maintenance Fund (MWJ0100/254).

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS BUILDING AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

## **Employment Summary**

	Male	Female	Total	%
White Employees	54	12	66	90 %
Black Employees	1	3	4	5 %
Other Racial Minorities	2	1	3	5 %
Total Minorities			7	10 %
Total Employees			73	100 %

## **Cash Fund Balance Description as of June 30, 2008**

Fund Account	Balance	Type	Location
1320200	\$1,122,213	Checking	Regions

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Monthly

Fund Balance Utilization:

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

## **Publications**

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

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

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1VF Critical Maintenance	0	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0
253 ABA - State Operations	1,938,294	38	2,324,104	38	2,358,354	38	2,453,740	38	2,453,740	38	2,453,740	38	2,496,995	38	2,496,995	38	2,496,995	38
254 Building Maintenance	8,024,349	45	8,828,254	47	10,326,947	47	8,862,342	47	12,625,884	51	12,625,884	51	8,905,948	47	12,776,274	51	12,776,274	51
488 Acquisition and Maintenance	0	0	0	0	1,500,000	0	0	0	1,500,000	0	1,500,000	0	0	0	1,500,000	0	1,500,000	0
809 Justice Building Operations	651,254	3	696,804	3	691,312	3	702,973	3	719,076	3	719,076	3	705,734	3	754,559	3	724,127	3
915 Justice Building Maintenance	7,505	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0
D17 Justice Bldg Const-Cash	970,054	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0
<b>Total</b>	<b>11,591,456</b>	<b>86</b>	<b>15,273,821</b>	<b>88</b>	<b>18,301,272</b>	<b>88</b>	<b>15,443,714</b>	<b>88</b>	<b>20,723,359</b>	<b>92</b>	<b>20,723,359</b>	<b>92</b>	<b>15,533,336</b>	<b>88</b>	<b>20,952,487</b>	<b>92</b>	<b>20,922,055</b>	<b>92</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	5,109,881	28.2	6,534,570	32.5	4,819,148	22.3	4,819,148	20.8	4,819,148	20.8	6,209,140	26.6	2,429,495	11.5	2,429,495	11.5
General Revenue	4000010	1,938,294	10.7	2,324,104	11.6	2,453,740	11.3	2,453,740	10.6	2,453,740	10.6	2,496,995	10.7	2,496,995	11.9	2,496,995	11.9
Rental Income	4000430	9,323,178	51.4	9,469,455	47.1	12,300,269	56.8	12,300,269	53.1	12,300,269	53.1	12,374,269	53.0	12,374,269	58.8	12,374,269	58.8
State Administration of Justice	4000470	1,100,360	6.1	1,073,528	5.3	1,073,528	5.0	1,073,528	4.6	1,073,528	4.6	1,073,528	4.6	1,073,528	5.1	1,073,528	5.1
Transfer from St Central Srvs	4000575	654,313	3.6	691,312	3.4	719,076	3.3	719,076	3.1	719,076	3.1	754,559	3.2	754,559	3.6	754,559	3.6
Transfers / Adjustments	4000683	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Unfunded Appropriation	4000715	0	0.0	0	0.0	287,093	1.3	1,787,093	7.7	1,787,093	7.7	421,131	1.8	1,921,131	9.1	1,921,131	9.1
<b>Total Funds</b>		<b>18,126,026</b>	<b>100.0</b>	<b>20,092,969</b>	<b>100.0</b>	<b>21,652,854</b>	<b>100.0</b>	<b>23,152,854</b>	<b>100.0</b>	<b>23,152,854</b>	<b>100.0</b>	<b>23,329,622</b>	<b>100.0</b>	<b>21,049,977</b>	<b>100.0</b>	<b>21,049,977</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(6,534,570)		(4,819,148)		(6,209,140)		(2,429,495)		(2,429,495)		(7,796,286)		(97,490)		(127,922)	
<b>Grand Total</b>		<b>11,591,456</b>		<b>15,273,821</b>		<b>15,443,714</b>		<b>20,723,359</b>		<b>20,723,359</b>		<b>15,533,336</b>		<b>20,952,487</b>		<b>20,922,055</b>	

The FY09 Budget amount exceeds the authorized amount in Appropriation 809 due to salary adjustments during the 2007-2009 biennium.

Rental Income funding line for 2009-2011 reflects projections of anticipated additional revenue through a proposed new Management Contract for the maintenance and operations of the Arkansas Services Center in Jonesboro, AR and the proposed Lease/Purchase Agreement for a 110,000 sq. ft. commercial building to house multiple state agencies.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Filled	Unfilled			Total	Total	Filled	Unfilled	
93	79	12	91	2	15.05 %	88	77	11	88	0	12.50 %	88	73	15	88	0	17.05 %

## **Analysis of Budget Request**

**Appropriation:** 1VF - Critical Maintenance

**Funding Sources:** MWJ - Critical Maintenance

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

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1VF - Critical Maintenance

**Funding Sources:** MWJ - Critical Maintenance

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Special Maintenance 5120032	0	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000
<b>Total</b>	<b>0</b>	<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>

Funding Sources		2007-2008	2008-2009	2008-2009	2009-2010	2009-2010	2009-2010	2010-2011	2010-2011	2010-2011
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Fund Balance 4000005		3,181,013	4,619,013		2,989,013	2,989,013	2,989,013	1,359,013	1,359,013	1,359,013
Transfers / Adjustments 4000683		1,438,000	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>4,619,013</b>	<b>4,619,013</b>		<b>2,989,013</b>	<b>2,989,013</b>	<b>2,989,013</b>	<b>1,359,013</b>	<b>1,359,013</b>	<b>1,359,013</b>
Excess Appropriation/(Funding)		(4,619,013)	(2,989,013)		(1,359,013)	(1,359,013)	(1,359,013)	270,987	270,987	270,987
<b>Grand Total</b>		<b>0</b>	<b>1,630,000</b>		<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>	<b>1,630,000</b>

Special Language provides carry forward of appropriation and funding. For FY09 the carry forward amount was \$3,707,312.

The Transfers/Adjustments Actual funding is a transfer from the Building Maintenance appropriation (254).

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Arkansas Building Authority

Program: Critical Maintenance

Act #: 1220 of 2007 Section(s) #: 9 & 14

Estimated Carry Forward Amount \$ 3,375,208.00      Appropriation       Funds

Funding Source: Other

**Accounting Information:**

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

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Special Maintenance	5120032	3,375,208.00	3,707,312.19
<b>Total</b>		<b>\$ 3,375,208.00</b>	<b>\$ 3,707,312.19</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

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

**Actual Funding Carry Forward Amount**      \$ 3,707,312.19

**Current status of carry forward appropriation/funding:**

While it is important to remember that the purpose of this fund is to maintain a "reserve" for unexpected expenditures, there are a number of projects that are identified and funded during the fiscal year to reduce the financial burden on the Annual Operations Plan. Projects or expenditures specifically identified at this time for funding through the 1VF are: Professional Service Contracts - \$225,000; Natural Resource Complex - building systems upgrades/ replacement - \$175,000; DFA - Elevator Upgrades - \$85,000; 1515 Building - Sewer System Repairs - \$175,000; Plant Board Renovations to office space - \$50,000; MainStreet Mall - Boiler Replacement - \$10,000; MainStreet Mall - Carpet Replacement in Corridor & Tobacco Control Bd - \$8,000; One Capitol Mall - Cooling Tower Compliance - \$15,000; ABA Emergency Program Installations - \$12,000; Miscellaneous Building Critical Repairs - \$100,000; Miscellaneous Buildings - RPZ Installations - \$12,000; Total Expenditures (planned) - \$855,000.

Anne Laidlaw  
Director

08-21-2008  
Date



## **Analysis of Budget Request**

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

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

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

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for two positions transitioning from unclassified to classified positions. Unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Request is for Base Level each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,425,348	1,768,683	1,768,683	1,858,312	1,858,312	1,858,312	1,894,605	1,894,605	1,894,605
<b>#Positions</b>		<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
Personal Services Matching	5010003	448,318	490,627	524,877	540,634	540,634	540,634	547,596	547,596	547,596
Operating Expenses	5020002	48,593	48,594	48,594	48,594	48,594	48,594	48,594	48,594	48,594
Conference & Travel Expenses	5050009	6,188	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	9,847	10,000	10,000	0	0	0	0	0	0
<b>Total</b>		<b>1,938,294</b>	<b>2,324,104</b>	<b>2,358,354</b>	<b>2,453,740</b>	<b>2,453,740</b>	<b>2,453,740</b>	<b>2,496,995</b>	<b>2,496,995</b>	<b>2,496,995</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,938,294	2,324,104		2,453,740	2,453,740	2,453,740	2,496,995	2,496,995	2,496,995
Total Funding		1,938,294	2,324,104		2,453,740	2,453,740	2,453,740	2,496,995	2,496,995	2,496,995
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,938,294</b>	<b>2,324,104</b>		<b>2,453,740</b>	<b>2,453,740</b>	<b>2,453,740</b>	<b>2,496,995</b>	<b>2,496,995</b>	<b>2,496,995</b>

BLANK PAGE

## **Analysis of Budget Request**

**Appropriation:** 254 - Building Maintenance

**Funding Sources:** MWJ - ABA Maintenance

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

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests total \$3,763,542 in FY10 and \$3,870,326 in FY11 and reflect the following:

- Regular Salaries and associated Personal Services Matching increase of \$146,399 in FY10 and \$149,295 in FY11 for 1 Maintenance Coordinator position, 2 Maintenance Technician positions, and 1 Maintenance Assistant position in order to meet the needs of a new management contract for the Arkansas Services Center in Jonesboro.
- Extra Help, Overtime, and related Personal Services Matching increase of \$106,142 per year in the event of building maintenance emergencies.
- Operating Expenses of \$1,607,352 in FY10 and \$1,936,140 in FY11 for increases in electric, natural gas, and water/sewer expenses, increases in some service contracts due to a change in the State minimum wage, and the transfer of the master lease agreement for the DDSSA facility located at 7th & Pulaski.
- Professional Fees increase of \$22,306 in each year for design fees and accounting services.
- Capital Outlay increase of \$79,100 per year for the purchase of mowers, tractors, and other building maintenance equipment.
- Debt Service appropriation of \$10,000 in FY10 and \$20,000 in FY11 for the Main Street Bond.
- Restoration of an unfunded \$250,000 biennial contingency appropriation in the event that the Agency executes one or more building contracts or maintenance agreements with state agencies, and the appropriations or funds otherwise provided for the Agency are not sufficient to address those needs.
- Lease Purchase increase of \$1,542,243 in FY10 and \$1,557,343 in FY11 for the Lease Purchase Agreement for a 110,000 square foot commercial office building to house multiple state agencies.

The Agency anticipates additional rental income for the 2009-2011 biennium through a proposed new Management Contract for the maintenance and operations of the Arkansas Services Center in Jonesboro, AR and a proposed Lease/Purchase Agreement for a 110,000 sq. ft. commercial building to house multiple state agencies.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 254 - Building Maintenance

**Funding Sources:** MWJ - ABA Maintenance

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,421,858	1,649,771	1,709,851	1,710,190	1,816,289	1,816,289	1,746,917	1,855,455	1,855,455
<b>#Positions</b>		<b>45</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>51</b>	<b>51</b>	<b>47</b>	<b>51</b>	<b>51</b>
Extra Help	5010001	16,222	15,000	75,000	15,000	75,000	75,000	15,000	75,000	75,000
<b>#Extra Help</b>		<b>6</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Personal Services Matching	5010003	487,142	509,171	573,960	561,940	613,382	613,382	568,819	620,718	620,718
Overtime	5010006	2,127	5,000	40,000	5,000	40,000	40,000	5,000	40,000	40,000
Operating Expenses	5020002	5,371,534	5,807,678	6,943,196	5,807,678	7,415,030	7,415,030	5,807,678	7,743,818	7,743,818
Conference & Travel Expenses	5050009	3,410	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	4,069	17,694	40,000	17,694	40,000	40,000	17,694	40,000	40,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	79,100	79,100	0	79,100	79,100	0	79,100	79,100
Debt Service	5120019	354,242	366,683	366,683	366,683	376,683	376,683	366,683	386,683	386,683
Contingency	5130018	0	0	0	0	250,000	250,000	0	0	0
Rent of Space	5900022	0	0	121,000	0	0	0	0	0	0
Lease Purchase	5900046	363,745	363,157	363,157	363,157	1,905,400	1,905,400	363,157	1,920,500	1,920,500
<b>Total</b>		<b>8,024,349</b>	<b>8,828,254</b>	<b>10,326,947</b>	<b>8,862,342</b>	<b>12,625,884</b>	<b>12,625,884</b>	<b>8,905,948</b>	<b>12,776,274</b>	<b>12,776,274</b>

Funding Sources										
Fund Balance	4000005	364,130	224,959		866,160	866,160	866,160	4,304,087	540,545	540,545
Rental Income	4000430	9,323,178	9,469,455		12,300,269	12,300,269	12,300,269	12,374,269	12,374,269	12,374,269
Transfers / Adjustments	4000683	(1,438,000)	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>8,249,308</b>	<b>9,694,414</b>		<b>13,166,429</b>	<b>13,166,429</b>	<b>13,166,429</b>	<b>16,678,356</b>	<b>12,914,814</b>	<b>12,914,814</b>
Excess Appropriation/(Funding)		(224,959)	(866,160)		(4,304,087)	(540,545)	(540,545)	(7,772,408)	(138,540)	(138,540)
<b>Grand Total</b>		<b>8,024,349</b>	<b>8,828,254</b>		<b>8,862,342</b>	<b>12,625,884</b>	<b>12,625,884</b>	<b>8,905,948</b>	<b>12,776,274</b>	<b>12,776,274</b>

FY08 Actual amount in Lease Purchase Expense exceeds Authorized amount due to a higher authorized appropriation in FY08.

The Transfers/Adjustments Actual funding includes a \$1,438,000 transfer to the Critical Maintenance appropriation (1VF).

Rental Income funding line for 2009-2011 reflects projections of anticipated additional revenue through a proposed new Management Contract for the maintenance and operations of the Arkansas Services Center in Jonesboro, AR and the proposed Lease/Purchase Agreement for a 110,000 sq. ft. commercial building to house multiple state agencies.

## Change Level by Appropriation

**Appropriation:** 254 - Building Maintenance

**Funding Sources:** MWJ - ABA Maintenance

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>8,862,342</b>	<b>47</b>	<b>8,862,342</b>	<b>100.0</b>	<b>8,905,948</b>	<b>47</b>	<b>8,905,948</b>	<b>100.0</b>
C01	Existing Program	3,899,538	4	12,761,880	144.0	3,987,466	4	12,893,414	144.8
C03	Discontinue Program	(135,996)	0	12,625,884	142.5	(117,140)	0	12,776,274	143.5

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>8,862,342</b>	<b>47</b>	<b>8,862,342</b>	<b>100.0</b>	<b>8,905,948</b>	<b>47</b>	<b>8,905,948</b>	<b>100.0</b>
C01	Existing Program	3,899,538	4	12,761,880	144.0	3,987,466	4	12,893,414	144.8
C03	Discontinue Program	(135,996)	0	12,625,884	142.5	(117,140)	0	12,776,274	143.5

### Justification

C01	Due to the increases in minimum wage, utility rates and fuel costs, many of the contracts related to the maintenance and operation of the ABA buildings will increase. Furthermore, the reallocation of the master lease agreement for the DDSSA facility located at 7th & Pulaski as explained in the Agency Commentary adds another \$104,481 to this operational increase. ABA retains Contingency appropriation of \$250,000 pending the possibility of picking up an additional management services account during the fiscal year.
C03	Due to ABA's efforts to offset the increase in operating expenses noted above, ABA looked for opportunities to reduce costs wherever possible, and as a result, a few service contracts were reduced, as well as ABA's election to reduce its in-stock inventory purchases.

## **Analysis of Budget Request**

**Appropriation:** 488 - Acquisition and Maintenance

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

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

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

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 488 - Acquisition and Maintenance

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	300,000	0	300,000	300,000	0	300,000	300,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Construction/Renovations 5090005	0	0	1,200,000	0	1,200,000	1,200,000	0	1,200,000	1,200,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Funding Sources</b>									
Unfunded Appropriation 4000715	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000
<b>Total Funding</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>1,500,000</b>



## Change Level by Appropriation

**Appropriation:** 488 - Acquisition and Maintenance

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

### Agency Request

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C01 Existing Program	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

### Executive Recommendation

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C01 Existing Program	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

### Justification

C01	ABA will continue to consider opportunities to acquire properties that are in the best interests of the State for use by the ABA or that of other state agencies, boards and commissions. ABA is requesting the reappropriation of the Acquisition and Maintenance appropriation at its current Authorized level of \$1.5 million so that such property transactions may be completed if funding is made available.							
-----	---	--	--	--	--	--	--	--

## **Analysis of Budget Request**

**Appropriation:** 809 - Justice Building Operations

**Funding Sources:** MWJ - ABA Maintenance

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

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests total \$16,103 in FY10 and \$48,825 in FY11 and reflect the following:

- Operating Expenses increase of \$64,741 in FY10 and \$97,463 in FY11 due to increases in electric and natural gas utility rates and increases in some service contracts impacted by the increase in the state minimum wage, and offsetting these increases with the eliminations of special improvement projects in the amount of \$48,638 each year.

The Executive Recommendation provides for the Agency Request in FY10. The Executive Recommendation provides for the Agency Request in FY11 with the exception of Operating Expenses; which is approved in the amount of \$67,031.

## Appropriation Summary

**Appropriation:** 809 - Justice Building Operations

**Funding Sources:** MWJ - ABA Maintenance

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	98,148	99,052	93,104	102,015	102,015	102,015	104,342	104,342	104,342
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching 5010003	32,179	31,192	31,648	34,398	34,398	34,398	34,832	34,832	34,832
Operating Expenses 5020002	520,927	566,560	566,560	566,560	582,663	582,663	566,560	615,385	584,953
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>651,254</b>	<b>696,804</b>	<b>691,312</b>	<b>702,973</b>	<b>719,076</b>	<b>719,076</b>	<b>705,734</b>	<b>754,559</b>	<b>724,127</b>
<b>Funding Sources</b>									
Fund Balance 4000005	10,157	13,216		7,724	7,724	7,724	23,827	7,724	7,724
Transfer from St Central Svcs 4000575	654,313	691,312		719,076	719,076	719,076	754,559	754,559	754,559
<b>Total Funding</b>	<b>664,470</b>	<b>704,528</b>		<b>726,800</b>	<b>726,800</b>	<b>726,800</b>	<b>778,386</b>	<b>762,283</b>	<b>762,283</b>
Excess Appropriation/(Funding)	(13,216)	(7,724)		(23,827)	(7,724)	(7,724)	(72,652)	(7,724)	(38,156)
<b>Grand Total</b>	<b>651,254</b>	<b>696,804</b>		<b>702,973</b>	<b>719,076</b>	<b>719,076</b>	<b>705,734</b>	<b>754,559</b>	<b>724,127</b>

The FY08 Actual and FY09 Budget amounts in Regular Salaries and Personal Services Matching exceed the authorized amount due to salary adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** 809 - Justice Building Operations

**Funding Sources:** MWJ - ABA Maintenance

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>702,973</b>	<b>3</b>	<b>702,973</b>	<b>100.0</b>	<b>705,734</b>	<b>3</b>	<b>705,734</b>	<b>100.0</b>
C01	Existing Program	64,741	0	767,714	109.2	97,463	0	803,197	113.8
C03	Discontinue Program	(48,638)	0	719,076	102.3	(48,638)	0	754,559	106.9

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>702,973</b>	<b>3</b>	<b>702,973</b>	<b>100.0</b>	<b>705,734</b>	<b>3</b>	<b>705,734</b>	<b>100.0</b>
C01	Existing Program	64,741	0	767,714	109.2	67,031	0	772,765	109.5
C03	Discontinue Program	(48,638)	0	719,076	102.3	(48,638)	0	724,127	102.6

### Justification

C01	Due to an increase in minimum wage, utility rates and fuel costs, many of the service contracts related to the maintenance and operation of the Justice Building are increasing.
C03	Due to the increase in operating expenses for the building, ABA chose to eliminate any special capital improvement projects within the operations budget.

## **Analysis of Budget Request**

**Appropriation:** 915 - Justice Building Maintenance

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

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

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 915 - Justice Building Maintenance

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Special Maintenance 5120032	7,505	504,659	504,659	504,659	504,659	504,659	504,659	504,659	504,659
<b>Total</b>	<b>7,505</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>
<b>Funding Sources</b>									
Fund Balance 4000005	479,146	555,169		134,038	134,038	134,038	0	0	0
State Administration of Justice 4000470	83,528	83,528		83,528	83,528	83,528	83,528	83,528	83,528
Unfunded Appropriation 4000715	0	0		287,093	287,093	287,093	421,131	421,131	421,131
<b>Total Funding</b>	<b>562,674</b>	<b>638,697</b>		<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>
Excess Appropriation/(Funding)	(555,169)	(134,038)		0	0	0	0	0	0
<b>Grand Total</b>	<b>7,505</b>	<b>504,659</b>		<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>	<b>504,659</b>

## **Analysis of Budget Request**

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

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

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

The Agency Request is for Base Level.

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

## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	22,144	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Debt Service	5120019	947,910	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
<b>Total</b>		<b>970,054</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,075,435	1,122,213		822,213	822,213	822,213	522,213	522,213	522,213
State Administration of Justice	4000470	1,016,832	990,000		990,000	990,000	990,000	990,000	990,000	990,000
<b>Total Funding</b>		<b>2,092,267</b>	<b>2,112,213</b>		<b>1,812,213</b>	<b>1,812,213</b>	<b>1,812,213</b>	<b>1,512,213</b>	<b>1,512,213</b>	<b>1,512,213</b>
Excess Appropriation/(Funding)		(1,122,213)	(822,213)		(522,213)	(522,213)	(522,213)	(222,213)	(222,213)	(222,213)
<b>Grand Total</b>		<b>970,054</b>	<b>1,290,000</b>		<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>	<b>1,290,000</b>



# ARKANSAS STATE CLAIMS COMMISSION

## Enabling Laws

Act 780 of 2007

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 suit 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 biannually 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 \$10,000: claims approved by the Commission exceeding \$10,000 are brought before the General Assembly at its next regular, or possibly special session. The Commission's final and binding decisions 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, Tucker Maximum Security Unit, or at other sites several days each month.



**Agency Commentary**

**Appropriation 227-Operating Expenses:**

The Claims Commission is requesting a 2.5% increase to the base level for Maintenance and Operations for each year of the biennium to accommodate for rising costs in acquiring supplies and services due to inflation, fuel prices, etc. The Commission is not requesting any increase in its travel budget for the biennium.

The Commission is also requesting a one-time increase of \$40,000 in FY10. The request is for the purchase and installation of an interactive video conferencing system. The system will take advantage of a similar system's installation at the Department of Correction. The video conferencing technology allows hearings on claims, in particular inmate claims, to be conducted with no travel to units by the Claims Commission. Not only will the travel of the Commission be reduced, more importantly, the movement of inmates by the Department of Correction for hearings will be substantially reduced, if not eliminated. The ease of use and the greatly enhanced safety aspects of the system are well worth its cost. The increase in appropriation will reduce operations costs over the long run for not only the Claims Commission, but the Department of Corrections as well.

**Appropriation 228-Death, Disability, and Other Claims:**

The Commission requests Base Level for this appropriation in the 2009-11 biennium, thus no change in the annual appropriation of \$1.5 million.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE CLAIMS COMMISSION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	3	3	6	60 %
Black Employees	2	1	3	30 %
Other Racial Minorities	0	1	1	10 %
Total Minorities			4	40 %
Total Employees			10	100 %

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Claims Commission Annual Report	A.C.A. §25-1-103	N	Y	50	Required by legislation and requested by auditors.
Rules and Regulations: State Claims Commission	A.C.A. §19-10-205	N	Y	1,000	Required by the General Assembly.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
227 Claims Operations	511,901	10	527,960	10	525,388	10	556,786	10	599,086	10	599,086	10	565,097	10	567,397	10	567,397	10
228 Various Claims	830,893	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
Total	1,342,794	10	2,027,960	10	2,025,388	10	2,056,786	10	2,099,086	10	2,099,086	10	2,065,097	10	2,067,397	10	2,067,397	10

Funding Sources		%		%		%		%		%		%		%		%		%
State Central Services 4000035	511,901	38.1	527,960	26.0			556,786	27.1	599,086	28.5	599,086	28.5	565,097	27.4	567,397	27.4	567,397	27.4
Miscellaneous Revolving 4000350	830,893	61.9	1,500,000	74.0			1,500,000	72.9	1,500,000	71.5	1,500,000	71.5	1,500,000	72.6	1,500,000	72.6	1,500,000	72.6
Total Funds	1,342,794	100.0	2,027,960	100.0			2,056,786	100.0	2,099,086	100.0	2,099,086	100.0	2,065,097	100.0	2,067,397	100.0	2,067,397	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	1,342,794		2,027,960				2,056,786		2,099,086		2,099,086		2,065,097		2,067,397		2,067,397	

The Budget amount exceeds the Authorized amount in Claims Operations (appropriation 227) due to salary adjustments during the 2007-09 biennium.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Total	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 for the 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.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for one position transitioning from an unclassified to a classified position. Unclassified position reflects similar adjustment in line item salary. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission requests an increase above Base Level in Operating Expenses of \$2,300 for both years of the 2009-11 biennium. This increase is necessary for the Commission to cover increases in annual rent and office supplies.

Additionally, the Commission requests Capital Outlay in the amount of \$40,000 in FY10 to purchase a video conferencing system which is compatible with the Department of Correction's system. This technology will allow the Commission to conduct hearings via video conferencing thus eliminating the need for Commissioner travel to the prisons. The lack of travel will not only save transportation costs, but will increase safety.

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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	328,664	334,666	324,573	347,622	347,622	347,622	354,622	354,622	354,622
<b>#Positions</b>		<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	92,100	100,204	107,725	116,074	116,074	116,074	117,385	117,385	117,385
Operating Expenses	5020002	89,760	90,090	90,090	90,090	92,390	92,390	90,090	92,390	92,390
Conference & Travel Expenses	5050009	1,377	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	0	0	0	0	40,000	40,000	0	0	0
<b>Total</b>		<b>511,901</b>	<b>527,960</b>	<b>525,388</b>	<b>556,786</b>	<b>599,086</b>	<b>599,086</b>	<b>565,097</b>	<b>567,397</b>	<b>567,397</b>
<b>Funding Sources</b>										
State Central Services	4000035	511,901	527,960		556,786	599,086	599,086	565,097	567,397	567,397
Total Funding		511,901	527,960		556,786	599,086	599,086	565,097	567,397	567,397
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>511,901</b>	<b>527,960</b>		<b>556,786</b>	<b>599,086</b>	<b>599,086</b>	<b>565,097</b>	<b>567,397</b>	<b>567,397</b>

The Actual and Budget amounts in Regular Salaries exceed the Authorized amount due to salary adjustments during the 2007-09 biennium.

## Change Level by Appropriation

**Appropriation:** 227 - Claims Operations  
**Funding Sources:** HSC - State Central Services

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>556,786</b>	<b>10</b>	<b>556,786</b>	<b>100.0</b>	<b>565,097</b>	<b>10</b>	<b>565,097</b>	<b>100.0</b>
C01	Existing Program	2,300	0	559,086	100.4	2,300	0	567,397	100.4
C08	Technology	40,000	0	599,086	107.6	0	0	567,397	100.4

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>556,786</b>	<b>10</b>	<b>556,786</b>	<b>100.0</b>	<b>565,097</b>	<b>10</b>	<b>565,097</b>	<b>100.0</b>
C01	Existing Program	2,300	0	559,086	100.4	2,300	0	567,397	100.4
C08	Technology	40,000	0	599,086	107.6	0	0	567,397	100.4

### Justification

C01	The Commission requests a 2.5% increase to the base level for Maintenance and Operations for each year of the biennium to accommodate an increase in rent along with rising costs in acquiring supplies and services due to inflation.
C08	The Commission requests \$40,000 in Capital Outlay appropriation in FY10 for the purchase and installation of an interactive video conferencing system in order to take advantage of similar system's installation at the Department of Correction. This request is in compliance with the Commission's Information Technology (IT) Plan (IT Projects/Video Conferencing).



## **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 Commission Request is for Base Level of \$1,500,000 each year.

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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	830,893	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total	830,893	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	830,893	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Funding	830,893	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	830,893	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

# AR ECONOMIC DEVELOPMENT COMMISSION

## Enabling Laws

Act 1224 of 2007  
A.C.A. § 15-4-205 through § 15-4-219

## History and Organization

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

## AGENCY MISSION STATEMENT

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

## ORGANIZATIONAL STRUCTURE

The Agency consists of three primary divisions: Global Business Division; Administration and Finance and the Marketing and Communications Division.

The Global Business Division has primary responsibility for interacting with customers, partners and interested parties external to the agency's operations. The following divisions reside within the Global Business Division:

- Business Development
- Community Development
- Business Retention and Expansion
- International Relations
- Film
- Small and Minority Business
- Entrepreneurship and Innovation

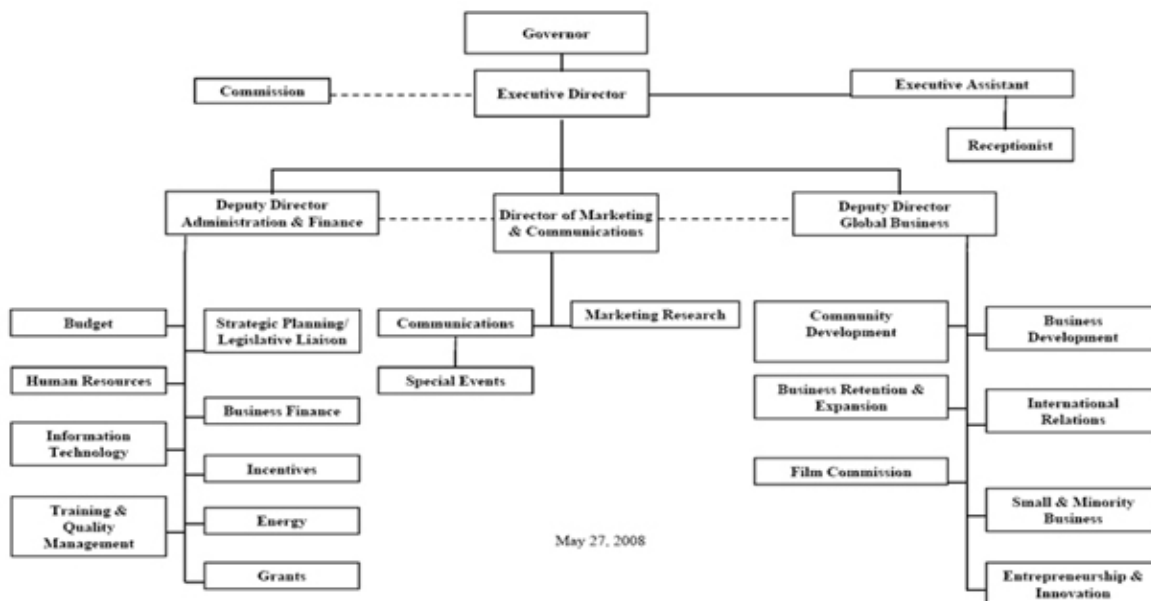
The Administration and Finance Division has responsibility for most of the support functions that assist the Global Business Division. The following divisions reside within the Administration and Finance

Division:

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

The Marketing and Communications Division has responsibility for all formal communications emanating from the agency. The following divisions reside within the Marketing and Communications Division:

- Communications
  - Marketing Research
  - Website
  - Special Events
- ❖ The Business Development program generates economic opportunity through strategic partnerships. It assists existing business and industry with their needs and actively recruits new business and industry development to Arkansas.
- ❖ The Community Development program works with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges.
- ❖ The Administrative and Support Program provides the ancillary services necessary for the Business Development and Community Development programs to achieve their goals and objectives. This program includes traditional administrative support as well as research, planning, technology, marketing and communication services.



## **Agency Commentary**

The Commission is requesting a continuation of the Base Level budget for all major programs which includes: General revenues of \$10,466,844 in FY10 and \$10,574,285 in FY11 for various program operations; Federal Grants of \$30,548,022 in FY10 and \$30,555,312 in FY11 for the Community Development Block Grant (CDBG) program funded from the Department of Housing and Urban Development (HUD) and \$1,388,838 in FY10 and \$1,397,573 in FY11 for the programs funded by the U.S. Department of Energy; and Cash-in-Bank funded operations of \$603,875 each year for various programs. The Federal CDBG program noted includes \$30,000,000 each year for grants to carry out the mandates of the HUD CDBG program. These are not operational funds of the Commission, but are passed through directly to the grant recipients. In addition, the Base Level includes a continuation of the appropriation for the Super Projects Fund of \$200 million each year as was authorized in the 2007-09 Biennium.

In addition to Base Level, the Commission is requesting:

(1) **State Operations:** Community Development Division-funding for one (1) new position (R377-AEDC Area/Program Representative) to eliminate a critical shortage in staff for the regional structure established to assist communities in preparing for economic development (\$53,964 in 2010 and \$55,088 in 2011); \$15,000 each year for the increased cost of official business travel in-state, \$4,000 the first year for office furniture and equipment for the new position, and \$5,000 each year for training expenses for the staff. Business Development Division-funding for one (1) new position (R378 AEDC Project/Regional Manager) to fill a critical need in the Commission's Targeted Sector recruiting efforts (\$61,655 in 2010 and \$62,966 in 2011); \$10,000 each year for the increased cost of official business travel in-state, \$4,000 in the first year for office furniture and equipment for the new position, and \$5,000 each year for training expenses for the staff. Also, requested is a \$1 million unfunded appropriation for grants for economic development projects within the state that can benefit from immediate, short term funding that the Commission can fund with savings in other program areas and/or salary savings. International Relations-\$4,000 in the first year only for office furniture and equipment for the previously unfunded and unfilled International Relations Manager. Entrepreneurship and Innovation-funding for one (1) new position (R378-AEDC Project/Regional Manager, \$61,655 in 2010 and \$62,966 in 2011), \$4,000 the first year only for office furniture and equipment for the new position, \$10,000 each year for the cost of official business travel in-state, and \$3,500 each year for training expenses. Market Research GIS-\$5,000 each year for educational training fees to allow the GIS Specialist to remain current on new trends in Geographic Information Systems technology so that our site maps are up-to-date and accurate for companies seeking location in the state. Information Technology-funding for one (1) new position (2820-Network Support Analyst, \$45,299 in 2010 and \$46,223 in 2011), \$4,000 in the first year for office furniture and equipment for the new position, \$15,000 each year for educational fees to allow the staff to keep up with rapidly changing technological advances, \$15,000 for contracting for maintenance support for the computer network for problems beyond staff expertise, and \$25,000 each year for Capital Outlay to allow replacement of aging equipment on a pre-determined schedule.

(2) **Industrial Coordinator Program:** Business Retention and Expansion-funding for one (1) new position (R377-AEDC Area/Program Representative) to complete the planned regional structure (\$53,964 in 2010 and \$55,088 in 2011), \$4,000 in the first year for office furniture and equipment for the new position, \$29,050 each year to cover the increased cost of reimbursement for use of personal vehicles in in-state official business travel, \$7,450 for training expenses of the staff, and \$5,000 each year to allow hiring of trainers for the Business Retention program under contract.

(3) **Film Division:** Film Office-funding for one (1) new position (R377-AEDC Area/Program Representative, \$53,964 in 2010 and \$55,088 in 2011), \$4,000 in the first year only for office furniture and equipment for the new position, \$5,000 each year for in-state travel expenses, and \$3,500 each year for conference and travel expenses for film promotion networking.

(4) **Established Industry Division - State:** Market Research-funding of \$5,000 each year for the staff to attend research conferences to keep up-to-date on new technologies for economic development targeted research and investment research on economic incentives.

(5) **Business Development - State:** Small & Minority Business-funding for one (1) new position (R377-AEDC Area/Program Representative, \$53,964 in 2010 and \$55,088 in 2011), \$4,000 in the first year only for office furniture and equipment for the new position, \$8,500 each year for Operating Expenses to allow the Division to be at a level where it can realistically assist the small business sector in the State, \$5,000 each year for Conference & Travel Expenses to allow the staff to attend networking conferences to stay abreast of recent small and minority business strategies.

(6) **Energy Efficiency Arkansas - Cash in Treasury:** This program was authorized as a request from the Cash Fund Holding Account during the 2008 and 2009 fiscal years and the Commission is requesting its continued appropriation for the 2009-2011 Biennium. One (1) position was provided for this program from those currently authorized. Regular Salaries and matching support for the position, along with Maintenance and Operations line items and a Grants and Aid line item are Change Level requests.

(7) **Consolidation of Appropriations - General Revenues:** As various programs were merged into the Arkansas Economic Development Commission throughout the past, these mergers normally took place after the General Assembly had convened, and not as part of an overall plan during the normal budget cycle. The appropriations for the merged programs were usually transferred separately and left intact. Through time, the Commission has grown to have seven (7) separate and distinct appropriations for general revenue funded programs. This is a very confusing problem when it comes to reporting program expenditures and planning for program operations. At present, there are separate appropriations for (1) State Operations (the bulk of the Commission's programs), (2) State Matching Grants, (3) Industrial Coordinator Program (the former Workforce Development Program), (4) Motion Picture Development Office, (5) Established Industries (the former Energy Conservation & Policy Office), (6) Industry Training, and (7) Business Development - State (Small & Minority Business Program). It would serve to alleviate many confusing program divisions in the legislative budgeting and administrative reporting processes if all of the appropriations for these programs were merged into one single general revenue appropriation. Therefore, for the efficiencies that can be realized, and for the enhanced reporting ability it will bring, the Commission requests that all the general revenue funded appropriations be consolidated into the State Operations Program. This consolidation request will not increase the overall amount appropriated nor increase the budgets of the general revenue request. It is instead a request to improve efficiency and provide for more effective budgeting and reporting.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

## Performance Audit Findings

Selected Programs of the Consolidated Incentive Act (CIA) of 2003  
Arkansas Economic Development Commission  
(July 1, 2003 – June 30, 2006) - Issued 06-08-2007

### Findings and Conclusions:

- The CIA became effective July 1, 2003 and, therefore, analysis was limited to the projects approved in fiscal year 2003 and companies taking advantage of the programs for the three year period ended June 30, 2006. The programs from which incentives were issued during our audit period were InvestArk, Advantage Arkansas, and Tax Back.
- The University of Arkansas at Little Rock, Institute for Economic Advancement used the Regional Economic Models, Inc (REMI) insight model to generate year to year estimates of the regional effects and benefits of the programs reviewed. The simulations indicated Advantage Arkansas and Tax Back incentives issued would create a budget surplus of approximately \$100,000 and the InvestArk incentives issued would create a budget surplus of approximately \$1.25 million.

### Recommendations:

N/A

## Employment Summary

	Male	Female	Total	%
White Employees	40	36	76	87 %
Black Employees	1	8	9	10 %
Other Racial Minorities	0	2	2	3 %
Total Minorities			11	13 %
Total Employees			87	100 %

## **Cash Fund Balance Description as of June 30, 2008**

Fund Account	Balance	Type	Location
1130100	\$343	Checking	Regions Bank, Little Rock, AR

### Statutory/Other Restrictions on use:

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

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

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

### Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

### Fund Balance Utilization:

Funds are used for Small Business University seminar related expenses.

---

Fund Account	Balance	Type	Location
1130200	\$6,006	Checking	Regions Bank, Little Rock, AR

### Statutory/Other Restrictions on use:

These funds were initially used for educational expenses of American students studying in Japan. The remaining balance is not sufficient to support student activities and is to be used for other expenses of economic development efforts related to Japan.

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

An endowment was made by the Century Tube Corporation for a scholarship fund for American students in Japan. Remaining funds are for other expenses of economic development efforts related to Japan.

### Revenue Receipts Cycle:

The fund was established with an endowment from the Century Tube Corporation. Interest is earned throughout the year.

### Fund Balance Utilization:

Funds were originally used to pay educational expenses of American students studying in Japan. Remaining funds are not sufficient to support another student in Japan, therefore, the parent company of the Century Tube Corporation has authorized the Commission to utilize the remaining balance for other expenses of economic development efforts related to Japan.

---

Fund Account	Balance	Type	Location
1130300	\$9,582	Checking	Regions Bank, Little Rock, AR



Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

Fund Balance Utilization:

Funds are used to pay for Commission marketing expenses.

---

Fund Account	Balance	Type	Location
1130400	\$8,574	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

Fund Balance Utilization:

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

---

Fund Account	Balance	Type	Location
1270600	\$8,563	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

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

Fund Balance Utilization:

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

---

Fund Account	Balance	Type	Location
1270800	\$512,019	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

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

Fund Balance Utilization:

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

---

Fund Account	Balance	Type	Location
1271200	\$32,204	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

Fund Balance Utilization:

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

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	None	N	N	0	None

**Department Appropriation Summary**

**BEFORE CONSOLIDATION OF APPROPRIATIONS  
2SM, 2SN, 2SR, 2SS, 2SU, 2SV INTO 2SK**

**Historical Data**

**Agency Request and Executive Recommendation**

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	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	6,671,653	53	6,566,184	53	11,689,539	56	6,718,932	53	8,070,025	57	7,743,932	53	6,788,515	53	8,124,258	57	7,813,515	53
2SM State Matching Grants	172,343	0	228,500	0	228,500	0	228,500	0	228,500	0	228,500	0	228,500	0	228,500	0	228,500	0
2SN Industrial Coordinator Program	725,015	10	807,018	11	811,847	11	837,279	11	936,743	12	837,279	11	852,034	11	948,622	12	852,034	11
2SQ Community Assistance-Federal	25,334,925	7	30,525,485	7	36,975,397	7	30,548,022	7	30,548,022	7	30,548,022	7	30,555,312	7	30,555,312	7	30,555,312	7
2SR Motion Picture Development Office	120,217	1	101,926	1	103,081	1	103,730	1	169,694	2	103,730	1	105,736	1	168,824	2	105,736	1
2SS Established Industry Division-State	534,546	8	590,738	8	579,239	8	612,931	8	617,931	8	612,931	8	623,603	8	628,603	8	623,603	8
2ST State Energy Plan-Federal	798,212	7	1,360,680	9	1,392,358	9	1,388,838	9	1,388,838	9	1,388,838	9	1,397,573	9	1,397,573	9	1,397,573	9
2SU Business Development-State	213,518	4	242,704	4	252,330	4	277,333	4	348,797	5	277,333	4	280,445	4	349,033	5	280,445	4
2SV Industry Training	1,592,404	6	1,669,233	6	3,162,158	6	1,688,139	6	1,688,139	6	1,688,139	6	1,695,452	6	1,695,452	6	1,695,452	6
56N Energy Efficiency Arkansas-Cash	149,710	0	2,312,385	1	0	0	0	1	2,311,137	1	2,311,137	1	0	1	2,312,452	1	2,312,452	1
C32 Incentive Plans-Cash	0	0	11,100	0	15,000	0	11,100	0	11,100	0	11,100	0	11,100	0	11,100	0	11,100	0
C34 Trade & International Investment-Cash	4,335	0	9,625	0	13,725	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0
C35 Existing Business Resource Program-Cash	5,537	0	30,150	0	46,500	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0
C36 Petroleum Violation Escrow-Cash	50,000	0	543,000	0	592,163	0	543,000	0	543,000	0	543,000	0	543,000	0	543,000	0	543,000	0
C38 Small Business University-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
<b>NOT REQUESTED FOR THE BIENNIIUM</b>																		
C33 Century Tube Program-Cash	0	0	5,980	0	5,980	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>36,372,415</b>	<b>96</b>	<b>245,014,708</b>	<b>100</b>	<b>255,877,817</b>	<b>102</b>	<b>243,007,579</b>	<b>100</b>	<b>246,911,701</b>	<b>107</b>	<b>246,343,716</b>	<b>100</b>	<b>243,131,045</b>	<b>100</b>	<b>247,012,504</b>	<b>107</b>	<b>246,468,497</b>	<b>100</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	609,672	1.6	1,699,323	0.7			97,361	0.0	97,361	0.0	97,361	0.0	95,149	0.0	80,178	0.0	80,178	0.0
General Revenue	4000010	9,926,484	26.1	10,173,671	4.2			10,466,844	4.3	11,059,829	4.5	10,466,844	4.3	10,574,285	4.4	11,143,292	4.5	10,574,285	4.3
Federal Revenue	4000020	26,133,137	68.6	31,886,165	13.0			31,936,860	13.2	31,936,860	13.0	31,936,860	13.0	31,952,885	13.2	31,952,885	13.0	31,952,885	13.0
Cash Fund	4000045	1,299,233	3.4	1,320,304	0.5			21,092	0.0	2,317,258	0.9	2,317,258	0.9	21,100	0.0	2,317,266	0.9	2,317,266	0.9
Merit Adjustment Fund	4000055	0	0.0	32,632	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	81.6			200,000,000	82.5	200,000,000	81.5	200,000,000	81.7	200,000,000	82.4	200,000,000	81.5	200,000,000	81.7

<b>Funding Sources</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
DFA Motor Vehicle Acquisition	4000184	103,212	0.3	0	0.0												
Total Funds		38,071,738	100.0	245,112,095	100.0	242,522,157	100.0	245,411,308	100.0	244,818,323	100.0	242,643,419	100.0	245,493,621	100.0	244,924,614	100.0
Excess Appropriation/(Funding)		(1,699,323)		(97,387)		485,422		1,500,393		1,525,393		487,626		1,518,883		1,543,883	
Grand Total		36,372,415		245,014,708		243,007,579		246,911,701		246,343,716		243,131,045		247,012,504		246,468,497	

Actual exceeds Authorized in 2SR due to salary adjustments and a Budget Classification transfer.

Budget exceeds Authorized in 2SS due to salary adjustments during the 2007-2009 Biennium.

56N authorized by request from Cash Fund Holding Account.

Excess funding in Budget column includes \$26 remaining balance in C33 not requested for the 2009-2011 Biennium. Variances in fund balances are due to unfunded appropriation.

BEFORE CONSOLIDATION OF APPROPRIATIONS 2SM, 2SN, 2SR, 2SS, 2SU, 2SV INTO 2SK.

**Department Appropriation Summary**

**AFTER CONSOLIDATION OF APPROPRIATIONS  
2SM, 2SN, 2SR, 2SS, 2SU, 2SV INTO 2SK**

**Historical Data**

**Agency Request and Executive Recommendation**

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	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	10,029,696	82	10,206,303	83	16,816,694	86	10,466,844	83	12,059,829	90	11,491,844	83	10,574,285	83	12,143,292	90	11,599,285	83
2SQ Community Assistance-Federal	25,334,925	7	30,525,485	7	36,975,397	7	30,548,022	7	30,548,022	7	30,548,022	7	30,555,312	7	30,555,312	7	30,555,312	7
2ST State Energy Plan-Federal	798,212	7	1,360,680	9	1,392,358	9	1,388,838	9	1,388,838	9	1,388,838	9	1,397,573	9	1,397,573	9	1,397,573	9
56N Energy Efficiency Arkansas-Cash	149,710	0	2,312,385	1	0	0	0	1	2,311,137	1	2,311,137	1	0	1	2,312,452	1	2,312,452	1
C32 Incentive Plans-Cash	0	0	11,100	0	15,000	0	11,100	0	11,100	0	11,100	0	11,100	0	11,100	0	11,100	0
C34 Trade & International Investment-Cash	4,335	0	9,625	0	13,725	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0
C35 Existing Business Resource Program-Cash	5,537	0	30,150	0	46,500	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0
C36 Petroleum Violation Escrow-Cash	50,000	0	543,000	0	592,163	0	543,000	0	543,000	0	543,000	0	543,000	0	543,000	0	543,000	0
C38 Small Business University-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
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
C33 Century Tube Program-Cash	0	0	5,980	0	5,980	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>36,372,415</b>	<b>96</b>	<b>245,014,708</b>	<b>100</b>	<b>255,867,817</b>	<b>102</b>	<b>243,007,579</b>	<b>100</b>	<b>246,911,701</b>	<b>107</b>	<b>246,343,716</b>	<b>100</b>	<b>243,131,045</b>	<b>100</b>	<b>247,012,504</b>	<b>107</b>	<b>246,468,497</b>	<b>100</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	609,672	1.6	1,699,323	0.7			97,361	0.0	97,361	0.0	97,361	0.0	95,149	0.0	80,178	0.0	80,178	0.0
General Revenue	4000010	9,926,484	26.1	10,173,671	4.2			10,466,844	4.3	11,059,829	4.5	10,466,844	4.3	10,574,285	4.4	11,143,292	4.5	10,574,285	4.3
Federal Revenue	4000020	26,133,137	68.6	31,886,165	13.0			31,936,860	13.2	31,936,860	13.0	31,936,860	13.0	31,952,885	13.2	31,952,885	13.0	31,952,885	13.0
Cash Fund	4000045	1,299,233	3.4	1,320,304	0.5			21,092	0.0	2,317,258	0.9	2,317,258	0.9	21,100	0.0	2,317,266	0.9	2,317,266	0.9
Merit Adjustment Fund	4000055	0	0.0	32,632	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	81.6			200,000,000	82.5	200,000,000	81.5	200,000,000	81.7	200,000,000	82.4	200,000,000	81.5	200,000,000	81.7
DFA Motor Vehicle Acquisition	4000184	103,212	0.3	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>38,071,738</b>	<b>100.0</b>	<b>245,112,095</b>	<b>100.0</b>			<b>242,522,157</b>	<b>100.0</b>	<b>245,411,308</b>	<b>100.0</b>	<b>244,818,323</b>	<b>100.0</b>	<b>242,643,419</b>	<b>100.0</b>	<b>245,493,621</b>	<b>100.0</b>	<b>244,924,614</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(1,699,323)		(97,387)				485,422		1,500,393		1,525,393		487,626		1,518,883		1,543,883	
<b>Grand Total</b>		<b>36,372,415</b>		<b>245,014,708</b>				<b>243,007,579</b>		<b>246,911,701</b>		<b>246,343,716</b>		<b>243,131,045</b>		<b>247,012,504</b>		<b>246,468,497</b>	

56N authorized by request from Cash Fund Holding Account.

Excess funding in Budget column includes \$26 remaining balance in C33 not requested for the 2009-2011 Biennium. Variances in fund balances are due to unfunded appropriation.

AFTER CONSOLIDATION OF APPROPRIATIONS 2SM, 2SN, 2SR, 2SS, 2SU, 2SV INTO 2SK.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
108	88	12	100	8	18.52 %	102	93	6	99	3	8.82 %	102	91	9	100	2	10.78 %

## **Analysis of Budget Request**

**Appropriation:** 1MZ - Super Projects

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

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

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

The Executive Recommendation provides for the Agency Request.



**Appropriation Summary**

**Appropriation:** 1MZ - Super Projects

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

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	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
<b>Funding Sources</b>									
Bond Proceeds 4000125	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

## **Analysis of Budget Request**

**Appropriation:** 2SK - State Operations

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

This is the primary general revenue funded appropriation for the Arkansas Economic Development Commission. In addition to the Director's Office, there are three functional groups within the Agency that utilize this State Operations appropriation. They are: (1) Administration and Finance, (2) Global Business, and (3) Marketing and Communications. Base Level is \$6,718,932 for FY10 and \$6,788,515 for FY11, with 53 positions budgeted.

Seven Base Level positions were changed from unclassified to classified to reflect recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Changes are requested as follows:

Four new positions are requested to increase the regional structure to assist communities, to help Targeted Sector recruiting efforts, to enhance entrepreneurship and innovation efforts, and to bolster a growing IT operation. These are two AEDC Project/Regional Managers, an AEDC Area/Program Representative, and a Network Support Analyst. Salary and matching costs are \$222,593 for FY10 and \$227,243 for FY11. Also requested is \$20,000 in Operating Expenses in FY10 to provide furnishings and equipment for the new positions and \$13,500 each year in Conference and Travel Expenses to cover training costs.

Increases of \$35,000 are requested each year in Operating Expenses for reimbursement of increasing official business travel costs.

Additions of \$5,000 each year are requested in Conference and Travel Expenses to maintain the training level of the Geographic Information Systems Specialist to produce the most current site maps for companies seeking to locate in the State.

Capital Outlay of \$25,000 each year is requested for replacement of IT hardware, along with Professional Fees of \$15,000 each year to contract for IT maintenance support, and Conference and Travel Expenses of \$15,000 each year for IT staff training.

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

The Commission further requests that the general revenue funded programs and appropriations be consolidated into the State Operations Program.

The Executive Recommendation provides for the consolidation of general revenue funded programs into

the State Operations Program. For this program, the Executive Recommendation provides for Base Level, plus additional appropriation of \$25,000 each year for Capital Outlay and \$1,000,000 each year for Grants and Aid. General revenue funding is recommended at Base Level only.

## Appropriation Summary

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

**BEFORE CONSOLIDATION OF APPROPRIATIONS  
 2SM, 2SN, 2SR, 2SS, 2SU, 2SV INTO 2SK**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,611,427	2,939,656	2,853,299	3,001,613	3,171,925	3,001,613	3,060,098	3,234,324	3,060,098
<b>#Positions</b>		<b>53</b>	<b>53</b>	<b>56</b>	<b>53</b>	<b>57</b>	<b>53</b>	<b>53</b>	<b>57</b>	<b>53</b>
Extra Help	5010001	5,288	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>#Extra Help</b>		<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	703,557	739,797	804,279	830,588	882,869	830,588	841,686	894,703	841,686
Operating Expenses	5020002	1,330,591	1,361,000	1,412,900	1,361,000	1,416,000	1,361,000	1,361,000	1,396,000	1,361,000
Conference & Travel Expenses	5050009	86,471	90,961	61,811	90,961	124,461	90,961	90,961	124,461	90,961
Professional Fees	5060010	1,142,250	1,270,000	1,247,250	1,270,000	1,285,000	1,270,000	1,270,000	1,285,000	1,270,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	0	0	0	1,000,000	1,000,000	0	1,000,000	1,000,000
Capital Outlay	5120011	290,589	0	0	0	25,000	25,000	0	25,000	25,000
Far East Trade/Ind Recruitment	5900046	141,250	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Latin American Office	5900047	0	4,770	150,000	4,770	4,770	4,770	4,770	4,770	4,770
Economic Infrastructure Prgm	5900048	360,230	0	5,000,000	0	0	0	0	0	0
<b>Total</b>		<b>6,671,653</b>	<b>6,566,184</b>	<b>11,689,539</b>	<b>6,718,932</b>	<b>8,070,025</b>	<b>7,743,932</b>	<b>6,788,515</b>	<b>8,124,258</b>	<b>7,813,515</b>
<b>Funding Sources</b>										
General Revenue	4000010	6,597,224	6,539,284		6,718,932	7,070,025	6,718,932	6,788,515	7,124,258	6,788,515
Merit Adjustment Fund	4000055	0	26,900		0	0	0	0	0	0
DFA Motor Vehicle Acquisition	4000184	74,429	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>6,671,653</b>	<b>6,566,184</b>		<b>6,718,932</b>	<b>7,070,025</b>	<b>6,718,932</b>	<b>6,788,515</b>	<b>7,124,258</b>	<b>6,788,515</b>
Excess Appropriation/(Funding)		0	0		0	1,000,000	1,025,000	0	1,000,000	1,025,000
<b>Grand Total</b>		<b>6,671,653</b>	<b>6,566,184</b>		<b>6,718,932</b>	<b>8,070,025</b>	<b>7,743,932</b>	<b>6,788,515</b>	<b>8,124,258</b>	<b>7,813,515</b>

Budget in Regular Salaries exceeds Authorized due to salary adjustments during the 2007-2009 Biennium.

Actual for Capital Outlay includes Authorization of \$244,100 in Section 3 of Act 1224 of 2007, transfers of \$74,429.34 from the Motor Vehicle Acquisition Fund, and M&R Proceeds of \$842.72.

Actual and Budget in Conference and Travel Expenses and Budget in Professional Fees exceed Authorized due to Budget Classification Transfers.

## Appropriation Summary

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

**AFTER CONSOLIDATION OF APPROPRIATIONS  
 2SM, 2SN, 2SR, 2SS, 2SU, 2SV INTO 2SK**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,054,728	4,494,161	4,372,346	4,614,326	4,908,115	4,614,326	4,704,700	5,005,241	4,704,700
<b>#Positions</b>		<b>82</b>	<b>83</b>	<b>86</b>	<b>83</b>	<b>90</b>	<b>83</b>	<b>83</b>	<b>90</b>	<b>83</b>
Extra Help	5010001	5,288	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>#Extra Help</b>		<b>1</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
Personal Services Matching	5010003	1,098,089	1,145,883	1,242,859	1,286,259	1,376,955	1,286,259	1,303,326	1,395,292	1,303,326
Operating Expenses	5020002	1,604,270	1,730,003	1,775,903	1,730,003	1,839,553	1,730,003	1,730,003	1,807,553	1,730,003
Conference & Travel Expenses	5050009	131,876	141,486	109,836	141,486	195,436	141,486	141,486	195,436	141,486
Professional Fees	5060010	1,142,250	1,291,500	1,277,250	1,291,500	1,311,500	1,291,500	1,291,500	1,311,500	1,291,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	0	0	0	1,000,000	1,000,000	0	1,000,000	1,000,000
Capital Outlay	5120011	319,372	0	0	0	25,000	25,000	0	25,000	25,000
State Match for Grants	5900046	172,343	228,500	228,500	228,500	228,500	228,500	228,500	228,500	228,500
Industry Training Program	5900046	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Far East Trade/Ind Recruitment	5900046	141,250	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Latin American Office	5900047	0	4,770	150,000	4,770	4,770	4,770	4,770	4,770	4,770
Existing Worker Training Prgm	5900047	0	0	1,500,000	0	0	0	0	0	0
Economic Infrastructure Prgm	5900048	360,230	0	5,000,000	0	0	0	0	0	0
<b>Total</b>		<b>10,029,696</b>	<b>10,206,303</b>	<b>16,826,694</b>	<b>10,466,844</b>	<b>12,059,829</b>	<b>11,491,844</b>	<b>10,574,285</b>	<b>12,143,292</b>	<b>11,599,285</b>
<b>Funding Sources</b>										
General Revenue	4000010	9,926,484	10,173,671		10,466,844	11,059,829	10,466,844	10,574,285	11,143,292	10,574,285
Merit Adjustment Fund	4000055	0	32,632		0	0	0	0	0	0
DFA Motor Vehicle Acquisition	4000184	103,212	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>10,029,696</b>	<b>10,206,303</b>		<b>10,466,844</b>	<b>11,059,829</b>	<b>10,466,844</b>	<b>10,574,285</b>	<b>11,143,292</b>	<b>10,574,285</b>
Excess Appropriation/(Funding)		0	0		0	1,000,000	1,025,000	0	1,000,000	1,025,000
<b>Grand Total</b>		<b>10,029,696</b>	<b>10,206,303</b>		<b>10,466,844</b>	<b>12,059,829</b>	<b>11,491,844</b>	<b>10,574,285</b>	<b>12,143,292</b>	<b>11,599,285</b>

Budget in Regular Salaries exceeds Authorized due to salary adjustments during the 2007-2009 Biennium.

Actual for Capital Outlay includes Authorization of \$244,100 in Section 3 of Act 1224 of 2007, transfers of \$74,429.34 from the Motor Vehicle Acquisition Fund, and M&R Proceeds of \$842.72.

Actual and Budget in Conference and Travel Expenses and Budget in Professional Fees exceed Authorized due to Budget Classification Transfers.

## Change Level by Appropriation

**Appropriation:** 2SK - State Operations

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,718,932</b>	<b>53</b>	<b>6,718,932</b>	<b>100.0</b>	<b>6,788,515</b>	<b>53</b>	<b>6,788,515</b>	<b>100.0</b>
C01	Existing Program	246,794	3	6,965,726	103.7	234,520	3	7,023,035	103.5
C05	Unfunded Appropriation	1,000,000	0	7,965,726	118.6	1,000,000	0	8,023,035	118.2
C08	Technology	104,299	1	8,070,025	120.1	101,223	1	8,124,258	119.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,718,932</b>	<b>53</b>	<b>6,718,932</b>	<b>100.0</b>	<b>6,788,515</b>	<b>53</b>	<b>6,788,515</b>	<b>100.0</b>
C01	Existing Program	0	0	6,718,932	100.0	0	0	6,788,515	100.0
C05	Unfunded Appropriation	1,000,000	0	7,718,932	114.9	1,000,000	0	7,788,515	114.7
C08	Technology	25,000	0	7,743,932	115.3	25,000	0	7,813,515	115.1

### Justification

C01	Community Development Division - The Commission is requesting one new position (R277-AEDC Area/Program Representative) to eliminate a critical shortage in staff for the regional structure established to assist communities in preparing for economic development.----- Also, an increase in Operating Expenses to cover increased cost of official business travel for the current staff and the new position (\$15,000 each year), plus minimal office furniture and equipment for the new position (\$4,000 in the first year only) and an increase in Conference & Travel Expenses for training for the new position (\$5,000 each year).----- Business Development Division - One new position is being requested (R378-AEDC Project/Regional Manager) to fill a critical need in the Commission's Targeted Sector recruiting, plus an increase in Operating Expenses to cover the increased cost of official business travel (\$10,000 each year), office furniture and equipment for the new position (\$4,000 in the first year only), along with an increase in Conference & Travel Expenses for training for the new position (\$5,000 each year).----- International Relations - Operating Expenses (\$4,000 in the first year only) for office furniture and equipment for the newly hired International Relations Manager.----- Entrepreneurship & Innovation - One new position (R378-AEDC Project/Regional Manager) is requested, plus Operating Expenses to include office furniture and equipment in the first year and official business travel (\$14,000 the first year and \$10,000 the second year), along with Conference & Travel Expenses (\$3,500 each year) for the new position.----- Market Research - An increase in educational fees for Geographic Information System (GIS) training for the GIS Specialist (\$5,000 each year).
C05	A request for \$1 million in unfunded appropriation to use in the event the Commission identifies savings in other program areas to be utilized to help fund economic development projects that can benefit from immediate short term funding assistance.
C08	Information Technology - One new position (2820-Network Support Analyst), along with minimal office furniture and equipment, to support the rapidly growing demands of the Commission's IT system.----- Also, an increase in Conference and Travel Expenses (educational fees of \$15,000 each year) to help the staff keep pace with rapidly changing technological advances, a request for Professional Fees (\$15,000 each year) to contract for maintenance support for the computer network, and a request for Capital Outlay to replace aging network hardware (\$25,000 each year). Hardware replacement is listed in the Agency IT Plan under the Operations Tab in the IT Support Services Section in the Hardware Category, the Professional Fees request is under the Operations Tab in the IT Support Services Section in the Contracted Services Category, and the staff education fees request is under the Operations Tab in the IT Support Services Section in the In-house Labor Category.

## **Analysis of Budget Request**

**Appropriation:** 2SM - State Matching Grants

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

This is a general revenue funded appropriation used to match federal grants received by the Arkansas Economic Development Commission. Federal monies are received from the U.S. Department of Energy and the Environmental Protection Agency, as well as the Department of Housing and Urban Development.

Base Level is \$228,500 each year and is the Commission's request. The Commission is also requesting that this program be combined with the State Operations Program.

The Executive Recommendation provides for the consolidation of the State Matching Grants Program into the State Operations Program 2SK (see pages 175 & 175A). Further, the Executive Recommendation for this appropriation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 2SM - State Matching Grants  
**Funding Sources:** HOA - Department of Economic Development Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
State Match for Grants 5900046	172,343	228,500	228,500	228,500	228,500	228,500	228,500	228,500	228,500
<b>Total</b>	172,343	228,500	228,500	228,500	228,500	228,500	228,500	228,500	228,500
<b>Funding Sources</b>									
General Revenue 4000010	172,343	228,500		228,500	228,500	228,500	228,500	228,500	228,500
<b>Total Funding</b>	172,343	228,500		228,500	228,500	228,500	228,500	228,500	228,500
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	172,343	228,500		228,500	228,500	228,500	228,500	228,500	228,500

**BEFORE CONSOLIDATION INTO STATE OPERATIONS PROGRAM 2SK (see pages 175 & 175A).**



## **Analysis of Budget Request**

**Appropriation:** 2SN - Industrial Coordinator Program

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

The Arkansas Economic Development Commission's Industrial Coordinator Program is funded by general revenues and provides the resources to work with new and existing industries to coordinate training of workers. Base Level is \$837,279 for FY10 and \$852,034 for FY11, with 11 positions budgeted.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Changes are requested as follows:

One additional position, AEDC Area/Program Representative, to help coordinate the training of workers in new or expanding industries. Salary and matching costs are \$53,964 for FY10 and \$55,088 for FY11, along with \$4,000 in Operating Expenses in the first year for office furnishings and equipment.

Increases of \$29,050 each year in Operating Expenses for reimbursement of increasing official business travel costs.

Additions of \$7,450 each year in Conference and Travel Expenses to enhance training opportunities for the additional position and current staff.

The provision of \$5,000 each year in Professional Fees is to contract for the services of trainers for the Business Retention Program.

The Commission is also requesting that this program be combined with the State Operations Program.

The Executive Recommendation provides for the consolidation of the Industrial Coordinator Program into the State Operations Program 2SK (see pages 175 & 175A). Further, the Executive Recommendation provides for positions, appropriation, and general revenue funding for this appropriation at Base Level only.

## Appropriation Summary

**Appropriation:** 2SN - Industrial Coordinator Program

**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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	492,944	558,965	552,097	575,833	616,992	575,833	588,262	630,367	588,262
<b>#Positions</b>		<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>11</b>
Personal Services Matching	5010003	146,708	150,503	162,200	163,896	176,701	163,896	166,222	179,205	166,222
Operating Expenses	5020002	63,848	85,000	85,000	85,000	118,050	85,000	85,000	114,050	85,000
Conference & Travel Expenses	5050009	7,504	12,550	12,550	12,550	20,000	12,550	12,550	20,000	12,550
Professional Fees	5060010	0	0	0	0	5,000	0	0	5,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	14,011	0	0	0	0	0	0	0	0
<b>Total</b>		<b>725,015</b>	<b>807,018</b>	<b>811,847</b>	<b>837,279</b>	<b>936,743</b>	<b>837,279</b>	<b>852,034</b>	<b>948,622</b>	<b>852,034</b>
<b>Funding Sources</b>										
General Revenue	4000010	711,004	807,018		837,279	936,743	837,279	852,034	948,622	852,034
DFA Motor Vehicle Acquisition	4000184	14,011	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>725,015</b>	<b>807,018</b>		<b>837,279</b>	<b>936,743</b>	<b>837,279</b>	<b>852,034</b>	<b>948,622</b>	<b>852,034</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>725,015</b>	<b>807,018</b>		<b>837,279</b>	<b>936,743</b>	<b>837,279</b>	<b>852,034</b>	<b>948,622</b>	<b>852,034</b>

Budget in Regular Salaries exceeds Authorized due to salary adjustments during the 2007-2009 Biennium.

Actual in Capital Outlay reflects a transfer from the Motor Vehicle Acquisition Fund.

**BEFORE CONSOLIDATION INTO STATE OPERATIONS PROGRAM 2SK (see page 175 & 175A).**

## Change Level by Appropriation

**Appropriation:** 2SN - Industrial Coordinator Program  
**Funding Sources:** HOA - Department of Economic Development Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>837,279</b>	<b>11</b>	<b>837,279</b>	<b>100.0</b>	<b>852,034</b>	<b>11</b>	<b>852,034</b>	<b>100.0</b>
C01	Existing Program	99,464	1	936,743	111.9	96,588	1	948,622	111.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>837,279</b>	<b>11</b>	<b>837,279</b>	<b>100.0</b>	<b>852,034</b>	<b>11</b>	<b>852,034</b>	<b>100.0</b>
C01	Existing Program	0	0	837,279	100.0	0	0	852,034	100.0

### Justification

C01	Business Retention and Expansion - One new position (R377-AEDC Area/Program Representative) is requested, along with \$4,000 in the first year for supporting office furniture and equipment.----- Also, an increase in Operating Expenses (\$29,050 each year) to pay for increased reimbursement for the staff's use of personal vehicles in their official business travel, including a projected increase in the personal mileage reimbursement rate from the State due to major gasoline price increases.----- In addition, a request for Conference Fees and Travel (educational fees) for the new position and existing staff (\$7,450 each year) and Professional Fees (\$5,000 each year) to allow the hiring of contractual trainers for the Business Retention Program.
-----	--

## **Analysis of Budget Request**

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

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

This is a federally funded appropriation used to operate the Community Development Block Grant Program at the Arkansas Economic Development Commission. Funding is provided by grants from the Department of Housing and Urban Development and through repayments of previous loans. Base Level is \$30,548,022 for FY10 and \$30,555,312 for FY11, with 7 positions budgeted.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Continuation at Base Level is the Agency Request.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	248,121	286,942	241,493	300,474	300,474	300,474	306,614	306,614	306,614
<b>#Positions</b>		<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Personal Services Matching	5010003	76,339	82,943	78,304	91,948	91,948	91,948	93,098	93,098	93,098
Operating Expenses	5020002	46,152	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
Conference & Travel Expenses	5050009	28,229	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	7,446	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	24,928,638	30,000,000	36,500,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>25,334,925</b>	<b>30,525,485</b>	<b>36,975,397</b>	<b>30,548,022</b>	<b>30,548,022</b>	<b>30,548,022</b>	<b>30,555,312</b>	<b>30,555,312</b>	<b>30,555,312</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	25,334,925	30,525,485		30,548,022	30,548,022	30,548,022	30,555,312	30,555,312	30,555,312
Total Funding		25,334,925	30,525,485		30,548,022	30,548,022	30,548,022	30,555,312	30,555,312	30,555,312
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		25,334,925	30,525,485		30,548,022	30,548,022	30,548,022	30,555,312	30,555,312	30,555,312

Actual and/or Budget in Regular Salaries and Personal Services Matching exceed Authorized due to salary adjustments during the 2007-2009 Biennium.  
 Actual in Conference and Travel Expenses exceeds Authorized due to a Budget Classification Transfer.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Economic Development Commission

Program: Community Assistance-Federal

Act #: 1224 of 2007 Section(s) #: 4 & 20

Estimated Carry Forward Amount \$ 0.00 Appropriation  Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0790 Funds Center: 2SQ Fund: FAK Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

Sufficient appropriation and funding are authorized for FY09 in Section 4 of Act 1224 of 2007 for this program. No carry forward is requested.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

No appropriation or funding was carried forward. Sufficient resources are appropriated directly for FY09 in Section 4 of Act 1224 of 2007, rendering carry forward unnecessary.

Maria Luisa M. Haley  
Director

08-12-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 2SR - Motion Picture Development Office

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

This general revenue funded appropriation is used for the Motion Picture Development Office of the Arkansas Economic Development Commission. This program works directly with film/movie producers to promote Arkansas as an ideal location for film production. Base Level is \$103,730 for FY10 and \$105,736 for FY11, with one position budgeted.

The one Base Level position in this program was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and annual salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Changes requested by the Commission are as follows:

One additional position, AEDC Area/Program Representative, for film promotion work and monitoring of newly approved film incentives. Salary and matching costs are \$53,964 in the first year and \$55,088 in the second year. An additional \$4,000 in the first year in Operating Expenses is for office furnishings and equipment for this position and another \$5,000 each year is for in-state travel expenses.

Conference and Travel Expenses of \$3,000 each year is for attendance at conferences for film promotion purposes.

The Commission is also requesting that this program be combined with the State Operations Program.

The Executive Recommendation provides for the consolidation of the Motion Picture Development Office into the State Operations Program 2SK (see pages 175 & 175A). Further, the Executive Recommendation provides for positions, appropriation, and general revenue funding for this appropriation at Base Level only.

## Appropriation Summary

**Appropriation:** 2SR - Motion Picture Development Office  
**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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	77,150	72,666	72,666	73,392	114,551	73,392	75,080	117,185	75,080
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>
Personal Services Matching	5010003	17,862	17,760	18,915	18,838	31,643	18,838	19,156	32,139	19,156
Operating Expenses	5020002	7,433	11,500	6,500	11,500	20,500	11,500	11,500	16,500	11,500
Conference & Travel Expenses	5050009	3,000	0	0	0	3,000	0	0	3,000	0
Professional Fees	5060010	0	0	5,000	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	14,772	0	0	0	0	0	0	0	0
<b>Total</b>		<b>120,217</b>	<b>101,926</b>	<b>103,081</b>	<b>103,730</b>	<b>169,694</b>	<b>103,730</b>	<b>105,736</b>	<b>168,824</b>	<b>105,736</b>
<b>Funding Sources</b>										
General Revenue	4000010	105,445	101,926		103,730	169,694	103,730	105,736	168,824	105,736
DFA Motor Vehicle Acquisition	4000184	14,772	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>120,217</b>	<b>101,926</b>		<b>103,730</b>	<b>169,694</b>	<b>103,730</b>	<b>105,736</b>	<b>168,824</b>	<b>105,736</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>120,217</b>	<b>101,926</b>		<b>103,730</b>	<b>169,694</b>	<b>103,730</b>	<b>105,736</b>	<b>168,824</b>	<b>105,736</b>

Actual in Regular Salaries exceeds Authorized due to salary adjustments during the 2007-2009 Biennium.

Actual and Budget in Operating Expenses and Actual in Conference and Travel Expenses exceed Authorized due to Budget Classification Transfers.

Actual in Capital Outlay reflects a transfer from the Motor Vehicle Acquisition Fund.

**BEFORE CONSOLIDATION INTO STATE OPERATIONS PROGRAM 2SK (see pages 175 & 175A).**



## Change Level by Appropriation

**Appropriation:** 2SR - Motion Picture Development Office  
**Funding Sources:** HOA - Department of Economic Development Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>103,730</b>	<b>1</b>	<b>103,730</b>	<b>100.0</b>	<b>105,736</b>	<b>1</b>	<b>105,736</b>	<b>100.0</b>
C01	Existing Program	65,964	1	169,694	163.6	63,088	1	168,824	159.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>103,730</b>	<b>1</b>	<b>103,730</b>	<b>100.0</b>	<b>105,736</b>	<b>1</b>	<b>105,736</b>	<b>100.0</b>
C01	Existing Program	0	0	103,730	100.0	0	0	105,736	100.0

### Justification

C01	Film Division - One new position (R-377 AEDC Area/Program Representative) plus office furniture and equipment (\$4,000 in the first year only) for the new position that will be used to assist in film promotion work and in monitoring newly approved film incentives.----- Also, Operating Expenses for in-state travel for the new position (\$5,000 each year) and Conference and Travel Expenses (\$3,000 each year) for film promotion work.
-----	---

## **Analysis of Budget Request**

**Appropriation:** 2SS - Established Industry Division-State

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

This is a general revenue funded appropriation used to fund administrative activities and provide support for various federally funded programs authorized by the U.S. Department of Energy. Base Level is \$612,931 for FY10 and \$623,603 for FY11, with 8 positions budgeted.

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

In addition to Base Level, the Commission is requesting increases of \$5,000 each year in Conference and Travel Expenses for training of staff in current market research methods.

The Commission is also requesting that this program be combined with the State Operations Program.

The Executive Recommendation provides for the consolidation of the Established Industry Division-State Program into the State Operations Program 2SK (see pages 175 & 175A). Further, the Executive Recommendation provides for positions, appropriation, and general revenue funding for this appropriation at Base Level only.

## Appropriation Summary

**Appropriation:** 2SS - Established Industry Division-State  
**Funding Sources:** HOA - Department of Economic Development Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	379,003	405,052	390,134	417,477	417,477	417,477	426,466	426,466	426,466
<b>#Positions</b>		<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
Personal Services Matching	5010003	110,084	109,183	112,602	118,951	118,951	118,951	120,634	120,634	120,634
Operating Expenses	5020002	34,613	42,503	41,503	42,503	42,503	42,503	42,503	42,503	42,503
Conference & Travel Expenses	5050009	10,846	12,500	10,000	12,500	17,500	12,500	12,500	17,500	12,500
Professional Fees	5060010	0	21,500	25,000	21,500	21,500	21,500	21,500	21,500	21,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>534,546</b>	<b>590,738</b>	<b>579,239</b>	<b>612,931</b>	<b>617,931</b>	<b>612,931</b>	<b>623,603</b>	<b>628,603</b>	<b>623,603</b>
<b>Funding Sources</b>										
General Revenue	4000010	534,546	590,738		612,931	617,931	612,931	623,603	628,603	623,603
Total Funding		534,546	590,738		612,931	617,931	612,931	623,603	628,603	623,603
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>534,546</b>	<b>590,738</b>		<b>612,931</b>	<b>617,931</b>	<b>612,931</b>	<b>623,603</b>	<b>628,603</b>	<b>623,603</b>

Budget in Regular Salaries exceeds Authorized due to salary adjustments during the 2007-2009 Biennium.

Budget in Operating Expenses and Conference and Travel Expenses exceed Authorized due to Budget Classification Transfers.

**BEFORE CONSOLIDATION INTO STATE OPERATIONS PROGRAM 2SK (see pages 175 & 175A).**

## Change Level by Appropriation

**Appropriation:** 2SS - Established Industry Division-State  
**Funding Sources:** HOA - Department of Economic Development Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>612,931</b>	<b>8</b>	<b>612,931</b>	<b>100.0</b>	<b>623,603</b>	<b>8</b>	<b>623,603</b>	<b>100.0</b>
C01	Existing Program	5,000	0	617,931	100.8	5,000	0	628,603	100.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>612,931</b>	<b>8</b>	<b>612,931</b>	<b>100.0</b>	<b>623,603</b>	<b>8</b>	<b>623,603</b>	<b>100.0</b>
C01	Existing Program	0	0	612,931	100.0	0	0	623,603	100.0

### Justification

C01	Strategic Planning - A request for Professional Fees (\$500,000 each year) to contract for implementation of the Commission's Strategic Plan to include training sessions for qualified communities/regions for business development opportunities, responding to prospect inquiries, and to assist communities/regions in strategic planning and recruitment activities.----- Market Research - A request for an increase in Conference and Travel Expenses (\$5,000 each year) to allow the staff to keep current on research methodologies.
-----	--

## **Analysis of Budget Request**

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

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

This is one of the major federal programs administered by the Arkansas Economic Development Commission. Federal funding for the State Energy Plan is received from the U.S. Department of Energy and is directed at projects that address the State's needs in energy conservation. This appropriation is also used to expend indirect cost obligations for all federal programs administered by the Department. Base Level is \$1,388,838 for FY10 and \$1,397,573 for FY11, with 9 positions budgeted.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level is the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	259,345	332,697	351,150	349,425	349,425	349,425	356,784	356,784	356,784
<b>#Positions</b>		<b>7</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Personal Services Matching	5010003	94,349	99,883	113,108	111,313	111,313	111,313	112,689	112,689	112,689
Operating Expenses	5020002	49,694	166,675	166,675	166,675	166,675	166,675	166,675	166,675	166,675
Conference & Travel Expenses	5050009	8,392	39,573	39,573	39,573	39,573	39,573	39,573	39,573	39,573
Professional Fees	5060010	92,628	204,001	204,001	204,001	204,001	204,001	204,001	204,001	204,001
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	226,404	517,851	517,851	517,851	517,851	517,851	517,851	517,851	517,851
Refunds/Reimbursements	5110014	67,400	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>798,212</b>	<b>1,360,680</b>	<b>1,392,358</b>	<b>1,388,838</b>	<b>1,388,838</b>	<b>1,388,838</b>	<b>1,397,573</b>	<b>1,397,573</b>	<b>1,397,573</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	798,212	1,360,680		1,388,838	1,388,838	1,388,838	1,397,573	1,397,573	1,397,573
Total Funding		798,212	1,360,680		1,388,838	1,388,838	1,388,838	1,397,573	1,397,573	1,397,573
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		798,212	1,360,680		1,388,838	1,388,838	1,388,838	1,397,573	1,397,573	1,397,573

Actual exceeds Authorized in Refunds/Reimbursements due to a Miscellaneous Federal Grant approved in November, 2007.

## **Analysis of Budget Request**

**Appropriation:** 2SU - Business Development-State

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

This general revenue appropriation is used by the Arkansas Economic Development Commission to encourage the establishment, development, and expansion of minority-owned businesses in the State. Base Level is \$277,333 for FY10 and \$280,445 for FY11, including 4 positions.

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and annual salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission is requesting changes for the program as follows:

One additional position, AEDC Area/Program Representative, to increase the program's ability to provide guidance in the development and expansion of small and minority-owned businesses statewide. Salary and matching costs are \$53,964 for FY10 and \$55,088 for FY11, along with \$4,000 in Operating Expenses in the first year for office furnishings and equipment for this position.

An additional \$8,500 each year is requested in Operating Expenses to provide a level of support that would maximize this Division's ability to assist the small and minority business sector.

Also requested is \$5,000 each year in Conference and Travel Expenses to help maintain knowledge of the latest small and minority business assistance strategies.

The Commission is also requesting that this program be combined with the State Operations Program.

The Executive Recommendation provides for the consolidation of the Business Development-State Program into the State Operations Program 2SK (see pages 175 & 175A). Further, the Executive Recommendation provides for positions, appropriation, and general revenue funding for this appropriation at Base Level only.

## Appropriation Summary

**Appropriation:** 2SU - Business Development-State  
**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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	165,905	188,483	185,055	205,469	246,628	205,469	208,091	250,196	208,091
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>
Personal Services Matching	5010003	36,414	41,221	54,275	58,864	71,669	58,864	59,354	72,337	59,354
Operating Expenses	5020002	9,054	10,000	10,000	10,000	22,500	10,000	10,000	18,500	10,000
Conference & Travel Expenses	5050009	2,145	3,000	3,000	3,000	8,000	3,000	3,000	8,000	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	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>213,518</b>	<b>242,704</b>	<b>252,330</b>	<b>277,333</b>	<b>348,797</b>	<b>277,333</b>	<b>280,445</b>	<b>349,033</b>	<b>280,445</b>
<b>Funding Sources</b>										
General Revenue	4000010	213,518	242,704		277,333	348,797	277,333	280,445	349,033	280,445
Total Funding		213,518	242,704		277,333	348,797	277,333	280,445	349,033	280,445
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>213,518</b>	<b>242,704</b>		<b>277,333</b>	<b>348,797</b>	<b>277,333</b>	<b>280,445</b>	<b>349,033</b>	<b>280,445</b>

Budget in Regular Salaries exceeds Authorized due to salary adjustments during the 2007-2009 Biennium.

**BEFORE CONSOLIDATION INTO STATE OPERATIONS PROGRAM 2SK (see pages 175 & 175A).**



## Change Level by Appropriation

**Appropriation:** 2SU - Business Development-State

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>277,333</b>	<b>4</b>	<b>277,333</b>	<b>100.0</b>	<b>280,445</b>	<b>4</b>	<b>280,445</b>	<b>100.0</b>
C01	Existing Program	71,464	1	348,797	125.8	68,588	1	349,033	124.5

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>277,333</b>	<b>4</b>	<b>277,333</b>	<b>100.0</b>	<b>280,445</b>	<b>4</b>	<b>280,445</b>	<b>100.0</b>
C01	Existing Program	0	0	277,333	100.0	0	0	280,445	100.0

### Justification

C01	Small & Minority Business - One new position (R377-AEDC Area/Program Representative) plus office furniture and equipment (\$4,000 in the first year only) for the new position.----- In addition, a request is made for an increase in Operating Expenses (\$8.500 each year) to help bring the operations to a level where the Division can realistically assist the small business sector in the State.----- Also, a request is made for additional Conference and Travel Expenses (educational fees of \$5,000 each year) to help the Division be able to keep abreast of current small and minority business assistance strategies.
-----	---

## **Analysis of Budget Request**

**Appropriation:** 2SV - Industry Training

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

This general revenue appropriation is used by the Economic Development Commission to provide pre-employment training and re-training necessary for eligible business and industry workers to meet the technical manpower needs of new or expanding industry in the State. Equipment purchases necessary to conduct training are also incurred in this program. Base Level is \$1,688,139 for FY10 and \$1,695,452 for FY11, with 6 positions budgeted.

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and annual salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission's request is for Base Level. The Commission is also requesting that this program be combined with the State Operations Program.

The Executive Recommendation provides for the consolidation of the Industry Training Program into the State Operations Program 2SK (see pages 175 & 175A). Further, the Executive Recommendation for this appropriation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SV - Industry Training

**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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	328,299	329,339	319,095	340,542	340,542	340,542	346,703	346,703	346,703
<b>#Positions</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Extra Help	5010001	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>#Extra Help</b>		<b>0</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
Personal Services Matching	5010003	83,464	87,419	90,588	95,122	95,122	95,122	96,274	96,274	96,274
Operating Expenses	5020002	158,731	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Conference & Travel Expenses	5050009	21,910	22,475	22,475	22,475	22,475	22,475	22,475	22,475	22,475
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
Industry Training Program	5900046	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Existing Worker Training Prgm	5900047	0	0	1,500,000	0	0	0	0	0	0
<b>Total</b>		<b>1,592,404</b>	<b>1,669,233</b>	<b>3,162,158</b>	<b>1,688,139</b>	<b>1,688,139</b>	<b>1,688,139</b>	<b>1,695,452</b>	<b>1,695,452</b>	<b>1,695,452</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,592,404	1,663,501		1,688,139	1,688,139	1,688,139	1,695,452	1,695,452	1,695,452
Merit Adjustment Fund	4000055	0	5,732		0	0	0	0	0	0
<b>Total Funding</b>		<b>1,592,404</b>	<b>1,669,233</b>		<b>1,688,139</b>	<b>1,688,139</b>	<b>1,688,139</b>	<b>1,695,452</b>	<b>1,695,452</b>	<b>1,695,452</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,592,404</b>	<b>1,669,233</b>		<b>1,688,139</b>	<b>1,688,139</b>	<b>1,688,139</b>	<b>1,695,452</b>	<b>1,695,452</b>	<b>1,695,452</b>

Actual and Budget in Regular Salaries exceed Authorized due to salary adjustments during the 2007-2009 Biennium.

**BEFORE CONSOLIDATION INTO STATE OPERATIONS PROGRAM 2SK (see pages 175 & 175A).**

## **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 authorized for 2007-2008 by request from the Cash Fund Holding Account in January, 2008, and reauthorized for 2008-2009 in June, 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. The one position requested in this program is part of the complement currently authorized by Act 1224 of 2007. It has been assigned to provide staff and management for this program.

As a Change Level, the Commission is requesting continuation of this program for the 2009-2011 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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	50,000	0	0	48,166	48,166	0	49,273	49,273
<b>#Positions</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	0	13,530	0	0	14,116	14,116	0	14,324	14,324
Operating Expenses 5020002	48,486	43,900	0	0	43,900	43,900	0	43,900	43,900
Conference & Travel Expenses 5050009	0	2,000	0	0	2,000	2,000	0	2,000	2,000
Professional Fees 5060010	101,224	2,202,955	0	0	2,102,955	2,102,955	0	2,102,955	2,102,955
Grants and Aid 5100004	0	0	0	0	100,000	100,000	0	100,000	100,000
<b>Total</b>	<b>149,710</b>	<b>2,312,385</b>	<b>0</b>	<b>0</b>	<b>2,311,137</b>	<b>2,311,137</b>	<b>0</b>	<b>2,312,452</b>	<b>2,312,452</b>
<b>Funding Sources</b>									
Fund Balance 4000005	0	1,122,032		95,149	95,149	95,149	95,149	80,178	80,178
Cash Fund 4000045	1,271,742	1,285,502		0	2,296,166	2,296,166	0	2,296,166	2,296,166
<b>Total Funding</b>	<b>1,271,742</b>	<b>2,407,534</b>		<b>95,149</b>	<b>2,391,315</b>	<b>2,391,315</b>	<b>95,149</b>	<b>2,376,344</b>	<b>2,376,344</b>
<b>Excess Appropriation/(Funding)</b>	<b>(1,122,032)</b>	<b>(95,149)</b>		<b>(95,149)</b>	<b>(80,178)</b>	<b>(80,178)</b>	<b>(95,149)</b>	<b>(63,892)</b>	<b>(63,892)</b>
<b>Grand Total</b>	<b>149,710</b>	<b>2,312,385</b>		<b>0</b>	<b>2,311,137</b>	<b>2,311,137</b>	<b>0</b>	<b>2,312,452</b>	<b>2,312,452</b>

This appropriation was authorized for 2007-2008 by request from the Cash Fund Holding Account in January, 2008, and reauthorized for 2008-2009 in June, 2008. The position requested is part of the Base Level complement currently authorized by Act 1224 of 2007. It has been assigned to provide staff and management for this program.

## Change Level by Appropriation

**Appropriation:** 56N - Energy Efficiency Arkansas-Cash  
**Funding Sources:** NDE - Energy Efficiency - Cash in Treasury

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0.0</b>
C02	New Program	2,311,137	0	2,311,137	100.0	2,312,452	0	2,312,452	100.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0.0</b>
C02	New Program	2,311,137	0	2,311,137	100.0	2,312,452	0	2,312,452	100.0

### Justification

C02	The Energy Efficiency Arkansas Program was initiated as a request from the Cash Fund Holding Account and was first approved in January, 2008. The Commission is requesting that this program be continued in the 2009-2011 Biennium. A position from the Commission's Base Level staff has been assigned to manage this program.
-----	--

## **Analysis of Budget Request**

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

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

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

Base Level for this program is \$11,100 each year and is the Commission's request.

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

**Appropriation Summary**

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

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

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Incentive Plans 5900046	0	11,100	15,000	11,100	11,100	11,100	11,100	11,100	11,100
<b>Total</b>	<b>0</b>	<b>11,100</b>	<b>15,000</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>
<b>Funding Sources</b>									
Fund Balance 4000005	8,536	8,574		0	0	0	0	0	0
Cash Fund 4000045	38	2,526		11,100	11,100	11,100	11,100	11,100	11,100
<b>Total Funding</b>	<b>8,574</b>	<b>11,100</b>		<b>11,100</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>
Excess Appropriation/(Funding)	(8,574)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>11,100</b>		<b>11,100</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>	<b>11,100</b>



## **Analysis of Budget Request**

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

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

This cash appropriation is utilized by the Arkansas Economic Development Commission to disburse funds collected from participating companies for various promotional events. This appropriation is used to pay for expenses such as booth rental and display costs that are shared on a pro-rated basis among participating companies.

Base Level is \$9,625 each year. No additional appropriation is being requested for the 2009-2011 Biennium.

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

## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Trade & Inter Invest Exp 5900046	4,335	9,625	13,725	9,625	9,625	9,625	9,625	9,625	9,625
<b>Total</b>	<b>4,335</b>	<b>9,625</b>	<b>13,725</b>	<b>9,625</b>	<b>9,625</b>	<b>9,625</b>	<b>9,625</b>	<b>9,625</b>	<b>9,625</b>
Funding Sources									
Fund Balance 4000005	13,864	9,582		0	0	0	0	0	0
Cash Fund 4000045	53	43		0	0	0	0	0	0
<b>Total Funding</b>	<b>13,917</b>	<b>9,625</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	(9,582)	0		9,625	9,625	9,625	9,625	9,625	9,625
<b>Grand Total</b>	<b>4,335</b>	<b>9,625</b>		<b>9,625</b>	<b>9,625</b>	<b>9,625</b>	<b>9,625</b>	<b>9,625</b>	<b>9,625</b>

## **Analysis of Budget Request**

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

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

This is a cash appropriation used by the Arkansas Economic Development Commission to organize and conduct quality management training seminars for industry personnel. Funding for this program comes from the various participating companies and is used to cover the expenses of providing newsletters, speakers, and materials for program sessions.

Base Level is \$30,150 each year. No changes are requested for the 2009-2011 Biennium.

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

**Appropriation Summary**

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

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

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Existing Business 5900046	5,537	30,150	46,500	30,150	30,150	30,150	30,150	30,150	30,150
<b>Total</b>	<b>5,537</b>	<b>30,150</b>	<b>46,500</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>
<b>Funding Sources</b>									
Fund Balance 4000005	37,566	32,204		2,204	2,204	2,204	0	0	0
Cash Fund 4000045	175	150		0	0	0	0	0	0
<b>Total Funding</b>	<b>37,741</b>	<b>32,354</b>		<b>2,204</b>	<b>2,204</b>	<b>2,204</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	(32,204)	(2,204)		27,946	27,946	27,946	30,150	30,150	30,150
<b>Grand Total</b>	<b>5,537</b>	<b>30,150</b>		<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>	<b>30,150</b>

## **Analysis of Budget Request**

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

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

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

Base Level is \$543,000 each year and is the Commission's request.

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

## Appropriation Summary

**Appropriation:** C36 - Petroleum Violation Escrow-Cash  
**Funding Sources:** 127 - Department of Energy - Cash in Bank

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				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	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	50,000	543,000	592,163	543,000	543,000	543,000	543,000	543,000	543,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>50,000</b>	<b>543,000</b>	<b>592,163</b>	<b>543,000</b>	<b>543,000</b>	<b>543,000</b>	<b>543,000</b>	<b>543,000</b>	<b>543,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	543,384	520,582		0	0	0	0	0	0
Cash Fund 4000045	27,198	22,418		0	0	0	0	0	0
<b>Total Funding</b>	<b>570,582</b>	<b>543,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	(520,582)	0		543,000	543,000	543,000	543,000	543,000	543,000
<b>Grand Total</b>	<b>50,000</b>	<b>543,000</b>		<b>543,000</b>	<b>543,000</b>	<b>543,000</b>	<b>543,000</b>	<b>543,000</b>	<b>543,000</b>

## **Analysis of Budget Request**

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

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

The Small Business University cash fund appropriation was established by request from the Cash Fund Holding Account in FY06, and again in FY07. The Program's purpose is to assist small businesses in the development of successful working business plans. Funding is provided by participant registration fees.

The Commission is requesting continuation of the current operating level of \$10,000 each year.

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

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	342	343		8	8	8	0	0	0
Cash Fund	4000045	1	9,665		9,992	9,992	9,992	10,000	10,000	10,000
<b>Total Funding</b>		<b>343</b>	<b>10,008</b>		<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
Excess Appropriation/(Funding)		(343)	(8)		0	0	0	0	0	0
<b>Grand Total</b>		<b>0</b>	<b>10,000</b>		<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>



**Appropriation Summary**

**Appropriation:** C33 - Century Tube Program-Cash  
**Funding Sources:** 113 - Arkansas Industrial Development - Cash in Bank

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Century Tube 5900046	0	5,980	5,980	0	0	0	0	0	0
Total	0	5,980	5,980	0	0	0	0	0	0
<b>Funding Sources</b>									
Fund Balance 4000005	5,980	6,006		0	0	0	0	0	0
Cash Fund 4000045	26	0		0	0	0	0	0	0
Total Funding	6,006	6,006		0	0	0	0	0	0
Excess Appropriation/(Funding)	(6,006)	(26)		0	0	0	0	0	0
Grand Total	0	5,980		0	0	0	0	0	0

This appropriation not being requested for the 2009-2011 Biennium.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Economic Development Commission

Program: Century Tube Program-Cash

Act #: 1224 of 2007 Section(s) #: 13 & 21

Estimated Carry Forward Amount \$ 0.00 Appropriation  Funds

Funding Source: Cash

**Accounting Information:**

Business Area: 0790 Funds Center: C33 Fund: 113 Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

Sufficient appropriation and funding are authorized for FY09 in Section 13 of Act 1224 of 2007 for this program. No carry forward is requested.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

No appropriation or funding was carried forward. Sufficient resources are appropriated directly for FY09 in Section 13 of Act 1224 of 2007, rendering carry forward unnecessary.

Maria Luisa M. Haley  
Director

08-12-2008  
Date

# ARKANSAS DEPARTMENT OF HEALTH

## Enabling Laws

Act 1282 of 2007

Act 1283 of 2007

Act 384 of 2007

EO 07-05, PROCLAMATION of Governor Mike Beebe, May 2, 2007

Act 2306 of 2005

Act 2310 of 2005

Act 1954 of 2005

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

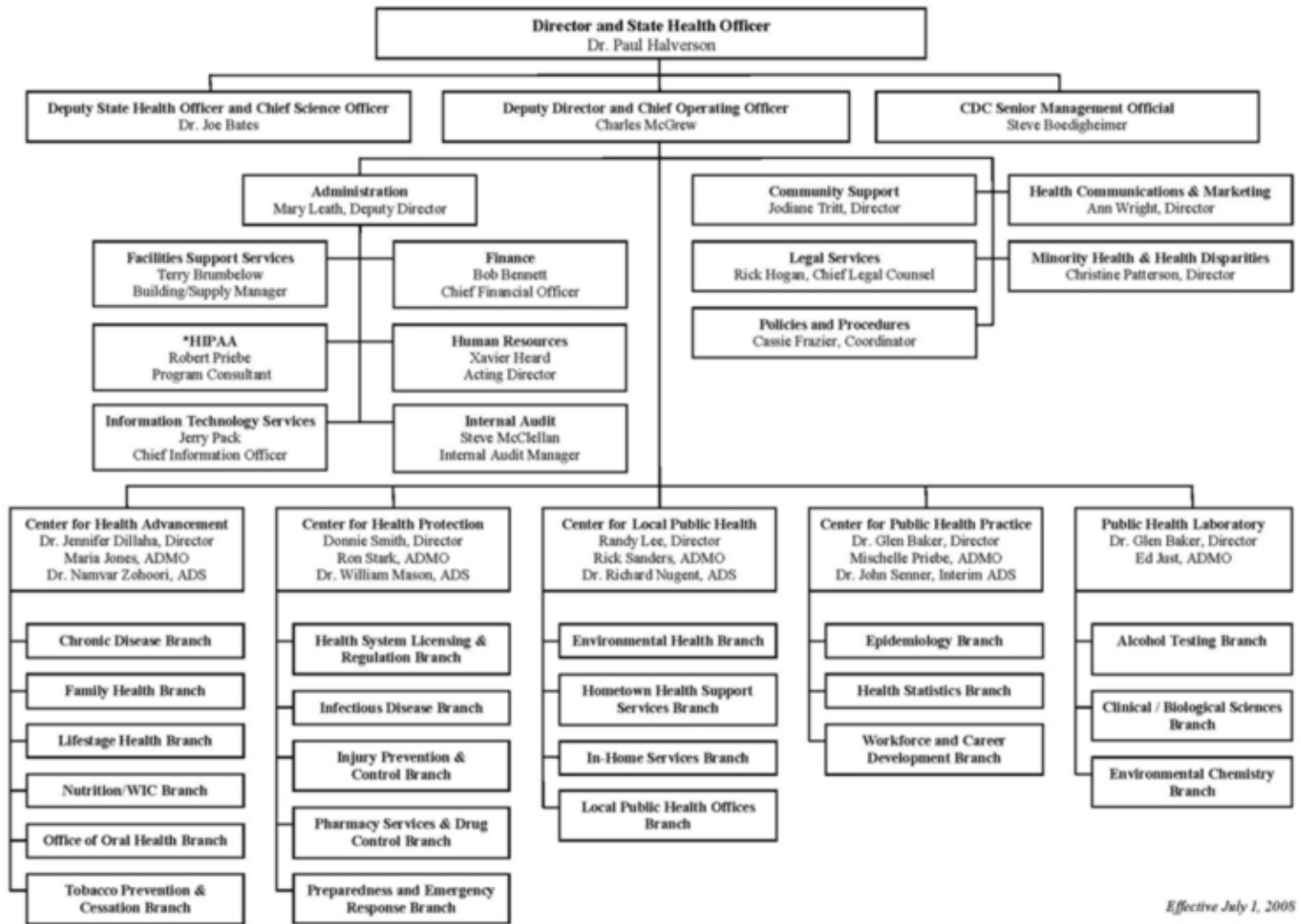
## History and Organization

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

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

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

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



Effective July 1, 2008

\*HIPAA – Health Insurance Portability and Accountability Act

## Agency Commentary

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

1. Injury rates and death and disability far above the national average without a statewide trauma system (death rate is 60% higher than national average)

2. Infant mortality well above national average with increasing low-birth weight babies and teen birth rates 50% higher than the national average.
3. Obesity rates for adults and children in the upper quartile of the nation owing largely to poor diet and lack of physical activity.
4. The highest death rate from stroke in the nation.
5. The greatest number of deaths from burns in the country.
6. Substantial disparities in health status based on race and ethnicity. Over 10 years difference in life expectancy between the highest and lowest county in Arkansas.

**Vision:** Optimal health for all Arkansans to achieve maximum personal, economic and social impact.

**Mission:** To protect and improve the health and well-being of all Arkansans

**Central Challenge:** Improve Health Outcomes and Reduce Disparities

The Department has recently mapped several key strategies to focus efforts over the next three years in an effort to Improve Health Outcomes and Reduce Disparities in four important areas:

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

In order to Improve Health Outcomes and Reduce Disparities, the Department has also outlined several objectives that will be necessary in order to truly make a difference in public health by the year 2011:

- Strengthening the Focus of Clinical and Other Public Health Services
- Communicating Public Health Value and Contribution
- Securing Adequate Human and Financial Resources
- Increasing Department Effectiveness and Accountability

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

The Department's budget request for the 2009-2011 biennium has used this strategic map to guide the changes that are being presented for consideration.

ADH delivers on its mission through both assessment and policy level activities and programs coordinated through its offices in Little Rock and through a network of 93 local health units in each of

Arkansas's 75 counties. Services provided within local health units include for example:

- Immunizations for children and adults (50-60% of all childhood immunizations)
- Maternity care (including pregnancy testing and routine prenatal care in select locations) Last year we provided prenatal care for over 8,000 women.
- Family planning services (last year we served over 74,000 women with estimated savings in 2005 of over \$135,000,000)
- Breast and cervical cancer screening and referral services (over 47,000 women screened last year)
- Communicable disease screening and treatment for conditions like sexually transmitted diseases as well as tuberculosis and other infectious disease agents
- Work as a referral system for community members in need of services not provided by the local health unit
- Tobacco prevention and cessation programs (last year we had 83,000 fewer adult smokers than in 2002)
- WIC (women infant and children) federal nutrition and supplemental food program (last year over 91,000 participants with food assistance over \$51,000,000 to Arkansas food stores)
- Environmental health services including inspecting over 14,000 restaurants, investigation of food borne outbreaks, septic tank permits, protecting the state's public drinking water system through oversight and technical assistance to over 1102 public water systems, and a host of other issues.
- Hometown health community coalitions
- County health registrar services for certification of birth and death
- Public health emergency preparedness and response (including bioterrorism and nuclear health effects)

In addition, ADH operates the state's largest home health agency providing vital access to health care services (including hospice and homemaker services) coordinated through offices co-located with local health units and 15 other individual home health offices located throughout the state. Our In-Home service include over 2500 dedicated contract and state employed professionals who travel throughout the primarily rural parts of the state providing critical services in the homes of patients who without their help would most likely require nursing home or other skilled institutional care.

Averaged over the last three years, funding for the Department is provided primarily through federal funds (66%) followed by state general revenue funding of 17%. The remaining budget support comes from reimbursement and fees (primarily for patient services provided through the Medicaid and Medicare program) at 11%, and from the proceeds of the Master Tobacco Settlement funds allocated by Initiated Act 1 of 6%. Even though the population of the state has increased significantly, over the past ten years funding from state general revenue and fees has been reduced by over \$21 Million and over 200

positions have been eliminated through various budget cuts. Financial and human resource allocation continues to be one of the major challenges to the Department as programs work to protect and improve the health of Arkansans throughout the state. Currently, given the level of funding on a per capita basis allocated for public health, Arkansas ranks 49th out of 50 states as reported by the United Health Foundation in their most recent comparative national report. **To reach the national average, spending for public health, Arkansas would need to increase by \$98 per person or \$76 per person to reach the southern state average or \$81 per person above current levels to reach the average of surrounding states.**

<b>Initiatives</b>	<b>FY2010</b>	<b>FY2011</b>	<b># of</b>
<b>Changes to Base Level</b>	<b>Request</b>	<b>Request</b>	<b>Positions</b>
-Stabilizing County Health Offices	\$ 3,082,104	\$ 3,086,716	20
-In Home Nursing Services	\$ 850,000	\$ 850,000	
-Reducing Infant Mortality	\$ 2,136,261	\$ 2,152,383	44
-Reducing Teen Pregnancy	\$ 1,272,833	\$ 1,280,311	31
-Health Literact	\$ 2,117,252	\$ 2,125,767	7
-Flu Vaccine	\$ 1,500,000	\$ 1,500,000	
-Physical Activity Emphasis	\$ 619,722	\$ 628,645	8
-Information Technology Needs	\$ 1,300,000	\$ 1,300,000	
-Medicaid Funded Efficiency	\$ 100,000	\$ 100,000	
-Coordinated School Health	\$ 562,693	\$ 566,128	2
-TB/STD Prevention	\$ 750,000	\$ 756,362	
-Improving Health Outcomes	\$ 500,000	\$ 500,000	
-Public Water Services	\$ 300,000	\$ 300,000	
-Disease Surveillance	\$ 30,000	\$ 30,000	
-Building Maintenance	\$ 236,625	\$ 236,625	
-Lab Supplies	\$ 200,000	\$ 200,000	
-Equipment	\$ 566,425	\$ 566,425	
<b>Total General Revenue</b>	<b>\$16,123,915</b>	<b>\$16,179,362</b>	<b>112</b>

While the Department fully recognizes the significance of the increase in general revenue funding, Arkansas cannot improve its health status without an increase in public health investment. The Department is committed to working with a very wide range of partners to make sure that the system of providing health care in Arkansas is adequate and available. But, even the best of partnerships cannot provide results that are significant without the financial support and infrastructure in place to prevent and treat diseases, and to provide education on prevention and behavior choices.

As mentioned previously, Arkansas is ranked 49th in per capita spending for public health, as expenditures were defined by the National Association of State Budget Officers, correlating to only \$64 per person spent. The United Health Foundation states "High spending on these health programs are indicative of state that are proactively implementing preventive and education program targeted at improving the health of at-risk populations within a state." Unfortunately, Arkansas is a state with a large at-risk population and poor health status. Surrounding states and their rankings are as follows:

- Texas - Rank # 15 - \$179 spent per capita
- Oklahoma - Rank # 29 - \$131 spent per capita
- Missouri - Rank # 25 - \$153 spent per capita

- Tennessee - Rank # 43 - \$91 spent per capita
- Mississippi - Rank #11 - \$197 spent per capita
- Louisiana - Rank #33 - \$121 spent per capita

To reach the national average, spending for public health, Arkansas would need to increase by \$98 per person or \$76 per person to reach the southern state average or \$81 per person above current levels to reach the average of surrounding states.

Over the last twenty years, the Arkansas Department of Health has sought every possible revenue source to provide for public health programs, utilizing Medicaid and Medicare to the extent possible. Further possibilities of maximizing these revenue sources are being studied, and it is hopeful that future needs can be provided through Medicaid. But, to continue to ignore the need for additional state support for public health needs of Arkansans will jeopardize the state's ability to become the viable economic base that industries are attracted to, and look to locate new facilities within our borders. The relationships between health and economic conditions have been recognized and it is in Arkansas' best interest to improve the health status of Arkansans.

The Department has also requested additional appropriation to support federal grants that may become available to Arkansas, and additional appropriation has also been requested to support initiatives needed in our Tobacco Cessation Program, Breast Cancer Program, environmental programs, WIC program, Nuclear Planning and Response program. Thirty positions are requested to be funded by federal funds and fees. Special language requests will support the establishment of a pool of positions to address needs that may arise in response to changing federal programs or new initiatives needed to address public health concerns. Other special language requests will provide for clarity in contractual relationships with the University of Arkansas for Medical Sciences, nursing and other direct care retention needs; and the reestablishment of language for personal care services provided through Medicaid.

The biennial budget request submitted by the Arkansas Department of Health will provide resources needed to improve the health status of Arkansas. A healthier state benefits all Arkansans.

## **Employment Summary**

	Male	Female	Total	%
White Employees	402	1763	2165	78 %
Black Employees	60	487	547	20 %
Other Racial Minorities	14	58	72	2 %
		Total Minorities	619	22 %
		Total Employees	2,784	100 %



## Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
1632100	\$760	Checking	One Banc- Little Rock, Security State Bank- Howard Lake, MN One Banc- Little Rock,

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Same day line of credit draws are made to expense instruments presented for payment.

Fund Balance Utilization:

Payment of negotiable food instruments.

---

Fund Account	Balance	Type	Location
1632500	\$6,353	Checking	Bank of Ozark- Little Rock

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Sporadic contributions to the Breast Care program.

Fund Balance Utilization:

Used for miscellaneous expenses of Breast Care program.

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Alcohol Test Log	A.C.A. 5-65-204(b)	N	N	300	Provides logbook for law enforcement to document breath tests as is required in Operator and Senior Operator Training Manuals by the Office of Alcohol Testing.
Annual Report State Board of Health	A.C.A. 20-7-121	N	Y	1,000	A.C.A. 20-7-121 requires publication and is distributed to the State Library, State Board of Health members, internally, DHHS Region 6 states (LA,OK,NM, and TX), Arkansas' Congressional delegation, other State agencies, and partner organizations (AE Med. Soc., AR Children's Hosp., AR Hosp. Assn.).
Arkansas Regulations for alcohol Testing	A.C.A. 5-65-201	N	N	300	Provide regulatory information to law enforcement, the judicial system and the public.
Arkansas Regulations for Breath Alcohol Ignition Interlock Devices	A.C.A. 5-65-118(j)(1)	N	N	100	Provide regulatory information to law enforcement, the judicial system and the public.
BAC DataMaster Operator Training Manual	A.C.A. 5-65-204(b)	N	N	750	Provides course book for Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public.
BAC DataMaster Senior Operator Training Manual	A.C.A. 5-65-204(b)	N	N	300	Provides course book for Senior Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public.
Blood Alcohol Report Forms	A.C.A. 5-65-204	N	N	5,000	Provides the required form for submission of a blood or other bodily fluid sample for alcohol analysis. These require two pressure sensitive copies of the form attached to the official document.
Induced Abortions Data	A.C.A. 20-16-904	N	Y	0	A.C.A. 20-16-904 requires data be provided on agency website and paper copies upon request.
Mechanical Codes	A.C.A. 17-38-101	N	N	1,000	To adopt, publish and revise rules and regulations and to provide the heating and air conditioning industry with code books which outline the minimum standards for HVAC installations.

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Plumbing & Fuel Gas Codes	A.C.A. 17-31-101	N	N	1,000	To adopt, publish and revise rules and regulations and to provide the plumbing industry with code books which outline the minimum standards for plumbing/gas installations.
Rules and Regulations for Control of Sources of ionizing Radiation	A.C.A. 20-21-207 Item 3	N	N	3,000	Formulate, adopt, promulgate, and repeal codes, rules, and regulations which may provide for licensing or registration.
Rules and Regulations for Control of Sources of Ionizing Radiation	A.C.A. 17-106-105 Item (a)(1)(D)	N	N	5,000	Adopt, publish, and revise such rules and regulations.
State Controlled Substances List	A.C.A. 5-64-216	N	Y	45	List is required by A.C.A. 5-64-216, printed copies are provided upon request and is available on the agency web site.
Urine Adulterant List	A.C.A. 20-7-309	N	Y	12	List is required by A.C.A. 20-7-309 and is available on the agency web site.
Women's Right to Receive Adequate Information before Terminating a Pregnancy	Act 353 of 2001	N	Y	1,000	Materials designed to inform the woman of public and private agencies, including adoption agencies, and services available to assist a woman through pregnancy, upon childbirth, and while the child is dependent.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
106 Emergency Medical Services & Trauma	0	0	9,728	0	9,728	0	9,728	0	9,728	0	9,728	0	9,728	0	9,728	0	9,728	0
167 Information Technology Initiatives	114,265	0	596,640	0	596,640	0	596,640	0	1,196,640	0	1,196,640	0	596,640	0	1,196,640	0	1,196,640	0
34C Rural Health Facilities	236,534	0	581,558	0	725,000	0	581,558	0	1,551,558	0	1,551,558	0	581,558	0	1,551,558	0	1,551,558	0
34D Emergency Medical Services	46,680	0	42,000	0	42,000	0	42,000	0	42,000	0	42,000	0	42,000	0	42,000	0	42,000	0
34E Rural Physician Incentives	0	0	135,000	0	135,000	0	135,000	0	990,000	0	990,000	0	135,000	0	990,000	0	990,000	0
34P Health Operations Paying	228,732,892	3,060	249,330,886	3,034	241,423,560	3,064	249,848,592	2,999	308,881,356	3,230	271,640,383	3,118	252,790,021	2,999	312,078,730	3,230	275,735,064	3,118
38C Grants to Service Providers	9,323,868	0	12,020,984	0	14,100,934	0	12,020,984	0	20,995,984	0	20,995,984	0	12,020,984	0	20,995,984	0	20,995,984	0
38D Nuclear Planning Grants	250,000	0	375,000	0	375,000	0	375,000	0	375,000	0	375,000	0	375,000	0	375,000	0	375,000	0
604 Tobacco Prevention & Cessation Programs	12,398,169	37	14,996,751	37	15,196,684	36	15,561,918	36	20,590,119	47	20,590,119	47	15,609,639	36	21,042,774	47	21,042,774	47
803 Health Building & Local Health Grant Trust	33,450	0	1,318,000	0	1,318,000	0	1,318,000	0	1,318,000	0	1,318,000	0	1,318,000	0	1,318,000	0	1,318,000	0
B72 WIC Food Instruments - Cash	68,945,219	0	71,774,497	0	57,774,497	0	57,774,497	0	82,274,497	0	82,274,497	0	57,774,497	0	90,774,497	0	90,774,497	0
B74 Breast Cancer - Cash	6,219	0	6,285	0	6,285	0	6,285	0	50,000	0	50,000	0	6,285	0	50,000	0	50,000	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
2QE Choose Life Adoption Assistance Program	21,855	0	0	0	45,000	0	0	0	0	0	0	0	0	0	0	0	0	0
B84 Comm On Eye/Vision Care Sch Age Children	0	0	0	0	20,905	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>320,087,296</b>	<b>3,097</b>	<b>351,187,329</b>	<b>3,071</b>	<b>331,769,233</b>	<b>3,100</b>	<b>338,270,202</b>	<b>3,035</b>	<b>438,274,882</b>	<b>3,277</b>	<b>401,033,909</b>	<b>3,165</b>	<b>341,259,352</b>	<b>3,035</b>	<b>450,424,911</b>	<b>3,277</b>	<b>414,081,245</b>	<b>3,165</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	11,103,733	3.3	13,571,975	3.7	11,308,556	3.3	11,308,556	2.8	11,308,556	2.9	9,120,761	2.6	9,120,761	2.2	9,120,761	2.3	
General Revenue	4000010	53,971,145	16.2	53,055,716	14.6	54,770,829	15.8	70,894,744	17.4	57,370,829	14.7	55,385,743	15.9	71,565,105	17.2	58,985,743	14.7	
Federal Revenue	4000020	130,203,549	39.0	138,626,779	38.2	119,472,616	34.5	148,701,932	36.6	148,701,932	38.0	120,380,253	34.6	154,153,061	37.0	154,153,061	38.3	
Special Revenue	4000030	6,070,692	1.8	12,476,743	3.4	12,476,743	3.6	15,221,041	3.7	15,221,041	3.9	12,476,744	3.6	15,270,284	3.7	15,270,284	3.8	
Special Revenue Restricted	4000031	13,191,200	4.0	13,606,303	3.8	13,606,303	3.9	16,227,586	4.0	16,227,586	4.1	13,606,303	3.9	16,230,137	3.9	16,230,137	4.0	
Cash Fund	4000045	5,612	0.0	0	0.0	6,217	0.0	49,932	0.0	49,932	0.0	6,285	0.0	50,000	0.0	50,000	0.0	
General Improvement	4000265	0	0.0	0	0.0	0	0.0	1,825,000	0.4	0	0.0	0	0.0	1,825,000	0.4	0	0.0	
Refunds	4000415	21,107	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Third Party Reimbursement	4000490	78,099,658	23.4	87,399,681	24.1	87,399,681	25.2	87,399,681	21.5	87,399,681	22.3	87,399,681	25.2	87,399,681	21.0	87,399,681	21.7	
Tobacco Settlement	4000495	15,142,462	4.5	14,694,000	4.1	14,694,000	4.2	20,222,201	5.0	20,222,201	5.2	14,694,000	4.2	20,627,135	5.0	20,627,135	5.1	
Transfer to Medicaid Match	4000660	(561,696)	(0.2)	(452,328)	(0.1)	(452,328)	(0.1)	(452,328)	(0.1)	(452,328)	(0.1)	(452,328)	(0.1)	(452,328)	(0.1)	(452,328)	(0.1)	
Transfer to Operations	4000670	(556,320)	(0.2)	0	0.0	0	0.0	(500,000)	(0.1)	(500,000)	(0.1)	0	0.0	(500,000)	(0.1)	(500,000)	(0.1)	
Various Program Support	4000730	1,526,739	0.5	4,291,612	1.2	8,239,400	2.4	6,281,926	1.5	6,281,926	1.6	9,658,277	2.8	8,675,959	2.1	8,675,959	2.2	

Funding Sources			%		%		%		%		%		%		%		%		
Manufacturer Rebate	4000341	25,463,245	7.6	25,225,404	7.0			25,225,404	7.3	29,618,818	7.3	29,618,818	7.6	25,225,404	7.3	32,682,918	7.8	32,682,918	8.1
Total Funds		333,681,126	100.0	362,495,885	100.0			346,747,421	100.0	406,799,089	100.0	391,450,174	100.0	347,501,123	100.0	416,647,713	100.0	402,243,351	100.0
Excess Appropriation/(Funding)		(13,571,975)		(11,308,556)				(8,477,219)		31,475,793		9,583,735		(6,241,771)		33,777,198		11,837,894	
Grand Total		320,087,296		351,187,329				338,270,202		438,274,882		401,033,909		341,259,352		450,424,911		414,081,245	

FY08 Actual exceeds FY09 Authorized due to Act 1283 of 2007 Sec. 11 appropriating \$50,000 in FY08 and \$42,000 in FY09 FC 34D.

Actual and Budgeted exceed authorized in some cases due to transfers from various DFA holding accounts and by authority of Act 1279 of 2007 Sec. 9 & 14 FC 34P.

The FY09 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2007-2009 biennium.

The Fund Transfer for \$500,000 to Operations by authority of Act 1282 of 2007 Sec. 3 FC 604, and 56,320 by authority of A.C.A. 20-7-127 FC 803.

FY08 Actual and FY09 Budgeted exceeds Authorized Appropriation in WIC Food Instruments due to a transfer from the Cash Fund Holding Account FC B72.

Variances in fund balances are due to unfunded appropriation.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
3,079	2796	274	3070	9	9.19 %	3,100	2811	224	3035	65	9.32 %	3,100	2784	286	3070	30	10.19 %

## **Analysis of Budget Request**

**Appropriation:** 106 - Emergency Medical Services & Trauma

**Funding Sources:** MES - EMS Enhancement Revolving Fund

The Department of Health's Emergency Medical Services (EMS) and Trauma appropriation provides grants and funding for the following, as delineated in A.C.A. 19-5-1078:

- Training and equipment for staff proficiency and improvement in EMS services and testing support
- Instituting and maintaining a trauma registry
- Inspecting, licensing, and registering EMS vehicles

Funding for this appropriation consists of revenues as may be provided by law and that are held in a revolving fund (A.C.A. 19-5-1078 MES - EMS Enhancement Revolving Fund).

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 106 - Emergency Medical Services & Trauma

**Funding Sources:** MES - EMS Enhancement Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Emerg Medical Svcs/Trauma Sys I 5900046	0	9,728	9,728	9,728	9,728	9,728	9,728	9,728	9,728
<b>Total</b>	0	9,728	9,728	9,728	9,728	9,728	9,728	9,728	9,728
<b>Funding Sources</b>									
Various Program Support 4000730	0	9,728		0	0	0	0	0	0
<b>Total Funding</b>	0	9,728		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		9,728	9,728	9,728	9,728	9,728	9,728
<b>Grand Total</b>	0	9,728		9,728	9,728	9,728	9,728	9,728	9,728



## **Analysis of Budget Request**

**Appropriation:** 167 - Information Technology Initiatives

**Funding Sources:** SHT - Health Department Technology Fund

The Department of Health's Information Technology Initiatives appropriation provides for the purchase of computer hardware and software, the conversion cost of scanning data into the computer system, and related activities as described in A.C.A. 19-6-485.

Funding for this appropriation consists of Special Revenue fees generated from temporary vital statistics applications and certificates (A.C.A. 19-6-485 SHT - Health Department Technology Fund).

The Agency's Base Level request is \$596,640 for each year of the 2009-2011 biennium.

The Agency's Change Level request is \$600,000 in appropriation only for each year of the 2009-2011 biennium. The appropriation will be used to spend any fund balance that remains at the end of each fiscal year. No additional funding is requested and all remaining fund balances should be expended during the 2009-2011 biennium.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 167 - Information Technology Initiatives

**Funding Sources:** SHT - Health Department Technology Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Information Technology Initiative 5900046	114,265	596,640	596,640	596,640	1,196,640	1,196,640	596,640	1,196,640	1,196,640
<b>Total</b>	114,265	596,640	596,640	596,640	1,196,640	1,196,640	596,640	1,196,640	1,196,640
<b>Funding Sources</b>									
Fund Balance 4000005	1,295,956	1,181,691		585,051	585,051	585,051	0	0	0
Total Funding	1,295,956	1,181,691		585,051	585,051	585,051	0	0	0
Excess Appropriation/(Funding)	(1,181,691)	(585,051)		11,589	611,589	611,589	596,640	1,196,640	1,196,640
<b>Grand Total</b>	114,265	596,640		596,640	1,196,640	1,196,640	596,640	1,196,640	1,196,640

## Change Level by Appropriation

**Appropriation:** 167 - Information Technology Initiatives  
**Funding Sources:** SHT - Health Department Technology Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>596,640</b>	<b>0</b>	<b>596,640</b>	<b>100.0</b>	<b>596,640</b>	<b>0</b>	<b>596,640</b>	<b>100.0</b>
C08	Technology	600,000	0	1,196,640	200.6	600,000	0	1,196,640	200.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>596,640</b>	<b>0</b>	<b>596,640</b>	<b>100.0</b>	<b>596,640</b>	<b>0</b>	<b>596,640</b>	<b>100.0</b>
C08	Technology	600,000	0	1,196,640	200.6	600,000	0	1,196,640	200.6

### Justification

C08	Appropriation is needed for the Vital Records Information Technology Project. The project is not expected to be completed until Biennium 2010-2011. The request is referenced in the Information Technology Plan on page nineteen (19). The request is referenced in the Information Technology Plan under the Project Section. The Project Name is Vital Records; Associated Application is Health Surveillance Systems.
-----	---

## **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 \$581,558 for each year of the biennium. This includes unfunded appropriation to be used to spend any fund balances remaining at the end of FY2009.

The Agency's Change Level request is \$970,000 in both funding and appropriation to be granted to rural communities in line with the goals of the program.

The Executive Recommendation provides for the Agency Request in appropriation pending decision on General Improvement funding.

## Appropriation Summary

**Appropriation:** 34C - Rural Health Facilities  
**Funding Sources:** MRH - Rural Health Services Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	236,534	581,558	725,000	581,558	1,551,558	1,551,558	581,558	1,551,558	1,551,558
<b>Total</b>		<b>236,534</b>	<b>581,558</b>	<b>725,000</b>	<b>581,558</b>	<b>1,551,558</b>	<b>1,551,558</b>	<b>581,558</b>	<b>1,551,558</b>	<b>1,551,558</b>
<b>Funding Sources</b>										
Fund Balance	4000005	808,802	593,375		11,817	11,817	11,817	0	0	0
General Improvement	4000265	0	0		0	970,000	0	0	970,000	0
Refunds	4000415	21,107	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>829,909</b>	<b>593,375</b>		<b>11,817</b>	<b>981,817</b>	<b>11,817</b>	<b>0</b>	<b>970,000</b>	<b>0</b>
Excess Appropriation/(Funding)		(593,375)	(11,817)		569,741	569,741	1,539,741	581,558	581,558	1,551,558
<b>Grand Total</b>		<b>236,534</b>	<b>581,558</b>		<b>581,558</b>	<b>1,551,558</b>	<b>1,551,558</b>	<b>581,558</b>	<b>1,551,558</b>	<b>1,551,558</b>

## Change Level by Appropriation

**Appropriation:** 34C - Rural Health Facilities  
**Funding Sources:** MRH - Rural Health Services Revolving Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>581,558</b>	<b>0</b>	<b>581,558</b>	<b>100.0</b>	<b>581,558</b>	<b>0</b>	<b>581,558</b>	<b>100.0</b>
C01	Existing Program	400,259	0	981,817	168.8	388,442	0	970,000	166.8
C05	Unfunded Appropriation	569,741	0	1,551,558	266.8	581,558	0	1,551,558	266.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>581,558</b>	<b>0</b>	<b>581,558</b>	<b>100.0</b>	<b>581,558</b>	<b>0</b>	<b>581,558</b>	<b>100.0</b>
C01	Existing Program	400,259	0	981,817	168.8	388,442	0	970,000	166.8
C05	Unfunded Appropriation	569,741	0	1,551,558	266.8	581,558	0	1,551,558	266.8

### Justification

C01	The Rural Health Services Revolving Fund requests appropriation and General Improvement funds to increase grant awards to rural communities (15,000 or less), to improve or stabilize the local health care system, through matching grants to county, local, commercial, and non-profit organizations. These matching grants will focus on Chronic Disease Prevention in coordination with Hometown Health Improvement activities. Examples of funded projects include: 1) supported purchase of an ambulance, 2) supported creation of community wellness and fitness centers, and 3) assisted in establishment of Certified Diabetes Centers. In FY09, there is \$725,000 in appropriation and we anticipate up to 24 awards at a maximum of \$30,000 per award. In FY2010 and 2011, it is projected approximately twenty matching grants available at \$50,000 per award. This would allow an increase in the grant award to a maximum amount of \$50,000. Since the program's inception the average number of grant awards has been 20 per year with an average of \$228,000. At the \$50,000 maximum grant award level and an average of 20 grants per year, the anticipated total awards for fiscal years 2010 and 2011 would be the \$970,000 per year requested. Funding has not been received from General Improvement funds since 2006.
C05	Unfunded appropriation will be used to expend funds that are carried over during the biennial.

## **Analysis of Budget Request**

**Appropriation:** 34D - Emergency Medical Services

**Funding Sources:** MEM - Emergency Medical Services Revolving Fund

The Department of Health's Emergency Medical Services appropriation will provide for certification processing and expenses of onsite examinations for Emergency Medical Technicians (EMTs), maintenance of certification software, educational programs, maintenance of EMT-Instructor certification for agency personnel, and other purposes consistent with A.C.A. 20-13-101 et seq.

Funding for this appropriation consists of certification and renewal fees held in the MEM - Emergency Medical Services Revolving Fund.

The Agency Request is Base Level for each year of the 2009-2011 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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	46,680	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>46,680</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>
<b>Funding Sources</b>									
Various Program Support 4000730	46,680	42,000		42,000	42,000	42,000	42,000	42,000	42,000
<b>Total Funding</b>	<b>46,680</b>	<b>42,000</b>		<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>46,680</b>	<b>42,000</b>		<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>

FY08 Actual exceeds FY09 Authorized due to Act 1283 of 2007 Sec. 11 appropriating \$50,000 in FY08 and \$42,000 in FY09.



## **Analysis of Budget Request**

**Appropriation:** 34E - Rural Physician Incentives

**Funding Sources:** MRI - Rural Physician Incentives Revolving Fund

The Department of Health's Rural Physician Incentives program, A.C.A. 20-12-501 et seq., provides grants as financial assistance to encourage physicians to locate and remain in the practice of primary care medicine in communities of the State with populations of not more than fifteen thousand (15,000) persons. The physicians must locate for a minimum of four (4) years and carry on a full-time practice of family medicine in a priority medically underserved area as defined by the Department of Health.

Funding for this appropriation consists of General Improvement Fund transfers or other funds made available by the General Assembly, and held in a revolving fund (A.C.A. 19-5-1209 MRI - Rural Physician Incentive Revolving Fund).

The Agency's Base Level request is \$135,000 each year of the biennium. This includes unfunded appropriation to be used to spend any fund balances remaining at the end of FY2009.

The Agency's Change Level request is for \$855,000 each year of the biennium. This request is for appropriation and funding to continue the program through the 2009-2011 biennium.

The Executive Recommendation provides for the Agency Request in appropriation pending decision on General Improvement funding.

## Appropriation Summary

**Appropriation:** 34E - Rural Physician Incentives  
**Funding Sources:** MRI - Rural Physician Incentives Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	135,000	135,000	135,000	990,000	990,000	135,000	990,000	990,000
<b>Total</b>	<b>0</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>990,000</b>	<b>990,000</b>	<b>135,000</b>	<b>990,000</b>	<b>990,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	217,516	217,516		82,516	82,516	82,516	0	0	0
General Improvement 4000265	0	0		0	855,000	0	0	855,000	0
<b>Total Funding</b>	<b>217,516</b>	<b>217,516</b>		<b>82,516</b>	<b>937,516</b>	<b>82,516</b>	<b>0</b>	<b>855,000</b>	<b>0</b>
Excess Appropriation/(Funding)	(217,516)	(82,516)		52,484	52,484	907,484	135,000	135,000	990,000
<b>Grand Total</b>	<b>0</b>	<b>135,000</b>		<b>135,000</b>	<b>990,000</b>	<b>990,000</b>	<b>135,000</b>	<b>990,000</b>	<b>990,000</b>

## Change Level by Appropriation

**Appropriation:** 34E - Rural Physician Incentives  
**Funding Sources:** MRI - Rural Physician Incentives Revolving Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>135,000</b>	<b>0</b>	<b>135,000</b>	<b>100.0</b>	<b>135,000</b>	<b>0</b>	<b>135,000</b>	<b>100.0</b>
C01	Existing Program	802,516	0	937,516	694.5	720,000	0	855,000	633.3
C05	Unfunded Appropriation	52,484	0	990,000	733.3	135,000	0	990,000	733.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>135,000</b>	<b>0</b>	<b>135,000</b>	<b>100.0</b>	<b>135,000</b>	<b>0</b>	<b>135,000</b>	<b>100.0</b>
C01	Existing Program	802,516	0	937,516	694.5	720,000	0	855,000	633.3
C05	Unfunded Appropriation	52,484	0	990,000	733.3	135,000	0	990,000	733.3

### Justification

C01	In Fiscal Year 2009, four (4) new physicians will come aboard. Twelve (12) new physicians are projected for the biennium. Six (6) physicians are projected for Fiscal Year 2010 funding (\$330,000 commitment). An additional six (6) new physicians are projected for Fiscal Year 2011, (another \$330,000 commitment) and at the end of 2011 maintenance payments for the four (4), 2009 physicians will be due (\$40,000 commitment). This program has not received funding since 2006 from the General Improvement funds. Without additional funding being provided this program will not be able to continue assisting new physicians. Commitments over the biennial period are projected at \$855,000.
C05	Unfunded appropriation will be used to expend funds that are carried over during the biennial.

## **Analysis of Budget Request**

**Appropriation:** 34P - Health Operations Paying

**Funding Sources:** PHD - Administration Paying

The Department of Health is comprised of the Center for Health Protection, the Center for Health Advancement, the Center for Local Public Health, the Center for Public Health Practice, the Office of Minority Health and Health Disparities, the Arkansas Public Health Laboratory and Health Administration, which includes the Offices of the Director and Chief Financial Officer and the Office of System Technology. The Department has 2 central office locations and 94 Local Health Units located throughout the State. This organizational structure enables the Department to provide public health policy and assessment, as well as preventive and regulatory services for the State's citizens.

This appropriation provides for the operations of the Department of Health. Duties include the operation of the Breast and Cervical Cancer Control programs; the collection, analysis, and communication of data regarding health events, disease incidence, the healthcare system, and health status indicators; the protection of the public's health by ensuring safe food and drinking water and maintaining the quality of health facilities and services through monitoring, laboratory testing, and evaluation; educating the public concerning healthy behavior and providing accessible personal health services; and providing in-home services to individuals so they may remain at home instead of receiving extended hospitalization or nursing home placement.

Funding for this appropriation consists of general revenue (BAA - Public Health Fund), federal funding, special revenues, Third Party Reimbursement, Tobacco Settlement Funding and other funding. Federal revenues include Immunization and Vaccines for Children, Ryan White Care Act Title II, Public Health Preparedness and Response/BIO, Bioterrorism Hospital Preparedness Program, Epidemiology and Laboratory Capacity for Infectious Diseases, Title X Family Planning Services Program, National Cancer Prevention and Control Program, Chronic Disease Prevention and Health Promotion Programs, Maternal and Child Health, and Women Infants and Children (WIC). Special revenues include the Cigarette Tax; licensing fees for Radiology, Plumbing, Pharmacy, HVAC, Health Facilities and Waterworks; Milk Inspection and Marine Sanitation Fees; and Nuclear Planning and Response Funds. Third Party Reimbursement funding includes Medicaid and Insurance funding. Other Funding, as indicated as Various Program Support, includes fees related to Vital Records, Immunization, Rabies, Swimming Pools, etc.

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Base Level request is \$249,848,592 in FY2010 and \$252,790,021 in FY2011 with 2,999 positions.

The Agency's Change Level request for appropriation is \$59,032,764 in FY2010 and \$59,288,709 in FY2011, with additional general revenue funding of \$15,148,915 in FY2010 and \$15,204,362 in FY2011, and includes the following:

- \$8,221,626 in FY2010 and \$8,395,776 in FY2011 in Regular Salaries appropriation for 231 new positions of which 112 positions costing \$3,858,236 in salaries and \$1,320,296 in match for FY2010 and \$3,890,659 in salaries and \$1,336,958 in match for FY2011 is requested in general revenue funding. Included in this general revenue request is \$241,559 in salaries and \$76,575 in matching for FY2010 and \$246,390 in salaries and \$78,106 in matching for FY2011 requested in general revenue funding to replace currently federally funded positions. Additionally, \$850,000 is requested each year in general revenue funding to supplement the In Home Nursing Services. Thirty-six (36) of the 231 positions are continuation of 4 Supplemental and 32 Miscellaneous Federal Grant positions as Regular positions approved in FY08.
- Additional Extra Help appropriation is requested at \$408,225 each year of the biennium in appropriation. No new positions are requested for this increase. General revenue of \$237,255 is requested each year for support of this increase.
- Total Personal Service Matching required for the request is \$2,610,226 in FY2010 and \$2,645,512 in FY2011 for appropriation including the amounts listed in the Regular Salaries section and also covers all matching for requested Regular Salaries and Extra Help positions.
- \$830,474 is requested as a decrease in appropriation each year to the Extra Salaries line item. This line item is no longer needed.
- \$16,428,339 in FY2010 and \$16,483,848 in FY2011 is requested in the Operating Expenses line item of which \$6,490,628 in each year is requested to be supported by general revenue funding. The appropriation will be used for several programs including: Coordinated School Health, Health Literacy, Teen pregnancy, and WIC Administration. In addition, the appropriation and funding would be used to provide for several overall agency needs including: purchase of new computers, building upkeep and maintenance to the Little Rock central facility, supplies, and utilities.
- \$167,957 in FY2010 and \$168,957 in FY2011 is requested in Conference & Travel Expenses appropriation. This increase is associated with the requested increase in new positions of which \$35,941 is requested each year in general revenue funding.
- \$2,740,410 in each year is requested in Professional Fees and Services of which \$1,172,000 is requested in general revenue funding. The request will go to support various existing and requested new programs. The programs include: Health Literacy, Coordinated School Health, TB and STD Prevention, and Medicaid Reimbursement Efficiency.
- \$1,096,425 in FY2010 and \$1,076,425 in FY2011 is requested in appropriation for the Capital Outlay line item. This appropriation will be used for various projects including purchase of computer equipment and vehicles. General revenue of \$866,425 each year is requested in to support this request.
- \$28,200,000 is requested each year in Contingency Appropriation to provide appropriation for any increases that may occur in funding in the In Home Services Program and possible federal funding increases to various programs agency wide.

The Executive Recommendation provides for the following:

- Restoration of 36 positions, 64 unfunded positions, and 19 new federally funded positions along with the associated Regular Salaries and Personal Services Matching each year of the biennium.
- \$171,000 in Extra Help appropriation each year of the biennium.
- (\$830,474) each year of the biennium in Extra Salaries.
- \$11,537,711 in FY 2010 and \$11,593,220 in FY2011 in Operating Expenses appropriation of which \$1,600,000 each year is funded in new general revenue.
- \$132,016 in FY2010 and \$133,016 in FY1011 in Conference & Travel Expenses appropriation.
- \$1,568,410 each year of the biennium in Professional Fees appropriation
- \$1,230,000 in FY2010 and \$2,210,000 in FY2011 in Capital Outlay appropriation with \$1,000,000 in FY2010 and \$2,000,000 in FY2011 to be funded with general revenue funding.
- \$2,200,000 each year of the biennium in Contingency appropriation for the in Home Services Program.

In summary, the Executive Recommendation provides for general revenue above the Base Level Request of the following:

- \$900,000 in general revenue funding and appropriation each fiscal year of the biennium for the Coordinated School Health program in the Operating Expenses line item.
- \$350,000 in general revenue funding and appropriation each fiscal year of the biennium for the Infant Mortality/ Teen Pregnancy Prevention program in the Operating Expenses line item.
- \$350,000 in general revenue funding and appropriation each fiscal year of the biennium for the Health Literacy program in the Operating Expenses line item.
- \$1,000,000 in FY2010 and \$2,000,000 in FY2011 in general revenue funding and appropriation for capital expense needs of the Department in the Capital Outlay line item.

## Appropriation Summary

**Appropriation:** 34P - Health Operations Paying

**Funding Sources:** PHD - Administration Paying

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	107,331,217	116,398,018	113,990,542	121,776,925	129,988,551	126,236,222	124,245,453	132,641,229	128,802,647
<b>#Positions</b>		<b>3,056</b>	<b>3,030</b>	<b>3,064</b>	<b>2,999</b>	<b>3,230</b>	<b>3,118</b>	<b>2,999</b>	<b>3,230</b>	<b>3,118</b>
Extra Help	5010001	823,971	975,737	875,737	875,737	1,283,992	1,046,737	875,737	1,283,992	1,046,737
<b>#Extra Help</b>		<b>119</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>
Personal Services Matching	5010003	34,126,085	34,744,821	36,931,466	38,717,525	41,327,751	40,041,356	39,190,426	41,835,938	40,533,103
Overtime	5010006	155,050	150,400	150,400	150,400	150,400	150,400	150,400	150,400	150,400
Supplemental Emerg Positions	5010007	194,134	335,776	0	0	0	0	0	0	0
Extra Salaries	5010008	0	830,474	830,474	830,474	0	0	830,474	0	0
Operating Expenses	5020002	51,131,075	55,476,960	48,705,465	48,705,465	65,133,804	60,243,176	48,705,465	65,189,313	60,298,685
Conference & Travel Expenses	5050009	739,094	1,228,824	1,218,824	1,218,824	1,386,781	1,350,840	1,218,824	1,387,781	1,351,840
Professional Fees	5060010	30,866,123	38,030,853	37,561,629	37,561,629	40,302,039	39,130,039	37,561,629	40,302,039	39,130,039
Construction	5090005	429,625	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	2,038	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613
Capital Outlay	5120011	2,934,480	1,147,410	1,147,410	0	1,096,425	1,230,000	0	1,076,425	2,210,000
Contingency Appropriation	5900046	0	0	0	0	28,200,000	2,200,000	0	28,200,000	2,200,000
<b>Total</b>		<b>228,732,892</b>	<b>249,330,886</b>	<b>241,423,560</b>	<b>249,848,592</b>	<b>308,881,356</b>	<b>271,640,383</b>	<b>252,790,021</b>	<b>312,078,730</b>	<b>275,735,064</b>
<b>Funding Sources</b>										
General Revenue	4000010	53,786,145	52,575,716		54,290,829	69,439,744	56,890,829	54,905,743	70,110,105	58,505,743
Federal Revenue	4000020	78,021,043	80,643,847		75,488,924	84,611,654	84,611,654	76,396,561	84,626,883	84,626,883
Special Revenue	4000030	5,142,187	11,424,168		11,424,168	14,168,466	14,168,466	11,424,169	14,217,709	14,217,709
Special Revenue Restricted	4000031	13,191,200	13,606,303		13,606,303	16,227,586	16,227,586	13,606,303	16,230,137	16,230,137
Third Party Reimbursement	4000490	78,099,658	87,399,681		87,399,681	87,399,681	87,399,681	87,399,681	87,399,681	87,399,681
Transfer to Medicaid Match	4000660	(561,696)	(452,328)		(452,328)	(452,328)	(452,328)	(452,328)	(452,328)	(452,328)
Various Program Support	4000730	1,054,355	4,133,499		8,091,015	6,133,541	6,133,541	9,509,892	8,527,574	8,527,574
<b>Total Funding</b>		<b>228,732,892</b>	<b>249,330,886</b>		<b>249,848,592</b>	<b>277,528,344</b>	<b>264,979,429</b>	<b>252,790,021</b>	<b>280,659,761</b>	<b>269,055,399</b>
Excess Appropriation/(Funding)		0	0		0	31,353,012	6,660,954	0	31,418,969	6,679,665
<b>Grand Total</b>		<b>228,732,892</b>	<b>249,330,886</b>		<b>249,848,592</b>	<b>308,881,356</b>	<b>271,640,383</b>	<b>252,790,021</b>	<b>312,078,730</b>	<b>275,735,064</b>

Actual and Budgeted exceed authorized in some cases due to transfers from various DFA holding accounts and by authority of Act 1279 of 2007 Sec. 9 & 14.

## Change Level by Appropriation

**Appropriation:** 34P - Health Operations Paying

**Funding Sources:** PHD - Administration Paying

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>249,848,592</b>	<b>2,999</b>	<b>249,848,592</b>	<b>100.0</b>	<b>252,790,021</b>	<b>2,999</b>	<b>252,790,021</b>	<b>100.0</b>
C01	Existing Program	17,363,712	114	267,212,304	106.9	17,499,694	114	270,289,715	106.9
C02	New Program	2,888,044	17	270,100,348	108.1	2,907,245	17	273,196,960	108.1
C04	Reallocation	(988,763)	0	269,111,585	107.7	(988,763)	0	272,208,197	107.7
C05	Unfunded Appropriation	31,353,012	64	300,464,597	120.3	31,418,969	64	303,627,166	120.1
C06	Restore Position/Approp	7,016,759	36	307,481,356	123.1	7,051,564	36	310,678,730	122.9
C08	Technology	1,400,000	0	308,881,356	123.6	1,400,000	0	312,078,730	123.5

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>249,848,592</b>	<b>2,999</b>	<b>249,848,592</b>	<b>100.0</b>	<b>252,790,021</b>	<b>2,999</b>	<b>252,790,021</b>	<b>100.0</b>
C01	Existing Program	8,645,978	17	258,494,570	103.5	9,696,979	17	262,487,000	103.8
C02	New Program	1,664,805	2	260,159,375	104.1	1,666,294	2	264,153,294	104.5
C04	Reallocation	(988,763)	0	259,170,612	103.7	(988,763)	0	263,164,531	104.1
C05	Unfunded Appropriation	5,353,012	64	264,523,624	105.9	5,418,969	64	268,583,500	106.2
C06	Restore Position/Approp	7,016,759	36	271,540,383	108.7	7,051,564	36	275,635,064	109.0
C08	Technology	100,000	0	271,640,383	108.7	100,000	0	275,735,064	109.1

### Justification

C01	Two (2) additional positions are being requested to expand the Center for Health Advancement – Consolidated School Health (CSH) program by developing four school-based wellness centers. Thirty-one (31) additional positions are being requested to hire additional case managers in the ten counties with the highest teen birth rates. These case managers will follow-up with teen contraceptive users on a regular basis to ensure continued compliance with their birth control regimens. Twenty (20) additional positions are being requested to improve health outcomes and reduce disparities. In particular, it would support our ability to strengthen the focus of clinical and other public health services and to demonstrate effectiveness in targeted population-based approaches, which includes reducing infant mortality. One (1)-Registered Nurse Coordinator to oversee delivery of health care services through private providers and One (1)- Health Program Specialist III to coordinate private provider delivery of services and payment. Three (3) additional positions are being requested for implementing a Mechanical Plan Review service beginning no sooner than FY 2010. Two (2) additional positions are being requested for the Nutrition, Physical Activity, and Obesity (NUPAC) grant funded by the Centers for Disease Control and Prevention. Twelve (12) additional positions are being requested for the ConnectCare Program. ConnectCare serves Medicaid-eligible Arkansans and provides primary care and dental case management services. This request is also for continuing the necessary maintenance and operations for the Department’s programs within the Office of Administration, Center for Health Advancement, Center for Health Protection, Center for Health Practice, Center for Local Public Health, and the Public Health Lab. Capital Outlay is needed for the normal replacement of necessary equipment (refrigerators, medical test equipment, etc.) for the Local Public Health units, vehicle replacement and other necessary needs for operation of the Public Health Lab and other branch operations of the Agency. Operating Expenses is needed to maintain the Agency’s building and grounds as needed for an adequate working environment, drugs and medicines, laboratory supplies, fuel surcharges, delivery costs, and other expenses. Conference and travel is requested for seminars and trainings. Professional Fees is requested for the enhancement of Medicaid rates and for many types of service contracts for the Department.
C02	This request is for many new programs being implemented within the Department. Seven (7) additional positions are being requested to establish a Health Literacy Program. Literacy Councils throughout the state will be given grants to focus on health literacy for at risk populations. Eight (8) additional positions are being requested for the Center for Health Advancement – Physical Activity program. Forty-four (44) additional Health Educator and Clinical Service Delivery staff positions are being requested to improve health outcomes and reduce disparities. Operating Expenses is requested for the Department’s Strategic Plan to maintain the development and continued implementation of the Agency’s commitment to serve the people of Arkansas; implementing three evidence based interventions statewide using the trainer module Active Living Everyday (ALED), the Stanford Chronic Disease Self Management Program (CDSMP), and PEER Exercise Program Promotes Independence (PEPPI) to promote the increase in physical activity, reducing the incidence of infant morbidity and mortality, initiating a new statewide trauma system, and establishing a Health Literacy Program. Conference and Travel is request for the necessary mileage, training, and seminars. Professional Fees is requested for establishing a trauma registry for the new trauma system and for service agreements for the Health Literacy Program.
C04	Due to Special Language being introduced for Extra Salaries, the appropriation is no longer needed for Commitment Item (501:00:08).
C05	This request is for contingency appropriation that will provide flexibility to any program that needs to respond to unanticipated and unknown program changes, rules, regulations, State and Federal mandates. This includes, but is not limited to, increases in travel, salaries, medical supplies, drugs and DME equipment, and other factors that impact the delivery of health care at home.
C06	This request is for the restoration of 4 Supplemental and 32 Miscellaneous Federal Grant positions as Regular positions approved in FY08 within various programs at the Department.



## Change Level by Appropriation

<b>Justification</b>	
C08	This request is to replace existing computers, servers, and other Information Technology needs as necessary to maintain the agency core network. It is also for the purchase of servers within the Health Statistics Branch due to a mandate for Hospital Discharge to collect, analyze, and distribute emergency room data. The request is referenced in the Information Technology Plan on page sixteen (16). The request is referenced in the Information Technology Plan in the IT Support Item Section, under the In-House Labor category.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: AR Department of Health

Program: Health Operations Paying

Act #: 1283 of 2007 Section(s) #: 3 & 20

Estimated Carry Forward Amount \$ 1,465,983.00      Appropriation       Funds

Funding Source: Medicaid

**Accounting Information:**

Business Area: 0645      Funds Center: 34P      Fund: PHD      Functional Area: HHS

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

To ensure agency has sufficient funding for Home Health SFY 2009 operating budget.

**Actual Funding Carry Forward Amount**      \$ 790,388.58

**Current status of carry forward appropriation/funding:**

The funds will be used for Salary and Operating Expenses for the In Home Srvce Program for FY2009.

Dr. Paul Halverson  
Director

08-19-2008  
Date

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: AR Department of Health

Program: Health Operations Paying

Act #: 1283 of 2007 Section(s) #: 3 & 28

Estimated Carry Forward Amount \$ 439,134.00      Appropriation       Funds

Funding Source: Special

**Accounting Information:**

Business Area: 0645      Funds Center: 34P      Fund: PHD      Functional Area: HHS

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

To ensure the agency has sufficient for SFY 2009 operating budget.

**Actual Funding Carry Forward Amount**      \$ 441,954.00

**Current status of carry forward appropriation/funding:**

The funds are used for the Salaries and Operating Expenses for the Radiation Control and Emergency Management Program and the Pharmacy Services and Drug Control Program.

Dr. Paul Halverson  
Director

08-18-2008  
Date

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: AR Department of Health

Program: Health Operations Paying

Act #: 1283 of 2007 Section(s) #: 3 & 29

Estimated Carry Forward Amount \$ 0.00 Appropriation  Funds

Funding Source: Special

**Accounting Information:**

Business Area: 0645 Funds Center: 34P Fund: PHD Functional Area: HHS

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The department does not currently anticipate the carry forward of any appropriation for this program.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

The department does not currently anticipate the carry forward of any appropriation for this program.

Dr. Paul Halverson  
Director

08-22-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 38C - Grants to Service Providers

**Funding Sources:** PHG – Grants Paying

This appropriation is used to administer programs such as Supplemental Nutrition Programs for Women, Infants, and Children, Maternal and Child Health Services Block Grants, Centers for Disease Control and Prevention Investigations and Technical Assistance, Family Planning Services, the Chemical Stockpile Emergency Preparedness program, Health Care Access for the Uninsured, Injury Prevention and Control, Tuberculosis Control, and Public Water Systems Supervision and Training.

This appropriation is funded from general revenue (BAA - Public Health Fund) and federal revenues including Immunization and Vaccines for Children, Ryan White Care Act Title II, Public Health Preparedness and Response/BIO, Bioterrorism Hospital Preparedness Program, Epidemiology and Laboratory Capacity for Infectious Diseases, Title X Family Planning Services Program, National Cancer Prevention and Control Program, Chronic Disease Prevention and Health Promotion Programs, Maternal and Child Health, and Women Infants and Children (WIC). Other funding, as indicated as Various Program Support, includes fees related to Family Planning Reimbursements and TB Contracts.

The Agency's Base Level request is \$12,020,984 for each year of the 2009-2011 biennium.

The Agency's Change Level request is for \$8,975,000 in appropriation and \$975,000 in general revenue funding for each year of the 2009-2011 biennium which include \$8,000,000 in appropriation to be utilized as contingency appropriation for anticipated federal grants and \$975,000 in funded appropriation to be used for various new programs.

The Executive Recommendation provides for the Agency Request for appropriation only and no additional general revenue funding.

## Appropriation Summary

**Appropriation:** 38C - Grants to Service Providers

**Funding Sources:** PHG – Grants Paying

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	9,323,868	12,020,984	14,100,934	12,020,984	12,995,984	12,995,984	12,020,984	12,995,984	12,995,984
Contingency Appropriation	5900046	0	0	0	0	8,000,000	8,000,000	0	8,000,000	8,000,000
<b>Total</b>		<b>9,323,868</b>	<b>12,020,984</b>	<b>14,100,934</b>	<b>12,020,984</b>	<b>20,995,984</b>	<b>20,995,984</b>	<b>12,020,984</b>	<b>20,995,984</b>	<b>20,995,984</b>
<b>Funding Sources</b>										
General Revenue	4000010	185,000	480,000		480,000	1,455,000	480,000	480,000	1,455,000	480,000
Federal Revenue	4000020	8,713,164	11,434,599		11,434,599	11,434,599	11,434,599	11,434,599	11,434,599	11,434,599
Various Program Support	4000730	425,704	106,385		106,385	106,385	106,385	106,385	106,385	106,385
<b>Total Funding</b>		<b>9,323,868</b>	<b>12,020,984</b>		<b>12,020,984</b>	<b>12,995,984</b>	<b>12,020,984</b>	<b>12,020,984</b>	<b>12,995,984</b>	<b>12,020,984</b>
Excess Appropriation/(Funding)		0	0		0	8,000,000	8,975,000	0	8,000,000	8,975,000
<b>Grand Total</b>		<b>9,323,868</b>	<b>12,020,984</b>		<b>12,020,984</b>	<b>20,995,984</b>	<b>20,995,984</b>	<b>12,020,984</b>	<b>20,995,984</b>	<b>20,995,984</b>

## Change Level by Appropriation

**Appropriation:** 38C - Grants to Service Providers

**Funding Sources:** PHG – Grants Paying

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,020,984</b>	<b>0</b>	<b>12,020,984</b>	<b>100.0</b>	<b>12,020,984</b>	<b>0</b>	<b>12,020,984</b>	<b>100.0</b>
C01	Existing Program	300,000	0	12,320,984	102.5	300,000	0	12,320,984	102.5
C02	New Program	675,000	0	12,995,984	108.1	675,000	0	12,995,984	108.1
C05	Unfunded Appropriation	8,000,000	0	20,995,984	174.7	8,000,000	0	20,995,984	174.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,020,984</b>	<b>0</b>	<b>12,020,984</b>	<b>100.0</b>	<b>12,020,984</b>	<b>0</b>	<b>12,020,984</b>	<b>100.0</b>
C01	Existing Program	300,000	0	12,320,984	102.5	300,000	0	12,320,984	102.5
C02	New Program	675,000	0	12,995,984	108.1	675,000	0	12,995,984	108.1
C05	Unfunded Appropriation	8,000,000	0	20,995,984	174.7	8,000,000	0	20,995,984	174.7

### Justification

C01	Appropriation is requested for four pilot school grants, program staff with expertise to further develop the Coordinated School Health Program, an external evaluation and maintenance and operations to support Arkansas Department of Health staff.
C02	This request is to establish a Health Literacy Program. A professional services agreement will provide needed health literacy assessment, training, technical assistance and development of tools/strategies for implementation by Department staff. Literacy Councils throughout the state will be given grants to focus on health literacy for at risk populations.
C05	This request is for contingency appropriation that will provide flexibility to any program that needs to respond to unanticipated and unknown program changes, rules, regulations, State and Federal mandates.

## **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 Request is for Base Level each year of the 2009-2011 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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	250,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000
<b>Total</b>	250,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000
<b>Funding Sources</b>									
Special Revenue 4000030	250,000	375,000		375,000	375,000	375,000	375,000	375,000	375,000
<b>Total Funding</b>	250,000	375,000		375,000	375,000	375,000	375,000	375,000	375,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	250,000	375,000		375,000	375,000	375,000	375,000	375,000	375,000

## **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).

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjudged accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Base Level request for this appropriation is \$15,561,918 in FY2010 and \$15,609,639 in FY2011 with 36 positions. The Agency's Change Level request reflects an increase of \$5,028,201 in FY2010 and \$5,433,135 in FY2011 and includes:

- 11 new positions (1 Program/Field Audit Specialist, 6 Health Program Specialist I, 3 Registered Nurse, and 1 Administrative Specialist III) totalling \$488,480 FY2010 and \$498,371 FY2011 in Regular Salaries and Personal Services Matching
- \$25,000 each year of the biennium for Extra Help spending with no new positions
- Reduction of \$500,000 in appropriation each year of the biennium in the Transfers line item to allow the agency the authority to transfer the \$500,000 in Tobacco Settlement proceeds without using appropriation from the Tobacco Prevention & Cessation Program Account to the Agency Paying account for support of the Breast Cancer program
- \$157,345 in FY2010 and \$167,465 in FY2011 in Operating Expenses due to cover increased expenses generated by additional employees
- \$13,043 in FY2010 and \$14,078 in FY2011 in Conference & Travel Expenses for increased expenses generated by additional employees
- \$1,042,835 in FY2010 and \$1,084,235 in FY2011 in Professional Fees to better align the State program with the Federal Center for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Program
- \$3,801,498 in FY2010 and \$4,143,986 in FY2011 in Tobacco Prevention & Cessation Expenses to better align the State program with the Federal Center for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Program.

The Executive Recommendation provides for the Agency Request.

## 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		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,405,946	1,805,551	1,541,531	1,859,990	2,221,461	2,221,461	1,900,014	2,269,792	2,269,792
<b>#Positions</b>		<b>31</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>47</b>	<b>47</b>	<b>36</b>	<b>47</b>	<b>47</b>
Extra Help	5010001	20,336	50,000	50,000	50,000	75,000	75,000	50,000	75,000	75,000
<b>#Extra Help</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	416,092	475,306	439,259	537,108	664,117	664,117	544,805	673,398	673,398
Operating Expenses	5020002	227,704	282,655	282,655	282,655	440,000	440,000	282,655	450,120	450,120
Conference & Travel Expenses	5050009	31,305	31,957	31,957	31,957	45,000	45,000	31,957	46,035	46,035
Professional Fees	5060010	1,047,130	1,257,165	1,257,165	1,257,165	2,300,000	2,300,000	1,257,165	2,341,400	2,341,400
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Investments/Transfers	5110020	0	0	500,000	500,000	0	0	500,000	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Tobacco Prev & Cessation Exp	5900046	8,798,414	10,349,295	10,349,295	10,349,295	14,150,793	14,150,793	10,349,295	14,493,281	14,493,281
Exp Nutrition & Physical Act Prgm	5900047	451,242	744,822	744,822	693,748	693,748	693,748	693,748	693,748	693,748
<b>Total</b>		<b>12,398,169</b>	<b>14,996,751</b>	<b>15,196,684</b>	<b>15,561,918</b>	<b>20,590,119</b>	<b>20,590,119</b>	<b>15,609,639</b>	<b>21,042,774</b>	<b>21,042,774</b>
<b>Funding Sources</b>										
Fund Balance	4000005	6,836,885	9,081,178		8,778,427	8,778,427	8,778,427	7,910,509	7,910,509	7,910,509
Tobacco Settlement	4000495	15,142,462	14,694,000		14,694,000	20,222,201	20,222,201	14,694,000	20,627,135	20,627,135
Transfer to Operations	4000670	(500,000)	0		0	(500,000)	(500,000)	0	(500,000)	(500,000)
<b>Total Funding</b>		<b>21,479,347</b>	<b>23,775,178</b>		<b>23,472,427</b>	<b>28,500,628</b>	<b>28,500,628</b>	<b>22,604,509</b>	<b>28,037,644</b>	<b>28,037,644</b>
Excess Appropriation/(Funding)		(9,081,178)	(8,778,427)		(7,910,509)	(7,910,509)	(7,910,509)	(6,994,870)	(6,994,870)	(6,994,870)
<b>Grand Total</b>		<b>12,398,169</b>	<b>14,996,751</b>		<b>15,561,918</b>	<b>20,590,119</b>	<b>20,590,119</b>	<b>15,609,639</b>	<b>21,042,774</b>	<b>21,042,774</b>

The FY09 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2007-2009 biennium. The Fund Transfer for \$500,000 to Operations by authority of Act 1282 of 2007 Sec. 3.

## Change Level by Appropriation

**Appropriation:** 604 - Tobacco Prevention & Cessation Programs  
**Funding Sources:** TSD - Tobacco Prevention & Cessation Program Account

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,561,918</b>	<b>36</b>	<b>15,561,918</b>	<b>100.0</b>	<b>15,609,639</b>	<b>36</b>	<b>15,609,639</b>	<b>100.0</b>
C01	Existing Program	5,028,201	11	20,590,119	132.3	5,433,135	11	21,042,774	134.8
C04	Reallocation	0	0	20,590,119	132.3	0	0	21,042,774	134.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,561,918</b>	<b>36</b>	<b>15,561,918</b>	<b>100.0</b>	<b>15,609,639</b>	<b>36</b>	<b>15,609,639</b>	<b>100.0</b>
C01	Existing Program	5,028,201	11	20,590,119	132.3	5,433,135	11	21,042,774	134.8
C04	Reallocation	0	0	20,590,119	132.3	0	0	21,042,774	134.8

### Justification

C01	Increased appropriation is requested to allow the Tobacco Prevention & Cessation program to better align its programs with the Center for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Programs. Increased appropriation will also be used to restore 11 positions that were eliminated in previous years.
C04	This reallocation is due to Special Language being introduced for the payment of Medicaid Match for Breast and Cervical Cancer. Appropriation is no longer needed in Commitment Item 511:00:20 -Other Refunds.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: AR Department of Health

Program: Tobacco Prevention & Cessation Programs

Act #: 1282 of 2007 Section(s) #: 3 & 4

Estimated Carry Forward Amount \$ 2,827,825.00      Appropriation       Funds

Funding Source: Tobacco Settlement

**Accounting Information:**

Business Area: 0645      Funds Center: 604      Fund: TSD      Functional Area: HHS

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Operating Expenses	5020002	6,044.00	74,950.61
Conference & Travel Expenses	5050009	5,765.00	652.06
Professional Fees	5060010	627,397.00	210,034.80
Tobacco Prev & Cessation Exp	5900046	1,832,543.00	1,530,881.05
Exp Nutrition & Physical Act Prgm	5900047	356,076.00	288,555.72
<b>Total</b>		<b>\$ 2,827,825.00</b>	<b>\$ 2,105,074.24</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

To ensure the agency has sufficient appropriation available to meet program needs during state fiscal year 2009. The estimated carry forward appropriation balance being requested is \$2,827,825

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

The appropriation is used for the expenses of the Tobacco Prevention & Cessation Programs.

Dr. Paul Halverson  
Director

08-21-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 803 - Health Building & Local Health Grant Trust

**Funding Sources:** THL - Health Bldg and Local Grant Trust

The Department of Health's Health Building and Local Grant Trust appropriation is used for expansion, renovation, construction, or improvement to the State Health Building and for grants for construction, renovation, or other expansion of approved local health unit facilities in the State as proscribed by A.C.A. 20-7-201 et seq.

Funding for this appropriation consists of visit fees to local health units that are held in a trust fund (A.C.A. 19-5-962 THL - Health Building and Local Grant Trust fund).

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 803 - Health Building & Local Health Grant Trust

**Funding Sources:** THL - Health Bldg and Local Grant Trust

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	33,450	1,318,000	1,318,000	1,318,000	1,318,000	1,318,000	1,318,000	1,318,000	1,318,000
Total		33,450	1,318,000	1,318,000	1,318,000	1,318,000	1,318,000	1,318,000	1,318,000	1,318,000
Funding Sources										
Fund Balance	4000005	1,924,222	2,491,102		1,850,677	1,850,677	1,850,677	1,210,252	1,210,252	1,210,252
Special Revenue	4000030	656,650	677,575		677,575	677,575	677,575	677,575	677,575	677,575
Transfer to Operations	4000670	(56,320)	0		0	0	0	0	0	0
Total Funding		2,524,552	3,168,677		2,528,252	2,528,252	2,528,252	1,887,827	1,887,827	1,887,827
Excess Appropriation/(Funding)		(2,491,102)	(1,850,677)		(1,210,252)	(1,210,252)	(1,210,252)	(569,827)	(569,827)	(569,827)
Grand Total		33,450	1,318,000		1,318,000	1,318,000	1,318,000	1,318,000	1,318,000	1,318,000

## **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 for this appropriation is \$57,774,497 for each year of the 2009-2011 biennium.

The Agency's Change Level request for this appropriation is \$24,500,000 in FY2010 and \$33,000,000 in FY2011. This consists of \$14,000,000 each year in restoration of appropriation provided by the Cash Fund Holding Account during the 2007-2007 biennium. New appropriation requested is for \$10,500,000 in FY2010 and \$19,000,000 in 2011. The increases will allow for services to be provided to a larger population and cover increasing prices in food for existing eligibles.

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



## Appropriation Summary

**Appropriation:** B72 - WIC Food Instruments - Cash

**Funding Sources:** 163 - Cash Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
WIC Food Instruments	5900040	68,945,219	71,774,497	57,774,497	57,774,497	82,274,497	82,274,497	57,774,497	90,774,497	90,774,497
Total		68,945,219	71,774,497	57,774,497	57,774,497	82,274,497	82,274,497	57,774,497	90,774,497	90,774,497
Funding Sources										
Fund Balance	4000005	13,392	760		0	0	0	0	0	0
Federal Revenue	4000020	43,469,342	46,548,333		32,549,093	52,655,679	52,655,679	32,549,093	58,091,579	58,091,579
Manufacturer Rebate	4000341	25,463,245	25,225,404		25,225,404	29,618,818	29,618,818	25,225,404	32,682,918	32,682,918
Total Funding		68,945,979	71,774,497		57,774,497	82,274,497	82,274,497	57,774,497	90,774,497	90,774,497
Excess Appropriation/(Funding)		(760)	0		0	0	0	0	0	0
Grand Total		68,945,219	71,774,497		57,774,497	82,274,497	82,274,497	57,774,497	90,774,497	90,774,497

FY08 Actual and FY09 Budgeted exceeds Authorized Appropriation in WIC Food Instruments due to a transfer from the Cash Fund Holding Account.

## Change Level by Appropriation

**Appropriation:** B72 - WIC Food Instruments - Cash

**Funding Sources:** 163 - Cash Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>57,774,497</b>	<b>0</b>	<b>57,774,497</b>	<b>100.0</b>	<b>57,774,497</b>	<b>0</b>	<b>57,774,497</b>	<b>100.0</b>
C01	Existing Program	10,500,000	0	68,274,497	118.2	19,000,000	0	76,774,497	132.9
C06	Restore Position/Approp	14,000,000	0	82,274,497	142.4	14,000,000	0	90,774,497	157.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>57,774,497</b>	<b>0</b>	<b>57,774,497</b>	<b>100.0</b>	<b>57,774,497</b>	<b>0</b>	<b>57,774,497</b>	<b>100.0</b>
C01	Existing Program	10,500,000	0	68,274,497	118.2	19,000,000	0	76,774,497	132.9
C06	Restore Position/Approp	14,000,000	0	82,274,497	142.4	14,000,000	0	90,774,497	157.1

### Justification

C01	The Department of Health's Women, Infants and Children (WIC) Supplemental Food Program provides for vouchers and nutrition education to at-risk persons to improve the nutrition of eligible pregnant, breastfeeding, and postpartum women and to provided for infants and young children during periods of critical growth. Appropriation is requested for funds from the United States Department of Agriculture that are held in a cash fund. The WIC food grant is expected to increase ten percent (10%) each year of the biennium to cover the increased cost of food for WIC participants.
C06	Restoration of appropriation provided by the Cash Fund Holding account during the 2007-2009 biennium is needed to continue operations at current levels.

## **Analysis of Budget Request**

**Appropriation:** B74 - Breast Cancer - Cash

**Funding Sources:** 163 - Cash Funds

The Department of Health's Breast Cancer Cash appropriation provides assistance to the Breast Care program, which focuses on women at least 40 years of age who are uninsured or underinsured and have rarely or never been screened for breast or cervical cancer. This program provides free mammograms, breast exams, Pap tests, and follow-up cancer treatment if needed.

Funding for this appropriation includes Cash Funds consisting of donations.

The Agency's Base Level request for this appropriation is \$6,285 for each year of the 2009-2011 biennium.

The Agency's Change Level request for this appropriation is \$43,715 for each year of the 2009-2011 biennium. The requested increase in appropriation is in anticipation of increases in funding to be used to provide assistance to the public.

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

**Appropriation Summary**

**Appropriation:** B74 - Breast Cancer - Cash

**Funding Sources:** 163 - Cash Funds

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
ADH Breast Cancer	5900046	6,219	6,285	6,285	6,285	50,000	50,000	6,285	50,000	50,000
Total		6,219	6,285	6,285	6,285	50,000	50,000	6,285	50,000	50,000
<b>Funding Sources</b>										
Fund Balance	4000005	6,960	6,353		68	68	68	0	0	0
Cash Fund	4000045	5,612	0		6,217	49,932	49,932	6,285	50,000	50,000
Total Funding		12,572	6,353		6,285	50,000	50,000	6,285	50,000	50,000
Excess Appropriation/(Funding)		(6,353)	(68)		0	0	0	0	0	0
Grand Total		6,219	6,285		6,285	50,000	50,000	6,285	50,000	50,000

## Change Level by Appropriation

**Appropriation:** B74 - Breast Cancer - Cash

**Funding Sources:** 163 - Cash Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,285</b>	<b>0</b>	<b>6,285</b>	<b>100.0</b>	<b>6,285</b>	<b>0</b>	<b>6,285</b>	<b>100.0</b>
C01	Existing Program	43,715	0	50,000	795.5	43,715	0	50,000	795.5

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,285</b>	<b>0</b>	<b>6,285</b>	<b>100.0</b>	<b>6,285</b>	<b>0</b>	<b>6,285</b>	<b>100.0</b>
C01	Existing Program	43,715	0	50,000	795.5	43,715	0	50,000	795.5

### Justification

C01	The Department of Health's Breast Cancer appropriation provides assistance to the Breast Care program, which focuses on women at least 40 years of age, who are uninsured or underinsured and have rarely or never been screened for breast or cervical cancer. This program provides free mammograms, breast exams, pap tests, and follow up cancer treatment, if needed. Currently, the Komen Foundation provides funds for Pink Carnation Sunday, specifically targets services for African Americans. Komen Foundation funds are deposited in the Breast Cancer Cash fund and the deposits exceed the current appropriation level of \$6,285, thus the request is to increase appropriation to a total of \$50,000.
-----	---

**Appropriation Summary**

**Appropriation:** 2QE - Choose Life Adoption Assistance Program  
**Funding Sources:** SCL – Choose Life Adoption Assistance Program Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	21,855	0	45,000	0	0	0	0	0	0
Total	21,855	0	45,000	0	0	0	0	0	0
<b>Funding Sources</b>									
Special Revenue 4000030	21,855	0		0	0	0	0	0	0
Total Funding	21,855	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	21,855	0		0	0	0	0	0	0

NOT REQUESTED FOR THE 2009-2011 BIENNIUM.

**Appropriation Summary**

**Appropriation:** B84 - Comm On Eye/Vision Care Sch Age Children

**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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	20,905	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>20,905</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

NOT REQUESTED FOR THE 2009-2011 BIENNIUM.

# DEPARTMENT OF HIGHER EDUCATION

## Enabling Laws

Act 1229 of 2007	Act 1592 of 2007
Act 1030 of 2007	Act 1046 of 2007
Act 820 of 2007	Act 514 of 2007

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.

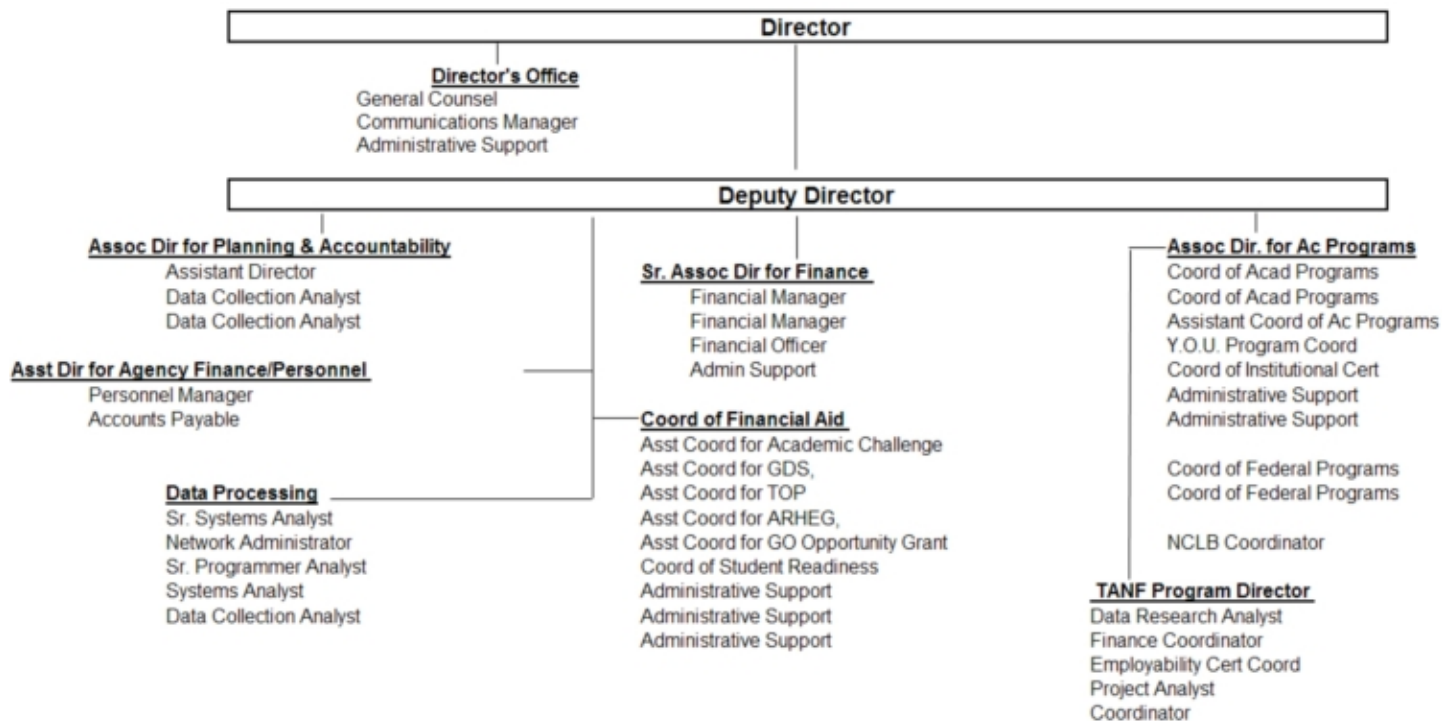
## History and Organization

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 approximately 16,000 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

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The scope of the responsibilities has broadened over the years to include determining the roles and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies- - the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid to over 15,700 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet these monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of

public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student and all faculty positions.

The following define the priorities for the 2009-2011 biennium. Each is designed to either restore or maintain capabilities of the agency to meet continuing mandates of the Governor and the Legislature for effective coordination of Arkansas higher education.

## **I. Agency Operations/Provision of Basic Services to Governor, Legislature, and Higher Education Institutions**

### **A. Personal Services Costs For Additional Requested Personnel**

A total of \$279,614 for the first year and \$285,335 for the second year is requested in appropriation and funding for salaries and associated matching costs for restoration of one (1) currently authorized position and five (5) new positions.

The restoration and funding of the Grade C112 Administrative Specialist III position will enhance the processing of additional financial aid awards and grants and scholarships to support the growing financial aid operations of the agency.

An additional Grade C116 Accountant I position is needed to assist in all areas of fiscal operations to ensure proper internal control, provide for compliance with AASIS security roles, and to insure efficient agency operations in case of employee absence. The focus of the position would be in the areas of student loan repayment processing, college savings bonds reconciliation and working monthly with DFA CAFR section. The additional Grade C117 Human Resources Analyst position is needed because the required division of tasks as necessitated by AASIS security means all three current employees must be available for payroll processing. This position would be trained to backup time keeping, time entry, time approval and payroll processing. Other duties would include all areas of human resources related activities as well as other department activities.

The request for the Grade C121 Software Support Analyst would permit ADHE to patch programs that are in great need of being rewritten. This is especially true in financial aid. This position would be primarily dedicated to maintaining programs and allow other staff to dedicate more time to the development of comprehensive software programs.

The two (2) additional Grade C122 Higher Education Program Specialists requested would be used in the planning and accountability division to meet the increasing demands for data from outside and internal sources. The recent awards of the "Non-traditional No More" and "Achieving the Dream" grants have immediate and direct dependency on data produced by the division. Currently, only three positions are dedicated to this division, making additional data requests difficult to address in a timely manner. This division must comply with federal and regional organization requests as well as generate the already-required state reports set forth in statutes. Increasing emphasis on performance and accountability at the institutional level will further increase the demand for data and information from this division. These two positions are needed to handle the increasing demand for such information by pulling data and generating reports. **This request is for appropriation and funding.**

## **B. Extra Help**

Appropriation and funding increases of \$43,084 are requested for Extra Help and associated matching increases for each fiscal year of the biennium. The increase in programs and services provided to universities and colleges has created a greater demand for the use of Extra Help personnel. 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. ADHE also is working with the colleges and universities to utilize interns. **This request is for appropriation and funding.**

## **C. Operating Expenses**

The Arkansas Department of Higher Education is requesting Change Levels of \$26,900 each year of the biennium. The largest single increase is the lease the Department has on the current building, which increased July 1, 2008 by \$6,500 annually. The building serves the Department's needs, and, upon consideration of costs associated with relocation, ADHE feels the increase in lease costs is justifiable and less costly than other alternatives. The remainder of the increase is tied directly to the rising cost of fuel and the effect these costs have on official business mileage and Board travel expenses. **This request is for appropriation and funding.**

## **D. Conference Fees & Travel**

ADHE requests Change Levels in Conference Fees and Travel of \$20,000 each fiscal year for a total of \$45,000 each year. Justification is the increased cost in all travel related categories such as meals, lodging, airfare and ground transportation as well as continued increases in fees for professional development. The Department needs to be able to provide professional development for staff in order to insure the ability to provide continuing professional services in changing environments. Also, ADHE anticipates higher staffing levels than in the past to provide operational support necessary to fulfill the agency mission. **This request is for appropriation and funding.**

## **E. Professional Fees**

Arkansas Code §6-61-214 and 6-61-208 requires ADHE to review new and existing academic degree programs for the public institutions of higher education in Arkansas. The agency requests Change Levels of \$60,000 for each year of the biennium for authority to hire consultants for the review of doctoral, selected master's degree proposals, and some technical/professional baccalaureate programs that are highly specialized and beyond the general or specific expertise of the agency's Academic Affairs staff. **This request is for appropriation and funding.**

## **F. Capital Outlay**

The Department is requesting restoration of the current FY09 Authorized appropriation level of \$20,000 plus an additional appropriation request of \$15,000 for a total of \$35,000 for each year of the biennium. This appropriation is based on the increased requirements for the Department to purchase and maintain high end network server printers and other information technology related equipment. Information has become a key commodity used by ADHE to serve the needs of its constituencies. ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions. Additional hardware has been acquired to host web sites and student servers to comply with new State laws and programs. The Department now operates six student servers for such programs as well as the Academic Challenge, Governor's Scholar, and Credit Transfer Programs. The Department's Technology plan calls for the

replacement of one server and one network printer each year. Additional funding is needed to repair and replace flooring, heating and air and other facilities related equipment. The current building is extremely old and many of these areas have not been addressed in years. **This request is for appropriation and funding.**

## **G. Y.O.U. Grants**

The Youth Opportunities Unlimited (Y.O.U.) Program is a statewide comprehensive youth intervention program designed to encourage economically disadvantaged youth to remain in high school and graduate. The key to this successful program is a six-week residential summer camp component that focuses on academics, work experience, and year round follow-up activities. This grant will be used to provide the follow-up activities to youth from across the State to participate in this most worthwhile program. Due to the fact that this program is a grants program designed to help disadvantaged youth, ADHE believes that the Higher Education Grants Fund would be the more appropriate source for payment of these costs. The Department is requesting negative Change Levels of \$40,000 each year to eliminate Base funding and further requests that this program be transferred to the Student Assistance Grants and Various Scholarships appropriation and made payable from the Higher Education Grants Fund. This request is to eliminate both appropriation and funding for this program within the General Operations appropriation.

## **II. Financial Aid Programs to Students**

Based on 2000 U.S. Census data, Arkansas is 48th in the U.S. in the number of college graduates per capita and 47th in per capita income. These two are inextricably linked. Higher education attainment is highly correlated with economic development at the state, county, and individual levels. A major factor in Arkansas' low standing is low retention and low graduation rates. Arkansas can greatly benefit from an increased investment in human capital. The payoff will be immediate through continued increases in earning capacity, taxes paid, and workforce productivity. There will also be medium-term and long-term improvements in the health of Arkansas, attractiveness to industry, reduced crime, and improved quality of life.

### **A. The Minority Masters Fellows (MMF) Program**

This program provides forgivable loans to African-American, Hispanic, Asian American, and Native American students seeking a master's degree in education in a field other than administration. MMF recipients may receive \$1,250 per three (3) graduate credit hours enrolled, with a maximum award of \$3,750 per semester. The maximum lifetime award is \$7,500. Students may receive funds until they (1) have received the maximum award of \$7,500, (2) their master's degree is completed, or (3) they are in the program for a maximum of three (3) years, whichever comes first. MMF recipients must teach full-time in an Arkansas public school or public institution of higher education for two (2) years for total forgiveness of the loan. This shall be in addition to any teaching obligation the fellow may have to fulfill based on receipt of other ADHE forgivable loans received in pursuit of a bachelor's degree. During the 2008-09 fiscal year, rules and regulations were amended to allow more students to be eligible for this program. Currently, 90 students are eligible to receive this award. The average award amount per student is \$4,000. In order to fully fund this program, Change Levels of \$80,000 each year are requested. **This request is for appropriation only.**

## **B. Arkansas Health Education Grant (ARHEG)**

The Arkansas Health Education Grant (ARHEG) Program was created to assist Arkansas residents who must attend certain professional schools not provided by the State of Arkansas in the areas of dentistry, optometry, podiatry, osteopathy, and veterinary. Arkansas contracts through the Southern Regional Education Board (SREB) to ensure that Arkansas residents can secure seats in participating institutions in the SREB Compact Program. The fee for each seat is established by SREB and the ARHEG grant or loan amount is typically an amount sufficient to help offset the difference in the resident and non-resident tuition amounts at participating institutions. With continuing costs of higher education rising generally, and, in particular, in professional degrees, and to fully fund the pipeline of Arkansas students, it is necessary to increase the appropriations for the ARHEG Programs to provide Arkansas residents with this much needed assistance. Change Levels for each program are as follows for each year:

Dental Aid	\$ 340,000
Dental Loans	\$ 40,000
Optometry	\$ 68,400
Veterinary Aid	\$ 186,653
Podiatry	\$ 18,600
Osteopathy	\$ 50,200

**This request is for appropriation only.**

## **C. Y.O.U. Grants**

The Youth Opportunities Unlimited (Y.O.U.) Program is a statewide comprehensive youth intervention program designed to encourage economically disadvantaged youth to remain in high school and graduate. The key to this successful program is a six-week residential summer camp component that focuses on academics, work experience, and year round follow-up activities. This grant will be used to provide follow-up activities to youth from across the State to participate in this most worthwhile program. The Department is requesting appropriation of \$75,000 for each fiscal year. The agency is requesting this program be merged into the Student Assistance Grants and Various Scholarships appropriation. This program is currently authorized in the General Operations appropriation made payable from the Department of Higher Education Fund. Due to the fact that this program is a grants program to help disadvantaged youth, ADHE believes that the Higher Education Grants Fund would be the more appropriate source for payment of these costs. **This request is for appropriation only.**

## **D. Arkansas National Guard Tuition Assistance Program**

ADHE requests changing the title of the Arkansas National Guard Tuition Assistance Program to the Arkansas National Guard Tuition Incentive Program pursuant to A.C.A. 12-62-601 et al. The Arkansas Department of Higher Education is requesting Change Levels of \$1,000,000 each year of the biennium for the Arkansas National Guard Tuition Incentive Program. This is a state funded award to assist soldiers with their educational expenses. A soldier can receive up to \$1,000 per semester. The incentive that is targeted as a tuition payment has the dual benefit of encouraging and assisting the pursuit of postsecondary education while making enlistment in the Arkansas National Guard more attractive. The increase for the Arkansas National Guard Tuition Incentive Program will allow Arkansas to have a tuition assistance program comparable to those of neighboring states, thereby reducing competition with out-of-state schools and decreasing the numbers of those soldiers who leave Arkansas for states that offer greater financial aid. **This request is for appropriation only.**

### **III. State Scholarship - Federal**

This program is Arkansas' participation in the federally funded "Leveraging Educational Assistance Partnership (LEAP)" Program. This is a need based grant for the non-traditional student or those at least 24 years old. The program's goal is to help those students returning to school who have financial need but may not be eligible for assistance from traditional state and federal programs. Change Levels for this program are \$315,000 each year, which would increase the total request to \$500,000 for each fiscal year of the biennium. **This request is for appropriation only.**

### **IV. Research Development Fund**

The Department is requesting restoration of the current biennial appropriation amount of \$2,000,000 and an additional \$4,000,000 for a total of \$6,000,000 in Change Levels for the 2009-2011 biennium for the Arkansas Research Development Program for provision of 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. **This request is for appropriation only.**

### **V. Technical Education - Federal Programs (Perkins)**

The Carl D. Perkins Vocational and Technical Education Act require each state to "establish a state performance accountability system to assess the effectiveness of vocational and technical education." This request includes support for multiple model project/pilot projects to be implemented to meet state leadership requirements. The purpose of the model projects is to encourage the implementation of new and innovative programs for career and technical education. Perkins will request proposals from postsecondary institutions receiving Perkins funding so specific projects to be funded are unknown at this time. However, based upon the type projects Perkins will seek, it is likely that the projects will use consultants to develop a program or provide a service. Potential projects include implementation of learning communities, development of retention strategies, creation of an online resource center, process mapping to identify gaps in support services for technical students, development of a leadership academy for faculty, and creation of a performance-based instruction design model. The Department requests Change Levels of \$16,283 for Professional Fees and \$9,289 for Operating Expenses for each fiscal year of the biennium. **This request is for appropriation only.**

### **VI. Career Pathways Program**

The Career Pathways Program operates under the State's Temporary Assistance to Needy Families (TANF) Block Grant. Under these guidelines, all recipients of TANF funds as approved by the Arkansas Transitional Employment Board (TEB) are eligible to receive "educational activities designed to increase self-sufficiency & job training skills". The Department works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients attending selected two-year institutions. The initiative began in March, 2005 and has since expanded to all 22 Two Year Colleges while serving more than 10,000 participants since implementation. More than 4,000 of these participants have received certificates or degrees since entering the program. Due to this expansion, the program is requesting Change Levels of \$10,000 each year for Conference Fees & Travel to meet educational and training needs. **This request is for appropriation only.**

## **VII. Cash Operations**

ADHE receives two grants from private foundations and funds for scholarships and conference fees for a total cash appropriation request of \$520,000 each fiscal year of the new biennium. The "Achieving the Dream: Community Colleges Count" national initiative is designed to help more community college students succeed. Achieving the Dream provides participating colleges with support to implement strategies designed to help more students-particularly students of color and low-income students-earn degrees, complete certificates, or transfer to other institutions to continue their studies. ADHE is requesting appropriation of \$214,310 each year for the administration of this program. The Western Interstate Commission for Higher Education (WICHE) Non-traditional No More: Policy Solutions for Adult Learners grant will be used to stimulate and guide policy and practice changes that will create a more navigable path to degree attainment for adults. Non-traditional No More will help states identify their "ready adult" population - those adults who are close to having enough credits to obtain a degree but have not yet returned to college. ADHE is requesting appropriation of \$161,310 each year for the administration of this program. Also, appropriation totaling \$100,000 each year is requested for Mahlon Martin minority scholarships awards and \$40,000 each year is requested to support expenses of educational conferences hosted by ADHE. **This request is for appropriation only.**

## **VIII. Higher Education Grants Fund Administration**

ADHE requests the consolidation of all administrative costs associated with the operation of Financial Aid Programs not to exceed two percent (2%) of the total amount appropriated and made payable from the Higher Education Grants Fund Account. A total of \$1,373,000 each year of the biennium is sufficient to meet these purposes. Funds will be used for operational expenses and costs associated with public information campaigns. This would allow for better efficiency of funds in order that all programs can be equally promoted to better provide for the needs of their specific target groups. **This request is for appropriation only.**

## **IX. Explanations for Revisions to Special Language & New Special Language**

### **A. Refund To Expenditures (Section 24)**

The deletion of the language is for accounting purposes. These funds are deposited into the State Treasury to their respective funds and recorded as loan repayments to reduce accounts receivable. However, since the original loan was made four to six years prior, the Refund to Expenditure has no real impact. This revision was suggested by DFA CAFR as loan repayments are made and recorded.

### **B. Institutions' Positions Analysis/Report (Section 20)**

This section was deleted because the position analysis report required has been completed and submitted.

### **C. Governor's Scholars Program (Section 27)**

This change is to reflect the new rules and regulation of the Governor's Scholars Program that increases the number of scholarships awarded to 375.

### **D. Carry Forward - Health Education Grants (Sections 30 & 39)**

The change requested would add the word "LOANS" to the language as a result of the fact that Dental Loans are currently authorized as part of the Arkansas Health Education Grants Program.

**E. DHE Program Coordinator Funding (Section 37)**

The justification for this request takes into account the possibility that employee turnover may at times require adjustments to the specified amounts transferred and this language provides ADHE with the flexibility needed to support the actual personal services costs of this position.

**F. Title Change of National Guard Tuition Assistance Program to National Guard Tuition Incentive Program (Section 26)**

**G. New Special Language (Section New) - Administrative Costs of Financial Aid Programs - Higher Education Grants Fund.**

Special language is requested to stipulate that administrative costs incurred for all financial aid and scholarship programs payable from the Higher Education Grants Fund shall be made from the appropriation requested herein not to exceed two percent (2%) of the total amounts appropriated for each program. In concert with this new special language, ADHE is also requesting that Section 41 for the Student Undergraduate Research Fellowship (SURF) Program be amended to delete authorizations for payment of administrative costs.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF HIGHER EDUCATION  
  
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
Review of the Student Loan Collection account revealed that three (3) checks totaling \$11,225 were not deposited in a timely manner. The time elapsed from receipting to deposit ranged from three (3) to six (6) months.	Establish controls to ensure that all checks received are deposited in a timely manner.

**Employment Summary**

	Male	Female	Total	%
White Employees	11	18	29	66 %
Black Employees	1	13	14	32 %
Other Racial Minorities	0	1	1	2 %
Total Minorities			15	34 %
Total Employees			44	100 %



## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
A-Book Operating & Capital	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for each institution.
Agenda Books	A.C.A. 6-61-202	N	N	80	Provides notice of higher education issues to be addressed by AHECB.
AR Academic Cost Accounting	A.C.A. 6-61-222	N	Y	200	Reflects cost of each academic program provided to Board and ALC - Interim Committees.
AR Challenge Scholarships	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and, upon request, to students for informational purposes.
Athletic Costs & Revenues	A.C.A. 6-62-106	N	Y	100	Presented to AHECB and Joint Audit Committee annually.
B-Book - Personal Services	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for institutional personal services & positions.
Degrees Awarded	A.C.A. 6-61-206	N	N	200	Available on web site - distributed for informational purposes upon request to higher education community & others.
Fact Book	A.C.A. 6-61-202	Y	Y	250	Historical reference - information also provided to institutions.
Financial Aid Guide	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and students and counselors and guidance officers.
Financial Programs Handbook	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Governor's Scholars	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Health Education Grants	Acts 1180 of 99 & 1612 of 01	N	Y	25	Provides student information for those receiving grants & their return rates.
Impact of Scholarship Programs	A.C.A. 6-82-104	N	Y	1	Assesses the impact of scholarship programs and reported to Council annually.
Legislative Summary	A.C.A. 6-61-202	Y	Y	50	Provides information on legislation affecting higher education
Minimum Core Curriculum	A.C.A. 6-53-205 & 6-61-218	N	N	256	For informational purposes, copies are distributed to each public institution of higher education.

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		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
Student Enrollments	A.C.A. 6-61-206	N	N	5	Available on web site - distributed for informational purposes to higher educ community & others.
Student Semester Credit & FTE	A.C.A. 6-61-206	N	N	5	On Web site - Distributed upon request for informational purposes to Higher Education community & others.
Type Amount Compensation for 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

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	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	1,827,002	0	1,970,000	0	1,970,000	0	1,970,000	0	2,350,000	0	1,970,000	0	1,970,000	0	2,350,000	0	1,970,000	0
137 Optometry Aid	340,600	0	341,600	0	341,600	0	341,600	0	410,000	0	341,600	0	341,600	0	410,000	0	341,600	0
138 Veterinary Aid	912,800	0	913,347	0	913,347	0	913,347	0	1,100,000	0	913,347	0	913,347	0	1,100,000	0	913,347	0
140 Chiropractic Aid	115,007	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	3,370,346	39	3,449,947	39	3,533,204	40	3,587,435	39	4,012,033	45	3,587,435	39	3,649,601	39	4,079,919	45	3,649,601	39
156 Research Development Program Grants	1,000,000	0	0	0	0	0	0	0	6,000,000	0	2,000,000	0	0	0	0	0	0	0
160 State Scholarship-Federal	185,000	0	185,000	0	185,000	0	185,000	0	500,000	0	500,000	0	185,000	0	500,000	0	500,000	0
197 Student Asst Grants/Scholarships	39,482,862	0	64,090,783	0	64,090,783	0	64,090,783	0	65,245,783	0	64,090,783	0	64,090,783	0	65,245,783	0	64,090,783	0
1GF Improving Teacher Quality	894,278	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0
2XK TANF	11,474,015	6	12,514,526	6	12,522,378	6	12,488,498	6	12,498,498	6	12,488,498	6	12,497,548	6	12,507,548	6	12,497,548	6
54X Higher Education Grants-Administration	0	0	0	0	0	0	0	0	1,373,000	0	0	0	0	0	1,373,000	0	0	0
772 Teacher Education-Federal Programs	291,605	2	361,259	2	343,651	2	365,764	2	391,336	2	391,336	2	369,838	2	395,410	2	395,410	2
773 Osteopathy Aid	135,500	0	179,800	0	179,800	0	179,800	0	230,000	0	179,800	0	179,800	0	230,000	0	179,800	0
783 Podiatry Aid	28,900	0	111,800	0	111,800	0	111,800	0	130,400	0	111,800	0	111,800	0	130,400	0	111,800	0
921 Dept Higher Education - Cash in Treasury	64,715	0	304,380	0	4,380	0	4,380	0	520,000	0	520,000	0	4,380	0	520,000	0	520,000	0
<b>NOT REQUESTED FOR THE BIENNIIUM</b>																		
170 Higher Education Building Maintenance	645,826	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4HU Elementary Science Special Program	0	0	0	0	570,303	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>60,122,630</b>	<b>47</b>	<b>86,247,700</b>	<b>47</b>	<b>86,591,504</b>	<b>48</b>	<b>86,063,665</b>	<b>47</b>	<b>96,586,308</b>	<b>53</b>	<b>88,919,857</b>	<b>47</b>	<b>86,138,955</b>	<b>47</b>	<b>90,667,318</b>	<b>53</b>	<b>86,995,147</b>	<b>47</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	48,713,757	42.5	53,755,218	44.9			31,584,747	32.4	31,584,747	29.8	31,584,747	31.5	10,183,795	13.4	10,183,795	12.9	10,183,795	13.2
General Revenue	4000010	3,265,100	2.9	3,291,152	2.8			3,428,975	3.5	3,853,573	3.6	3,395,475	3.4	3,491,141	4.6	3,921,459	5.0	3,457,641	4.5
Federal Revenue	4000020	12,844,898	11.2	14,626,043	12.2			14,604,520	15.0	14,955,092	14.1	14,945,092	14.9	14,617,644	19.2	14,968,216	19.0	14,958,216	19.5
Cash Fund	4000045	151,735	0.1	196,465	0.2			4,380	0.0	520,000	0.5	520,000	0.5	4,380	0.0	520,000	0.7	520,000	0.7
Trust Fund	4000050	1,969,492	1.7	0	0.0			0	0.0	6,000,000	5.7	2,000,000	2.0	0	0.0	0	0.0	0	0.0
Merit Adjustment Fund	4000055	0	0.0	16,019	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	14,772	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	13,513,869	11.8	12,960,179	10.8			12,960,179	13.3	12,960,179	12.2	12,960,179	12.9	12,960,179	17.0	12,960,179	16.5	12,960,179	16.9
Gen Rev Higher Ed Grants	4000258	33,959,577	29.7	34,661,199	29.0			34,661,199	35.6	34,661,199	32.7	34,661,199	34.6	34,661,199	45.6	34,661,199	44.0	34,661,199	45.1
HEG Fund Transfers/Adjust.	4000280	90,474	0.1	92,776	0.1			98,460	0.1	98,460	0.1	98,460	0.1	98,460	0.1	98,460	0.1	98,460	0.1
Institution Certification Fees	4000297	0	0.0	50,000	0.0			60,000	0.1	60,000	0.1	60,000	0.1	60,000	0.1	60,000	0.1	60,000	0.1

<b>Funding Sources</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>			
Unfunded Appropriation	4000715	0	0.0	0	0.0														
		0	0.0	1,373,000	1.3			0	0.0			0	0.0	1,373,000	1.7	0	0.0		
Total Funds		114,523,674	100.0	119,649,051	100.0			97,402,460	100.0	106,066,250	100.0	100,225,152	100.0	76,076,798	100.0	78,746,308	100.0	76,899,490	100.0
Excess Appropriation/(Funding)		(53,755,218)		(33,401,351)				(11,338,795)		(9,479,942)		(11,305,295)		10,062,157		11,921,010		10,095,657	
Grand Total		60,122,630		86,247,700				86,063,665		96,586,308		88,919,857		86,138,955		90,667,318		86,995,147	

FY09 ending & FY10 beginning fund balances differ by \$1,816,604, which is a balance of the Higher Educ. Research Dev. Fund not carried forward since AHECB may distribute funds to institutions at any time.

FY09 Budget exceeds Authorized due to salary adjustments made during the 2007-09 biennium (App. 772).

Actual & Budgeted exceeds Authorized for transfers authorized for FY08 & FY09 from Cash Fund Holding (App. 921).

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
42	45	1	46	-4	-7.14 %	48	45	2	47	1	6.25 %	48	44	3	47	1	8.33 %

For FY2006-2007, the number of unbudgeted positions total -4 due to authorization of an additional six (6) regular salary positions for the federally funded Temporary Assistance to Needy Families (TANF) Program through the authority of the Miscellaneous Federal Grant process.

## **Analysis of Budget Request**

**Appropriation:** 153 - General Operations

**Funding Sources:** HQA - Dept. of Higher Education - State

The Arkansas Department of Higher Education (ADHE) requests a total of \$4,012,033 for FY2010 and \$4,079,919 for FY2011 in appropriation and funding for General Operations. ADHE 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).

Seventeen Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Salaries for other Base Level classified and unclassified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Of the amounts requested for General Operations, \$424,598 for FY2010 and \$430,318 for FY2011 in general revenue appropriation and funding are requested as Changes Levels as follows:

- For personal services, a total of \$279,614 for FY2010 and \$285,334 for FY2011 is requested for salaries and associated matching costs for six (6) positions as follows:
  - restoration of an Administrative Specialist III position at a cost of \$35,099 for FY2010 and \$35,788 in salaries and associated matching support. This position will be used to assist with processing additional academic program reviews and management of financial aid applications.
  - a new Accountant I position at a cost of \$41,562 for FY2010 and \$42,400 for FY2011 in salaries and associated matching support. This request will be used by ADHE to provide assistance with proper internal audit control, compliance with AASIS security roles, student loan processing, and bond reconciliation functions.
  - a new Human Resource Analyst position at a cost of \$43,387 for FY2010 and \$44,265 for FY2011 in salary and associated matching support is requested to provide support in human resources areas such as time entry, time approval, and payroll processing.
  - a new Software Support Analyst at a cost of \$51,638 for FY2010 and \$52,707 for FY2011 is requested primarily to patch software programs in need of being rewritten, especially in the area of financial aid.
  - two new Higher Education Program Specialist positions at a cost of \$107,928 for FY2010 and \$110,174 for FY2011 are requested to assist with Departmental responses to data requests on the state, local, regional, and federal levels.

- Extra Help: Extra Help and associated matching requests total \$43,084 each year and is requested as a response to an increase in the number of programs and services provided to institutions of higher education.
- Operating Expenses: Change Levels of \$26,900 each year are requested each year, of which \$6,500 each year is associated with an increase in building lease costs. Due to rising costs of fuel, increases are requested for official business mileage and Board travel expenses.
- Conference Fees & Travel: Change Levels total \$20,000 each year as a result of increased costs in all travel related categories such as meals, lodging, ground and air transportation as well as increases in staff professional development fees.
- Professional Fees: ADHE is requesting \$60,000 each year in Change Level requests to support hiring consultants for the review of new and existing doctoral and selected master degree programs submitted by the institutions for review by ADHE as required by law. ADHE contends that these specialized services are beyond the expertise of the Agency's Academic Affairs staff.
- Capital Outlay: The Department is requesting \$35,000 each year in Change Levels, \$20,000 each year of which would restore the FY09 Authorized Level and permit upgrading of heat and air and other facility equipment. The balance of the request (\$15,000/year) will allow ADHE to replace high end network server printers and purchase other information technology related equipment in accordance with the Agency's technology plan.
- Grants and Aid: Negative Change Levels of \$40,000 each year is requested to delete Base Level in terms of both appropriation and general revenue funding in the Grants and Aid line item for the Youth Opportunities Unlimited (Y.O.U.) Program. This is a youth intervention program designed to encourage economically disadvantaged youth to remain in high school and graduate. The Agency is requesting Change Level requests of \$75,000 each year in appropriation only for this program in the Student Assistance Grants & Various Scholarships appropriation (Fund Center 197). As this program is designed to help disadvantaged youth, ADHE contends that the Student Assistance Grants & Various Scholarships appropriation is a more appropriate source for the authority and funding of this program.

The Executive Recommendation provides for Base Level in appropriation only for each year of the 2009-2011 biennium. In addition, the Executive Recommendation provides a net reduction of \$33,500 below Base Level in general revenue funding each year as follows:

- \$6,500 increase each year in general revenue funding above Base Level to meet costs associated with facility rental costs.
- \$40,000 decrease each year in general revenue funding below Base Level for the Grants and Aid line item. The transfer of the Y.O.U. Grants Program to the Student Assistance Grants and Various Scholarships appropriation (Fund Center 197) is not recommended.

## 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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,167,576	2,294,531	2,228,693	2,376,458	2,586,205	2,376,458	2,428,462	2,643,030	2,428,462
<b>#Positions</b>		<b>39</b>	<b>39</b>	<b>40</b>	<b>39</b>	<b>45</b>	<b>39</b>	<b>39</b>	<b>45</b>	<b>39</b>
Extra Help	5010001	13,328	10,000	25,000	10,000	50,000	10,000	10,000	50,000	10,000
<b>#Extra Help</b>		<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Personal Services Matching	5010003	571,834	573,585	616,697	639,146	712,097	639,146	649,308	723,158	649,308
Operating Expenses	5020002	513,210	481,831	522,814	481,831	508,731	481,831	481,831	508,731	481,831
Conference & Travel Expenses	5050009	28,289	25,000	30,000	25,000	45,000	25,000	25,000	45,000	25,000
Professional Fees	5060010	13,195	15,000	15,000	15,000	75,000	15,000	15,000	75,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	32,405	40,000	75,000	40,000	0	40,000	40,000	0	40,000
Capital Outlay	5120011	30,509	10,000	20,000	0	35,000	0	0	35,000	0
<b>Total</b>		<b>3,370,346</b>	<b>3,449,947</b>	<b>3,533,204</b>	<b>3,587,435</b>	<b>4,012,033</b>	<b>3,587,435</b>	<b>3,649,601</b>	<b>4,079,919</b>	<b>3,649,601</b>

Funding Sources										
General Revenue	4000010	3,265,100	3,291,152		3,428,975	3,853,573	3,395,475	3,491,141	3,921,459	3,457,641
Merit Adjustment Fund	4000055	0	16,019		0	0	0	0	0	0
DFA Motor Vehicle Acquisition	4000184	14,772	0		0	0	0	0	0	0
HEG Fund Transfers/Adjust.	4000280	90,474	92,776		98,460	98,460	98,460	98,460	98,460	98,460
Institution Certification Fees	4000297	0	50,000		60,000	60,000	60,000	60,000	60,000	60,000
<b>Total Funding</b>		<b>3,370,346</b>	<b>3,449,947</b>		<b>3,587,435</b>	<b>4,012,033</b>	<b>3,553,935</b>	<b>3,649,601</b>	<b>4,079,919</b>	<b>3,616,101</b>
Excess Appropriation/(Funding)		0	0		0	0	33,500	0	0	33,500
<b>Grand Total</b>		<b>3,370,346</b>	<b>3,449,947</b>		<b>3,587,435</b>	<b>4,012,033</b>	<b>3,587,435</b>	<b>3,649,601</b>	<b>4,079,919</b>	<b>3,649,601</b>

Funding for support of the personal services costs of the Higher Education Coordinator of Recruitment position for the 2007-2009 biennium is from fund transfers from the Higher Education Grants Fund pursuant to Section 37 of Act 1229 of 2007.

The FY09 Budgeted Level for Regular Salaries exceeds Authorized Level due to salary adjustments made during the 2007-2009 biennium.

Capital Outlay expenditures exceeds Authorized Level due to transfers from the Motor Vehicle Acquisition Fund.



## Change Level by Appropriation

**Appropriation:** 153 - General Operations  
**Funding Sources:** HQA - Dept. of Higher Education - State

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,587,435</b>	<b>39</b>	<b>3,587,435</b>	<b>100.0</b>	<b>3,649,601</b>	<b>39</b>	<b>3,649,601</b>	<b>100.0</b>
C01	Existing Program	414,499	5	4,001,934	111.6	419,530	5	4,069,131	111.5
C03	Discontinue Program	(40,000)	0	3,961,934	110.4	(40,000)	0	4,029,131	110.4
C06	Restore Position/Approp	35,099	1	3,997,033	111.4	35,788	1	4,064,919	111.4
C08	Technology	15,000	0	4,012,033	111.8	15,000	0	4,079,919	111.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,587,435</b>	<b>39</b>	<b>3,587,435</b>	<b>100.0</b>	<b>3,649,601</b>	<b>39</b>	<b>3,649,601</b>	<b>100.0</b>
C01	Existing Program	0	0	3,587,435	100.0	0	0	3,649,601	100.0
C03	Discontinue Program	0	0	3,587,435	100.0	0	0	3,649,601	100.0
C06	Restore Position/Approp	0	0	3,587,435	100.0	0	0	3,649,601	100.0
C08	Technology	0	0	3,587,435	100.0	0	0	3,649,601	100.0

### Justification

C01	The increase in salaries, extra help and associated personal services matching will fund positions to support the growing fiscal operations, programs and services provided by ADHE. The operating expenses increase is directly related to increased costs. Conference Fees and Travel is based on the increased cost in all travel related categories as well as professional development. The request for Professional Fees will allow consultants to be hired for the review of doctoral and selected master's degree proposals beyond the general or specific expertise of the agency's Academic Affairs staff. Restoration of the current appropriation level for capital outlay is needed for repair and maintenance of facilities.
C03	This program is a grants program designed to help disadvantaged youth. ADHE believes that the Higher Education Grants Fund would be the more appropriate source for payment of these costs and requests that this program be transferred to the Student Assistance Grants and Various Scholarships appropriation (Fund Center 197). This request would eliminate Base funding & appropriation for this program in the State Operations appropriation.
C06	Agency requests restoration of a Grade C112 Administrative Specialist III position (a former Secretary II position) to provide support for the increasing financial aid operations of the agency.
C08	The Department is requesting appropriation & funding of \$15,000 each year for capital outlay to be used for Information Technology. ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions. The Department's Technology plan calls for the replacement of one server and one network printer each year. These items are located in the Hardware Category of the IT Support Item Subsection of the Operations Section of the IT Plan for the Department of Higher Education.

## **Analysis of Budget Request**

**Appropriation:** 156 - Research Development Program Grants

**Funding Sources:** THD - Higher Education Research Development - Trust

The Arkansas Department of Higher Education requests a 2009-2011 biennial appropriation of \$6,000,000 for the Arkansas Research Development Program. This program provides Arkansas Research Development Program 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 23 of Act 1229 of 2007. 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 Executive Recommendation provides for a biennial appropriation of \$2 million for the 2009-2011 biennium.

## Appropriation Summary

**Appropriation:** 156 - Research Development Program Grants

**Funding Sources:** THD - Higher Education Research Development - Trust

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,000,000	0	0	0	6,000,000	2,000,000	0	0	0
Total		1,000,000	0	0	0	6,000,000	2,000,000	0	0	0
<b>Funding Sources</b>										
Fund Balance	4000005	847,112	1,816,604		0	0	0	0	0	0
Trust Fund	4000050	1,969,492	0		0	6,000,000	2,000,000	0	0	0
Total Funding		2,816,604	1,816,604		0	6,000,000	2,000,000	0	0	0
Excess Appropriation/(Funding)		(1,816,604)	(1,816,604)		0	0	0	0	0	0
Grand Total		1,000,000	0		0	6,000,000	2,000,000	0	0	0

ADHE requests biennial Change Levels of \$6 million for the 2009-2011 biennium. The anticipated ending FY09 fund balance of \$1,816,604 is not carried forward into the 2009-2011 biennium since these funds may be distributed at any point by the Arkansas Higher Education Coordinating Board (AHECB) to applicable institutions of higher education.

In accordance with Section 23 of Act 1229 of 2007, funds are transferred to the Higher Education Research Development Fund from the Higher Education Building Maintenance Fund.

This program is currently authorized as a biennial appropriation and is requested as a biennial appropriation for the 2009-2011 biennium. Appropriation and fund balances remaining on June 30, 2010 are requested to be carried forward and made available for fiscal year ending June 30, 2011.

## Change Level by Appropriation

**Appropriation:** 156 - Research Development Program Grants  
**Funding Sources:** THD - Higher Education Research Development - Trust

### Agency Request

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C01 Existing Program	6,000,000	0	6,000,000	100.0	0	0	0	0.0

### Executive Recommendation

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C01 Existing Program	2,000,000	0	2,000,000	100.0	0	0	0	0.0

### Justification

C01	The Department is requesting restoration of the current biennial appropriation amount of \$2,000,000 and an additional \$4,000,000 for a total of \$6,000,000 in Change Levels for the 2009-2011 biennium for the Arkansas Research Development Program for provision of research grants to applicable institutions of higher education.							
-----	--	--	--	--	--	--	--	--

## **Analysis of Budget Request**

**Appropriation:** 160 - State Scholarship-Federal

**Funding Sources:** FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education requests continuation of Base Level plus Change Levels of \$315,000 for each year of the 2009-2011 biennium for the federal share of the Workforce Improvement Grants Program, which is the State's only purely need-based financial aid program. 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.

Change Levels requested are in anticipation of federal funding to be received for this program for each year of the 2009-2011 biennium. This appropriation is funded entirely from federal revenue received from the U.S. Department of Education.

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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	185,000	185,000	185,000	185,000	500,000	500,000	185,000	500,000	500,000
<b>Total</b>	<b>185,000</b>	<b>185,000</b>	<b>185,000</b>	<b>185,000</b>	<b>500,000</b>	<b>500,000</b>	<b>185,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	185,000	185,000		185,000	500,000	500,000	185,000	500,000	500,000
<b>Total Funding</b>	<b>185,000</b>	<b>185,000</b>		<b>185,000</b>	<b>500,000</b>	<b>500,000</b>	<b>185,000</b>	<b>500,000</b>	<b>500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>185,000</b>	<b>185,000</b>		<b>185,000</b>	<b>500,000</b>	<b>500,000</b>	<b>185,000</b>	<b>500,000</b>	<b>500,000</b>

## Change Level by Appropriation

**Appropriation:** 160 - State Scholarship-Federal  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>185,000</b>	<b>0</b>	<b>185,000</b>	<b>100.0</b>	<b>185,000</b>	<b>0</b>	<b>185,000</b>	<b>100.0</b>
C01	Existing Program	315,000	0	500,000	270.3	315,000	0	500,000	270.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>185,000</b>	<b>0</b>	<b>185,000</b>	<b>100.0</b>	<b>185,000</b>	<b>0</b>	<b>185,000</b>	<b>100.0</b>
C01	Existing Program	315,000	0	500,000	270.3	315,000	0	500,000	270.3

### Justification

C01	This program is Arkansas' participation in the federally funded "Leveraging Educational Assistance Partnership (LEAP)" Program. This is a need based grant for the non-traditional student returning to school who have financial need but may not be eligible for assistance from traditional state and federal programs. This increase will allow the program to assist the growing number of eligible students.
-----	--

## Analysis of Budget Request

**Appropriation:** 197 - Student Asst Grants/Scholarships

**Funding Sources:** HEG - Higher Education Grants

The Arkansas Department of Higher Education (ADHE) is requesting \$65,245,783 each year in appropriation and funding for the Student Assistance Grants and Various Scholarships appropriation. Of these amounts, Change Level appropriations total \$1,155,000 each year in **appropriation only**. No additional funding is requested beyond continuation of Base Level funding for each year of the new biennium. 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 Change Levels are summarized as follows:

- **\$1,000,000 each year in appropriation only for the National Guard Tuition Assistance Program.** For qualified applicants of the Arkansas National Guard Tuition Incentive Program, a one-time award of up to \$1,000, payable at \$500 per semester, may be made for admission to an approved institution of higher education. ADHE is requesting Change Levels of \$1 million each year to enhance the program and make it competitive with those of surrounding states who are offering tuition exemptions and other incentives to attract qualified active National Guard members. ADHE is also requesting a special language title change for this program to read "National Guard Tuition Incentive Program" in accordance with Arkansas Code 6-62-601 et. al.
- **\$80,000 each year in appropriation only for the Minority Masters Fellows Program.** This program provides forgivable loans to minority students seeking a master's degree at an accredited institution of higher education in a field other than administration. Recipients must teach full-time in an Arkansas public school or public institution of higher education for two (2) years for total forgiveness of the loan. Change Levels of \$80,000 each year are requested to fully fund the anticipated demand for this program.
- **\$75,000 each year in appropriation only for the Youth Opportunities Unlimited (Y.O.U.) Program.** The Y.O.U. Grants Program is a youth intervention program designed to encourage economically disadvantaged youth to remain in high school. The Department is requesting \$75,000 each year in appropriation only. This program is currently authorized in the General Operations appropriation payable from the Department of Higher Education Fund. Since this initiative is a grants program to help disadvantaged youth, ADHE believes that authority and funding should reside in the Student Assistance Grants and Various Scholarships appropriation payable from the Higher Education Grants Fund Account.

The Executive Recommendation provides Base Level for each year of the 2009-2011 biennium.



## 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Workforce Improvement Grants	5100004	3,696,887	3,710,345	3,710,345	3,710,345	3,710,345	3,710,345	3,710,345	3,710,345	3,710,345
Y. O. U. Grants/Aids	5100004	0	0	0	0	75,000	0	0	75,000	0
Teacher Opportunity Program	5100004	1,280,295	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
H E Opportunities Grant	5100004	1,112,115	11,200,000	11,200,000	11,200,000	11,200,000	11,200,000	11,200,000	11,200,000	11,200,000
National Guard Tuition Asst.	5100004	480,610	500,000	500,000	500,000	1,500,000	500,000	500,000	1,500,000	500,000
Second Effort Scholarships	5100030	10,625	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Minority Masters Fellows	5100030	132,500	280,000	280,000	280,000	360,000	280,000	280,000	360,000	280,000
Washington Center Scholarships	5100030	52,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
SREB Minority Doctoral Scholars	5100030	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Jr/Sr Minority Teacher Scholars	5100030	216,868	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Dependents-Law Enf. Off, etc	5100030	147,754	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
AR Geographical Critical Needs	5100030	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Fac/Admin Dev Matching	5100030	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Dependents-POW'S, MIA'S, etc.	5100030	196,875	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Tuition Adjustment	5110014	0	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
St Teacher Asst. Resource Prgm	5120029	3,028,890	3,581,717	3,581,717	3,581,717	3,581,717	3,581,717	3,581,717	3,581,717	3,581,717
AR Academic Challenge Schlshp	5900046	19,460,451	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734
Arkansas Governor's Scholars	5900047	9,313,691	10,750,000	10,750,000	10,750,000	10,750,000	10,750,000	10,750,000	10,750,000	10,750,000
Student Undergraduate Resrch	5900048	153,301	153,987	153,987	153,987	153,987	153,987	153,987	153,987	153,987
<b>Total</b>		<b>39,482,862</b>	<b>64,090,783</b>	<b>64,090,783</b>	<b>64,090,783</b>	<b>65,245,783</b>	<b>64,090,783</b>	<b>64,090,783</b>	<b>65,245,783</b>	<b>64,090,783</b>

Funding Sources										
Fund Balance	4000005	47,199,924	51,830,699		31,584,747	31,584,747	31,584,747	10,183,795	10,183,795	10,183,795
Educational Excellence Fund	4000220	13,513,869	12,960,179		12,960,179	12,960,179	12,960,179	12,960,179	12,960,179	12,960,179
Gen Rev Higher Ed Grants	4000258	30,599,768	30,884,652		30,884,652	30,884,652	30,884,652	30,884,652	30,884,652	30,884,652
<b>Total Funding</b>		<b>91,313,561</b>	<b>95,675,530</b>		<b>75,429,578</b>	<b>75,429,578</b>	<b>75,429,578</b>	<b>54,028,626</b>	<b>54,028,626</b>	<b>54,028,626</b>
<b>Excess Appropriation/(Funding)</b>		<b>(51,830,699)</b>	<b>(31,584,747)</b>		<b>(11,338,795)</b>	<b>(10,183,795)</b>	<b>(11,338,795)</b>	<b>10,062,157</b>	<b>11,217,157</b>	<b>10,062,157</b>
<b>Grand Total</b>		<b>39,482,862</b>	<b>64,090,783</b>		<b>64,090,783</b>	<b>65,245,783</b>	<b>64,090,783</b>	<b>64,090,783</b>	<b>65,245,783</b>	<b>64,090,783</b>

For FY08, \$350,000 in funds were transferred to applicable institutions of higher education for Tuition Adjustment costs.

For FY08, \$142,414 in funds were transferred to UAPB for the Geographical Critical Needs Program.

For Academic Challenge & Governor's Scholars, appropriation & fund balances of \$10,714,282.80 and \$311,309.34 respectively were carried forward between years of the 2007-09 biennium in accordance with the provisions of Section 25 of Act 1229 of 2007.

## Change Level by Appropriation

**Appropriation:** 197 - Student Asst Grants/Scholarships

**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>64,090,783</b>	<b>0</b>	<b>64,090,783</b>	<b>100.0</b>	<b>64,090,783</b>	<b>0</b>	<b>64,090,783</b>	<b>100.0</b>
C01	Existing Program	1,155,000	0	65,245,783	101.8	1,155,000	0	65,245,783	101.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>64,090,783</b>	<b>0</b>	<b>64,090,783</b>	<b>100.0</b>	<b>64,090,783</b>	<b>0</b>	<b>64,090,783</b>	<b>100.0</b>
C01	Existing Program	0	0	64,090,783	100.0	0	0	64,090,783	100.0

### Justification

C01	This increase requested for Minority Masters Fellows are to fully fund all eligible students and reflects costs associated with provision of forgivable loans to minority students seeking a master's degree in a field other than administration. The Youth Opportunities Unlimited (Y.O.U.) Program is a grants program and ADHE believes that the Higher Education Grants Fund would be the more appropriate source for payment of these costs. The increase for the Arkansas National Guard Tuition Incentive Program (GTIP) will allow Arkansas to have a comparable tuition assistance program to those of neighboring states, thereby better serving Arkansas soldiers while reducing competition with out-of-state schools and decreasing the numbers of those who may leave Arkansas for states that offer more financial aid.
-----	---

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Higher Education, Department of

Program: Student Asst Grants/Scholarships

Act #: 1229 of 2007 Section(s) #: 4 & 25

Estimated Carry Forward Amount \$ 8,300,000.00 Appropriation  Funds

Funding Source: General & Educ Exc Trust

**Accounting Information:**

Business Area: 0700 Funds Center: 197 Fund: HEG Functional Area: EDUC

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
AR Academic Challenge Schlshp	5900046	8,000,000.00	10,714,282.08
Arkansas Governor's Scholars	5900047	300,000.00	311,309.34
<b>Total</b>		<b>\$ 8,300,000.00</b>	<b>\$ 11,025,591.42</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

ADHE needs the carry forward in the Academic Challenge and Governor's Scholars programs in order to assure full implementation of the programs and to provide for future funding of the growing number of students who are in the pipeline.

**Actual Funding Carry Forward Amount** \$ 11,025,591.42

**Current status of carry forward appropriation/funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

Dr. Jim Purcell  
Director

08-25-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 1GF - Improving Teacher Quality

**Funding Sources:** FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education (ADHE) requests Base Level appropriation authority totaling \$1,565,258 each year of the 2009-2011 biennium for the Improving Teacher Quality - Federal appropriation. This program is federally funded through the U.S. Department of Education and places major emphasis upon teacher quality as a factor in improving student achievement. Also known as the No Child Left Behind Program, the importance of preparing, training, and recruiting high quality teachers and principals is stressed through competitive grants to institutions of higher education.

Base Level is requested for each year of the 2009-2011 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1GF - Improving Teacher Quality  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	2,773	26,856	26,856	26,856	26,856	26,856	26,856	26,856	26,856
Conference & Travel Expenses 5050009	166	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Professional Fees 5060010	2,700	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	888,639	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>894,278</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	894,278	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Total Funding	894,278	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>894,278</b>	<b>1,565,258</b>		<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>	<b>1,565,258</b>

## **Analysis of Budget Request**

**Appropriation:** 2XK - TANF

**Funding Sources:** FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education (ADHE) requests appropriation authority totaling \$12,498,498 for FY2010 and \$12,507,548 for FY2011 for the Temporary Assistance to Needy Families (TANF) - Federal appropriation. This Career Pathways Program is federally funded through the U.S. Department of Health & Human Services and 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. This initiative began in March, 2005 and has now expanded to include collaborative efforts with all twenty-two (22) two-year institutions of higher education. More than 100,000 participants have been served. The goal is to increase client self-sufficiency and job training skills.

Five Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. The salary of the remaining Base Level classified position reflects the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Change Levels totaling \$10,000 each year are requested for Conference Fees & Travel costs to meet continuing education and training needs for this program.

The Executive Recommendation provides for Base Level for each year of the 2009-2011 biennium.

## Appropriation Summary

**Appropriation:** 2XK - TANF

**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	307,302	392,399	393,727	374,138	374,138	374,138	381,762	381,762	381,762
<b>#Positions</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Extra Help	5010001	7,006	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>#Extra Help</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	83,180	100,334	106,858	102,567	102,567	102,567	103,993	103,993	103,993
Operating Expenses	5020002	107,422	257,000	257,000	257,000	257,000	257,000	257,000	257,000	257,000
Conference & Travel Expenses	5050009	18,565	20,000	20,000	20,000	30,000	20,000	20,000	30,000	20,000
Professional Fees	5060010	20,117	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	10,930,423	11,644,793	11,644,793	11,644,793	11,644,793	11,644,793	11,644,793	11,644,793	11,644,793
Capital Outlay	5120011	0	10,000	10,000	0	0	0	0	0	0
<b>Total</b>		<b>11,474,015</b>	<b>12,514,526</b>	<b>12,522,378</b>	<b>12,488,498</b>	<b>12,498,498</b>	<b>12,488,498</b>	<b>12,497,548</b>	<b>12,507,548</b>	<b>12,497,548</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	11,474,015	12,514,526		12,488,498	12,498,498	12,488,498	12,497,548	12,507,548	12,497,548
<b>Total Funding</b>		<b>11,474,015</b>	<b>12,514,526</b>		<b>12,488,498</b>	<b>12,498,498</b>	<b>12,488,498</b>	<b>12,497,548</b>	<b>12,507,548</b>	<b>12,497,548</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>11,474,015</b>	<b>12,514,526</b>		<b>12,488,498</b>	<b>12,498,498</b>	<b>12,488,498</b>	<b>12,497,548</b>	<b>12,507,548</b>	<b>12,497,548</b>

## Change Level by Appropriation

**Appropriation:** 2XK - TANF  
**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,488,498</b>	<b>6</b>	<b>12,488,498</b>	<b>100.0</b>	<b>12,497,548</b>	<b>6</b>	<b>12,497,548</b>	<b>100.0</b>
C01	Existing Program	10,000	0	12,498,498	100.1	10,000	0	12,507,548	100.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,488,498</b>	<b>6</b>	<b>12,488,498</b>	<b>100.0</b>	<b>12,497,548</b>	<b>6</b>	<b>12,497,548</b>	<b>100.0</b>
C01	Existing Program	0	0	12,488,498	100.0	0	0	12,497,548	100.0

### Justification

C01	The Career Pathways Program has expanded to all 22 two-year institutions. Due to this expansion, the program is requesting Change Levels of \$10,000 each year for Conference Fees & Travel to meet educational and training needs.								
-----	---	--	--	--	--	--	--	--	--



## **Analysis of Budget Request**

**Appropriation:** 54X - Higher Education Grants-Administration

**Funding Sources:** HEG - Higher Education Grants

The Arkansas Department of Higher Education (ADHE) requests Change Levels of \$1,370,000 each year of the 2009-2011 biennium in **appropriation only** to provide authority for ADHE to support administrative costs for all financial aid and scholarship programs made payable from the Higher Education Grants (HEG) Fund. This request would consolidate all administrative costs for HEG funded programs within this new appropriation. The level of appropriation requested is based on a calculation of what is needed to support two percent (2%) of the total authorized for each respective financial aid program. ADHE contends that consolidation of administrative costs will allow for better efficiency of funds in order that all programs can be equally promoted to better serve their specific service groups.

The Executive Recommendation makes no provision for this new appropriation.

**Appropriation Summary**

**Appropriation:** 54X - Higher Education Grants-Administration

**Funding Sources:** HEG - Higher Education Grants

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Administrative Costs 5900046	0	0	0	0	1,373,000	0	0	1,373,000	0
Total	0	0	0	0	1,373,000	0	0	1,373,000	0
<b>Funding Sources</b>									
Unfunded Appropriation 4000715	0	0		0	1,373,000	0	0	1,373,000	0
Total Funding	0	0		0	1,373,000	0	0	1,373,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	1,373,000	0	0	1,373,000	0

The Executive Recommendation does not provide authority for this appropriation for the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 54X - Higher Education Grants-Administration

**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C02	New Program	1,373,000	0	1,373,000	100.0	1,373,000	0	1,373,000	100.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C02	New Program	0	0	0	0.0	0	0	0	0.0

### Justification

C02	ADHE requests the consolidation of administrative costs associated with the management of all financial aid & scholarships programs made payable from the Higher Education Grant Fund, not to exceed two percent (2%) of the total amount appropriated for each respective program. These funds will be used for operational expenses and administrative costs associated with these financial aid programs.
-----	--

## **Analysis of Budget Request**

**Appropriation:** 772 - Teacher Education-Federal Programs

**Funding Sources:** FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education (ADHE) requests appropriation authority totaling \$391,336 for FY2010 and \$395,410 for FY2011 for the Technical Education - Federal Programs appropriation. This program is federally funded through the U.S. Department of Education and provides technical education services to applicable institutions of higher education.

Base Level salaries for unclassified positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Change Level requests for this program total \$25,572 each year. For Operating Expenses, \$9,289 is requested each year to support software maintenance and \$16,283 is requested each year for Professional Fees to provide support for development and implementation of new and innovative programs to promote career and technical educations effort in the State.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 772 - Teacher Education-Federal Programs

**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	149,180	147,000	130,414	149,205	149,205	149,205	152,636	152,636	152,636
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	36,757	35,831	34,809	38,131	38,131	38,131	38,774	38,774	38,774
Operating Expenses	5020002	36,179	85,711	85,711	85,711	95,000	95,000	85,711	95,000	95,000
Conference & Travel Expenses	5050009	5,595	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Professional Fees	5060010	63,894	73,717	73,717	73,717	90,000	90,000	73,717	90,000	90,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>291,605</b>	<b>361,259</b>	<b>343,651</b>	<b>365,764</b>	<b>391,336</b>	<b>391,336</b>	<b>369,838</b>	<b>395,410</b>	<b>395,410</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	291,605	361,259		365,764	391,336	391,336	369,838	395,410	395,410
Total Funding		291,605	361,259		365,764	391,336	391,336	369,838	395,410	395,410
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>291,605</b>	<b>361,259</b>		<b>365,764</b>	<b>391,336</b>	<b>391,336</b>	<b>369,838</b>	<b>395,410</b>	<b>395,410</b>

FY08 Actual Expenditures and FY09 Budgeted Levels for Regular Salaries and Personal Services Matching exceeds Authorized Levels due to salary adjustments made during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** 772 - Teacher Education-Federal Programs

**Funding Sources:** FCP - Dept. of Higher Education - Federal

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>365,764</b>	<b>2</b>	<b>365,764</b>	<b>100.0</b>	<b>369,838</b>	<b>2</b>	<b>369,838</b>	<b>100.0</b>
C01	Existing Program	25,572	0	391,336	107.0	25,572	0	395,410	106.9

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>365,764</b>	<b>2</b>	<b>365,764</b>	<b>100.0</b>	<b>369,838</b>	<b>2</b>	<b>369,838</b>	<b>100.0</b>
C01	Existing Program	25,572	0	391,336	107.0	25,572	0	395,410	106.9

### Justification

C01	The Carl D. Perkins Vocational and Technical Education Act requires each state to "establish a state performance accountability system to assess the effectiveness of vocational and technical education". This increase is to support additional costs for consulting fees and operating expenses associated with administrative costs for implementation, review and monitoring of statewide projects.
-----	--

## **Analysis of Budget Request**

**Appropriation:** 921 - Dept Higher Education - Cash in Treasury

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

The Arkansas Department of Higher Education is requesting Base Level of \$4,380 each year and \$515,620 each year in Change Levels for Cash Operations as defined by Arkansas Code §19-4-801. Cash appropriation is requested as follows:

- \$214,310 each year for the Achieving the Dream: Community Colleges Count Program. Specifically, private foundation funds received will provide participating community colleges with resources to help minority and low income students earn degrees and facilitate transfers of credits to other institutions of higher education to continue their studies.
- \$161,310 each year for the Non-Traditional No More: Policy Solutions for Adult Learners Program. A Western Interstate Commission for Higher Education (WICHE) private foundation grant will be used to stimulate and guide policy changes that will create a more navigable path to degree attainment for adults.
- \$100,000 each year for Mahlon Martin Scholarship awards for minority students, and
- \$40,000 each year to support agency costs associated with the hosting of educational conferences.

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

## Appropriation Summary

**Appropriation:** 921 - Dept Higher Education - Cash in Treasury

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	64,715	149,880	4,380	4,380	178,070	178,070	4,380	178,070	178,070
Conference & Travel Expenses	5050009	0	41,000	0	0	60,620	60,620	0	60,620	60,620
Professional Fees	5060010	0	113,500	0	0	176,310	176,310	0	176,310	176,310
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Scholarships	5100030	0	0	0	0	100,000	100,000	0	100,000	100,000
Refunds/Reimbursements	5110014	0	0	0	0	5,000	5,000	0	5,000	5,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>64,715</b>	<b>304,380</b>	<b>4,380</b>	<b>4,380</b>	<b>520,000</b>	<b>520,000</b>	<b>4,380</b>	<b>520,000</b>	<b>520,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	20,895	107,915		0	0	0	0	0	0
Cash Fund	4000045	151,735	196,465		4,380	520,000	520,000	4,380	520,000	520,000
<b>Total Funding</b>		<b>172,630</b>	<b>304,380</b>		<b>4,380</b>	<b>520,000</b>	<b>520,000</b>	<b>4,380</b>	<b>520,000</b>	<b>520,000</b>
Excess Appropriation/(Funding)		(107,915)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>64,715</b>	<b>304,380</b>		<b>4,380</b>	<b>520,000</b>	<b>520,000</b>	<b>4,380</b>	<b>520,000</b>	<b>520,000</b>

Actual Expenditures & Budgeted Levels exceeds Authorized Levels due to transfers authorized for FY08 & FY09 from the Cash Fund Holding Account.



## Change Level by Appropriation

**Appropriation:** 921 - Dept Higher Education - Cash in Treasury

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,380</b>	<b>0</b>	<b>4,380</b>	<b>100.0</b>	<b>4,380</b>	<b>0</b>	<b>4,380</b>	<b>100.0</b>
C02	New Program	515,620	0	520,000	11,872.1	515,620	0	520,000	11,872.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,380</b>	<b>0</b>	<b>4,380</b>	<b>100.0</b>	<b>4,380</b>	<b>0</b>	<b>4,380</b>	<b>100.0</b>
C02	New Program	515,620	0	520,000	11,872.1	515,620	0	520,000	11,872.1

### Justification

C02	ADHE has received private foundation grants for the administration of the "Achieving the Dream: Community Colleges Count" and the "Non-Traditional No More: Policy Solutions for Adult Learners" programs. Cash appropriation is also requested for the awarding of Mahlon Martin minority scholarships to eligible recipients and for operating expenses associated with educational conferences hosted by ADHE.
-----	---

## **Analysis of Budget Request**

**Appropriation:** HEG - Health Education Grants & Loans

**Funding Sources:** HEG - Higher Education Grants

The Health Professions Financial Assistance Program of the Arkansas Department of Higher Education (ADHE) is responsible for developing rules and regulations for the Arkansas Health Education Grants (ARHEG) Program. ARHEG provides Arkansas residents financial assistance to attend certain out-of-state health and medical professional schools for graduate or professional programs not available in Arkansas. Education programs not offered in Arkansas are facilitated through contractual arrangements negotiated through the Southern Regional Education Board (SREB), of which Arkansas is a member. The State also contracts directly with out-of-state institutions for additional spaces or student slots at Non-SREB institutions. Such assistance is typically amounts sufficient to help offset the difference in the resident and non-resident tuition fees at participating institutions. Assistance is currently available for attendance at any accredited school of Dentistry, Veterinary Medicine, Optometry, Osteopathy Medicine, Podiatric and Chiropractic Medicine. ARHEG is funded by general revenue payable from the Higher Education Grants (HEG) Fund.

ADHE's request for the various health education fields, including Base and Change Levels, totals \$4,480,400 each year of the 2009-2011 biennium for all Health Education Grants and Loan Programs. In order to fully fund the pipeline of Arkansas students already enrolled and to meet the rising costs of higher education, particularly in the pursuit of professional degrees, Change Level requests for appropriation only are requested as follows:

- Dental Aid Grants: \$340,000 each year
- Dental Aid Loans: \$40,000 each year
- Optometry Aid: \$68,400 each year
- Veterinary Aid: \$186,653 each year
- Podiatry Aid: \$18,600 each year
- Osteopathy Aid: \$50,200 each year

The Executive Recommendation provides for Base Level each year of the 2009-2011 biennium.

## Appropriation Summary

**Appropriation:** HEG - Health Education Grants & Loans

**Funding Sources:** HEG - Higher Education Grants

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Osteopathy Aid	5100004	135,500	179,800	179,800	179,800	230,000	179,800	179,800	230,000	179,800
Podiatry Aid	5100004	28,900	111,800	111,800	111,800	130,400	111,800	111,800	130,400	111,800
Veterinary Aid	5100004	912,800	913,347	913,347	913,347	1,100,000	913,347	913,347	1,100,000	913,347
Chiropractic Aid	5100004	115,007	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Dental Aid Grants	5100004	1,467,002	1,610,000	1,610,000	1,610,000	1,950,000	1,610,000	1,610,000	1,950,000	1,610,000
Optometry Aid	5100004	340,600	341,600	341,600	341,600	410,000	341,600	341,600	410,000	341,600
Dental Aid Loans	5120029	360,000	360,000	360,000	360,000	400,000	360,000	360,000	400,000	360,000
<b>Total</b>		<b>3,359,809</b>	<b>3,776,547</b>	<b>3,776,547</b>	<b>3,776,547</b>	<b>4,480,400</b>	<b>3,776,547</b>	<b>3,776,547</b>	<b>4,480,400</b>	<b>3,776,547</b>
<b>Funding Sources</b>										
Gen Rev Higher Ed Grants	4000258	3,359,809	3,776,547		3,776,547	3,776,547	3,776,547	3,776,547	3,776,547	3,776,547
Total Funding		3,359,809	3,776,547		3,776,547	3,776,547	3,776,547	3,776,547	3,776,547	3,776,547
Excess Appropriation/(Funding)		0	0		0	703,853	0	0	703,853	0
<b>Grand Total</b>		<b>3,359,809</b>	<b>3,776,547</b>		<b>3,776,547</b>	<b>4,480,400</b>	<b>3,776,547</b>	<b>3,776,547</b>	<b>4,480,400</b>	<b>3,776,547</b>

Carry Forward amounts for FY09: Dental Aid Grants - \$142,997.70; Chiropractic Aid - \$144,993; Osteopathy Aid - \$44,300; and Podiatry Aid - \$73,900.

## Change Level by Appropriation

**Appropriation:** 135 - Dental Aid Grant & Loans

**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,970,000</b>	<b>0</b>	<b>1,970,000</b>	<b>100.0</b>	<b>1,970,000</b>	<b>0</b>	<b>1,970,000</b>	<b>100.0</b>
C01	Existing Program	380,000	0	2,350,000	119.3	380,000	0	2,350,000	119.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,970,000</b>	<b>0</b>	<b>1,970,000</b>	<b>100.0</b>	<b>1,970,000</b>	<b>0</b>	<b>1,970,000</b>	<b>100.0</b>
C01	Existing Program	0	0	1,970,000	100.0	0	0	1,970,000	100.0

### Justification

C01	The Arkansas Health Education Grant (ARHEG) Program has experienced continuing increased costs associated with professional degrees in health related fields. The increases requested are to fully fund Arkansas students in the pipeline and to meet anticipated demand in these programs for the new biennium.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Higher Education, Department of

Program: Dental Aid Grant & Loans

Act #: 1229 of 2007 Section(s) #: 10 & 30

Estimated Carry Forward Amount \$ 75,000.00 Appropriation  Funds

Funding Source: General

**Accounting Information:**

Business Area: 0700 Funds Center: 135 Fund: HEG Functional Area: EDUC

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Grants and Aid	5100004	75,000.00	142,997.70
Total		\$ 75,000.00	\$ 142,997.70

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

Because these are multi year grants, ADHE needs the carry forward to provide for future funding of the growing number of students who are in the pipeline and to assure full implementation of the programs for new students going forward.

**Actual Funding Carry Forward Amount** \$ 142,997.70

**Current status of carry forward appropriation/funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

Dr. Jim Purcell  
Director

08-25-2008  
Date

## Change Level by Appropriation

**Appropriation:** 137 - Optometry Aid  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>341,600</b>	<b>0</b>	<b>341,600</b>	<b>100.0</b>	<b>341,600</b>	<b>0</b>	<b>341,600</b>	<b>100.0</b>
C01	Existing Program	68,400	0	410,000	120.0	68,400	0	410,000	120.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>341,600</b>	<b>0</b>	<b>341,600</b>	<b>100.0</b>	<b>341,600</b>	<b>0</b>	<b>341,600</b>	<b>100.0</b>
C01	Existing Program	0	0	341,600	100.0	0	0	341,600	100.0

### Justification

C01	The Arkansas Health Education Grant (ARHEG) Program has experienced continuing increased costs associated with professional degrees in health related fields. The increases requested are to fully fund Arkansas students in the pipeline and to meet anticipated demand in these programs for the new biennium.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Higher Education, Department of

Program: Optometry Aid

Act #: 1229 of 2007 Section(s) #: 10 & 30

Estimated Carry Forward Amount \$ 0.00 Appropriation  Funds

Funding Source: General

**Accounting Information:**

Business Area: 0700 Funds Center: 137 Fund: HEG Functional Area: EDUC

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

All funds provided are expected to be spent by year end. No carry forward is anticipated.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

Actual carry forward amount is \$0, only currently authorized will be utilized.

Dr. Jim Purcell  
Director

08-25-2008  
Date

## Change Level by Appropriation

**Appropriation:** 138 - Veterinary Aid  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>913,347</b>	<b>0</b>	<b>913,347</b>	<b>100.0</b>	<b>913,347</b>	<b>0</b>	<b>913,347</b>	<b>100.0</b>
C01	Existing Program	186,653	0	1,100,000	120.4	186,653	0	1,100,000	120.4

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>913,347</b>	<b>0</b>	<b>913,347</b>	<b>100.0</b>	<b>913,347</b>	<b>0</b>	<b>913,347</b>	<b>100.0</b>
C01	Existing Program	0	0	913,347	100.0	0	0	913,347	100.0

### Justification

C01	The Arkansas Health Education Grant (ARHEG) Program has experienced continuing increased costs associated with professional degrees in health related fields. The increases requested are to fully fund Arkansas students in the pipeline and to meet anticipated demand in these programs for the new biennium.
-----	--



**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Higher Education, Department of

Program: Veterinary Aid

Act #: 1229 of 2007 Section(s) #: 10 & 30

Estimated Carry Forward Amount \$ 0.00 Appropriation  Funds

Funding Source: General

**Accounting Information:**

Business Area: 0700 Funds Center: 138 Fund: HEG Functional Area: EDUC

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

All funds provided are expected to be spent by year end. No carry forward is anticipated.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

Actual carry forward amount is \$0, only currently authorized will be utilized.

Dr. Jim Purcell  
Director

08-25-2008  
Date

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Higher Education, Department of

Program: Chiropractic Aid

Act #: 1229 of 2007 Section(s) #: 10 & 30

Estimated Carry Forward Amount \$ 125,000.00 Appropriation  Funds

Funding Source: General

**Accounting Information:**

Business Area: 0700 Funds Center: 140 Fund: HEG Functional Area: EDUC

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Grants and Aid	5100004	125,000.00	144,993.00
Total		\$ 125,000.00	\$ 144,993.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

Because these are multi year grants, ADHE needs the carry forward to provide for future funding of the growing number of students who are in the pipeline and to assure full implementation of the programs for new students going forward.

**Actual Funding Carry Forward Amount** \$ 144,993.00

**Current status of carry forward appropriation/funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

Dr. Jim Purcell  
Director

08-25-2008  
Date

## Change Level by Appropriation

**Appropriation:** 773 - Osteopathy Aid  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>179,800</b>	<b>0</b>	<b>179,800</b>	<b>100.0</b>	<b>179,800</b>	<b>0</b>	<b>179,800</b>	<b>100.0</b>
C01	Existing Program	50,200	0	230,000	127.9	50,200	0	230,000	127.9

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>179,800</b>	<b>0</b>	<b>179,800</b>	<b>100.0</b>	<b>179,800</b>	<b>0</b>	<b>179,800</b>	<b>100.0</b>
C01	Existing Program	0	0	179,800	100.0	0	0	179,800	100.0

### Justification

C01	The Arkansas Health Education Grant (ARHEG) Program has experienced continuing increased costs associated with professional degrees in health related fields. The increases requested are to fully fund Arkansas students in the pipeline and to meet anticipated demand in these programs for the new biennium.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Higher Education, Department of

Program: Osteopathy Aid

Act #: 1229 of 2007 Section(s) #: 10 & 30

Estimated Carry Forward Amount \$ 45,000.00 Appropriation  Funds

Funding Source: General

**Accounting Information:**

Business Area: 0700 Funds Center: 773 Fund: HEG Functional Area: EDUC

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Grants and Aid	5100004	45,000.00	44,300.00
Total		\$ 45,000.00	\$ 44,300.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

Because these are multi year grants, ADHE needs the carry forward to provide for future funding of the growing number of students who are in the pipeline and to assure full implementation of the programs for new students going forward.

**Actual Funding Carry Forward Amount** \$ 44,300.00

**Current status of carry forward appropriation/funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

Dr. Jim Purcell  
Director

08-25-2008  
Date

## Change Level by Appropriation

**Appropriation:** 783 - Podiatry Aid  
**Funding Sources:** HEG - Higher Education Grants

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>111,800</b>	<b>0</b>	<b>111,800</b>	<b>100.0</b>	<b>111,800</b>	<b>0</b>	<b>111,800</b>	<b>100.0</b>
C01	Existing Program	18,600	0	130,400	116.6	18,600	0	130,400	116.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>111,800</b>	<b>0</b>	<b>111,800</b>	<b>100.0</b>	<b>111,800</b>	<b>0</b>	<b>111,800</b>	<b>100.0</b>
C01	Existing Program	0	0	111,800	100.0	0	0	111,800	100.0

### Justification

C01	The Arkansas Health Education Grant (ARHEG) Program has experienced continuing increased costs associated with professional degrees in health related fields. The increases requested are to fully fund Arkansas students in the pipeline and to meet anticipated demand in these programs for the new biennium.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Higher Education, Department of

Program: Podiatry Aid

Act #: 1229 of 2007 Section(s) #: 10 & 30

Estimated Carry Forward Amount \$ 75,000.00 Appropriation  Funds

Funding Source: General

**Accounting Information:**

Business Area: 0700 Funds Center: 783 Fund: HEG Functional Area: EDUC

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Grants and Aid	5100004	75,000.00	73,900.00
Total		\$ 75,000.00	\$ 73,900.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

Because these are multi year grants, ADHE needs the carry forward to provide for future funding of the growing number of students who are in the pipeline and to assure full implementation of the programs for new students going forward.

Actual Funding Carry Forward Amount \$ 73,900.00

**Current status of carry forward appropriation/funding:**

Carry forward will be utilized to serve more eligible students in the program without having to request transfers.

Dr. Jim Purcell  
Director

08-25-2008  
Date

**Appropriation Summary**

**Appropriation:** 170 - Higher Education Building Maintenance  
**Funding Sources:** THE - Higher Education Building Maintenance - Trust

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	645,826	0	0	0	0	0	0	0	0
Total	645,826	0	0	0	0	0	0	0	0
<b>Funding Sources</b>									
Fund Balance 4000005	645,826	0		0	0	0	0	0	0
Total Funding	645,826	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	645,826	0		0	0	0	0	0	0

NOT REQUESTED FOR THE 2009-2011 BIENNIUM.

**Appropriation Summary**

**Appropriation:** 4HU - Elementary Science Special Program

**Funding Sources:** HEG - Higher Education Grants

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	0	570,303	0	0	0	0	0	0
Total	0	0	570,303	0	0	0	0	0	0

NOT REQUESTED FOR THE 2009-2011 BIENNIUM.



# JUDICIAL DISCIPLINE & DISABILITY COMMISSION

## Enabling Laws

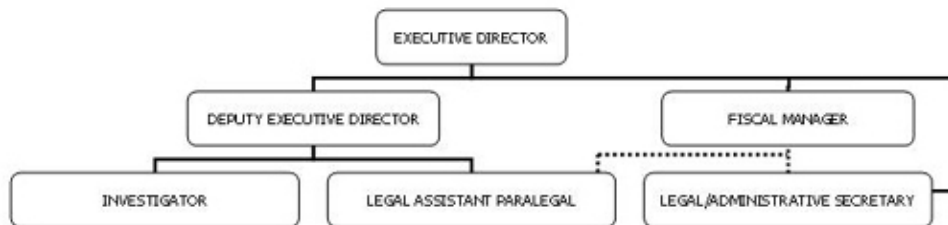
Act 1213 of 2007  
A.C.A. §21-5-204 et seq.  
A.C.A. §21-5-101 et seq.

## History and Organization

The Arkansas Judicial Discipline and Disability Commission was created by the passage of Amendment 66 to the Arkansas Constitution in November 1988. This amendment was proposed by Senate Joint Resolution 5, and was adopted at the 1988 general election. Act 637 of 1989, the enabling legislation of the Commission, is A.C.A. §16-101-401 et seq.

The Arkansas Judicial Discipline and Disability Commission receives and investigates information and complaints about the possible ethical misconduct or disability of Arkansas judges. The Commission's purpose is to help enforce the high ethical standards of judicial conduct on and off the bench, and thereby preserve both the integrity of judges, and public confidence in the courts. In performing its functions, the Commission strives to maintain the necessary balance between judicial independence and public accountability.

The Arkansas Judicial Discipline and Disability Commission created a Judicial Ethics Advisory Committee on July 1, 1991. This committee issues advisory opinions to all judges and judicial candidates on matters concerning ethical issues. The committee allows individuals to receive advice on how to act appropriately in future matters.



## Agency Commentary

The Arkansas Judicial Discipline and Disability Commission receive and investigate information and complaints about the possible ethical misconduct or disability of Arkansas judges. The Commission's mission is to help enforce high standards of judicial conduct on and off the bench, in so doing preserving both the integrity of judges and public confidence in the judicial system.

The Commission requests 1) the restoration of original appropriation amount of \$100,550 for both Fiscal Year 2010 and 2011 in Professional Fees and Services. 2) an increase of \$10,000 in fiscal year 2010 and \$12,500 in fiscal year 2011 for Maintenance and Operations to cover the cost of increased rent, increased cost of mileage reimbursement, postage and educational and training expense of commission members. 3) An increase of \$2,000 in fiscal year 2010 and \$2,000 in fiscal year 2011 in Investigator Mileage and Expense.

Due to safety and confidentiality concerns from Commission members, the Commission relocated its office. The new location connects the conference room to the Commission's office. This allows a safe exit for the commission members, judges and staff from the conference room to the commission office. On occasion police intervention was needed during hearings. Members hold both public and non-public hearings. In order to protect the identity of the judge and witnesses in the non-public hearing, it was essential that the Commission have this new connection from the conference room to the new office location.

The Commission requests an aggregate increase of \$83,611 in salaries for FY10. Salaries for FY11 would then reflect the 2.3% cost of living adjustment given to all state employees. The justification for this request is as follows:

Every position of the Commission staff is now classified as a Grade 99. Assuming the Career Service Pay Plan is representative of what salaries should be for a specific job after years of service, all of the staff salaries for the Commission positions are deficient and in some cases glaringly so. The Deputy Director/Attorney currently receives a line item salary of \$61,297 and would be classified as pay grade N905 midpoint and paid \$85,546. The Investigator currently receives a line item salary of \$55,947 and would be classified as pay grade C119 maximum and paid \$60,390. The Agency Fiscal Manager currently receives a line item salary of \$38,293 and would be classified as pay grade C121 midpoint and paid \$53,264. The Para Legal currently receives a line item salary of \$34,636 and would be classified as pay grade C117 midpoint and paid \$44,505. The Legal Secretary currently receives a line item salary of \$28,478 and would be classified as pay grade C113 midpoint and paid \$36,614.

The Executive Director is paid a line item salary of \$93,067. However, it is contemplated that this position would not be included in the Career Service Pay Plan but remain a 99. Agency directors and other comparable positions with similar responsibilities are paid above Grade. We are requesting parity in both that salary and those of the staff.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
JUDICIAL DISCIPLINE AND DISABILITY COMMISSION

FOR THE YEAR ENDED JUNE 30, 2007

Findings

The Agency failed to establish strong internal controls over the annual and sick leave approval process and leave record maintenance which enabled three of the Agency's six employees to carry negative annual and sick leave balances. Section 105 of the Department of Finance and Administration - Office of Personnel Management (DFA-OPM) Policy and Procedures Manual, which is based upon Ark. Code Ann. § 21-4-201 et seq., specifically prohibits borrowing from future annual leave accruals, and it requires earned annual leave to be charged for absences due to sick leave when earned sick leave is exhausted. The negative balances were subsequently satisfied, and employees do not currently have negative balances.

Recommendations

Continue to strengthen controls to comply with DFA- OPM policies and procedures.

## Employment Summary

	Male	Female	Total	%	
White Employees	3	1	4	67 %	
Black Employees	0	2	2	33 %	
Other Racial Minorities	0	0	0	0 %	
			Total Minorities	2	33 %
			Total Employees	6	100 %

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Mission Statement	A.C.A. §16-10-404	Y	Y	10	Required by Law
Annual Report	A.C.A. §16-10-404	Y	Y	150	Required by Law

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 913 - Judicial Discipline - Operations

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

The Arkansas Judicial Discipline & Disability Commission receives and investigates information and complaints about the possible ethical misconduct or disability of Arkansas judges. The Commission's purpose is to help enforce the high standards of judicial on and off the bench, and thereby preserve both the integrity of judges, and public confidence in the courts. In performing its functions, the Commission strives to maintain the necessary balance between judicial independence and public accountability.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. One remaining unclassified position reflects similar adjustments in the line item salary. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission's Change Level requests total \$108,783 in FY10 and \$112,965 in FY11 and reflects the following:

- Regular Salaries and Personal Services Matching increases to request salaries at the midpoint level on the Career Service and Professional & Executive Pay Plan, with the exception of the Investigator which is requested at the maximum level
- Operating Expenses increase of \$11,200 in FY10 and \$13,700 in FY11 due to increases in rent, mileage, postage, and a reallocation of \$1,200 from Data Processing to properly classify to properly classify expenses associated with the support and maintenance of the Commission database.
- Professional Fees increase of \$15,885 each year to cover the costs of legal fees and services that may need to be rendered in addition to services provided by the Attorney General's Office
- Data Processing reallocation of \$1,200 to Operating Expenses to properly classify expenses associated with the support and maintenance of the Commission database.
- Mileage for Investigator line item increase of \$2,000 each year for rising gasoline prices.

The Executive Recommendation provides for Base Level and additional appropriation and general revenue funding of \$12,000 in FY10 and \$14,500 in FY11 as follows:

- Operating Expenses of \$11,200 in FY10 and \$13,700 in FY11
- Reduction of \$1,200 each year in Data Processing
- Mileage for Investigator line item of \$2,000 each year

## Appropriation Summary

**Appropriation:** 913 - Judicial Discipline - 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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	335,700	312,918	311,718	338,353	406,719	338,353	347,484	417,239	347,484
<b>#Positions</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching 5010003	90,602	83,590	88,323	93,941	106,473	93,941	95,435	108,260	95,435
Operating Expenses 5020002	89,637	92,567	92,567	92,567	103,767	103,767	92,567	106,267	106,267
Conference & Travel Expenses 5050009	8,084	8,125	8,125	8,125	8,125	8,125	8,125	8,125	8,125
Professional Fees 5060010	8,914	84,665	96,710	84,665	100,550	84,665	84,665	100,550	84,665
Data Processing 5090012	400	1,200	1,200	1,200	0	0	1,200	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Mileage for Investigator 5900046	5,076	5,080	5,080	5,080	7,080	7,080	5,080	7,080	7,080
<b>Total</b>	<b>538,413</b>	<b>588,145</b>	<b>603,723</b>	<b>623,931</b>	<b>732,714</b>	<b>635,931</b>	<b>634,556</b>	<b>747,521</b>	<b>649,056</b>
<b>Funding Sources</b>									
General Revenue 4000010	538,413	588,145		623,931	732,714	635,931	634,556	747,521	649,056
Total Funding	538,413	588,145		623,931	732,714	635,931	634,556	747,521	649,056
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	538,413	588,145		623,931	732,714	635,931	634,556	747,521	649,056

The FY08 Actual and FY09 Budget amounts in Regular Salaries and Personal Services Matching exceed Authorized amounts due to salary and matching rate adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** 913 - Judicial Discipline - Operations

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>623,931</b>	<b>6</b>	<b>623,931</b>	<b>100.0</b>	<b>634,556</b>	<b>6</b>	<b>634,556</b>	<b>100.0</b>
C01	Existing Program	27,885	0	651,816	104.5	30,385	0	664,941	104.8
C04	Reallocation	0	0	651,816	104.5	0	0	664,941	104.8
C02	New Program	80,898	0	732,714	117.4	82,580	0	747,521	117.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>623,931</b>	<b>6</b>	<b>623,931</b>	<b>100.0</b>	<b>634,556</b>	<b>6</b>	<b>634,556</b>	<b>100.0</b>
C01	Existing Program	12,000	0	635,931	101.9	14,500	0	649,056	102.3
C04	Reallocation	0	0	635,931	101.9	0	0	649,056	102.3
C02	New Program	0	0	635,931	101.9	0	0	649,056	102.3

### Justification

C01	The Commission requests 1) restoration of original appropriation amount of \$100,550 for both Fiscal Year 2010 and 2011 in Professional Fees and Services. 2) an increase of \$10,000 in fiscal year 2010 and \$12,500 in fiscal year 2011 for Maintenance and Operations to cover the cost of increased rent, increased cost of mileage reimbursement, postage and educational and training expense of commission members. 3) an increase of \$2,000 in fiscal year 2010 and \$2,000 in fiscal year 2011 in Investigator Mileage and Expense. Due to safety and confidentiality concerns from Commission members, the Commission relocated its office. The new location connects the conference room to the Commission's office. This allows a safe exit for the commission members, judges and staff from the conference room to the commission office. On occasion police intervention was needed during hearings. Members hold both public and non-public hearings. In order to protect the identity of the judge and witnesses in the non-public hearing, it was essential that the Commission have this new connection from the conference room to the new office location.
C04	The Commission uses this appropriation to pay expenses associated with the support and maintenance of their database. This reallocation will properly classify the budget in the Operating Expenses line item.
C02	The Agency is requesting salaries at the midpoint level of the Career Service and Professional and Executive Pay Plan, with the exception of the Investigator, which is being requested at the maximum level.

# DEPARTMENT OF LABOR

## Enabling Laws

Act 1230 of 2007 and Act 31 of 2007.

Ark. Code Ann. §§ 11-2-101 through -121 and 25-12-101. Ark. Code Ann. §§ 8-7-1001 through -1016; 11-2-201 through 11-7-414; 11-11-101 through 11-13-113; 15-59-111 through -115; 17-28-101 through -310; 20-20-301 through -303; 20-23-101 through -407; 20-24-101 through -119; 20-27-801 through -802; 20-27-1101 through -1103; 20-27-1301 through -1317; 20-31-101 through -105; 22-9-212; 22-9-301 through -315; 23-89-501 through -518

## History and Organization

The Arkansas Department of Labor's (ADL) predecessor was established in 1913. In 1937, the Agency received its current name and much of its current structure. Its statutory mission is "to promote and develop the welfare of the wage earners of Arkansas, to improve their working conditions, and to advance their opportunities for profitable employment" (A.C.A. § 11-2-101).

The following describes the Agency's five (5) major program areas which encompass 14 functional work units.

### OCCUPATIONAL SAFETY AND HEALTH:

This program is the largest within the Agency with four (4) divisions or functional units. In addition to ADL's regulatory authority, this program recognizes individuals and companies who have made outstanding strides in the field of industrial safety through its safety award program. All units work collaboratively to present safety conferences and seminars throughout the state. OSHA Consultation is 90% federally funded and assists employers in complying with federal OSHA regulations. The primary role of this unit is to provide consultation and training to the private industry. The Arkansas Occupational Safety and Health (AOSH) unit is supported by general revenue and enforces the state's safety and health laws, primarily with respect to public employment, an area not covered by federal OSHA. AOSH employees provide a variety of safety training courses to general industry, civic, and employee groups, as well as blasting training and certification. Another major responsibility of this unit is the enforcement and regulation of state law regarding the operation of amusement rides. AOSH works in conjunction with the Amusement Ride Safety Advisory Board. Fees collected for amusement ride inspections and blasting certification provide additional revenue for the Agency. Mine Safety and Health (MSHA) is 80% federally funded and assists miners in complying with federal safety and health laws by providing free on-site consultation and training to Arkansas' mining industry. The Occupational Safety and Health/Census of Fatal Occupational Injuries (OSH/CFOI) unit is responsible for conducting surveys of businesses and compiling and reporting statistics related to occupational injuries and illnesses, fatalities to facilitate and focus services. Two grants from the U. S. Department of Labor, one funded by 50% federal funds and one by 100% federal funds, support these business functions. Funding the state matching portion for each of these federal grants is provided by general revenue.

### LABOR STANDARDS:

The Labor Standards program is responsible for enforcement of the state's wage and hour laws, child labor laws, and for licensing private employment agencies. This program also provides dispute



resolution services for certain small wage disputes.

The program is organized into three (3) work units: Wage and Hour provides enforcement of Arkansas law relating to minimum wage, overtime, child labor, equal pay, and wage collections. The Private Employment Agency unit licenses private employment agencies and otherwise administers and enforces the provisions of the Private Employment Agency Act. The Prevailing Wage unit is responsible for administering and enforcing the Arkansas Prevailing Wage Law. This unit works under advice of a 12-member Prevailing Wage Advisory Committee created by Executive Order in 1994.

#### MEDIATION SERVICES:

Mediation Services provides voluntary intervention in collective bargaining situations. This is strictly a mediatory or conciliatory service to assist in the resolution of a labor dispute in an effort to avoid lockouts, boycotts and strikes.

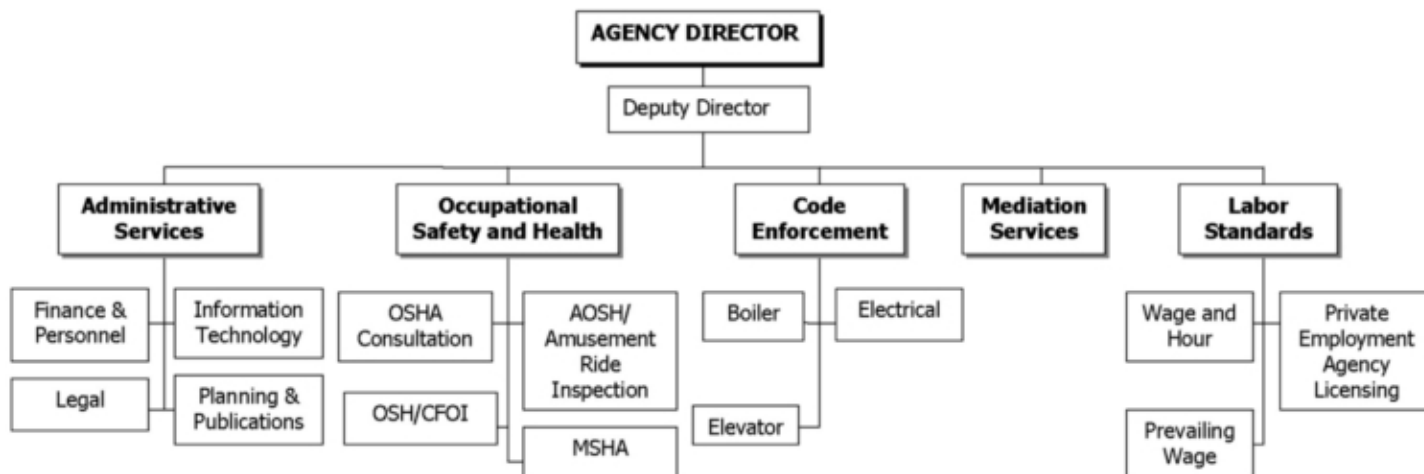
#### CODE ENFORCEMENT AND PUBLIC SAFETY:

The purpose of the Code Enforcement program 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.

Organizationally, there are three (3) functional work units within this program. Boiler Inspection is responsible for enforcement, administration and regulation of state law regarding the operation of boilers and pressure vessels. These responsibilities include inspections, permits, and licensing. This unit works cooperatively with the Boiler Safety Advisory Board, and is funded 100% by special revenue from collection of established fees. Elevator Safety is responsible for inspecting and permitting elevators and escalators, and it works with the Elevator Safety Board. Fees collected by this unit substantially subsidize the agency's general revenue distribution. The Electrical Division works with the Board of Electrical Examiners and is responsible for licensing electricians and for enforcing the State Electrical Code. This unit is funded 100% by special revenue from collection of fees.

#### ADMINISTRATIVE SERVICES:

This program area has four (4) functional work units: Finance & Personnel; Information Technology; Legal; Planning and Publications. Each unit provides in-house support for all Agency programs and is primarily funded by general revenue with appropriate direct and indirect charges to the federal and special revenue funded programs.



## Agency Commentary

The Department of Labor has been diligent in monitoring costs while continuing to provide effective enforcement of the Arkansas labor laws resulting in minimal requests for the upcoming biennium. For state operations supported primarily by general revenue, the Agency is requesting an additional \$69,597 in funds and appropriation for FY2010, only a 1.7% increase over Base Level, and \$75,435 in FY2011, a 1.9% increase. These funds are requested to provide additional Operating Expenses for field inspectors responsible for conducting amusement ride inspections and responding to accidents and complaints related to public sector employers, in addition to providing professional and technical training and certification for several of the Agency's staff. State law requires that all amusement ride inspectors acquire and maintain certification through the National Association of Amusement Ride Safety Officials, and all elevator inspectors must also acquire and maintain Qualified Elevator Inspector certification. A total of 13 inspectors must travel out of state to attend annual training and testing to retain these certifications. The Agency has requested restoration of one Training and Instruction Specialist to use with either the Arkansas Occupational Safety and Health section or the Training & Education section as needed.

A portion of those totals previously mentioned is for anticipated increases in the cost of leasing office equipment (copiers) and associated insurance costs as well the replacement of two Agency network servers as addressed in the Agency's Information Technology plan.

The Agency is also requesting retention of two Labor Inspectors (Boiler Inspectors) and the reallocation of appropriation in the Boiler Inspection program from Professional Fees and Data Processing to

Operating Expenses to fund training and travel expenses for two boiler inspectors. With the probability of losing commissioned inspectors over the next two years, the effectiveness of this inspection program will be greatly impaired if the Agency can not implement succession training in this field where experienced boiler inspectors are scarce.

The Occupational Safety and Health Consultation Program provides on-site consultation services and comprehensive training to Arkansas' industrial employers and employees. The Agency is requesting reallocation of appropriation from Professional Fees to Capital Outlay plus a .1% increase in FY2010 only to replace equipment used by the industrial hygiene staff to perform air and noise level monitoring to safeguard industrial employees from exposure to air contaminants and hearing loss.

The Electrical Division works with the Board of Electrical Examiners and is responsible for licensing electricians and for enforcing the State Electrical Code. The Agency is requesting a reallocation of resources from Professional Fees to Operating Expenses to cover expected travel expenses and support the implementation of a new program designed to streamline the licensing process and maintain continuing education data on licensed electricians.

Finally, the Agency is requesting additional appropriation for its Seminar and Conference Cash fund used to pay for expenses associated with the statewide safety and health conferences held annually throughout the State.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

DEPARTMENT OF LABOR

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

## **Employment Summary**

	Male	Female	Total	%
White Employees	43	37	80	82 %
Black Employees	8	9	17	17 %
Other Racial Minorities	0	1	1	1 %
Total Minorities			18	18 %
Total Employees			98	100 %

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Department of Labor	A.C.A. 11-2-120	Y	Y	400	Keeps citizens of the state, businesses, industries, trade associations, and the Governor aware of Department activities and Legislative and regulatory changes affecting business and labor conditions.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
148 State Operations	3,471,638	57	3,639,514	57	3,854,812	58	3,901,000	57	3,970,597	58	3,901,000	57	3,962,103	57	4,037,538	58	3,962,103	57
149 Boiler Inspection	766,152	14	977,090	15	986,026	17	1,023,255	15	1,117,953	17	1,117,953	17	1,036,623	15	1,133,263	17	1,133,263	17
151 Federal Programs	1,106,826	18	1,319,743	20	1,437,504	20	1,422,641	20	1,425,141	20	1,425,141	20	1,440,211	20	1,440,211	20	1,440,211	20
2CT Board of Electrical Examiners	514,636	9	628,777	10	601,314	11	658,375	10	658,375	10	658,375	10	667,165	10	667,165	10	667,165	10
940 Wage and Hour - Cash	37,861	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	33,794	0	42,869	0	42,869	0	42,869	0	53,000	0	53,000	0	42,869	0	53,000	0	53,000	0
<b>Total</b>	<b>5,930,907</b>	<b>98</b>	<b>6,807,993</b>	<b>101</b>	<b>7,122,525</b>	<b>106</b>	<b>7,248,140</b>	<b>101</b>	<b>7,425,066</b>	<b>104</b>	<b>7,355,469</b>	<b>103</b>	<b>7,348,971</b>	<b>101</b>	<b>7,531,177</b>	<b>104</b>	<b>7,455,742</b>	<b>103</b>

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance	4000005	3,438,281	36.7	3,439,717	34.3		3,233,850	31.4	3,233,850	31.2	3,233,850	31.4	3,051,061	29.8	2,946,232	28.8	2,946,232	29.0
General Revenue	4000010	2,696,760	28.8	2,829,514	28.2		3,119,710	30.3	3,189,307	30.8	3,119,710	30.3	3,181,520	31.0	3,256,955	31.9	3,181,520	31.4
Federal Revenue	4000020	1,156,826	12.3	1,369,743	13.6		1,472,641	14.3	1,475,141	14.2	1,475,141	14.3	1,490,211	14.5	1,490,211	14.6	1,490,211	14.7
Special Revenue	4000030	2,001,607	21.4	2,160,000	21.5		2,220,000	21.6	2,220,000	21.4	2,220,000	21.5	2,275,000	22.2	2,275,000	22.3	2,275,000	22.4
Cash Fund	4000045	77,150	0.8	242,869	2.4		253,000	2.5	253,000	2.4	253,000	2.5	253,000	2.5	253,000	2.5	253,000	2.5
Total Funds		9,370,624	100.0	10,041,843	100.0		10,299,201	100.0	10,371,298	100.0	10,301,701	100.0	10,250,792	100.0	10,221,398	100.0	10,145,963	100.0
Excess Appropriation/(Funding)		(3,439,717)		(3,233,850)			(3,051,061)		(2,946,232)		(2,946,232)		(2,901,821)		(2,690,221)		(2,690,221)	
Grand Total		5,930,907		6,807,993			7,248,140		7,425,066		7,355,469		7,348,971		7,531,177		7,455,742	

Total Authorized and Base Level position counts do not equal position detail due to cost allocation of positions between appropriations. Cost allocation between appropriations is allowable due to the flexibility inherent in the authorization of all positions through one salary section in appropriation acts.

Budget exceeds Authorized Appropriation in Boiler Inspection (Appropriation 149) and Board of Electrical Examiners (Appropriation 2CT) by authority of Budget Classification Transfer.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Total	Total			Total				
103	88	13	101	2	14.56 %	106	94	9	103	3	11.32 %	106	98	3	101	5	7.55 %

## **Analysis of Budget Request**

**Appropriation:** 148 - State Operations

**Funding Sources:** HSA - Department of Labor Fund Account

The Department of Labor was created by A.C.A. §11-2-106 under the supervision and direction of the Director of the Department of Labor. The Director is appointed by the Governor and is subject to confirmation by the Senate. The Director is authorized in A.C.A. §11-2-108 to enforce all labor laws, not otherwise specified in law; administer and enforce all laws, rules and regulations under the purview of the Department; ensure all inspections are conducted as required by rules and regulations of the Department; conduct investigations; and collect and compile statistical information regarding labor in the State.

This appropriation is utilized to support the State Operations of the Agency and to provide the matching requirements for the Federal Occupational Safety Health Administration (OSHA), Mine Safety Health and Administration (MSHA), Revised Occupational Safety and Health Statistics (ROSH), and Census of Fatal Occupational Injuries (CFOI) grants. Funding is derived from general revenue and special revenue from fees collected by the Elevator Inspection Program; as well as non-revenue receipts from blasting certification fees and amusement ride inspections.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level request totaling \$69,597 in FY10 and \$75,435 in FY11 reflects the following:

Regular Salaries and Personal Services Matching increases of \$41,597 in FY10 and \$42,435 in FY11 for the restoration of one (1) Education & Instruction Specialist.

Operating Expenses increases of \$15,000 in FY10 and FY11 includes telecommunications wireless expense of \$10,000 and an increase of \$5,000 in rent for office and reproduction equipment.

Conference & Travel Expenses increases of \$13,000 in FY10 and \$8,000 in FY11 includes certification through the National Association of Amusement Ride Safety Officials (NAARSO) for the new Safety and Health Specialist position. This training is necessary for an employee to conduct amusement ride inspections.

Capital Outlay increase of \$10,000 in FY11 is requested to replace two existing network servers, in accordance with the Agency's three-year Information Technology (IT) replacement plan.

The Executive Recommendation is for Base Level.

## Appropriation Summary

**Appropriation:** 148 - State Operations  
**Funding Sources:** HSA - Department of Labor Fund Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,131,388	2,279,876	2,378,516	2,431,545	2,462,258	2,431,545	2,482,822	2,514,241	2,482,822
<b>#Positions</b>		<b>57</b>	<b>57</b>	<b>58</b>	<b>57</b>	<b>58</b>	<b>57</b>	<b>57</b>	<b>58</b>	<b>57</b>
Personal Services Matching	5010003	627,882	625,789	742,447	746,106	756,990	746,106	755,932	766,948	755,932
Operating Expenses	5020002	668,776	697,599	697,599	697,599	712,599	697,599	697,599	712,599	697,599
Conference & Travel Expenses	5050009	22,015	22,750	22,750	22,750	35,750	22,750	22,750	30,750	22,750
Professional Fees	5060010	2,064	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	19,513	10,500	10,500	0	0	0	0	10,000	0
<b>Total</b>		<b>3,471,638</b>	<b>3,639,514</b>	<b>3,854,812</b>	<b>3,901,000</b>	<b>3,970,597</b>	<b>3,901,000</b>	<b>3,962,103</b>	<b>4,037,538</b>	<b>3,962,103</b>
<b>Funding Sources</b>										
Fund Balance	4000005	3,856	38,978		38,978	38,978	38,978	77,688	77,688	77,688
General Revenue	4000010	2,696,760	2,829,514		3,119,710	3,189,307	3,119,710	3,181,520	3,256,955	3,181,520
Federal Revenue	4000020	50,000	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Special Revenue	4000030	760,000	760,000		770,000	770,000	770,000	775,000	775,000	775,000
<b>Total Funding</b>		<b>3,510,616</b>	<b>3,678,492</b>		<b>3,978,688</b>	<b>4,048,285</b>	<b>3,978,688</b>	<b>4,084,208</b>	<b>4,159,643</b>	<b>4,084,208</b>
Excess Appropriation/(Funding)		(38,978)	(38,978)		(77,688)	(77,688)	(77,688)	(122,105)	(122,105)	(122,105)
<b>Grand Total</b>		<b>3,471,638</b>	<b>3,639,514</b>		<b>3,901,000</b>	<b>3,970,597</b>	<b>3,901,000</b>	<b>3,962,103</b>	<b>4,037,538</b>	<b>3,962,103</b>

FY08 Actual exceeds Authorized in Capital Outlay due to a higher Authorized appropriation in FY08 (Act 1230 of 2007).



## Change Level by Appropriation

**Appropriation:** 148 - State Operations  
**Funding Sources:** HSA - Department of Labor Fund Account

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,901,000</b>	<b>57</b>	<b>3,901,000</b>	<b>100.0</b>	<b>3,962,103</b>	<b>57</b>	<b>3,962,103</b>	<b>100.0</b>
C01	Existing Program	69,597	1	3,970,597	101.8	65,435	1	4,027,538	101.7
C08	Technology	0	0	3,970,597	101.8	10,000	0	4,037,538	101.9

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,901,000</b>	<b>57</b>	<b>3,901,000</b>	<b>100.0</b>	<b>3,962,103</b>	<b>57</b>	<b>3,962,103</b>	<b>100.0</b>
C01	Existing Program	0	0	3,901,000	100.0	0	0	3,962,103	100.0
C08	Technology	0	0	3,901,000	100.0	0	0	3,962,103	100.0

### Justification

C01	It has become increasingly important, and necessary, to have the ability for supervisors to communicate during work hours with field inspectors, and the most effective way to do this is to provide cell phones for those inspectors. The Agency is requesting \$10,000 appropriation and funds each year of the biennium in Operating Expenses to provide this equipment and service for ten inspectors who are responsible for conducting amusement ride inspections and responding to accidents and complaints related to public sector employers, and to also cover anticipated increases in travel expenses for those same inspectors. The Agency is also requesting \$13,000 in FY2010 and \$8,000 in FY2011 in appropriation and funds in Conference and Travel Expenses to provide required professional/technical training for amusement ride inspectors and elevator inspectors who are required to maintain certification to conduct required inspections. In the past, some of the training and testing provided by the National Association of Amusement Ride Safety Officials has been in Texas or Missouri; however, future training will be conducted in Florida. The additional amount requested is to cover anticipated expenses for this training as well as provide professional development training for the Agency's labor standards investigators and training and certification for our information technology staff. The Agency is also requesting an additional \$5,000 in funds and appropriation each year of the biennium in Operating Expenses for anticipated increases in the lease of office equipment and insurance costs. Lastly, the Agency is requesting restoration of one (1) Education & Instruction Specialist due to the increasing demand for occupational safety and health training from both public and private sector employers.
C08	In conformity with the Agency's Information Technology Plan, the Agency is requesting appropriation and funding in the amount of \$10,000 in Capital Outlay in FY2011 only to replace two (2) existing network servers. This is referenced in the Agency's IT Plan under the section Future Hardware Purchases.

## **Analysis of Budget Request**

**Appropriation:** 149 - Boiler Inspection

**Funding Sources:** MLS - Department 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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level request totaling \$94,698 in FY10 and \$96,640 in FY11 reflects the following:

Regular Salaries and Personal Services Matching increases of \$94,698 in FY10 and \$96,640 in FY11 for the restoration of two (2) Labor Inspectors so new hires will have an opportunity to have sufficient training with commissioned inspectors.

Reallocation of \$20,000 from Professional Fees and \$8,600 from Data Processing to Operating Expenses each year to provide on-the-job training and travel expenses for two additional boiler inspectors. The Agency anticipates the loss of two commissioned inspectors within the next three years.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 149 - Boiler Inspection

**Funding Sources:** MLS - Department of Labor Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	468,479	556,875	543,470	585,868	656,976	656,976	597,116	669,858	669,858
<b>#Positions</b>		<b>14</b>	<b>15</b>	<b>17</b>	<b>15</b>	<b>17</b>	<b>17</b>	<b>15</b>	<b>17</b>	<b>17</b>
Personal Services Matching	5010003	141,606	154,367	176,708	185,539	209,129	209,129	187,659	211,557	211,557
Operating Expenses	5020002	145,687	209,204	220,204	209,204	237,804	237,804	209,204	237,804	237,804
Conference & Travel Expenses	5050009	3,790	14,044	14,044	14,044	14,044	14,044	14,044	14,044	14,044
Professional Fees	5060010	0	20,000	9,000	20,000	0	0	20,000	0	0
Data Processing	5090012	0	8,600	8,600	8,600	0	0	8,600	0	0
Capital Outlay	5120011	6,590	14,000	14,000	0	0	0	0	0	0
<b>Total</b>		<b>766,152</b>	<b>977,090</b>	<b>986,026</b>	<b>1,023,255</b>	<b>1,117,953</b>	<b>1,117,953</b>	<b>1,036,623</b>	<b>1,133,263</b>	<b>1,133,263</b>
<b>Funding Sources</b>										
Fund Balance	4000005	797,340	818,370		641,280	641,280	641,280	468,025	373,327	373,327
Special Revenue	4000030	787,182	800,000		850,000	850,000	850,000	900,000	900,000	900,000
<b>Total Funding</b>		<b>1,584,522</b>	<b>1,618,370</b>		<b>1,491,280</b>	<b>1,491,280</b>	<b>1,491,280</b>	<b>1,368,025</b>	<b>1,273,327</b>	<b>1,273,327</b>
Excess Appropriation/(Funding)		(818,370)	(641,280)		(468,025)	(373,327)	(373,327)	(331,402)	(140,064)	(140,064)
<b>Grand Total</b>		<b>766,152</b>	<b>977,090</b>		<b>1,023,255</b>	<b>1,117,953</b>	<b>1,117,953</b>	<b>1,036,623</b>	<b>1,133,263</b>	<b>1,133,263</b>

The FY09 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

Budget exceeds Authorized amount in Professional Fees by authority of a Budget Classification Transfer.

## Change Level by Appropriation

**Appropriation:** 149 - Boiler Inspection  
**Funding Sources:** MLS - Department of Labor Special Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,023,255</b>	<b>15</b>	<b>1,023,255</b>	<b>100.0</b>	<b>1,036,623</b>	<b>15</b>	<b>1,036,623</b>	<b>100.0</b>
C01	Existing Program	94,698	2	1,117,953	109.3	96,640	2	1,133,263	109.3
C04	Reallocation	0	0	1,117,953	109.3	0	0	1,133,263	109.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,023,255</b>	<b>15</b>	<b>1,023,255</b>	<b>100.0</b>	<b>1,036,623</b>	<b>15</b>	<b>1,036,623</b>	<b>100.0</b>
C01	Existing Program	94,698	2	1,117,953	109.3	96,640	2	1,133,263	109.3
C04	Reallocation	0	0	1,117,953	109.3	0	0	1,133,263	109.3

### Justification

C01	With the probability of losing at least two commissioned inspectors within the next three years, and the difficulty of finding experienced, qualified boiler inspectors, it is imperative to hire and train their replacements in order to effectively continue this inspection program. Therefore, the Agency is requesting retention of two (2) Labor Inspector positions so new hires will have the opportunity to have sufficient training with commissioned inspectors.
C04	In conjunction with the Agency's succession training plan, the Agency is requesting reallocation of \$28,600 appropriation each year of the biennium from Professional Fees and Data Processing to Operating Expenses to provide on-the-job training and travel expenses for two additional boiler inspectors. Experienced, qualified boiler inspectors are very difficult to find and with the probability of losing at least two commissioned inspectors within the next three years, it is imperative to hire and train their replacements in order to effectively continue this inspection program.

## **Analysis of Budget Request**

**Appropriation:** 151 - Federal Programs

**Funding Sources:** FNA - Department of Labor-Federal Programs

Arkansas Code Annotated §11-2-121 authorizes the Director of the Department of Labor to enter into agreements with the United States Government for assistance and cooperation in enforcing and implementing state and federal laws. This appropriation is 100% federally funded and is utilized for the receipt of grant funds for conducting OSHA Consultation, Mine Safety and Health Consultation and Training, and the Occupational Injuries and Fatalities Surveys.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level request totaling \$2,500 in FY10 reflects the following:

Capital Outlay increases of \$2,500 in FY10 for a 5-pack dosimeters with calibrator to be purchased in FY10.

Reallocation of \$5,000 from Professional Fees to Capital Outlay in both years to allow the Agency to purchase air sampling pumps and a charger to conduct tests on samples to evaluate dust, fumes and chemical levels.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 151 - Federal Programs

**Funding Sources:** FNA - Department 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	631,178	747,025	815,384	806,974	806,974	806,974	821,756	821,756	821,756
<b>#Positions</b>		<b>18</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Personal Services Matching	5010003	195,145	208,885	258,287	251,834	251,834	251,834	254,622	254,622	254,622
Operating Expenses	5020002	259,209	314,883	314,883	314,883	314,883	314,883	314,883	314,883	314,883
Conference & Travel Expenses	5050009	21,294	43,950	43,950	43,950	43,950	43,950	43,950	43,950	43,950
Professional Fees	5060010	0	5,000	5,000	5,000	0	0	5,000	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	7,500	7,500	0	5,000	5,000
<b>Total</b>		<b>1,106,826</b>	<b>1,319,743</b>	<b>1,437,504</b>	<b>1,422,641</b>	<b>1,425,141</b>	<b>1,425,141</b>	<b>1,440,211</b>	<b>1,440,211</b>	<b>1,440,211</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	1,106,826	1,319,743		1,422,641	1,425,141	1,425,141	1,440,211	1,440,211	1,440,211
<b>Total Funding</b>		<b>1,106,826</b>	<b>1,319,743</b>		<b>1,422,641</b>	<b>1,425,141</b>	<b>1,425,141</b>	<b>1,440,211</b>	<b>1,440,211</b>	<b>1,440,211</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,106,826</b>	<b>1,319,743</b>		<b>1,422,641</b>	<b>1,425,141</b>	<b>1,425,141</b>	<b>1,440,211</b>	<b>1,440,211</b>	<b>1,440,211</b>

## Change Level by Appropriation

**Appropriation:** 151 - Federal Programs  
**Funding Sources:** FNA - Department of Labor-Federal Programs

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,422,641</b>	<b>20</b>	<b>1,422,641</b>	<b>100.0</b>	<b>1,440,211</b>	<b>20</b>	<b>1,440,211</b>	<b>100.0</b>
C01	Existing Program	2,500	0	1,425,141	100.2	0	0	1,440,211	100.0
C04	Reallocation	0	0	1,425,141	100.2	0	0	1,440,211	100.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,422,641</b>	<b>20</b>	<b>1,422,641</b>	<b>100.0</b>	<b>1,440,211</b>	<b>20</b>	<b>1,440,211</b>	<b>100.0</b>
C01	Existing Program	2,500	0	1,425,141	100.2	0	0	1,440,211	100.0
C04	Reallocation	0	0	1,425,141	100.2	0	0	1,440,211	100.0

### Justification

C01	The Occupational Safety & Health Consultation program provides air and noise level monitoring in private industries in order to safeguard workers from potential exposure to air contaminants and hearing loss. The Agency is requesting appropriation of \$2,500 in Capital Outlay in FY2010 to purchase dosimeters (5-pack) with calibrator which allows the consultants to evaluate noise environments and provide time weighted average information in decibels. These instruments can also measure noise levels through a sound level meter mode.
C04	The Agency is requesting reallocation of \$5,000 each year from Professional Fees to Capital Outlay to purchase air sampling pumps and charger to conduct personal and area samples so the consultants can evaluate exposure levels to dusts, fumes and chemicals present in the workplace. This equipment will replace existing equipment that is wearing out due to excessive use.

## **Analysis of Budget Request**

**Appropriation:** 2CT - Board of Electrical Examiners

**Funding Sources:** MLS - Department of Labor Special Fund

Arkansas Code Annotated §17-28-201 created the Board of Electrical Examiners consisting of the Director of the Department of Labor and eight (8) other members appointed by the Governor with the advice and consent of the Senate. The Board is authorized to adopt rules and regulations; conduct examinations for licensure; register electrical apprentices and issue certificates; and revoke or suspend licenses or certificates. This appropriation is funded by special revenues from fees collected for license issuance and renewal of electrical contractors and the examination, licensure and renewal of master, journeyman, and industrial maintenance electricians as well as residential master and journeyman electricians and air conditioning electricians.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Request provides for a reallocation of \$20,000 from Professional Fees to Operating Expenses in each year of the biennium to cover increases due to implementation of new program enhancements for licensing and maintaining continuing education data on licensed electricians.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 2CT - Board of Electrical Examiners

**Funding Sources:** MLS - Department 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	281,876	347,775	319,550	365,024	365,024	365,024	372,421	372,421	372,421
<b>#Positions</b>		<b>9</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	98,867	106,834	107,596	119,183	119,183	119,183	120,576	120,576	120,576
Operating Expenses	5020002	123,895	147,738	158,738	147,738	167,738	167,738	147,738	167,738	167,738
Conference & Travel Expenses	5050009	3,030	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430
Professional Fees	5060010	0	20,000	9,000	20,000	0	0	20,000	0	0
Data Processing	5090012	650	0	0	0	0	0	0	0	0
Capital Outlay	5120011	6,318	0	0	0	0	0	0	0	0
<b>Total</b>		<b>514,636</b>	<b>628,777</b>	<b>601,314</b>	<b>658,375</b>	<b>658,375</b>	<b>658,375</b>	<b>667,165</b>	<b>667,165</b>	<b>667,165</b>
<b>Funding Sources</b>										
Fund Balance	4000005	2,576,328	2,516,117		2,487,340	2,487,340	2,487,340	2,428,965	2,428,965	2,428,965
Special Revenue	4000030	454,425	600,000		600,000	600,000	600,000	600,000	600,000	600,000
<b>Total Funding</b>		<b>3,030,753</b>	<b>3,116,117</b>		<b>3,087,340</b>	<b>3,087,340</b>	<b>3,087,340</b>	<b>3,028,965</b>	<b>3,028,965</b>	<b>3,028,965</b>
Excess Appropriation/(Funding)		(2,516,117)	(2,487,340)		(2,428,965)	(2,428,965)	(2,428,965)	(2,361,800)	(2,361,800)	(2,361,800)
<b>Grand Total</b>		<b>514,636</b>	<b>628,777</b>		<b>658,375</b>	<b>658,375</b>	<b>658,375</b>	<b>667,165</b>	<b>667,165</b>	<b>667,165</b>

The FY09 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

Budget exceeds Authorized amount in Professional Fees by authority of a Budget Classification Transfer.

Act 1230 of 2007 provided one-time appropriations in FY08 for Data Processing and Capital Outlay to implement an agency-wide computer system.

## Change Level by Appropriation

**Appropriation:** 2CT - Board of Electrical Examiners  
**Funding Sources:** MLS - Department of Labor Special Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>658,375</b>	<b>10</b>	<b>658,375</b>	<b>100.0</b>	<b>667,165</b>	<b>10</b>	<b>667,165</b>	<b>100.0</b>
C04	Reallocation	0	0	658,375	100.0	0	0	667,165	100.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>658,375</b>	<b>10</b>	<b>658,375</b>	<b>100.0</b>	<b>667,165</b>	<b>10</b>	<b>667,165</b>	<b>100.0</b>
C04	Reallocation	0	0	658,375	100.0	0	0	667,165	100.0

### Justification

C04	The Agency is requesting reallocation of \$20,000 each year of the biennium from Professional Fees to Operating Expenses to cover increases in Operating Expenses due to the implementation of new program enhancements for licensing and maintaining continuing education data on licensed electricians.
-----	---

## **Analysis of Budget Request**

**Appropriation:** 940 - Wage and Hour - Cash

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

The Department of Labor utilizes this appropriation as a "pass through" account to disburse cash funds collected from employers when it is determined an employer owes compensation to an employee resulting from wage and hour investigations and legal actions pursued by the Agency. Payments made to the Department of Labor by employers for this purpose are then disbursed to the employee.

The Agency Request is for Base Level.

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

## Appropriation Summary

**Appropriation:** 940 - Wage and Hour - Cash

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Wages Due 5900046	37,861	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total	37,861	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Funding Sources									
Fund Balance 4000005	31,158	35,280		35,280	35,280	35,280	35,280	35,280	35,280
Cash Fund 4000045	41,983	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	73,141	235,280		235,280	235,280	235,280	235,280	235,280	235,280
Excess Appropriation/(Funding)	(35,280)	(35,280)		(35,280)	(35,280)	(35,280)	(35,280)	(35,280)	(35,280)
Grand Total	37,861	200,000		200,000	200,000	200,000	200,000	200,000	200,000

## **Analysis of Budget Request**

**Appropriation:** 942 - Seminar & Conference Expenses - Cash

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

The Department utilizes this appropriation to cover seminar and conference related costs. Cash funds collected from participants attending safety seminars and conferences hosted by the Department fund this appropriation.

The Agency's Change Level request totaling \$10,131 in each year reflects the following:

Conference & Travel Expenses increase of \$10,131 in each year to provide for statewide safety and health conferences conducted by the Agency's Safety Division.

Reallocation of \$39,869 in each year from Operating Expenses to Conference & Travel Expenses to properly classify travel expenses.

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

## Appropriation Summary

**Appropriation:** 942 - Seminar & Conference Expenses - Cash

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	33,794	39,869	39,869	39,869	0	0	39,869	0	0
Conference & Travel Expenses	5050009	0	3,000	3,000	3,000	53,000	53,000	3,000	53,000	53,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>33,794</b>	<b>42,869</b>	<b>42,869</b>	<b>42,869</b>	<b>53,000</b>	<b>53,000</b>	<b>42,869</b>	<b>53,000</b>	<b>53,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	29,599	30,972		30,972	30,972	30,972	41,103	30,972	30,972
Cash Fund	4000045	35,167	42,869		53,000	53,000	53,000	53,000	53,000	53,000
<b>Total Funding</b>		<b>64,766</b>	<b>73,841</b>		<b>83,972</b>	<b>83,972</b>	<b>83,972</b>	<b>94,103</b>	<b>83,972</b>	<b>83,972</b>
Excess Appropriation/(Funding)		(30,972)	(30,972)		(41,103)	(30,972)	(30,972)	(51,234)	(30,972)	(30,972)
<b>Grand Total</b>		<b>33,794</b>	<b>42,869</b>		<b>42,869</b>	<b>53,000</b>	<b>53,000</b>	<b>42,869</b>	<b>53,000</b>	<b>53,000</b>

## Change Level by Appropriation

**Appropriation:** 942 - Seminar & Conference Expenses - Cash

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>42,869</b>	<b>0</b>	<b>42,869</b>	<b>100.0</b>	<b>42,869</b>	<b>0</b>	<b>42,869</b>	<b>100.0</b>
C01	Existing Program	10,131	0	53,000	123.6	10,131	0	53,000	123.6
C04	Reallocation	0	0	53,000	123.6	0	0	53,000	123.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>42,869</b>	<b>0</b>	<b>42,869</b>	<b>100.0</b>	<b>42,869</b>	<b>0</b>	<b>42,869</b>	<b>100.0</b>
C01	Existing Program	10,131	0	53,000	123.6	10,131	0	53,000	123.6
C04	Reallocation	0	0	53,000	123.6	0	0	53,000	123.6

### Justification

C01	Due to the consistent increase in the number of employers and employees participating in the statewide safety and health conferences conducted by the Agency's safety division, expenses for these conferences continue to increase. Therefore, the Agency is requesting appropriation only in the amount of \$10,131 for each year of the biennium to bring the appropriation in Conference & Travel Expenses for this cash account to \$53,000. Expenses for these conferences are paid through registration fees collected and deposited by the Agency for this purpose.
C04	Reallocation from Operating Expenses to Conference & Travel Expenses to properly classify Agency travel expenditures.

# AR PUBLIC EMPLOYEE RETIREMENT SYSTEM

## Enabling Laws

Act 789 of 2007

Public Employees Retirement System:

A.C.A. §24-1-101 through §24-2-704; §24-4-101 through §24-4-1003; §24-7-501; §24-7-1001 through §24-7-1101; §24-8-212 through §24-8-214; §24-8-222; §24-8-312; §24-8-901 through §24-8-903; §24-10-302 (e); §24-12-126

State Police Retirement System:

A.C.A. §24-2-401 through §24-2-619; §24-6-101 through §24-6-415

Judicial Retirement System:

A.C.A. §24-2-401 through §24-2-619; §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 §24-8-821 (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 both Systems. 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 Teacher Retirement System.

Act 339 of 2003 allowed the Board of Trustees to consider implementation of a new contributory plan for covered employees hired after July 1, 2005.

Act 2084 of 2005 established a new contributory plan for all members first hired on or after July 1, 2005, or returning members with a break in service of over six months. Members are required to contribute 5% of pretax earnings.

#### ARKANSAS STATE POLICE RETIREMENT SYSTEM:

Act 311 of 1951, as amended, established the "contributory" provisions of the Arkansas State Police Retirement System and provides for the retirement of uniformed troopers of the Arkansas State Police. A seven member Board of Trustees elected by active and retired troopers controls ASPRS.

Act 647 of 1969 transferred the administration of the Arkansas State Police Retirement System (ASPRS) on July 1, 1969, to the Executive Director and staff of APERS.

Act 793 of 1977, as amended, established the "non-contributory" provisions for the State Police Retirement System. Additionally, this Act provided for a "list of permissible investments" for both Systems. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 1071 of 1997 established a Tier II Plan for State Police Retirement.

#### ARKANSAS JUDICIAL RETIREMENT SYSTEM:

Act 365 of 1953 created the Arkansas Judicial Retirement System, which provides for the retirement of all Chancery, Circuit, Court of Appeals Judges and Supreme Court Justices. A five member Board of Trustees appointed by the Arkansas Judicial Council controls AJRS.

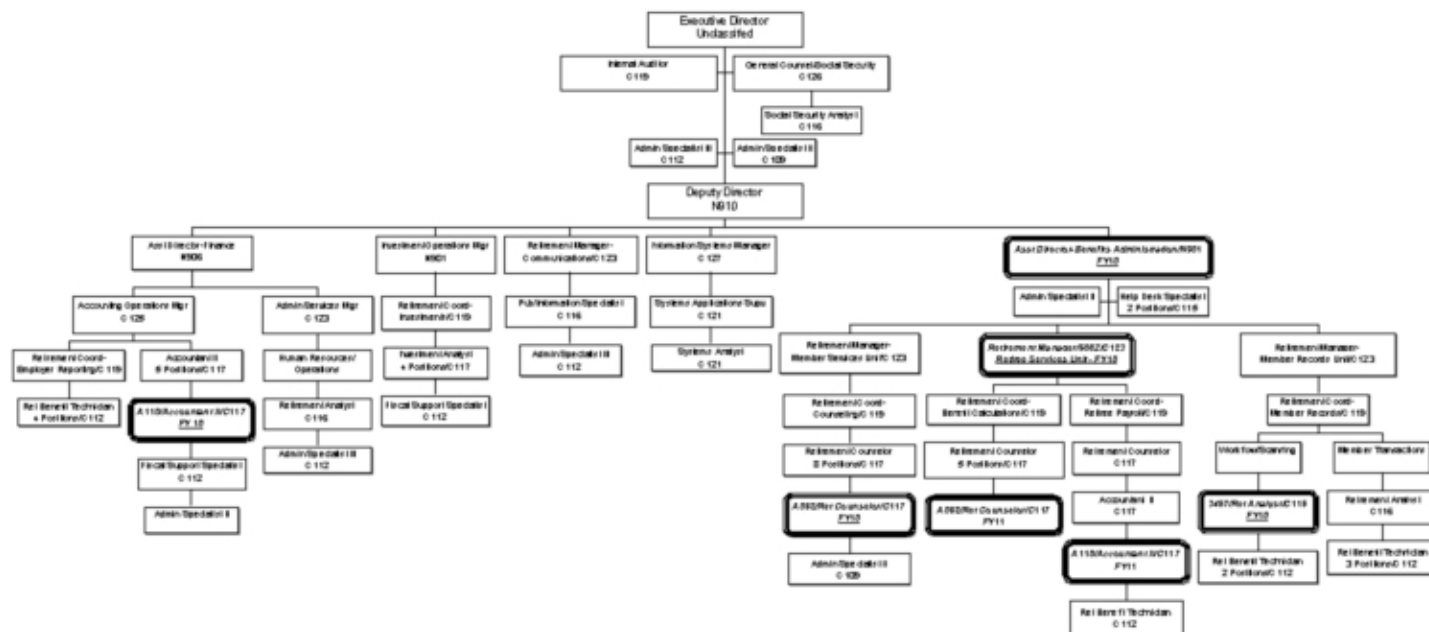
Act 922 of 1983 transferred the administration of the Arkansas Judicial Retirement System (AJRS) on July 1, 1983, to the Executive Director and staff of APERS.

Act 399 of 1999 established a Tier II Plan for Judicial Retirement.

#### ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM:

Act 1374 of 2003 created the Arkansas District Judge Retirement System, which provides for the retirement of all district judges. The same act closed the Municipal Judges and Clerks Retirement System. A five member Board of Trustees controls ADJRS. The trustees are appointed as follows: Two members are appointed by the Arkansas District Judges Council; Three members are appointed by the Governor, one of whom must not have previous service in the judicial system.

Act 177 of 2007 abolished the Arkansas District Judge Retirement System and transferred all powers, duties and plan liabilities to the Arkansas Public Employees Retirement System via a type 3 transfer as prescribed in A.C.A. §25-2-106.



## Agency Commentary

### **APERS Budget Requests (2009 - 2011 Biennium)**

C01 Request - Regular Salaries and Personal Services Matching (2QR/CI 501:00:00 & CI 501:00:03): APERS requests the addition of five (5) new positions for FY10 (Regular Salaries \$203,428; Personal Services Matching \$65,333) and two (2) additional new positions in FY11 (Regular Salaries \$272,602; Personal Services Matching \$89,007).

The FY10 request includes: (1) Assistant Director Benefits Administration (7122/Gr. N901); (1) Retirement Section Manager (608Z/Gr. C123); (1) Accountant II (A110/Gr. C117); (1) Retirement Counselor (A062/Gr. C117); and (1) Retirement Analyst (3467/Gr. C116). For FY11, we request two additional positions: (1) Accountant II (A110/Gr. C117); and (1) Retirement Counselor (A062/Gr. C117). APERS also requests two (2) new extra help positions to be added in FY10.

The administration of the APERS benefits program is a vastly more complex operation than it was just five years ago.

- In just short of three years as a contributory plan, APERS already has 15,689 contributory members out of a total of 44,541 active participants as of 05/31/08.
- The array of retirement options available to the membership (DROP, PAW, possible purchases of out-of-state or Federal service, and reciprocal provisions among Arkansas plans) mean that Member Services staff must devote additional time working up the retirement possibilities for each member that inquires.
- Financial reporting requirements, as established by GASB, are increasingly detailed and complex.

Gabriel Roeder Smith & Company (GRS), our actuarial firm, prepared a 50 year projection for the period July 1, 2006 through June 30, 2056. In their report, the number of retirees will increase from the current 22,000 to approximately 31,000 in 2012, to 36,000 in 2016 and to 40,000 in 2020. The demand for access to pre-retirement counseling will be at its peak during this period. Offering benefit information to the membership in the form of regional seminars, one-on-one counseling sessions, and responding to member inquiries will be front and center on the agenda for APERS in order to provide required services to our members in making their retirement decisions.

As the retirement ranks swell in the coming years, it is incumbent upon us to be adequately staffed and prepared to provide timely, high-quality services that our membership has come to expect. When an individual requests a benefit estimate - a number upon which he or she will be counting on to determine the economic underpinnings of the second half of life - we must have already done everything possible to ensure that not only is the member's wage and service history correct, but that we have provided adequate information to each individual to make the right choices for retirement.

To that end, we plan to consolidate all direct services to our membership under one umbrella: the Benefits Administration Section. This section will be comprised of the Member Services Unit, the Retiree Services Unit, the Member Records Unit and the Member Help Desk function. The Member Services Unit would focus completely on counseling and assisting members via office visits, correspondence and seminars. The Retiree Payroll Unit, which is currently housed in the Administrative Services Section would be combined with the Retiree Benefits Unit from to form the new Retiree Services Unit. The Member Records Unit, which currently reports directly to the APERS Deputy Director, will also be part of the new section.

In addition to addressing the System's and members' needs, this organizational realignment would also present a positive scenario for succession planning for current staff members. Replacement of individuals with a high level of institutional knowledge is more difficult because any new person would not be able to complete tasks as efficiently as the seasoned employee. Consolidating the functional areas that provide direct services to our members, with individual managers focusing on a dedicated functional area increases the odds of successful transitions of experienced to inexperienced personnel.

## **FISCAL YEAR 2010 PERSONNEL REQUESTS**

### Assistant Director-Benefits Administration (7122/N901)

Leadership and focus will be crucial in the new Benefits Administration Section as described above. In the current organizational structure, the Member Services Section stands alone and is comprised of the counseling and benefit calculation functional areas with a Member Services Manager reporting directly to the APERS Deputy Director. In addition, the Information Systems and Communication Sections also

report to the APERS Deputy Director.

With the increasing volume of retirees working through the system in the next ten years as indicated by the GRS projection, direct services to our members will require a dedicated executive-level focus to ensure that all member needs are provided in an accurate and timely manner.

#### Retirement Section Manager (608Z/C123)

In preparation for the continually increasing demand benefit calculations for new retirees, we are requesting a Grade C123 Retirement Section Manager to administer the functions of benefit calculations and retiree payroll to ensure that all new retirees will receive accurate and prompt annuity payments. This will create a separate section specifically devoted to retiree services. For FY07 and through April for FY08, the Benefits Unit calculated 4,331 annuities, responded to 10,576 telephone requests, and assisted 125 members in the office. The Retiree Payroll Unit added 3,695 regular and 721 Deferred Retirement Option Plan retirees from 7/1/06 through 5/31/08. During this same time period, only 1,565 deceased retirees were removed from the payroll.

#### Retirement Counselor (A062/C117)

A new Retirement Counselor position is needed in each of the fiscal years of the biennium to provide adequate services to our membership. For FY07 and YTD for FY08, the Counseling Unit responded to 8,588 requests via written correspondence, took 21,737 phone calls at an average of 15 minutes for each call, and saw 2,666 members in the office for counseling. In addition, counselors held seminars around the state approximately every ten days. The additional counselors will be needed due to the numbers of members requiring retirement counseling assistance.

#### Accountant II (A110/C117)

The Accountant II position is needed in the Administrative Services Section to address reconciliation issues with AASIS employers. The retrocalc feature on AASIS is necessary to ensure that employee W-2 forms are accurate; however, when it is utilized the retirement matching and contributions are paid to APERS in a lump sum with the appropriate months not easily identified. It is imperative that APERS staff do a timely and accurate job of recording and accounting for member contributions and interest.

The number of payouts processed is directly linked to the growing number of contributory members. Each time a contributory member terminates and requests a refund of contributions, a process that starts in the Member Records Unit and ends in the Accounting Unit with the issuance of a warrant is required. There were a total of 1,660 contributory refunds processed between April 2007 and April 2008. The number of DROP and PAW payouts remained constant at 400 for the same time period. In almost every instance, members are requesting a combination of lump sum payout and trustee-to-trustee transfer, thereby multiplying the accounting activity two-fold. Given the increase in activity that we are currently experiencing in these areas now, and additional increases going forward, adequate staffing is vital.

#### Retirement Analyst (3467/C116)

The Member Records Unit is responsible for routing and/or scanning an average of 6,000 member-related documents & letters per week. This figure has doubled since 2006. Member Records staff establish new employers as well as new employees in our member record system (MARSS), make requisite history adjustments to member records to correct inaccurately reported data, complete review of

retiring members history file prior to final benefit calculations, and importantly, initiate the process for issuing termination refunds within the agency. The volume of data that staff in this area is confronted with on a daily basis continues to escalate. An additional position is required to ensure that members' history and documentation in the image files is accurate.

## **FISCAL YEAR 2011 PERSONNEL REQUESTS**

### Retirement Counselor (A062/C117)

A new Retirement Counselor position is needed in each of the fiscal years of the biennium to provide adequate services to our membership. For FY07 and YTD for FY08, the Counseling Unit responded to 8,588 requests via written correspondence, took 21,737 phone calls at an average of 15 minutes for each call, and saw 2,666 members in the office for counseling. In addition, counselors held seminars around the state approximately every ten days. The additional counselors will be needed due to the numbers of members requiring retirement counseling assistance.

### Accountant II (A110/C117)

The Accountant II position is needed for the Benefit Accounting Unit to serve the needs of the increasing number of retirees added to the payroll each month and to provide accounting for retiree receivables and other accounting transactions.

C01 Request - Extra Help and Personal Services Matching (2QR/CI 501:00:01 & CI 501:00:03): APERS requests two additional extra help positions and an increase of \$26,913 in the Extra Help and Personal Services Matching appropriation (for a total of \$75,000 in Extra Help and \$5,738 in Personal Services Matching per fiscal year). The flexibility to hire additional workers quickly to accommodate the increased workload during peak volume periods or due to unexpected family medical leave or other extended absences of regular staff is imperative to provide uninterrupted services to our members.

C01 & C08 Request - Operating Expenses (2QR/CI 502:00:02): APERS requests additional appropriation of \$171,500 for FY10 and \$215,000 for FY11 for maintenance and operations expenditures as per the following detail:

Description	FY10	FY11
C01 Request - Rent (3% escalator and additional space on 2 <sup>nd</sup> floor	105,000	175,000
C08 Request - PC workstations for new staff	4,500	3,000
C08 Request - Replacement of printers	5,000	5,000
C08 Request - Replacement of PC workstations-3 yr replacement plan)	30,000	30,000
C08 Request - Upgrade of agency operating software	25,000	0
C08 Request - Projector for retirement seminars	2,000	2,000
Total	\$171,500	\$215,000

NOTE: The actual increases in rent will depend upon the addition of the new positions and the actual amount of additional space required.

C04 Request - Operating Expenses (2QR/CI 502:00:02): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget also

reflects a C04 reallocation of \$30,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Operating Expenses.

C04 Request - Conference & Travel Expenses (2QR/CI 505:00:09) - Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation of \$10,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Conference & Travel Expenses.

C04 Request - Professional Fees (2QR/CI 506:00:10): APERS requests a decrease of \$497,174 in FY10 and \$609,522 in FY11 to offset the requested additional positions and expenditures for FY10 and FY11.

C04 Request - Professional Fees (2QR/CI 506:00:10): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation of \$2,042,500 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Professional Fees.

C08 Request - Capital Outlay (2QR/CI 512:00:11): APERS requests \$30,000 in FY10 to purchase laptop workstations for the new managers, a server and tape backup units for support of MS Sharepoint server and to provide additional storage capacity. These purchases are part of our project to have our own domain server and remain with DIS for mainframe services. \$6,000 is requested in FY11 to purchase new scanners to replace one current production scanner and add an additional scanner due to increases in the number of documents scanned by Member Records.

C04 Request - Benefits-Non Employee (2QR/CI 510:00:23): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation (increase) of \$100,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for benefits paid via warrant.

C01 Request - Refunds/Reimbursements (2QR/CI 511:00:14): APERS requests an increase of \$19,900,000 in each fiscal year of the biennium to accommodate increased DROP and PAW payouts and terminating employee contribution refunds.

C04 Request - Refunds/Reimbursements (2QR/CI 511:00:14): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation of \$100,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Refunds/Reimbursements.

C01 Request - Benefits-Non Employee (C22/CI 510:00:23): APERS requests an increase of \$97,000,000 in each fiscal year of the biennium (total cash fund appropriation of \$335,000,000/year).

C04 Request - Benefits Non-Employee (C22/CI 510:00:23): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation of \$3,000,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for benefits paid via direct deposit.

Existing Special Language:

APERS requests that existing special language exempting APERS from prior review by the Arkansas Legislative Council with regard to transfers between the Benefits line item in the Cash Fund Appropriation

and the Benefits Non-Employee line item in the Operations appropriation which are specifically related to transfers necessitated by changes in retirees' selection of the method of payment of retirement benefits be continued.

APERS requests that existing specialist language allowing transfers to APERS from the Arkansas State Police and Arkansas Judicial Retirement Systems to cover administrative costs be continued.

APERS requests that existing special language regarding the carryforward of unexpended appropriation in Operating Expense, Professional Fees and Capital Outlay at the end of FY09-10 into FY10-11 be continued.

APERS requests that existing special language regarding the exemption of prior review by the Arkansas Legislative Council with regard to Operating Expenses appropriation classification transfers within appropriations in the Act, which are specifically related to transfers necessitated by any contractual agreements entered into for electronic transfer of funds services, be continued.

### **ASPRS Budget Requests (2009 - 2011 Biennium)**

C01 Request - Operating Expenses (2QS/CI 502:00:02): ASPRS requests a \$20,000 increase for each fiscal year to accommodate anticipated increases in actuarial expenditures.

C04 Request - Professional Fees (2QS/CI 506:00:10): ASPRS requests a decrease of \$15,000 for each fiscal year to offset the anticipated increases in Operating Expenses for FY10 and FY11.

C01 Request - Benefits-Non Employee (2QS/CI 511:00:14): ASPRS requests an increase of \$2,500,000 for each fiscal year to accommodate payment of refunds and payouts to retirees via warrant.

C01 Request - Benefits-Non Employee (C23/CI 510:00:23): ASPRS requests an increase of \$9,500,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via direct deposit.

### **AJRS Budget Requests (2009 - 2011 Biennium)**

C01 Request - Operating Expenses (2QT/CI 502:00:02): AJRS requests a \$15,000 increase for each fiscal year to accommodate anticipated increases in actuarial expenditures.

C04 Request - Professional Fees (2QT/CI 506:00:10): AJRS requests a decrease of \$15,000 for each fiscal year to offset the anticipated increases in Operating Expenses for FY10 and FY11.

C03 Request - Data Processing (2QT/CI 509:00:12): AJRS requests a decrease of \$17,500 for each fiscal year to remove all data processing budgets. All DP costs will be paid by APERS and reimbursed by AJRS through the annual transfer for administrative expenses.

C01 Request - Benefits-Non Employee (2QT/CI 511:00:14): AJRS requests an increase of \$3,000,000 for each fiscal year to accommodate payment of refunds and payouts to retirees via warrant.

C01 Request - Benefits-Non Employee (C24/CI 510:00:23): AJRS requests an increase of \$2,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via direct deposit.

## **ADJRS Budget Requests (2009 - 2011 Biennium)**

C04 Request - Operating Expenses (2QU/CI 502:00:02): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation (decrease) of \$30,000 for each fiscal year in Operating Expenses.

C04 Request - Conference & Travel Expenses (2QU/CI 505:00:09) - Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation (decrease) of \$10,000 for each fiscal year in Conference and Travel Expenses.

C04 Request - Professional Fees (2QR/CI 506:00:10): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation (decrease) of \$2,042,500 for each fiscal year in Professional Fees.

C04 Request - Benefits-Non Employee (2QU/CI 510:00:23): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation (decrease) of \$100,000 for each fiscal year in benefits paid via warrant.

C04 Request - Refunds/Reimbursements (2QU/CI 511:00:14): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation (decrease) of \$100,000 for each fiscal year in Refunds/Reimbursements.

C04 Request - Benefits Non-Employee (C25/CI 510:00:23): Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation (decrease) of \$3,000,000 for each fiscal year in benefits paid via direct deposit.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None



## Employment Summary

	Male	Female	Total	%	
White Employees	11	16	27	47 %	
Black Employees	3	24	27	47 %	
Other Racial Minorities	0	3	3	6 %	
			Total Minorities	30	53 %
			Total Employees	57	100 %

## Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
1310100	\$5,364	Checking/Direct Deposit Account	Bank of America-Little Rock

### 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	\$8	Checking/Direct Deposit Account	Bank of America-Little Rock

### 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	\$10	Checking/Direct Deposit Account	Bank of America-Little Rock

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
1310400	\$0	Checking/Direct Deposit Account	Bank of America-Little Rock

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:

Account has been closed-ADJRS transferred to APERS.

**Publications**

**A.C.A. 25-1-204**

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

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AJRS Annual Financial Report	N	N	N	300	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
AJRS Member Handbook	N	N	N	275	Published when significant legislative changes to retirement statutes occur.
APERS Annual Financial Report	N	N	N	1,000	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
APERS Employer Guide	N	N	N	750	Published when significant legislative changes to retirement statutes and/or procedures occur.
APERS Member Handbook	N	N	N	50,000	Published when significant legislative changes to retirement statutes occur.
APERSpective Newsletter (Active/Retired)	N	N	N	65,000	Published and mailed quarterly to all active and retired members.
ASPRS Annual Financial Report	N	N	N	200	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
ASPRS Member Handbook	N	N	N	1,500	Published when significant legislative changes to retirement statutes occur.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	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	53,049,594	63	75,861,870	69	75,861,870	69	76,069,417	69	98,251,917	74	96,312,327	73	76,144,492	69	98,326,992	76	96,454,635	75
2QS St Police Retirement-Operations	11,504,293	0	16,843,560	0	16,843,560	0	16,843,560	0	20,343,560	0	20,343,560	0	16,843,560	0	20,343,560	0	20,343,560	0
2QT Judicial Retirement-Operations	3,337,277	0	6,180,889	0	6,180,889	0	6,180,889	0	9,163,389	0	9,163,389	0	6,180,889	0	9,163,389	0	9,163,389	0
2QU District Judges Benefits-Oprs	0	0	2,282,500	0	2,282,500	0	2,282,500	0	0	0	0	0	2,282,500	0	0	0	0	0
C22 Public Employee Retirement-Cash	222,155,561	0	235,000,000	0	235,000,000	0	235,000,000	0	335,000,000	0	335,000,000	0	235,000,000	0	335,000,000	0	335,000,000	0
C23 St Police Retirement-Cash	11,984,069	0	15,500,000	0	15,500,000	0	15,500,000	0	25,000,000	0	25,000,000	0	15,500,000	0	25,000,000	0	25,000,000	0
C24 Judicial Retirement-Cash	7,116,372	0	13,000,000	0	13,000,000	0	13,000,000	0	15,000,000	0	15,000,000	0	13,000,000	0	15,000,000	0	15,000,000	0
C25 District Judges Benefits-Cash	1,091,000	0	3,000,000	0	3,000,000	0	3,000,000	0	0	0	0	0	3,000,000	0	0	0	0	0
<b>Total</b>	<b>310,238,166</b>	<b>63</b>	<b>367,668,819</b>	<b>69</b>	<b>367,668,819</b>	<b>69</b>	<b>367,876,366</b>	<b>69</b>	<b>502,758,866</b>	<b>74</b>	<b>500,819,276</b>	<b>73</b>	<b>367,951,441</b>	<b>69</b>	<b>502,833,941</b>	<b>76</b>	<b>500,961,584</b>	<b>75</b>

Funding Sources		%		%		%		%		%		%		%		%		
Trust Fund 4000050	310,238,166	100.0	367,668,819	100.0			367,876,366	100.0	502,758,866	100.0	500,819,276	100.0	367,951,441	100.0	502,833,941	100.0	500,961,584	100.0
Total Funds	310,238,166	100.0	367,668,819	100.0			367,876,366	100.0	502,758,866	100.0	500,819,276	100.0	367,951,441	100.0	502,833,941	100.0	500,961,584	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	310,238,166		367,668,819				367,876,366		502,758,866		500,819,276		367,951,441		502,833,941		500,961,584	

Act 177 of 2007 abolished the Arkansas District Judges Retirement System (ADJRS)(Appropriation 2QU - see page 380) and transferred authority to the Arkansas Public Employees Retirement System (APERS) (Appropriation 2QR - see page 370).

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Total	Total			Total				
60	53	8	61	-1	11.67 %	69	57	8	65	4	17.39 %	69	57	12	69	0	17.39 %

FY07 Budget Number Positions exceeds the Authorized Number due to the transfer of a Supplemental Personal Services Position.

## **Analysis of Budget Request**

**Appropriation:** 2QR - Public Employee Retirement-Operations

**Funding Sources:** TSR - APERS Fund

The Administration Program of the Arkansas Public Employees Retirement System (APERS) administers the Public Employees Retirement System, the State Police Retirement System, the Judicial Retirement System, and the District Judges Retirement System. Each retirement system has a separate Board of Trustees. The Public Employees Retirement System and the State Police Retirement System have both contributory and non-contributory provisions. The Judicial Retirement System is a contributory system.

The main goal of this Program is to provide members and retirees with the highest level of benefits, customer service and accurate, timely information.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for three positions transitioning from unclassified to classified positions. Unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level request totaling \$22,182,500 each year reflects the following:

Refunds/Reimbursements increases of \$19,900,000 in each fiscal year to cover increased DROP and PAW payouts and the refunds of employee contributions to terminating active members.

Reallocation increases totaling \$2,282,500 each year from District Judges Benefits (Appropriation 2QU - see page 380) resulting from the merging of the Arkansas District Judge Retirement System (ADJRS) into APERS pursuant to Act 177 of 2007 are as follows:

- Regular Salaries & Personal Services Matching increases of \$268,761 in FY10 and \$361,609 in FY11 for five (5) new positions in FY10 and seven (7) in FY11 that include: an Assistant Director-Benefits Administration (N901), a Retirement Section Manager (C123), an Accountant II (C117), a Retirement Counselor (C117) and a Retirement Analyst (C116) in FY10; For FY11, another Accountant II and Retirement Counselor are requested. These positions will be used to provide member services to an increasing number of retirees.
- Extra Help & Personal Services Matching of \$26,913 each year for two (2) additional extra help positions due to increased workload resulting from an increasing number of retirees.
- Operating Expenses increases of \$201,500 in FY10 and \$245,000 in FY11 for rent, software licenses and low value equipment. The actual increases are dependent upon the addition of new positions and the amount of space that requires. These purchases of PC workstations for new staff and replacement of one third of existing staff is according to the three-year replacement plan in the Agency's Information Technology Plan.

- Conference & Travel Expenses increase of \$10,000 each year for travel expenditures previously authorized for the District Judges Retirement program.
- Professional Fees increases of \$1,545,326 in FY10 and \$1,432,978 in FY11 for investment consulting fees, data processing fees through DIS, and for consulting fees for the design of a new member system, in the event that the need arises to revamp the Agency's existing 12 year-old member system during the current biennium.
- Capital Outlay increases of \$30,000 in FY10 and \$6,000 in FY11 to purchase new scanners to accommodate the increasing number of member, retiree and employers documents scanned by Member Records. These purchases are part of APERS plan to have its own domain server and remain with DIS for mainframe services.
- Benefits-Non Employee increases of \$100,000 in each fiscal year to cover increased payments resulting from merging the District Judges Retirement program.
- Refunds/Reimbursements increases of \$100,000 in each fiscal year to cover increased payments resulting from merging the District Judges Retirement program.

Reallocation of \$1,700,000 each year from Data Processing to Professional Fees to properly classify these expenditures.

The Executive Recommendation provides for Base Level, with net reallocation increases totaling \$342,910 in FY10 and \$410,143 in FY11, as well as the addition of \$19,900,000 in appropriation each year, to support the following:

Regular Salaries and Personal Services Matching of \$185,997 in FY10 and \$277,230 in FY11 to support the following six positions: One (1) Retirement Section Manager, two (2) Accountant II, two (2) Retirement Counselors, and one (1) Retirement Analyst.

Extra Help of \$26,913 each year to support two (2) additional extra help positions.

Refunds/Reimbursements totaling \$20,000,000 each year (includes \$100,000 reallocation each year).

Capital Outlay increases of \$30,000 in FY10 and \$6,000 in FY11.

Reallocation of \$1,700,000 each year from Data Processing to Professional Fees.

## Appropriation Summary

**Appropriation:** 2QR - Public Employee Retirement-Operations

**Funding Sources:** TSR - APERS Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,276,482	2,700,152	2,700,152	2,857,038	3,060,466	2,995,466	2,919,938	3,192,540	3,126,045
<b>#Positions</b>	<b>63</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>74</b>	<b>73</b>	<b>69</b>	<b>76</b>	<b>75</b>
Extra Help 5010001	38,097	50,000	50,000	50,000	75,000	75,000	50,000	75,000	75,000
<b>#Extra Help</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>6</b>
Personal Services Matching 5010003	713,619	858,074	858,074	908,735	975,981	958,217	920,910	1,011,830	993,946
Operating Expenses 5020002	1,079,824	1,385,973	1,385,973	1,385,973	1,587,473	1,385,973	1,385,973	1,630,973	1,385,973
Conference & Travel Expenses 5050009	22,552	42,500	42,500	42,500	52,500	42,500	42,500	52,500	42,500
Professional Fees 5060010	176,098	4,125,171	4,125,171	4,125,171	7,370,497	5,825,171	4,125,171	7,258,149	5,825,171
Data Processing 5090012	708,289	1,700,000	1,700,000	1,700,000	0	0	1,700,000	0	0
Benefits-Non Employee 5100023	19,914,687	36,000,000	36,000,000	36,000,000	36,100,000	36,000,000	36,000,000	36,100,000	36,000,000
Refunds/Reimbursements 5110014	28,097,611	29,000,000	29,000,000	29,000,000	49,000,000	49,000,000	29,000,000	49,000,000	49,000,000
Capital Outlay 5120011	22,335	0	0	0	30,000	30,000	0	6,000	6,000
<b>Total</b>	<b>53,049,594</b>	<b>75,861,870</b>	<b>75,861,870</b>	<b>76,069,417</b>	<b>98,251,917</b>	<b>96,312,327</b>	<b>76,144,492</b>	<b>98,326,992</b>	<b>96,454,635</b>
<b>Funding Sources</b>									
Trust Fund 4000050	53,049,594	75,861,870		76,069,417	98,251,917	96,312,327	76,144,492	98,326,992	96,454,635
Total Funding	53,049,594	75,861,870		76,069,417	98,251,917	96,312,327	76,144,492	98,326,992	96,454,635
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	53,049,594	75,861,870		76,069,417	98,251,917	96,312,327	76,144,492	98,326,992	96,454,635

Act 177 of 2007 abolished the AR District Judges Retirement System (ADJRS)(Appropriation 2QU - see page 380) and transferred authority to the AR Public Employees Retirement System (APERS - 2QR).

Actual exceeds Authorized amount in Capital Outlay by authority of Budget Classification Transfer (BCT).

Special Language provides carry forward of appropriation for Operating Expenses, Professional Fees and Capital Outlay. For FY09, the carry forward amount was \$4,271,388.



## Change Level by Appropriation

**Appropriation:** 2QR - Public Employee Retirement-Operations

**Funding Sources:** TSR - APERS Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>76,069,417</b>	<b>69</b>	<b>76,069,417</b>	<b>100.0</b>	<b>76,144,492</b>	<b>69</b>	<b>76,144,492</b>	<b>100.0</b>
C01	Existing Program	20,440,674	5	96,510,091	126.9	20,603,522	7	96,748,014	127.1
C04	Reallocation	1,645,326	0	98,155,417	129.0	1,532,978	0	98,280,992	129.1
C08	Technology	96,500	0	98,251,917	129.2	46,000	0	98,326,992	129.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>76,069,417</b>	<b>69</b>	<b>76,069,417</b>	<b>100.0</b>	<b>76,144,661</b>	<b>69</b>	<b>76,144,661</b>	<b>100.0</b>
C01	Existing Program	20,112,910	4	96,182,327	126.4	20,203,974	6	96,348,635	126.5
C04	Reallocation	100,000	0	96,282,327	126.6	100,000	0	96,448,635	126.7
C08	Technology	30,000	0	96,312,327	126.6	6,000	0	96,454,635	126.7

### Justification

C01	<p>Regular Salaries &amp; Personal Services Matching: APERS requests a total of seven new positions for the 2009-2011 biennium. For FY10: An Assistant Director-Benefits Administration (7122/Grade N901); a Retirement Section Manager-Benefits (608A/Grade C123); an Accountant II (A110/Grade C117); a Retirement Counselor (A062/Grade C117); and a Retirement Analyst (3467/Grade C116). The increase required for salaries would be \$203,428 for FY10; \$272,602 for FY11. The increase required for personal services matching would be \$65,333 for FY10; \$89,007 for FY11.</p> <p>Extra Help &amp; Personal Services Matching: APERS requests two new Extra Help positions in FY10 and an increase of \$26,913 for each fiscal year of the biennium. Extra Help positions are needed to ensure that member needs are met when regular staff may be out on unexpected extended leave.</p> <p>Operating Expenses: APERS requests an increase of \$105,000 in FY10 and an increase of \$175,000 in FY11 for rent. The increase is due to normal rent escalators in our lease plus the leasing of additional space for the new positions. The actual increases in rent will depend upon the addition of the new positions and the amount of space required.</p> <p>Benefits-Non Employee: APERS requests an increase of \$19,900,000 in each fiscal year of the biennium to accommodate increased DROP and PAW payouts, and the refunds of employee contributions to terminating active members.</p>
C04	<p>Operating Expenses: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation of \$30,000 for each fiscal year of the biennium from ADJRS to APERS appropriation for Operating Expenses.</p> <p>Conference &amp; Travel Expenses: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation of \$10,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Conference &amp; Travel Expenses.</p> <p>Professional Fees: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation of \$2,042,500 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Professional Fees. An increase of \$1,700,000 in each year of the biennium was to comply with changes in State accounting procedures.</p> <p>Professional Fees: APERS requests a decrease of \$497,174 in FY10 and \$609,522 in FY11 to offset the requested appropriation for the additional positions and operational expenditures for the 2009-2011 biennium.</p> <p>Benefits-Non Employee: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This budget reflects a C04 reallocation of \$100,000 for each fiscal year of the biennium in appropriation for benefits paid via warrant and \$100,000 for each fiscal year of the biennium in appropriation for Refunds/Reimbursements paid via warrant.</p>
C08	<p>Operating Expenses: APERS requests \$ 66,500 in FY 10 to purchase PC workstations (computer, monitor, printer) for new staff (\$4,500); for replacement of one third of existing staff computers according to the three year replacement plan (\$30,000); replacement of printers and other peripheral hardware as needed (\$5,000); for upgrade of agency operating software (\$25,000); and to purchase an additional projector for retirement seminars (\$2,000). APERS requests \$40,000 in FY11 to purchase PC workstations for new staff (\$3,000); for replacement of one third of existing staff computers according to the three year replacement plan (\$30,000); replacement of printers and other peripheral hardware as needed (\$5,000); and to purchase an additional projector for retirement seminars (\$2,000).</p> <p>Capital Outlay: APERS requests \$30,000 in FY10 to purchase laptop workstations for new managers, a server and tape backup units for support of the MS Sharepoint server, and to provide additional storage capacity; and \$6,000 in FY11 to purchase new scanners to accommodate the increasing number of member, retiree and employers documents scanned by Member Records. These purchases are part of our project to have our own domain server and remain with DIS for mainframe services. IT PLAN: OPERATIONS - SUPPORT COSTS - HARDWARE, SOFTWARE.</p>

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Public Employees Retirement System

Program: Public Employee Retirement-Operations

Act #: 789 of 2007 Section(s) #: 3 & 11

Estimated Carry Forward Amount \$ 4,109,056.00 Appropriation  Funds

Funding Source: Trust

**Accounting Information:**

Business Area: 0370 Funds Center: 2QR Fund: TSR Functional Area: RETR

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Operating Expenses	5020002	343,246.00	313,649.41
Professional Fees	5060010	3,754,373.00	3,949,073.50
Capital Outlay	5120011	11,437.00	8,664.64
<b>Total</b>		<b>\$ 4,109,056.00</b>	<b>\$ 4,271,387.55</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

To ensure the retirement system has sufficient appropriation available to provide services to our members.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

We maintain this appropriation for use only in the event that circumstances requiring additional supplies, utilities, hardware or software maintenance, or professional consultation are required in order to maintain our existing service levels to an escalating number of retirees.

Gail H. Stone  
Executive Director

08-21-2008  
Date

## **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 is 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's Change Level request totaling \$3,500,000 each year reflects the following:

Reallocation of \$20,000 each year from Professional Fees to Operating Expenses to offset anticipated increases in actuarial costs.

Benefits Non-Employee increase of \$1,000,000 each year to provide benefits to an increasing number of retirees.

Refunds/Reimbursements increase of \$2,500,000 each year to cover DROP, PAW and other retirement program payouts and refund payments to members leaving the System.

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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	41,542	57,610	57,610	57,610	77,610	77,610	57,610	77,610	77,610
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	113,187	285,950	285,950	285,950	265,950	265,950	285,950	265,950	265,950
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	6,368,115	9,000,000	9,000,000	9,000,000	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000
Refunds/Reimbursements	5110014	4,981,449	7,500,000	7,500,000	7,500,000	10,000,000	10,000,000	7,500,000	10,000,000	10,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>11,504,293</b>	<b>16,843,560</b>	<b>16,843,560</b>	<b>16,843,560</b>	<b>20,343,560</b>	<b>20,343,560</b>	<b>16,843,560</b>	<b>20,343,560</b>	<b>20,343,560</b>
<b>Funding Sources</b>										
Trust Fund	4000050	11,504,293	16,843,560		16,843,560	20,343,560	20,343,560	16,843,560	20,343,560	20,343,560
Total Funding		11,504,293	16,843,560		16,843,560	20,343,560	20,343,560	16,843,560	20,343,560	20,343,560
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>11,504,293</b>	<b>16,843,560</b>		<b>16,843,560</b>	<b>20,343,560</b>	<b>20,343,560</b>	<b>16,843,560</b>	<b>20,343,560</b>	<b>20,343,560</b>

## Change Level by Appropriation

**Appropriation:** 2QS - St Police Retirement-Operations

**Funding Sources:** TMR - State Police Retirement Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>16,843,560</b>	<b>0</b>	<b>16,843,560</b>	<b>100.0</b>	<b>16,843,560</b>	<b>0</b>	<b>16,843,560</b>	<b>100.0</b>
C01	Existing Program	3,500,000	0	20,343,560	120.8	3,500,000	0	20,343,560	120.8
C04	Reallocation	0	0	20,343,560	120.8	0	0	20,343,560	120.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>16,843,560</b>	<b>0</b>	<b>16,843,560</b>	<b>100.0</b>	<b>16,843,560</b>	<b>0</b>	<b>16,843,560</b>	<b>100.0</b>
C01	Existing Program	3,500,000	0	20,343,560	120.8	3,500,000	0	20,343,560	120.8
C04	Reallocation	0	0	20,343,560	120.8	0	0	20,343,560	120.8

### Justification

C01	Benefits-Non Employee: ASPRS requests an increase of \$1,000,000 in each fiscal year of the biennium to provide benefits to an increasing number of retirees. Refunds/Reimbursements: ASPRS requests and increase of \$2,500,000 each year to accommodate DROP, PAW and other refund payouts to members and retirees, as well as for for refunds to members leaving the system.
C04	Reallocation from Professional Fees to Operating Expenses: ASPRS in each fiscal year of the biennium to offset the anticipated increases in Operating Expenses for actuarial services

## **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 shall be 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 shall be 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's Change Level request totaling \$2,982,500 in each year reflects the following:

Refunds/Reimbursements increases of \$3,000,000 in each year to cover the transfer of court fee receipts and annual transfer payments from the State Treasury to AJRS' custodian bank to be invested.

Data Processing decrease of \$17,500 each year. All Data Processing costs are paid by APERS and reimbursed by AJRS through an annual transfer for administrative costs.

Reallocation of \$15,000 each year of the biennium from Professional Fees to Operating Expenses to cover the anticipated increase in actuarial expenditures.

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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	23,281	25,510	25,510	25,510	40,510	40,510	25,510	40,510	40,510
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	40,500	137,879	137,879	137,879	122,879	122,879	137,879	122,879	122,879
Data Processing 5090012	0	17,500	17,500	17,500	0	0	17,500	0	0
Benefits-Non Employee 5100023	1,481,124	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Refunds/Reimbursements 5110014	1,792,372	2,000,000	2,000,000	2,000,000	5,000,000	5,000,000	2,000,000	5,000,000	5,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3,337,277</b>	<b>6,180,889</b>	<b>6,180,889</b>	<b>6,180,889</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>6,180,889</b>	<b>9,163,389</b>	<b>9,163,389</b>
<b>Funding Sources</b>									
Trust Fund 4000050	3,337,277	6,180,889		6,180,889	9,163,389	9,163,389	6,180,889	9,163,389	9,163,389
Total Funding	3,337,277	6,180,889		6,180,889	9,163,389	9,163,389	6,180,889	9,163,389	9,163,389
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>3,337,277</b>	<b>6,180,889</b>		<b>6,180,889</b>	<b>9,163,389</b>	<b>9,163,389</b>	<b>6,180,889</b>	<b>9,163,389</b>	<b>9,163,389</b>

## Change Level by Appropriation

**Appropriation:** 2QT - Judicial Retirement-Operations

**Funding Sources:** TAR - Judges Retirement Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,180,889</b>	<b>0</b>	<b>6,180,889</b>	<b>100.0</b>	<b>6,180,889</b>	<b>0</b>	<b>6,180,889</b>	<b>100.0</b>
C01	Existing Program	3,000,000	0	9,180,889	148.5	3,000,000	0	9,180,889	148.5
C03	Discontinue Program	(17,500)	0	9,163,389	148.3	(17,500)	0	9,163,389	148.3
C04	Reallocation	0	0	9,163,389	148.3	0	0	9,163,389	148.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,180,889</b>	<b>0</b>	<b>6,180,889</b>	<b>100.0</b>	<b>6,180,889</b>	<b>0</b>	<b>6,180,889</b>	<b>100.0</b>
C01	Existing Program	3,000,000	0	9,180,889	148.5	3,000,000	0	9,180,889	148.5
C03	Discontinue Program	(17,500)	0	9,163,389	148.3	(17,500)	0	9,163,389	148.3
C04	Reallocation	0	0	9,163,389	148.3	0	0	9,163,389	148.3

### Justification

C01	Benefits-Non Employee: AJRS requests an increase of \$3,000,000 in each fiscal year of the biennium to accommodate the transfer of court fee receipts and annual transfer payments from the state treasury to our custodian bank to be invested. The only way to transfer the funds is via warrant.
C03	Data Processing: AJRS requests a decrease of \$17,500 in each fiscal year of the biennium to remove all data processing budgets. All Data Processing costs are paid by APERS and reimbursed by AJRS through an annual transfer for administrative costs.
C04	Reallocation of \$15,000 from Professional Fees to Operating Expenses to accommodate anticipated increases in actuarial expenditures.



## **Analysis of Budget Request**

**Appropriation:** 2QU - District Judges Benefits-Oprs

**Funding Sources:** TDJ - District Judges Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the District Judge's Retirement System (DJRS) under the authority of A.C.A §24-8-804. The DJRS was created by Act 1374 of 2003 to replace the Municipal Judges and Clerks Retirement Systems. The administration and control of the DJRS is the responsibility of the Board of Trustees of the Arkansas District Judge Retirement System. The Board meets at least once each quarter and consists of five members. Two members are appointed by the Arkansas District Judges Council, two are appointed by the Governor from a list supplied by the employers, and one is a citizen of Arkansas appointed by the Governor, but does not have previous service in the judicial system. Each member serves a four year term and one member is elected by the Board to serve as Chairman.

Act 177 of 2007 abolished the District Judges Retirement Fund and transferred authority to the Arkansas Public Employees Retirement System.

The Agency's Change Level request provides for a reallocation of resources totaling \$2,282,500 each year from this appropriation to Public Employee Retirement - Operations (Appropriation 2QR - see page 370), and to discontinue this appropriation.

The Executive Recommendation provides to reallocate \$342,910 in FY10 and \$410,143 in FY11 to Public Employee Retirement - Operations (Appropriation 2QR - see page 370), and to discontinue this appropriation.

## Appropriation Summary

**Appropriation:** 2QU - District Judges Benefits-Oprs

**Funding Sources:** TDJ - District Judges Retirement Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	30,000	30,000	30,000	0	0	30,000	0	0
Conference & Travel Expenses	5050009	0	10,000	10,000	10,000	0	0	10,000	0	0
Professional Fees	5060010	0	2,042,500	2,042,500	2,042,500	0	0	2,042,500	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	0	100,000	100,000	100,000	0	0	100,000	0	0
Refunds/Reimbursements	5110014	0	100,000	100,000	100,000	0	0	100,000	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>0</b>	<b>2,282,500</b>	<b>2,282,500</b>	<b>2,282,500</b>	<b>0</b>	<b>0</b>	<b>2,282,500</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>										
Trust Fund	4000050	0	2,282,500		2,282,500	0	0	2,282,500	0	0
<b>Total Funding</b>		<b>0</b>	<b>2,282,500</b>		<b>2,282,500</b>	<b>0</b>	<b>0</b>	<b>2,282,500</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>0</b>	<b>2,282,500</b>		<b>2,282,500</b>	<b>0</b>	<b>0</b>	<b>2,282,500</b>	<b>0</b>	<b>0</b>

THIS APPROPRIATION IS NOT REQUESTED FOR THE NEW BIENNIUM. Act 177 of 2007 abolished the Arkansas District Judges Retirement System (ADJRS-2QU) and transferred authority to the Arkansas Public Employees Retirement System (APERS) (Appropriation 2QR - see page 370 ).

## Change Level by Appropriation

**Appropriation:** 2QU - District Judges Benefits-Oprs  
**Funding Sources:** TDJ - District Judges Retirement Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,282,500</b>	<b>0</b>	<b>2,282,500</b>	<b>100.0</b>	<b>2,282,500</b>	<b>0</b>	<b>2,282,500</b>	<b>100.0</b>
C04	Reallocation	(2,282,500)	0	0	0.0	(2,282,500)	0	0	0.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,282,500</b>	<b>0</b>	<b>2,282,500</b>	<b>100.0</b>	<b>2,282,500</b>	<b>0</b>	<b>2,282,500</b>	<b>100.0</b>
C04	Reallocation	(342,910)	0	1,939,590	85.0	(410,143)	0	1,872,357	82.0
C19	Executive Changes	(1,939,590)	0	0	0.0	(1,872,357)	0	0	0.0

### Justification

C04	<p>Operating Expenses: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This transaction reflects a C04 reallocation of \$30,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Operating Expenses.</p> <p>Conference &amp; Travel Expenses: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This transaction reflects a C04 reallocation of \$10,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Conference &amp; Travel Expenses.</p> <p>Professional Fees: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This transaction reflects a C04 reallocation of \$2,042,500 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Professional Fees.</p> <p>Benefits-Non Employee: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This transaction reflects a C04 reallocation of \$100,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Benefits-Non Employee.</p> <p>Refunds/Reimbursements: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This transaction reflects a C04 reallocation of \$100,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for Refunds/Reimbursements paid via warrant.</p>
C19	The Executive Recommendation provides to reallocate \$342,910 in FY10 and \$410,143 in FY11 to Public Employee Retirement - Operations (Appropriation 2QR), and to discontinue this appropriation.

## **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.

The Agency's Change Level request totaling \$100,000,000 each year reflects the following:

Benefits-Non Employee increases of \$97,000,000 for FY10 and FY11 to provide sufficient appropriation to accommodate annuity payments deposited via the Automated Clearinghouse (ACH) system.

Reallocation of \$3,000,000 for each year from ADJRS - Cash Appropriation C25 (see page 392) to APERS. Act 177 of 2007 abolished the Arkansas District Judges Retirement System (ADJRS) and authorized appropriations were transferred to APERS.

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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	222,155,561	235,000,000	235,000,000	235,000,000	335,000,000	335,000,000	235,000,000	335,000,000	335,000,000
<b>Total</b>	<b>222,155,561</b>	<b>235,000,000</b>	<b>235,000,000</b>	<b>235,000,000</b>	<b>335,000,000</b>	<b>335,000,000</b>	<b>235,000,000</b>	<b>335,000,000</b>	<b>335,000,000</b>
Funding Sources									
Trust Fund 4000050	222,155,561	235,000,000		235,000,000	335,000,000	335,000,000	235,000,000	335,000,000	335,000,000
<b>Total Funding</b>	<b>222,155,561</b>	<b>235,000,000</b>		<b>235,000,000</b>	<b>335,000,000</b>	<b>335,000,000</b>	<b>235,000,000</b>	<b>335,000,000</b>	<b>335,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>222,155,561</b>	<b>235,000,000</b>		<b>235,000,000</b>	<b>335,000,000</b>	<b>335,000,000</b>	<b>235,000,000</b>	<b>335,000,000</b>	<b>335,000,000</b>

Act 177 of 2007 abolished the Arkansas District Judges Retirement System (ADJRS) (Appropriation C25 - see page 392) and transferred authority to the Arkansas Public Employees Retirement System (APERS).

## Change Level by Appropriation

**Appropriation:** C22 - Public Employee Retirement-Cash  
**Funding Sources:** 131 - Arkansas Public Employees Retirement System-Cash

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>235,000,000</b>	<b>0</b>	<b>235,000,000</b>	<b>100.0</b>	<b>235,000,000</b>	<b>0</b>	<b>235,000,000</b>	<b>100.0</b>
C01	Existing Program	97,000,000	0	332,000,000	141.3	97,000,000	0	332,000,000	141.3
C04	Reallocation	3,000,000	0	335,000,000	142.6	3,000,000	0	335,000,000	142.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>235,000,000</b>	<b>0</b>	<b>235,000,000</b>	<b>100.0</b>	<b>235,000,000</b>	<b>0</b>	<b>235,000,000</b>	<b>100.0</b>
C01	Existing Program	97,000,000	0	332,000,000	141.3	97,000,000	0	332,000,000	141.3
C04	Reallocation	3,000,000	0	335,000,000	142.6	3,000,000	0	335,000,000	142.6

### Justification

C01	Benefits-Non Employee: APERS requests an increase of \$97,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via direct deposit.
C04	Benefits-Non Employee: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This transaction reflects a C04 reallocation of \$3,000,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for benefits paid via direct deposit.

## **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 Change Level request for Benefits-Non Employee for 9,500,000 each year is to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** C23 - St Police Retirement-Cash  
**Funding Sources:** 131 - Arkansas State Police Retirement-Cash

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	11,984,069	15,500,000	15,500,000	15,500,000	25,000,000	25,000,000	15,500,000	25,000,000	25,000,000
<b>Total</b>	<b>11,984,069</b>	<b>15,500,000</b>	<b>15,500,000</b>	<b>15,500,000</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>15,500,000</b>	<b>25,000,000</b>	<b>25,000,000</b>
<b>Funding Sources</b>									
Trust Fund 4000050	11,984,069	15,500,000		15,500,000	25,000,000	25,000,000	15,500,000	25,000,000	25,000,000
<b>Total Funding</b>	<b>11,984,069</b>	<b>15,500,000</b>		<b>15,500,000</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>15,500,000</b>	<b>25,000,000</b>	<b>25,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>11,984,069</b>	<b>15,500,000</b>		<b>15,500,000</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>15,500,000</b>	<b>25,000,000</b>	<b>25,000,000</b>



## Change Level by Appropriation

**Appropriation:** C23 - St Police Retirement-Cash  
**Funding Sources:** 131 - Arkansas State Police Retirement-Cash

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,500,000</b>	<b>0</b>	<b>15,500,000</b>	<b>100.0</b>	<b>15,500,000</b>	<b>0</b>	<b>15,500,000</b>	<b>100.0</b>
C01	Existing Program	9,500,000	0	25,000,000	161.3	9,500,000	0	25,000,000	161.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,500,000</b>	<b>0</b>	<b>15,500,000</b>	<b>100.0</b>	<b>15,500,000</b>	<b>0</b>	<b>15,500,000</b>	<b>100.0</b>
C01	Existing Program	9,500,000	0	25,000,000	161.3	9,500,000	0	25,000,000	161.3

### Justification

C01	Benefits-Non Employee: ASPRS requests an increase of \$9,500,000 in each year of the biennium to accommodate payment of retiree benefits via direct deposit.								
-----	--	--	--	--	--	--	--	--	--

## **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's Change Level request for \$2,000,000 each year is to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** C24 - Judicial Retirement-Cash  
**Funding Sources:** 131 - Arkansas Judicial Retirement-Cash

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	7,116,372	13,000,000	13,000,000	13,000,000	15,000,000	15,000,000	13,000,000	15,000,000	15,000,000
<b>Total</b>	<b>7,116,372</b>	<b>13,000,000</b>	<b>13,000,000</b>	<b>13,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>13,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>
<b>Funding Sources</b>									
Trust Fund 4000050	7,116,372	13,000,000		13,000,000	15,000,000	15,000,000	13,000,000	15,000,000	15,000,000
<b>Total Funding</b>	<b>7,116,372</b>	<b>13,000,000</b>		<b>13,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>13,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>7,116,372</b>	<b>13,000,000</b>		<b>13,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>13,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>

## Change Level by Appropriation

**Appropriation:** C24 - Judicial Retirement-Cash  
**Funding Sources:** 131 - Arkansas Judicial Retirement-Cash

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>13,000,000</b>	<b>0</b>	<b>13,000,000</b>	<b>100.0</b>	<b>13,000,000</b>	<b>0</b>	<b>13,000,000</b>	<b>100.0</b>
C01	Existing Program	2,000,000	0	15,000,000	115.4	2,000,000	0	15,000,000	115.4

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>13,000,000</b>	<b>0</b>	<b>13,000,000</b>	<b>100.0</b>	<b>13,000,000</b>	<b>0</b>	<b>13,000,000</b>	<b>100.0</b>
C01	Existing Program	2,000,000	0	15,000,000	115.4	2,000,000	0	15,000,000	115.4

### Justification

C01	Benefits-Non Employee: AJRS requests an increase of \$2,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via direct deposit.
-----	--

## **Analysis of Budget Request**

**Appropriation:** C25 - District Judges Benefits-Cash

**Funding Sources:** 131 - District Judges Retirement-Cash

The Arkansas District Judges Retirement cash fund is utilized for payments to beneficiaries of the Arkansas District Judges Retirement Program by check or wire transfer.

Act 177 of 2007 abolished the District Judges Retirement Fund and transferred authority to the Arkansas Public Employees Retirement System.

The Agency's Change Level request provides for a reallocation of resources of \$3,000,000 each year to Public Employee Retirement - Cash (Appropriation C22 - see page 383) and to discontinue this appropriation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C25 - District Judges Benefits-Cash

**Funding Sources:** 131 - District Judges Retirement-Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	1,091,000	3,000,000	3,000,000	3,000,000	0	0	3,000,000	0	0
<b>Total</b>	<b>1,091,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Trust Fund 4000050	1,091,000	3,000,000		3,000,000	0	0	3,000,000	0	0
<b>Total Funding</b>	<b>1,091,000</b>	<b>3,000,000</b>		<b>3,000,000</b>	<b>0</b>	<b>0</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>1,091,000</b>	<b>3,000,000</b>		<b>3,000,000</b>	<b>0</b>	<b>0</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>

THIS APPROPRIATION IS NOT REQUESTED FOR THE NEW BIENNIUM.

Act 177 of 2007 abolished the Arkansas District Judges Retirement System (ADJRS) and transferred authority to the Arkansas Public Employees Retirement System (APERS) (Appropriation C22 - see page 383).

## Change Level by Appropriation

**Appropriation:** C25 - District Judges Benefits-Cash  
**Funding Sources:** 131 - District Judges Retirement-Cash

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,000,000</b>	<b>0</b>	<b>3,000,000</b>	<b>100.0</b>	<b>3,000,000</b>	<b>0</b>	<b>3,000,000</b>	<b>100.0</b>
C04	Reallocation	(3,000,000)	0	0	0.0	(3,000,000)	0	0	0.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,000,000</b>	<b>0</b>	<b>3,000,000</b>	<b>100.0</b>	<b>3,000,000</b>	<b>0</b>	<b>3,000,000</b>	<b>100.0</b>
C04	Reallocation	(3,000,000)	0	0	0.0	(3,000,000)	0	0	0.0

### Justification

C04	Benefits-Non Employee: Act 177 of 2007 abolished the Arkansas District Judge Retirement System and authorized appropriations were transferred to APERS. This transaction reflects a C04 reallocation of \$3,000,000 for each fiscal year of the biennium from ADJRS to APERS in appropriation for benefits paid via direct deposit.
-----	---

# AR SCIENCE AND TECHNOLOGY AUTHORITY

## Enabling Laws

Act 1228 of 2007

A.C.A. §15-3-101 - §15-3-306

## History and Organization

The Arkansas Science & Technology Authority (the Authority) was created by statute in 1983 with the mission to bring the benefits of science and advanced technology to the people and state of Arkansas. This mission and the overarching aim to grow the Arkansas economy and increase per capita income are addressed by statutory programs added since 1983 and strategies developed by the Authority's Board of Directors.

The Authority's goals are to: (1) increase research activities in Arkansas, (2) improve STEM education, (3) maintain and transform existing enterprises into knowledge-based companies, (4) develop new products and entrepreneurial firms, and (5) increase the Authority's visibility.

The Arkansas Science & Technology Authority is comprised of a Board of Directors and staff. The 14-member Board is appointed by the Governor to staggered four-year terms. The Authority has a 12-person staff, which includes ten professional and two clerical positions. The Authority has one private grant funded position and five federally-funded positions.

The Board makes all decisions concerning the allocation of monies to projects funded under the Authority's programs, except the Technology Transfer Assistance Grants Program where the Board approves funding to the program and the Director approves individual project funding. Recommendations are made to the Board by three standing committees comprised exclusively of members of the Board. The standing committees are further supported by three advisory committees. The committees deal respectively with technology development, manufacturing extension, and scientific research. The Board's Executive Committee deals with administrative issues.

Staff activities are designed to support the goals of the Authority's Board of Directors.

The Assistant Director of Finance, assisted by the Finance Program Manager is responsible for managing Seed Capital Investments, Technology Development, Technology Transfer Assistance Grants, and SBIR Assistance. These activities are overseen by the Board's Investment Committee. The Assistant Director and Program Manager also provide technical assistance to Arkansas Manufacturing Solutions, a state-federal partnership under the federal Manufacturing Extension Partnership and the Research and Development Tax Credit activities under the Consolidated Incentive Act.

The Assistant Director of Research manages the research programs of the Authority, including Basic and Applied Research Grants, Centers for Applied Technology and the Arkansas Research Matching Fund. The Assistant Director of Research also monitors the Research and Development Tax Credits requested by private enterprises, which match applied research grants with cash or new equipment. The Research Program Manager assists the Assistant Director in these activities. EPSCoR is a project funded by a grant

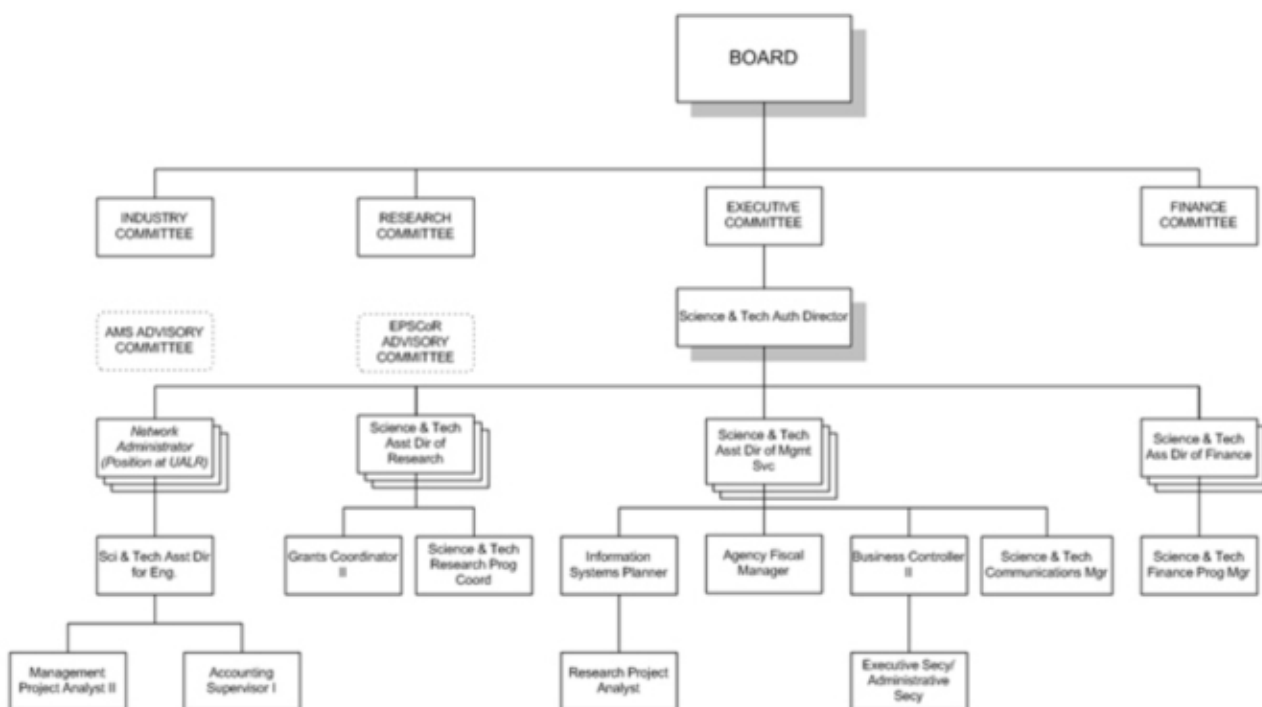


from the National Science Foundation and state matching support. The EPSCoR Director assisted by the EPSCoR Assistant Director manages the grant and three Winthrop Rockefeller Foundation STEM (Science, Technology, Engineering, and Mathematics) Education grants. The Grants Coordinator II assists with the STEM grants. The research, STEM, and EPSCoR activities are overseen by the Board's Research Committee.

Arkansas Manufacturing Solutions, a cooperative agreement between the National Institute of Standards and Technology and the Authority, is headed by the Science & Technology Authority Network Administrator, whose position is administratively at UALR, but housed at the Authority. The Network Administrator is responsible for the three federally funded positions: the Science & Technology Authority Assistant Director for Engineering, Management Project Analyst and the Accounting Supervisor. They are responsible for the management and administration of the Cooperative Agreement. The activities are overseen by the Board's Industry Committee.

The Assistant Director of Management Services is responsible for the day-to-day operations of the Authority. The Research Project Analyst is responsible for the Authority's database and the Information Systems Planner is responsible for the Authority's local area network and information technology. Fiscal activities are managed by the Fiscal Officer. The Business Controller is responsible for the procurement and personnel activities of the Authority as well as support of the Authority Board and Director. The Executive Secretary assists the Business controller. The Communications Program Manager is responsible for all external communications and public information activities for the Authority. Management Services are overseen by the Board's Executive Committee.

The Executive Director is the chief executive officer and has overall responsibility for the Authority's programs and staff activities. The Executive Director is selected by the Board and serves at the pleasure of the Governor.



## **Agency Commentary**

The Arkansas Science & Technology Authority's program commentary is based on the four major goals of the Authority's Board of Directors: 1. Increase Research Activities; 2. Improve STEM Education; 3. Maintain and Transform Existing Enterprises into Knowledge-Based Companies; and 4. Develop New Products and Entrepreneurial Firms.

The Science & Technology Authority's overarching agency goal is: "To plan, promote, influence, and support with high quality programs and services the commercialization of research innovations thereby helping to grow the Arkansas economy and increase per capita income."

The goals are generally accomplished through a combination of state, federal and private foundation funded, goal-directed, programs and projects.

The research and development focus for the next two years is spelled out in the Authority's 2008 State Research and Development Plan, which emphasizes R&D areas important to Arkansas' economy and includes: Advanced Materials and Manufacturing Systems; Agriculture, Food and Environment Sciences; Biotechnology, Bioengineering, and Life Sciences; Information Technology; and Human Resource Development.

The focus on maintaining and transforming existing enterprises into knowledge-based companies is described by Arkansas Manufacturing Solutions' strategic plan.

### **INCREASE RESEARCH ACTIVITIES**

The Authority's goal to increase research activities will be addressed by a confluence of programs that assist early-career university researchers, provide matching funds for federally funded research awards to universities, and award R&D Tax Credits to companies that sponsor research activities in Arkansas.

The Authority is requesting the funding of its Basic Research Grants Program that has not been funded since 2001. This program provides competitive awards to new university research faculty and has led to follow-on federal funding and the formation of new high-tech companies.

These investments have real financial returns to the state. For example, experience to date shows clearly that, for each \$1 invested in new faculty research by the Authority, over \$7.00 in follow-on funds are awarded to the faculty over a five-year period by other sources and returns 44 cents to the state treasury in sales and income taxes on the awards. There are also longer-term returns in the form of new spin-off companies anchoring in Arkansas, creating knowledge-based jobs in Arkansas, and employing university graduates in state.

The Authority is requesting that its Research Matching Program funding be increased to account for the strong demand on the fund.

The Arkansas Research Matching Fund (ARMF) was established in 1999 and first funded in Fiscal Year 2000. In the nine-year history, \$7,776,250 of state matching funds has been invested to leverage \$22,760,655 in federal funds. The immediate return on investment is \$2.93 for every state dollar invested.

## **IMPROVE STEM EDUCATION**

The Authority's goal to improve STEM Education is addressed through three Winthrop Rockefeller Foundation grants.

## **MAINTAIN AND TRANSFORM EXISTING ENTERPRISES INTO KNOWLEDGE-BASED COMPANIES**

This goal is addressed through Arkansas Manufacturing Solutions (AMS) and the Applied Research Grant program.

These activities deliver technology and know-how to existing firms and represent critical investments in economic development that focus on making Arkansas firms world-class competitors. These activities are especially important as the changing global economy drives Arkansas toward knowledge-based production and moves low-wage, low skill production to locations with lower labor costs.

The Authority's AMS carries out its activities through formal relationships with the federal partner, the National Institute of Standards and Technology, and with six partners in the state: Arkansas State University's Delta Center for Economic Development; Southern Arkansas University Tech (SAU Tech); University of Arkansas, Fayetteville (UAF); University of Arkansas at Little Rock (UALR); Arkansas Department of Economic Development (ADED); and Arkansas Institute for Performance Excellence (AIPE).

The Authority is requesting that the state cost share for this federal sponsored program (AMS) be modestly increased to allow the program to move into more aggressive growth services for Arkansas' 4,000 plus manufacturers.

AMS worked with 272 Arkansas companies and completed 224 projects and events, which included the newly offered energy saving workshops and the first Manufacturing Matters conference. AMS continues to have a positive impact on the manufacturers it serves, helping companies create and retain over 2000 jobs and cutting costs by more than \$10 million.

The Authority is requesting new funding for the Applied Research Grant Program, a program that gives the state's enterprises access to the research capabilities of our universities through a cost sharing arrangement. The program was funded through 2001, but has not been funded since that time.

## **DEVELOP NEW PRODUCTS AND ENTREPRENEURIAL FIRMS**

This goal is addressed through the Authority's Technology Transfer Assistance Grant Program, Technology Development Program and the Seed Capital Investment Program.

The Authority requests the restoration of funding for the Technology Transfer Assistance Grant Program (TTAG) to pre-2001 levels to meet the increasing customer demand for this cost effective program. This program is focused on attracting federal funds through assisting enterprises efforts in applying for Small Business Innovation Research grants.

The Authority requests the restoration of funding for the Technology Development Program to pre-2001 levels and to provide funding to meet the opportunities opened by Act 1232 of 2005 raising the per project costs from \$50,000 to \$100,000 and permitting the Authority to fill an early-stage funding gap in

the enterprise development process. The increased funding will allow the Authority to fund one such innovation project per year.

The Authority requests a minor increase in its Seed Capital Investment general revenue funds. The funds fill a need for "high risk" start-up capital for emerging high-tech enterprises in conjunction with Innovate Arkansas.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS SCIENCE AND TECHNOLOGY AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	5	5	10	67 %
Black Employees	1	2	3	20 %
Other Racial Minorities	0	2	2	13 %
Total Minorities			5	33 %
Total Employees			15	100 %

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	A.C.A. §15-3-123	Y	Y	4	Detail operations and transactions conducted in previous fiscal year. Posted on website; printed by request only.
ARMF Biennial Report	A.C.A. §15-3-206	Y	Y	1	Report investments from the Arkansas Research Matching Fund. Posted on website; printed by request only.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1FA Rockefeller-IMSST-Cash in Treasury	660,637	1	1,005,411	1	874,413	1	858,411	1	561,200	0	561,200	0	859,379	1	284,563	0	284,563	0
1ND AR Manufacturing Extention Network-St	257,182	0	257,182	0	257,182	0	257,182	0	320,000	0	257,182	0	257,182	0	320,000	0	257,182	0
34G Seed Capital Investment-Cash in Treasury	250,000	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	1,900,000	0
35K AR EPSCoR-Federal	2,229,692	2	2,993,930	2	3,000,000	2	3,061,564	2	3,061,564	2	3,061,564	2	3,065,767	2	3,065,767	2	3,065,767	2
38W Industrial Energy Efficiency	0	0	90,000	0	0	0	0	0	90,000	0	90,000	0	0	0	0	0	0	0
38X St Industrial Assessment-Federal	0	0	25,000	0	0	0	0	0	25,000	0	25,000	0	0	0	25,000	0	25,000	0
678 Science & Tech-St Operations	1,612,991	12	1,767,851	12	1,704,383	12	1,763,088	12	2,920,807	12	1,763,088	12	1,777,817	12	2,938,322	12	1,777,817	12
919 AR Manufacturing Extention Network-Fed	1,664,690	3	1,892,505	3	1,894,647	3	1,900,352	3	1,987,753	3	1,987,753	3	1,904,342	3	2,055,022	3	2,055,022	3
<b>Total</b>	<b>6,675,192</b>	<b>18</b>	<b>9,931,879</b>	<b>18</b>	<b>9,630,625</b>	<b>18</b>	<b>9,740,597</b>	<b>18</b>	<b>10,866,324</b>	<b>17</b>	<b>9,645,787</b>	<b>17</b>	<b>9,764,487</b>	<b>18</b>	<b>10,588,674</b>	<b>17</b>	<b>9,365,351</b>	<b>17</b>

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance	4000005	2,273,275	26.3	1,980,601	19.7		119,609	1.3	119,609	1.1	119,609	1.2	268	0.0	119,341	1.1	119,341	1.3
General Revenue	4000010	1,870,173	21.6	1,961,565	19.5		2,020,270	21.1	3,240,807	29.8	2,020,270	20.9	2,034,999	22.1	3,258,322	30.5	2,034,999	21.5
Federal Revenue	4000020	3,894,382	45.0	4,446,020	44.2		4,961,916	51.9	5,049,317	46.4	5,049,317	52.3	4,970,109	54.1	5,120,789	47.9	5,120,789	54.1
Cash Fund	4000045	617,963	7.1	1,134,419	11.3		2,461,200	25.7	2,461,200	22.6	2,461,200	25.5	2,184,750	23.8	2,184,750	20.5	2,184,750	23.1
Merit Adjustment Fund	4000055	0	0.0	63,468	0.6		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Third Party Reimbursement	4000490	0	0.0	465,415	4.6		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>8,655,793</b>	<b>100.0</b>	<b>10,051,488</b>	<b>100.0</b>		<b>9,562,995</b>	<b>100.0</b>	<b>10,870,933</b>	<b>100.0</b>	<b>9,650,396</b>	<b>100.0</b>	<b>9,190,126</b>	<b>100.0</b>	<b>10,683,202</b>	<b>100.0</b>	<b>9,459,879</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(1,980,601)		(119,609)			177,602		(4,609)		(4,609)		574,361		(94,528)		(94,528)	
<b>Grand Total</b>		<b>6,675,192</b>		<b>9,931,879</b>			<b>9,740,597</b>		<b>10,866,324</b>		<b>9,645,787</b>		<b>9,764,487</b>		<b>10,588,674</b>		<b>9,365,351</b>	

Budget exceeds Authorized due to a transfer from the Cash Fund Holding Account (1FA & 38W).

Budget exceeds Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account (38X).

Budget exceeds Authorized due to salary adjustments during the 2007-2009 biennium (678).

Variances in fund balances are due to unfunded appropriation.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Total	Total			Total				
15	16	0	16	-1	-6.67 %	18	15	3	18	0	16.67 %	18	15	3	18	0	16.67 %

Filled positions in FY07 exceed authorized number of positions due to a Supplemental Emergency Position.

## **Analysis of Budget Request**

**Appropriation:** 1FA - Rockefeller-IMSST-Cash in Treasury

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

The Arkansas Science and Technology Authority with grant support from the Winthrop Rockefeller Foundation (WRF) continues the transition of the science teaching mini-grant and teachers-student interactive technology grant programs through Arkansas Community Foundation affiliates, supporting the development of a web-based application for access to teaching curriculum materials, and enabling teachers to generate enthusiasm in science, technology, engineering, and mathematics (STEM) classrooms around the State using projects which interest and engage students in STEM curriculum.

Base Level salary for the classified positions reflects the recommendation of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Due to some current grants ending, the Authority requests a reduction of \$297,211 in FY10 and \$574,816 in FY11. The reduction eliminates a position as well as a portion of Operating Expenses and Grants & Aid.

The Authority also requests reallocating \$19,625 in FY10 from Operating Expenses to Professional Fees to meet grant terms.

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

## Appropriation Summary

**Appropriation:** 1FA - Rockefeller-IMSST-Cash in Treasury

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	31,359	33,467	49,158	35,554	0	0	36,371	0	0
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	10,544	10,445	14,155	11,757	0	0	11,908	0	0
Operating Expenses 5020002	35,732	67,700	67,700	67,700	16,063	16,063	67,700	2,000	2,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	19,625	54,600	35,000	35,000	54,625	54,625	35,000	35,000	35,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	563,377	839,199	708,400	708,400	490,512	490,512	708,400	247,563	247,563
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>660,637</b>	<b>1,005,411</b>	<b>874,413</b>	<b>858,411</b>	<b>561,200</b>	<b>561,200</b>	<b>859,379</b>	<b>284,563</b>	<b>284,563</b>
<b>Funding Sources</b>									
Fund Balance 4000005	907,339	556,902		119,341	119,341	119,341	0	119,341	119,341
Cash Fund 4000045	310,200	567,850		561,200	561,200	561,200	284,750	284,750	284,750
Total Funding	1,217,539	1,124,752		680,541	680,541	680,541	284,750	404,091	404,091
Excess Appropriation/(Funding)	(556,902)	(119,341)		177,870	(119,341)	(119,341)	574,629	(119,528)	(119,528)
Grand Total	660,637	1,005,411		858,411	561,200	561,200	859,379	284,563	284,563

FY09 Budget exceeds Authorized Appropriation in Professional Fees and Grants & Aid due to a transfer from the Cash Fund Holding Account.



## Change Level by Appropriation

**Appropriation:** 1FA - Rockefeller-IMSST-Cash in Treasury

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>858,411</b>	<b>1</b>	<b>858,411</b>	<b>100.0</b>	<b>859,379</b>	<b>1</b>	<b>859,379</b>	<b>100.0</b>
C03	Discontinue Program	(297,211)	(1)	561,200	65.4	(574,816)	(1)	284,563	33.1
C04	Reallocation	0	0	561,200	65.4	0	0	284,563	33.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>858,411</b>	<b>1</b>	<b>858,411</b>	<b>100.0</b>	<b>859,379</b>	<b>1</b>	<b>859,379</b>	<b>100.0</b>
C03	Discontinue Program	(297,211)	(1)	561,200	65.4	(574,816)	(1)	284,563	33.1
C04	Reallocation	0	0	561,200	65.4	0	0	284,563	33.1

### Justification

C03	The Authority requests a reduction of \$297,211 in FY10 and \$574,816 in FY11. This includes a request to discontinue the authorized position for \$47,311 and \$48,279 in Regular Salaries and Personal Services Matching for FY10 and FY11; respectively. The agency also requests a reduction in Operating Expenses of \$32,012 in FY10 and \$65,700 in FY11, and Grants & Aid of \$217,888 in FY10 and \$460,837 in FY11. This request is due to some grants ending.
C04	The Authority requests a reallocation of resources in FY10 of \$19,625 from Operating Expenses to Professional Fees meet grant terms.

## **Analysis of Budget Request**

**Appropriation:** 1ND - AR Manufacturing Extention Network-St

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

The Arkansas Science and Technology Authority's 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.

Base Level is \$257,182 for each year of the 2009-2011 biennium.

The Agency requests additional appropriation and general revenue funding of \$62,818 for FY10 and FY11 to support the expanding services of the program in the areas of Growth Services and Technology Deployment. Growth Services guides new companies through an idea generation step to offer new products and services. Staff works with the company management team to select the final choices and provides consultancy services to support implementation. Technology Deployment involves creating a bridge between the idea generators and venture capitalists, entrepreneurs, and manufacturers to commercialize early stage technologies.

Executive Recommendation provides for Base Level.

**Appropriation Summary**

**Appropriation:** 1ND - AR Manufacturing Extention Network-St

**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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
AR Manufacturing Ext Network 5900046	257,182	257,182	257,182	257,182	320,000	257,182	257,182	320,000	257,182
Total	257,182	257,182	257,182	257,182	320,000	257,182	257,182	320,000	257,182
<b>Funding Sources</b>									
General Revenue 4000010	257,182	257,182		257,182	320,000	257,182	257,182	320,000	257,182
Total Funding	257,182	257,182		257,182	320,000	257,182	257,182	320,000	257,182
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	257,182	257,182		257,182	320,000	257,182	257,182	320,000	257,182

## Change Level by Appropriation

**Appropriation:** 1ND - AR Manufacturing Extention Network-St

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>257,182</b>	<b>0</b>	<b>257,182</b>	<b>100.0</b>	<b>257,182</b>	<b>0</b>	<b>257,182</b>	<b>100.0</b>
C01	Existing Program	62,818	0	320,000	124.4	62,818	0	320,000	124.4

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>257,182</b>	<b>0</b>	<b>257,182</b>	<b>100.0</b>	<b>257,182</b>	<b>0</b>	<b>257,182</b>	<b>100.0</b>
C01	Existing Program	0	0	257,182	100.0	0	0	257,182	100.0

### Justification

C01	This priority request is to increase the state match for Arkansas Manufacturing Solutions, a program of the Authority that is funded through a cooperative agreement between the Authority and the U.S. Department of Commerce. The increase is to support the expanding services of AMS in the areas of Growth Services and Technology Deployment. The Authority requests \$320,000 in each year of the biennium.								
-----	--	--	--	--	--	--	--	--	--

## **Analysis of Budget Request**

**Appropriation:** 34G - Seed Capital Investment-Cash in Treasury

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

The Arkansas Science and Technology Authority (ASTA) requests continuation of the Base Level appropriation of \$1,900,000 each year of the 2009-2011 biennium for the Seed Capital Investment Program. Funds are loaned to businesses, with a maximum amount of \$500,000 for any one project. As businesses repay the loans, ASTA deposits the repayments into a revolving fund. This program will be used for investments in technology-based businesses in accordance with Arkansas Code §15-3-101 through §15-3-123.

The Agency transferred cash funds held in the bank to the State Treasury in FY09 to reduce bookkeeping related activities and to monitor financial activities more efficiently and effectively.

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

## Appropriation Summary

**Appropriation:** 34G - Seed Capital Investment-Cash in Treasury

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Investments	5120013	250,000	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		250,000	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	1,365,936	1,333,431		0	0	0	0	0	0
Cash Fund	4000045	217,495	566,569		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Total Funding		1,583,431	1,900,000		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Excess Appropriation/(Funding)		(1,333,431)	0		0	0	0	0	0	0
Grand Total		250,000	1,900,000		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000

Appropriation 34G Cash in Treasury replaced the cash appropriation (A87) when the agency moved the funding to the State Treasury in FY09.

## **Analysis of Budget Request**

**Appropriation:** 35K - AR EPSCoR-Federal

**Funding Sources:** FST - ASTA Federal Programs

The Experimental Program to Stimulate Competitive Research (EPSCoR), funded by the National Science Foundation is a statewide multi-university collaborative research initiative addressing two research areas: 1) plant-based bioproduction and 2) wireless nanosensors. Plant-based bioproduction is a project which targets biochemical pathways in plants - harnessing and enhancing the production power in plants. Wireless nanosensors is a project which links the potential commercial applications of inexpensive nanosensors with wireless data collection and analysis.

Base Level unclassified positions were changed to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Authority requests Base Level of \$3,061,564 for FY10 and \$3,065,767 for FY11.

Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 35K - AR EPSCoR-Federal

**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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	62,192	100,940	100,940	153,981	153,981	153,981	157,522	157,522	157,522
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	16,061	24,432	30,502	39,025	39,025	39,025	39,687	39,687	39,687
Operating Expenses	5020002	40,492	71,183	71,183	71,183	71,183	71,183	71,183	71,183	71,183
Conference & Travel Expenses	5050009	0	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333
Professional Fees	5060010	32,958	40,667	40,667	40,667	40,667	40,667	40,667	40,667	40,667
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	2,077,989	2,753,375	2,753,375	2,753,375	2,753,375	2,753,375	2,753,375	2,753,375	2,753,375
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>2,229,692</b>	<b>2,993,930</b>	<b>3,000,000</b>	<b>3,061,564</b>	<b>3,061,564</b>	<b>3,061,564</b>	<b>3,065,767</b>	<b>3,065,767</b>	<b>3,065,767</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	2,229,692	2,993,930		3,061,564	3,061,564	3,061,564	3,065,767	3,065,767	3,065,767
Total Funding		2,229,692	2,993,930		3,061,564	3,061,564	3,061,564	3,065,767	3,065,767	3,065,767
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>2,229,692</b>	<b>2,993,930</b>		<b>3,061,564</b>	<b>3,061,564</b>	<b>3,061,564</b>	<b>3,065,767</b>	<b>3,065,767</b>	<b>3,065,767</b>



## **Analysis of Budget Request**

**Appropriation:** 38W - Industrial Energy Efficiency

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

This appropriation was established during the 2007-2009 biennium by a transfer from the Cash Fund Holding Account. The Agency requests continuation of this program to provide workshops and/or conferences in FY10 for Arkansas manufacturers. Arkansas Manufacturing Solutions, a program of the Authority, will act as the contractor with the Arkansas Energy Office to develop plans and execute logistical details for the Energy Efficiency Arkansas - Industrial Energy Efficiency program workshops and/or conferences.

No additional funding is anticipated; however, the Authority requests appropriation of \$90,000 for FY10 for Operating Expenses and Grants & Aid to fulfill the requirements of the program.

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

## Appropriation Summary

**Appropriation:** 38W - Industrial Energy Efficiency

**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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	66,900	0	0	66,900	66,900	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	0	23,100	0	0	23,100	23,100	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>0</b>	<b>90,000</b>	<b>0</b>	<b>0</b>	<b>90,000</b>	<b>90,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>										
Fund Balance	4000005	0	90,268		268	268	268	268	0	0
Cash Fund	4000045	90,268	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>90,268</b>	<b>90,268</b>		<b>268</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)		(90,268)	(268)		(268)	89,732	89,732	(268)	0	0
<b>Grand Total</b>		<b>0</b>	<b>90,000</b>		<b>0</b>	<b>90,000</b>	<b>90,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

Budget exceeds Authorized in Operating Expenses and Grants & Aid due to a transfer from the Cash Fund Holding Account. Cash funds were received at the end of FY08.

## Change Level by Appropriation

**Appropriation:** 38W - Industrial Energy Efficiency

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C01	Existing Program	90,000	0	90,000	100.0	0	0	0	

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C01	Existing Program	90,000	0	90,000	100.0	0	0	0	

### Justification

C01	The Authority requests continuation of this appropriation to provide industrial energy efficiency workshops for manufacturers. The agency will act as workshop coordination contractor in partnership with the Arkansas Energy Office and other partners to develop, plan, and execute logistical details for the Energy Efficiency Arkansas - Industrial Energy Efficiency program workshops. The appropriation is for \$66,900 in Operating Expenses and \$23,100 in Grants & Aid for FY10.
-----	---

## **Analysis of Budget Request**

**Appropriation:** 38X - St Industrial Assessment-Federal

**Funding Sources:** FST - ASTA Federal Programs

This appropriation was established through the authority of the Miscellaneous Federal Grant Holding Account during the 2007-2009 biennium. The Agency requests continuation of this program which will provide several Arkansas industrial plants with extensive energy assessments and will enable these industries to identify energy and money saving opportunities. Each project includes follow up technical and implementation assistance and evaluation of actual energy savings. Funding will pass through the Arkansas Energy Office to Arkansas Manufacturing Solutions (AMS), a program of the Authority. AMS will work with the Department of Mechanical Engineering at the University of Arkansas at Fayetteville to conduct the energy analysis, plant assessments and measurement of energy savings.

No additional funding is anticipated; however, the Authority is requesting appropriation of \$25,000 each year to complete assessments and follow up assistance and evaluation.

Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 38X - St Industrial Assessment-Federal

**Funding Sources:** FST - ASTA Federal Programs

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	25,000	0	0	25,000	25,000	0	25,000	25,000
Total	0	25,000	0	0	25,000	25,000	0	25,000	25,000
<b>Funding Sources</b>									
Federal Revenue 4000020	0	25,000		0	0	0	0	0	0
Total Funding	0	25,000		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	25,000	25,000	0	25,000	25,000
Grand Total	0	25,000		0	25,000	25,000	0	25,000	25,000

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

## Change Level by Appropriation

**Appropriation:** 38X - St Industrial Assessment-Federal

**Funding Sources:** FST - ASTA Federal Programs

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C06	Restore Position/Approp	25,000	0	25,000	100.0	25,000	0	25,000	100.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C06	Restore Position/Approp	25,000	0	25,000	100.0	25,000	0	25,000	100.0

### Justification

C06	The Authority requests continuation of this Federal program to provide energy assessments and identify energy and money saving opportunities for industrial plants using steam, process heating, pumps, fans and compressed air systems. This includes follow up technical and implementation assistance and evaluation of energy savings. The appropriation is for \$25,000 in Grants & Aid for FY10 and FY11.
-----	---

## **Analysis of Budget Request**

**Appropriation:** 678 - Science & Tech-St Operations

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

The Arkansas 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.

Three Base Level unclassified positions were changed to classified positions to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendation of the Pay Plan Study and the unclassified position reflects similar adjustments in the line item salary. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Authority requests Change Levels of \$1,157,719 in FY10 and \$1,160,505 in FY11 for Grants & Aid, Technology Development, and Seed Capital Investment. The increase in Grants & Aid for the Authority's Basic Research Grant Program and the Applied Research Program to pre 2001 levels is a goal of the Authority's Board of Directors. Also requested is an increase for Research Matching to meet the increasing need to match federal research awards to the State's colleges and universities.

The Authority requests an increase in Technology Development to meet the requirements of Act 1232 of 2005 raising the per project costs to \$100,000 from \$50,000. This will allow the Authority to fund one project per year that fill a gap in the innovation process. Also requested is an increase for the Technology Transfer Assistance Grant Program (TTAG) to meet the growing customer demand for the program. This program assists enterprises in efforts in applying for federal funds through the Small Business Innovation research grants.

The Authority requests an increase in Seed Capital Investment of \$7,347 each year of the biennium for "high risk" start up capital for emerging high tech enterprises in conjunction with Innovate Arkansas.

The Authority requests an increase in Capital Outlay of \$2,786 in FY11 to upgrade its server to meet the growing needs for storage and functionality.

Executive Recommendation provides for Base Level. Requests for Grants & Aid, Technology Development, and Seed Capital Investment are recommended from the General Improvement Fund.

## Appropriation Summary

**Appropriation:** 678 - Science & Tech-St 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	531,422	634,611	569,867	619,907	619,907	619,907	632,314	632,314	632,314
<b>#Positions</b>		<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
Extra Help	5010001	0	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>#Extra Help</b>		<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	155,440	165,447	166,723	178,174	178,174	178,174	180,496	180,496	180,496
Operating Expenses	5020002	158,864	166,703	166,703	166,703	166,703	166,703	166,703	166,703	166,703
Conference & Travel Expenses	5050009	17,416	27,223	27,223	27,223	27,223	27,223	27,223	27,223	27,223
Professional Fees	5060010	7,568	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	292,653	292,653	292,653	292,653	1,300,000	292,653	292,653	1,300,000	292,653
Capital Outlay	5120011	0	2,786	2,786	0	0	0	0	2,786	0
Technology Development	5900046	156,975	156,975	156,975	156,975	300,000	156,975	156,975	300,000	156,975
Seed Cap Invest GR	5900047	292,653	292,653	292,653	292,653	300,000	292,653	292,653	300,000	292,653
<b>Total</b>		<b>1,612,991</b>	<b>1,767,851</b>	<b>1,704,383</b>	<b>1,763,088</b>	<b>2,920,807</b>	<b>1,763,088</b>	<b>1,777,817</b>	<b>2,938,322</b>	<b>1,777,817</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,612,991	1,704,383		1,763,088	2,920,807	1,763,088	1,777,817	2,938,322	1,777,817
Merit Adjustment Fund	4000055	0	63,468		0	0	0	0	0	0
<b>Total Funding</b>		<b>1,612,991</b>	<b>1,767,851</b>		<b>1,763,088</b>	<b>2,920,807</b>	<b>1,763,088</b>	<b>1,777,817</b>	<b>2,938,322</b>	<b>1,777,817</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,612,991</b>	<b>1,767,851</b>		<b>1,763,088</b>	<b>2,920,807</b>	<b>1,763,088</b>	<b>1,777,817</b>	<b>2,938,322</b>	<b>1,777,817</b>

FY09 Budget in Regular Salaries exceeds authorized amount due to salary adjustments during the 2007-2009 biennium.

Special language provides for carry forward of up to \$150,000 of appropriation and obligated but unexpended funds in the Technology Development line item for basic or applied research grants, the amount of carry forward into FY09 was \$0.



## Change Level by Appropriation

**Appropriation:** 678 - Science & Tech-St Operations

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,763,088</b>	<b>12</b>	<b>1,763,088</b>	<b>100.0</b>	<b>1,777,817</b>	<b>12</b>	<b>1,777,817</b>	<b>100.0</b>
C01	Existing Program	357,719	0	2,120,807	120.3	357,719	0	2,135,536	120.1
C02	New Program	800,000	0	2,920,807	165.7	800,000	0	2,935,536	165.1
C08	Technology	0	0	2,920,807	165.7	2,786	0	2,938,322	165.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,763,088</b>	<b>12</b>	<b>1,763,088</b>	<b>100.0</b>	<b>1,777,817</b>	<b>12</b>	<b>1,777,817</b>	<b>100.0</b>
C01	Existing Program	0	0	1,763,088	100.0	0	0	1,777,817	100.0
C02	New Program	0	0	1,763,088	100.0	0	0	1,777,817	100.0
C08	Technology	0	0	1,763,088	100.0	0	0	1,777,817	100.0

### Justification

C01	This priority request is to restore funding for the Technology Development Program to pre 2001 levels and to provide funding to meet the requirements of Act 1232 of 2005 raising the per project costs from \$50,000 to \$100,000. The increased funding will allow the Authority to fund one project per year of these important projects that fill a gap in the innovation process. The Authority requests \$100,000 in each year of the biennium. This priority request is to restore funding for the Technology Transfer Assistance Grant Program (TTAG) to pre 2001 levels and to meet the increasing customer demand for this cost effective program. This program is focused on attracting federal funds through assisting enterprises efforts in applying for Small Business Innovation research grants. The Authority requests \$200,000 in each year of the biennium. This priority request is to increase funding for the Authority's Research Matching General Revenue funds to meet the increasing need for funds to match federal research awards to the state's colleges and universities. The Authority requests \$500,000 in each year of the biennium. This priority request is to increase funding for the Authority's Seed Capital Investment General Revenue funds. The investments fill a need for "high risk" start-up capital for emerging high-tech enterprises in conjunction with Innovate Arkansas. The Authority requests \$300,000 in each year of the biennium.
C02	This priority request is to restore funding for the Authority's Basic Research Grant Program to pre 2001 levels. Increasing Research Activities in Arkansas is a goal of the Authority's Board of Directors. The Authority requests \$600,000 in each year of the biennium. This priority request is to restore funding for the Authority's Applied Research Grant Program to pre 2001 levels. Increasing Research Activities in Arkansas is a goal of the Authority's Board of Directors. The Authority requests \$200,000 in each year of the biennium..
C08	The priority request for an equipment purchase is necessary to ensure the Authority upgrades its server to meet the ever growing needs for storage and functionality as referenced on the hardware tab of our IT Plan. The Authority requests \$2,786 in the second year of the biennium.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Science and Technology Authority

Program: Science & Tech-St Operations

Act #: 1228 of 2007 Section(s) #: 3 & 10

Estimated Carry Forward Amount \$ 0.00 Appropriation  Funds

Funding Source: Miscellaneous Agencies

**Accounting Information:**

Business Area: 0327 Funds Center: 678 Fund: HUA Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

All funds and appropriation will be spent.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

No carry forward of appropriation/funding requested.

Dr. John W. Ahlen  
President

08-13-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 919 - AR Manufacturing Extension Network-Fed

**Funding Sources:** FST - ASTA Federal Programs

The Arkansas Science and Technology Authority'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.

One Base Level unclassified position was changed to classified and the current classified positions reflect the recommendations of the Pay Plan Study. Salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Authority requests an increase in Operating Expenses of \$50,520 in FY10 and \$53,490 in FY11, Conference & Travel Expenses of \$6,466 in FY10 and \$7,260 in FY11, Professional Fees of \$5,000 in FY10 and \$10,000 in FY11, Grants & Aid of \$25,415 in FY10 and \$50,415 in FY11.

These increases are requested to provide support for the expanding services in the areas of Growth Services and Technology Deployment. Growth Services guides new companies through a idea generation step to offer new products or services. Staff works with the company management team to select the final choice and provides consultancy services to support implementation. Technology Deployment involves creating a bridge between the idea generators and venture capitalists, entrepreneurs, and manufacturers to commercialize early stage technologies.

Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 919 - AR Manufacturing Extention 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	127,203	141,930	141,835	146,194	146,194	146,194	149,555	149,555	149,555
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	38,101	39,085	41,322	42,668	42,668	42,668	43,297	43,297	43,297
Operating Expenses	5020002	96,760	124,456	124,456	124,456	174,976	174,976	124,456	177,946	177,946
Conference & Travel Expenses	5050009	14,345	24,600	24,600	24,600	31,066	31,066	24,600	31,860	31,860
Professional Fees	5060010	35,526	50,000	50,000	50,000	55,000	55,000	50,000	60,500	60,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	371,651	389,585	389,585	389,585	415,000	415,000	389,585	440,000	440,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Field Services	5900046	981,104	1,122,849	1,122,849	1,122,849	1,122,849	1,122,849	1,122,849	1,151,864	1,151,864
<b>Total</b>		<b>1,664,690</b>	<b>1,892,505</b>	<b>1,894,647</b>	<b>1,900,352</b>	<b>1,987,753</b>	<b>1,987,753</b>	<b>1,904,342</b>	<b>2,055,022</b>	<b>2,055,022</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	1,664,690	1,427,090		1,900,352	1,987,753	1,987,753	1,904,342	2,055,022	2,055,022
Third Party Reimbursement	4000490	0	465,415		0	0	0	0	0	0
<b>Total Funding</b>		<b>1,664,690</b>	<b>1,892,505</b>		<b>1,900,352</b>	<b>1,987,753</b>	<b>1,987,753</b>	<b>1,904,342</b>	<b>2,055,022</b>	<b>2,055,022</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,664,690</b>	<b>1,892,505</b>		<b>1,900,352</b>	<b>1,987,753</b>	<b>1,987,753</b>	<b>1,904,342</b>	<b>2,055,022</b>	<b>2,055,022</b>

FY09 Budget in Regular Salaries exceeds authorized amount due to salary adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** 919 - AR Manufacturing Extention Network-Fed

**Funding Sources:** FST - ASTA Federal Programs

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,900,352</b>	<b>3</b>	<b>1,900,352</b>	<b>100.0</b>	<b>1,904,342</b>	<b>3</b>	<b>1,904,342</b>	<b>100.0</b>
C01	Existing Program	87,401	0	1,987,753	104.6	150,680	0	2,055,022	107.9

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,900,352</b>	<b>3</b>	<b>1,900,352</b>	<b>100.0</b>	<b>1,904,342</b>	<b>3</b>	<b>1,904,342</b>	<b>100.0</b>
C01	Existing Program	87,401	0	1,987,753	104.6	150,680	0	2,055,022	107.9

### Justification

C01	The Authority requests an increase in Operating Expenses of \$50,520 in FY10 and \$53,490 in FY11, an increase in Conference & Travel of \$6,466 in FY10 and \$7,260 in FY11, an increase in Professional Fees of \$5,000 in FY10 and \$10,00 in FY11, and an increase in Grants & Aid of \$25,415 in FY10 and \$50,415 in FY11. This is to provide support for the expanding services in the areas of Growth Services and Technology Deployment services.
-----	--

# ARKANSAS TEACHER RETIREMENT SYSTEM

## Enabling Laws

Act 1418 of 2007  
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, 2007, ATRS had 69,226 active members; 24,153 retired members and beneficiaries receiving benefits; 4,709 T-DROP participants; and 10,689 terminated plan members entitled to but not yet receiving benefits. The monthly benefits payroll averaged \$40,979,784. The System had 344 participating employers. As of June 30, 2005, total assets had risen to over \$13,000,000,000 with net assets available for benefits of over \$11,600,000,000. The System's revenue sources consist of employer and employee contributions and investment earnings.

### HISTORY OF THE AGENCY:

The Teacher Retirement System of the State of Arkansas was established by authority of the Arkansas General Assembly on March 17, 1937 pursuant to Act 266 of 1937. Numerous changes were made to the teacher retirement laws over the next 20 years. Act 93 of 1957 combined the existing laws and made further refinements. Act 93 of 1957 was superceded by Act 42 of 1971, which included the changes made since 1957. The teacher retirement laws were rewritten in entirety by Act 427 of 1973. Subsequent changes have been made in the form of amendments to Act 427. Statutes covering the Teacher Retirement System are primarily located in Title 24 of the Arkansas Code, particularly Chapter 7.

Act 541 of 1977 placed the system on the level-percent of payroll funding method and for the first time provided that the employer contribution rate is determined by the most recent actuarial valuation of the System. Act 472 of 1989 exercised the General Assembly's prerogative to set the employer contribution rate. Act 340 of 2003 authorized the ATRS Board of Trustees to set the employer contribution rate beginning July 1, 2003 subject to legislative maximums. The current employer contribution rate is set at 14% of active member payroll.

Act 776 of 1979 provided for an alternate benefit formula multiplier of 1.125% of the final average salary times total years of service. Act 435 of 1981 increased the multiplier to 1.4% and Act 127 of 1983 increased it to 1.5% effective July 1, 1983, and to 1.59% effective July 1, 1984. Act 802 of 1987 increased the contributory multiplier of 1.59% to 1.65% effective July 1, 1987, to 1.70% effective July 1, 1988, and to 1.75% effective July 1, 1989. This act also set the multiplier for non-contributory service

for the same effective dates at 1.0%, 1.0378%, 1.07% and 1.10% respectively. Act 44 of 1991 increased the 1.75% contributory multiplier to 1.85% effective July 1, 1991, 1.95% effective July 1, 1992, and provided certain financial conditions were met, to 2.05% effective July 1, 1993. This act also set the non-contributory multiplier for the same effective dates at 1.17%, 1.23% and 1.29% respectively. Act 992 of 1997 again increased the contributory multiplier to 2.065% and 1.305% for non-contributory service. Act 396 of 1999 authorized the Board of Trustees to raise the multipliers for contributory and non-contributory service to 2.125% and 1.365% respectively, which was implemented by the Board effective January 1, 2000. On July 1, 2001, the Board of Trustees raised the multipliers for contributory and non-contributory service to 2.15% and 1.39% respectively under the provisions of Act 396 of 1999. Beginning in 1997, ATRS is prohibited by various statutes from implementing any benefit enhancement if (1) it would cause ATRS' unfunded actuarial accrued liabilities to exceed a thirty-year amortization or (2) ATRS has unfunded actuarial accrued liabilities being amortized over a period exceeding thirty years until the unfunded actuarial accrued liability is reduced.

Act 504 of 1985 established a non-contributory plan for members of the system in addition to the contributory plan. Members were allowed to elect to be contributory or non-contributory and could change that election one time. Beginning July 1, 1993, the law was amended by Act 435 of 1993 to allow any member to change his/her election concerning member contributions once each fiscal year. Under Act 14 of 1991, effective July 1, 1991, all new members of the Teacher Retirement System automatically became members of the non-contributory plan but could elect to become contributory members prior to the preparation of the first payroll of the fiscal year. Act 435 of 1993, effective July 1, 1993, provided that any former active member who returns to service also automatically becomes a non-contributory member, with the option to become a contributory member, and must make the election in the same manner as a new member. Act 81 of 1999, amended by Act 907 of 1999, provided that new members who enter covered service after July 1, 1999 will be automatically enrolled in the contributory plan. Act 907 also provided that members who were working in a covered position prior to July 1, 2000 must before June 30, 2000 make an irrevocable election to be in either the contributory or non-contributory plan and that this election would remain in effect for the remainder of the member's covered service. In addition, this Act provided former active members who entered covered service after June 30, 1999, one year to make an irrevocable election of the contributory or non-contributory plan. In both cases of active and former active members, if no election was made by the prescribed deadline, the member was permanently enrolled in the plan in which he/she was enrolled on the deadline.

Act 653 of 1989 provided that any person employed full-time by a school district after July 1, 1989, must become a member of the Teacher Retirement System. Act 43 of 1991 removed the right of a part-time employee to be excluded from membership in the Teacher Retirement System. Act 1026 of 1993 provided that part-time school personnel who accumulate less than 30 days of service within a fiscal year are not eligible for membership in the Teacher Retirement System.

Act 1096 of 1995 established the Teacher Deferred Retirement Option Plan (T-DROP), which allows members to defer receipt of benefit payments, and to continue to work in a position covered by Teacher Retirement. In order to make T-DROP more cost neutral, Acts 991 and 992 of 2003 made changes in the methods for determining plan contributions for new members in the T-DROP on or after September 1, 2003 and required that employer contributions recommence for members whose effective date in T-DROP is before September 1, 2003. Act 298 of 2007, effective July 1, 2007, changes the date for entering T-DROP to July 1; provides for the extension of employer contribution requirement for pre-September 2003 T-DROP members beyond July 1, 2011 and causes it to be the same as the regular employer contribution rate after July 1, 2013.

Act 461 of 2001 defined "Normal Retirement Age" as age 65, thus allowing members who reach that age to apply for retirement benefits without termination of employment. This Act also designates that members under age 65 must terminate employment for a minimum of 30 days to be eligible for retirement benefits.

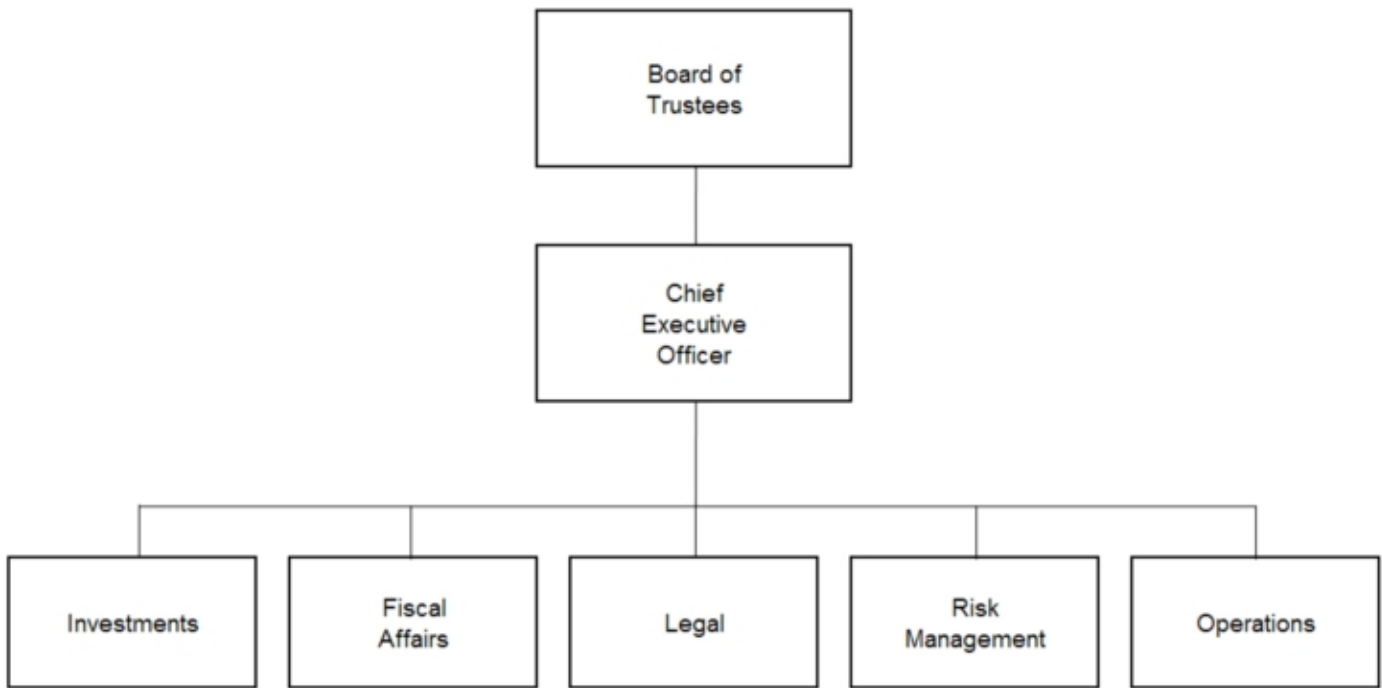
Act 23 of the Second Extraordinary Session of 2003, as amended by Act 47, provides that effective July 1, 2005 and each July 1 thereafter, active members of ATRS who have previously elected to eliminate members contributions to make an irrevocable election to become contributory. The Acts further mandate that, effective July 1, 2005, any active member whose status changes from nonteacher status to teacher status under contract for 181 days or more shall become contributory. Act 93 of 2007, effective July 1, 2007, provides that beginning July 1, 2007, and each July 1 thereafter, active noncontributory members may make an irrevocable election to become contributory; inactive or rescinding members may make an irrevocable election to become contributory at the time of reemployment regardless of a previous noncontributory status; new members who are not under contract or are contracted less than 181 days enter the system as non-contributory but may make an irrevocable election to become contributory.

#### ADMINISTRATION:

The general administration and responsibility for the proper operation of the system and for making effective the provisions of the teacher retirement laws is vested in the 15-member Board of Trustees. The State Bank Commissioner, State Treasurer, State Auditor and the Commissioner of the Department of Education serve as ex-officio members on the Board. Eleven (11) members are elected to the Board; eight (8) are active members and three (3) represent retirees. The Board believes that its paramount purpose is to provide an adequate and equitable retirement plan for the members of the System, to protect its members in the event of total and permanent disability, and to provide in part for their dependents upon their deaths.

The trustees serve without compensation except reimbursement for any necessary expenses incurred in attending meetings of the Board or in performing other official duties as defined by the Board. The Board appoints the Executive Director for the system as well as an actuarial firm to serve as technical advisor on matters regarding the operation of the system on an actuarial basis. The Board has the authority to employ professional investment counsel and to appoint a medical board to advise the Board on disability claims. The Board meets at least quarterly and must have eight (8) members present for a quorum. At least eight (8) concurring votes are needed to reach a decision.





### **Agency Commentary**

Since being hired for the combined role as Chief Executive Officer and Chief Investment Officer, the Arkansas Teacher Retirement System (ATRS) Director has pursued, with the Board’s unqualified support, a somewhat ambitious agenda to address what the Agency perceived as various shortcomings, inefficiencies, conflicting and/or confusing policies and investment portfolio strategies. The Director’s goal, in his tenure as CEO/CIO, is to advance the Teacher Retirement System to the level that would allow it to be viewed in the same light and competitive position with the finest defined benefit retirement plan systems in this country.

To achieve this standard involves working closely with the support of policy makers. There may not always have been a true appreciation for how important the Teacher Retirement System is to, not only the hundreds of thousands of its members, both active and retired, but also how important a resource it is for the economy and thus all the citizens of Arkansas. This impact will only grow as more and more members enter the retired ranks and the System’s funds are funneled from the investment portfolio to recipients as benefits and thus into the daily economy. The Director estimates that the economic engine it provides today is approximately \$1.5 billion/year and growing.

To provide for this growth in retirees, expected to double from 27,000 to 55,000 in the next 10-12 years along with the compounding of challenges to the System by longer life expectancies, ATRS will need to systematically step up its manpower to meet the anticipated growing demand for services.

This translates into an increase in benefits and refunds for our members, more staffing needs, enhanced data processing and support systems, the ability to compete effectively for the finest in investment management personnel to insure the future soundness of the Trust's ability to meet future liabilities, and developing and expanding the knowledge and skills of our staff and Board members so they are equipped to keep pace with the growing sophistication in investments and Board administration related challenges.

ATRS knows the State desires to remain competitive and develop the potential to offer one of the premier retirement systems in the country. To this effect, the Board, the Administration, the Legislature and others related to policy making for the System need to accept and address this challenge now. The financial and policy support that the Administration and Legislature has provided to the Board in the past has been exceptional and has allowed the System to keep pace, but now that pace is rapidly changing. Federal efforts at regulatory efforts are on the rise. State Legislatures around the country are involved with calls for divestment strategies, for example. Additionally, the investment arena is rapidly trying to stay up with the growing global marketplace by ratcheting up the sophistication of its offerings. In short, it is a very challenging time for pension plans and our State.

The ATRS budget request is designed to best prepare the System to meet these times and the growing demands downstream. ATRS is certainly sensitive to the sudden downturn of the nation's economic health and its negative impact on state cash flows. This is unlikely to reverse in the near future. As a result, this Agency made every effort to reallocate Base Level appropriation and take a hard look at cutting back as much as possible on existing programs.

Our Regular Salaries and Personal Services Matching increase requests for the biennium are approximately \$1.2 million annually. Our request for Maintenance & General Operations (Operating Expenses, Conference & Travel Expenses, Professional Fees, Capital Outlay and Data Processing) represents an overall decrease of \$539,090 in FY10 and \$505,929 in FY11 when offset by our requested decreases in Data Processing Services and Investment Counsel line items, totaling a \$1.5 million reduction to existing budget each year. The requested appropriation increase for Benefits Non-Employee and Refund/Reimbursements is \$2.4 million for FY10 and \$101.6 million for FY11.

For FY10, 79% of the net total agency change level of \$3.0 million relates to paying member benefits and contracted services. For FY11, 99% of the net total agency change level of \$102.3 million relates to paying member benefits and contracted services.

The budget calls for repositioning funds (largely sourced from the investment assets of the Fund itself and less, each year, from employer and employee contributions) from savings realized in the Data Processing, Investment Counsel and Professional Fees categories and reassigning those savings to cover increases to several non-benefit categories including Capital Outlay, personnel and professional development. This year the System will receive 14% of member salaries from employers and 6% from employees. This will produce approximately \$400 million in income to the System. The annual distribution to annuitants will surpass an estimated \$600 million by the end of the biennium period. The remaining operational costs are covered from Trust assets.

ATRS operates as a trust fund. The Agency's revenue is sourced from the investment assets of the Fund itself and less, each year, from employer or employee contributions.

The categories with proposed adjustments from FY09 levels are as follows:

Regular Salaries - An increase of approximately 26% is requested. This is to cover a requested 19 new positions in critical need areas including a proposed call center and increases in the key areas of accounting, informational technology, and member support services. There is also funding to add the separate position of Chief Investment Officer that would allow for a splitting of the currently combined CEO/CIO role, no longer an appropriate structure for a System of the size and increasing sophistication of ATRS. Competitive salary for a CIO today is in the range of \$200K- \$250K/year. The State should insist on being in position to attract the top talent that a \$12 billion-plus portfolio demands. The personnel category also covers planned increases in several existing staff funding levels per the newly proposed pay plan that will allow the System to be successful in retaining an experienced, talented workforce.

Personnel Services Matching - This category is increased to address the benefit costs of the proposed increased staffing and adjustments to existing salaries.

Operating Expenses - This category is increased to address actuarial costs and costs associated with replacing the Agency's outdated general ledger software before technical assistance becomes unavailable.

Conference and Travel - This category has for some time represented an unrealistic amount required to maintain a properly trained staff in several key areas, including investments, IT, legal and human resources. The staff oversees an investment portfolio currently in the range of \$12 billion dollars. It represents one of largest investment pools in the state. Within this portfolio, there is a growing focus on commitments to investment areas such as alternatives, private equity and real estate partnerships. These areas require that staff be informed and able to recommend, along with its outside consultants, appropriate actions to the Board. The investment portfolio, given the market volatility on these times, can fluctuate \$50-\$100 MILLION EVERY DAY! Preparing the Board for its decisions and taking the necessary steps to best position the portfolio to help minimize the negative impacts from such market volatility can only be realized by employing a well-informed and trained investment, IT, legal and related staff. It is important to stress that this proposed increased allocation is broader than just investment related staff. The ATRS legal department is deeply involved, not only in reviewing and resolving sophisticated investment agreements; side letters etc. with private markets investments but also is engaged in the arena of managing securities class actions and Board related litigation that helps to protect millions of dollars in Trust assets. Through interaction at special conferences and professional training workshops with colleagues from other systems, ATRS staff can greatly add further benefit to the System. The same is true with the informational technology, accounting, and human resource personnel. To start to build the needed skills and incorporate the effects of the rising cost of fuel on travel expenses, an increase in Conference & Travel Expenses of \$44,000 over Base Level is requested for FY10 and \$42,000 for FY11.

Data Processing and Investment Counsel - These are appropriation categories that ATRS can reduce without negative impact to the System, even in light of earlier comments about the growing sophistication of systems, investments and so forth. We have generally operated with an excess in these categories. The proposed revised levels will be adequate even as the Board expands its commitment to alternatives and likely will consider retaining a special advisor in the "alternatives" category of absolute return/inflation hedged type investments. ATRS has submitted a request to discontinue program appropriation of \$1,500,000 in FY10 and \$1,500,000 in FY11 for both line items. The data processing appropriation reduction is \$1,000,000 for FY10 and \$1,000,000 for FY11. The Investment Counsel appropriation reduction is \$500,000 for FY10 and \$500,000 for FY11.

Capital Outlay - This area has been running historically low primarily due to having made few new expenditures in the Informational Technology software and systems support area. However, now ATRS is faced with the need to commit funds to upgrade systems that have become antiquated. It doesn't take more than a few years for this to happen, given the rapid developments in technology. These upgrades will be done largely in-house to minimize costs. The same holds true for the maintenance and support services. Another planned increase in this category relates to a possible conversion of board and committee meetings to "paperless". ATRS proposes to handle the needed upgrades through an increase in this category from the FY09 level of \$50,000 to \$270,800 for FY10 and, incorporating a 10.5% reduction in the annual commitment in year two, reducing the level to \$242,500 for FY11.

Benefits Non-Employee and Refunds/Reimbursements - Expected growth in the number of retirees as noted above and the potential effects of a compound COLA for our retirees has required ATRS to request an increase for Benefits Non-Employee and Refunds/Reimbursements combined of approximately \$2.4 million for FY10 and \$101.6 million for FY11.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS TEACHER RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2007

<u>Findings</u>	<u>Recommendations</u>
<p>Analytical review procedures disclosed a significant increase in travel reimbursement for the position of Executive Director after Paul Doane was hired on April 1, 2007. The Director indicated the need to gain familiarity with an extensive and broad portfolio and the resulting dramatic realignment of the portfolio asset mix were contributing factors for an increase in travel. A review of the Director's travel reimbursement (TR-1) forms indicated out-of-state travel expenses of \$34,515 during the period April 1, 2007 through April 30, 2008. Although travel reimbursements did not exceed appropriations, the Director:</p> <ul style="list-style-type: none"> <li>• Traveled out-of-state to conferences or meetings approximately 47% of the time. The Director received reimbursement for eighteen trips to Boston, MA and three to New Mexico, States in which the Director maintains residences.</li> <li>• Indicated attending 83 meetings. Fourteen of these meetings were with representatives from State Street Corporation and/or Oppenheimer Capital, firms providing custodial or management services to the Agency. Historically, investment firms assumed the expense of Agency consultations. These firms, located in Boston and New York, were previous employers of the Director. To confirm validity of certain meetings, 20 participants were contacted and 11 participants acknowledged meeting with the Director. The inability to confirm meetings with the remaining nine participants could have been affected by the quality of information the Director provided on TR-1 forms.</li> </ul>	<p>Due to the complexity and unusual circumstances associated with the Executive Director's travel reimbursements, we recommend travel be adequately explained and documented. Agency personnel should become thoroughly familiar with state travel regulations and establish procedures to prevent future violations. The Board should review the matters discussed above and secure repayment from the Director for travel expenses unsubstantiated for Agency business and/or in conflict with state laws and regulations. Sound business practices suggest the Board endorse, and obtain regular reports relating to, the Director's travel.</p>

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2007

Findings

Recommendations

- 
- Received reimbursement for travel expenses related to Massachusetts Public Employee Retirement Administration Commission (PERAC) meetings. In December 2006, the Director was appointed, and continues to serve, as a commissioner to PERAC which is responsible for oversight, guidance, monitoring, and regulation of 106 Massachusetts public pension systems. While attending seven PERAC meetings, the Director also met with Agency vendors in the Boston area, however, the Agency reimbursed the Director for all travel expenses associated with six of these trips.
  
  - Collected reimbursement, in apparent conflict with state laws and travel regulations, for:
    - A Cape Air frequent flyer discount book of ten tickets (\$750) for which the use or purpose was not documented;
    - Commuter expense, after attending meetings, from Boston and New York areas to residence in Massachusetts;
    - An American Airlines Admiral Club membership (\$250); and
    - Room and meal charges in excess of state travel regulations relating to 13 TR-1 forms.

Both the Director and his assistant, who compiled the travel records, were new to Arkansas state government and were not familiar with certain state travel regulations. The Director indicated he will reimburse any incidences determined to be in violation of state travel regulations.

An employee was temporarily assigned to a higher payroll position with an increase in pay on August 12, 2007. Six months later the employee was returned to the position formerly occupied with no reduction in salary in apparent violation of Department of Finance and Administration - Office of Personnel Management (DFA-OPM) regulations and Ark. Code Ann. § 21-5-211(3) (A) which states:

“Any employee who is assigned to a position in a classification the employee formerly occupied within a twelve-month period after promotion from the classification shall be eligible for a rate of pay no greater than that for which the employee would have been eligible had the employee remained in the lower graded classification.”

The Agency's failure to return the employee to the proper rate of pay resulted in a salary overpayment of \$8,818 for the period February 10, 2008 through August 23, 2008.

The Agency review state laws and regulations concerning position grade changes and salary adjustments and establish procedures to prevent future salary overpayments. The Agency should also contact DFA-OPM to determine the appropriate procedures necessary to revolve the salary overpayment.

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2007

Findings

---

The Agency did not adhere to established internal controls or maintain adequate supporting documentation for real estate and partnership investments valued at \$136,492,821. The Agency contracted a firm to develop, and monitor adherence with, investment internal control policies and procedures as well as ensuring existing files comply with internal controls. The contracts with this firm, continuously in effect from July 24, 2001 through the latest amendment dated August 20, 2008, total \$1,575,000 and are primarily for the services described above. Five of the Agency's fifteen real estate and partnership investment files revealed the following exceptions:

- Two files lacked a detailed general ledger of all transactions related to the applicable investment.
- Journal entries and accompanying documentation to support and adequately explain individual transactions were not available for two files.
- Two files did not include required bank account statements and reconciliations.

Further, examination of these five files revealed additional problems not specifically covered by the Agency's policies and procedures.

- The Agency sold the real estate portion of an investment in two nursing homes during the year ended June 30, 2006, but retained the accounts receivable as an Agency asset. A subsidiary ledger of individual accounts receivable, which totaled \$1,024,557 at June 30, 2007, was not included in the Agency investment files; therefore, subsequent collections, recorded as reductions of total accounts receivable, could not be reconciled to individual accounts.
- The Agency discovered two unrecorded checking accounts, used by the prior management company of the nursing homes, with no supporting documentation for checks written from, or deposits made to, these accounts. Eleven undocumented disbursements totaling \$12,277 were by the prior management company after the investment was sold. The Agency subsequently recorded bank balances totaling \$21,629.

These circumstances indicate inadequate staff training, lack of proper supervision, and inability of staff to follow policies and procedures which could jeopardize the security of investment assets and adversely affect the reliability of the Agency's financial statements.

Recommendations

---

The Agency maintain investment files according to established policies and procedures. The Agency should also obtain a subsidiary accounts receivable listing to support the current asset balances and determine if the undocumented disbursements by the prior management company are for valid obligations of the Agency.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2007

Findings

Recommendations

Review of 122 benefit calculations revealed seven errors. The Agency did not adjust five benefits timely for salary changes after the original benefit calculations. Two retirement benefits were not properly calculated using the 110% salary limitation rule, designed to prevent an extra preretirement payment from unfairly affecting retirement benefits. These errors resulted in benefit overpayments to two retirees and underpayments to five retirees. The subsequent correction of benefit calculation errors could cause an unnecessary hardship on members of the system.

The Agency recalculate benefits timely after member salary changes.

**Employment Summary**

	Male	Female	Total	%
White Employees	12	45	57	76 %
Black Employees	3	11	14	19 %
Other Racial Minorities	1	3	4	5 %
Total Minorities			18	24 %
Total Employees			75	100 %

**Cash Fund Balance Description as of June 30, 2008**

Fund Account	Balance	Type	Location
3750000	\$0	Checking	Metropolitan National Bank

Statutory/Other Restrictions on use:

ACA 19-4-801 establishes that the agency can use a cash fund. ACA 24-7-403 restricts the use to benefits, refunds and other disbursements in accordance with ACA 24-7 et seq.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Monthly

Fund Balance Utilization:

Fund balance is returned to the Trust Fund at the end of the year.

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Agency Comprehensive Annual Financial Report	24-7-305(d)(1), 24-2-702	Y	Y	800	Reports on the financial health of ATRS; provides necessary information to ATRS board; required by GFOA and other entities



## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QV Property Management	284,741	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	120,798,830	82	170,859,981	82	170,668,587	82	171,081,156	82	174,051,349	101	172,529,584	88	171,169,006	82	184,230,541	101	182,630,062	88
C26 Teacher Retirement System-Cash	474,001,520	0	741,825,000	0	741,825,000	0	741,825,000	0	741,868,210	0	741,868,210	0	741,825,000	0	831,068,441	0	831,068,441	0
<b>Total</b>	<b>595,085,091</b>	<b>82</b>	<b>913,184,981</b>	<b>82</b>	<b>912,993,587</b>	<b>82</b>	<b>913,406,156</b>	<b>82</b>	<b>916,419,559</b>	<b>101</b>	<b>914,897,794</b>	<b>88</b>	<b>913,494,006</b>	<b>82</b>	<b>1,015,798,982</b>	<b>101</b>	<b>1,014,198,503</b>	<b>88</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Cash Fund 4000045	474,001,520	79.7	741,825,000	81.2			741,825,000	81.2	741,868,210	81.0	741,868,210	81.1	741,825,000	81.2	831,068,441	81.8	831,068,441	81.9
Trust Fund 4000050	121,083,571	20.3	171,359,981	18.8			171,581,156	18.8	174,551,349	19.0	173,029,584	18.9	171,669,006	18.8	184,730,541	18.2	183,130,062	18.1
<b>Total Funds</b>	<b>595,085,091</b>	<b>100.0</b>	<b>913,184,981</b>	<b>100.0</b>			<b>913,406,156</b>	<b>100.0</b>	<b>916,419,559</b>	<b>100.0</b>	<b>914,897,794</b>	<b>100.0</b>	<b>913,494,006</b>	<b>100.0</b>	<b>1,015,798,982</b>	<b>100.0</b>	<b>1,014,198,503</b>	<b>100.0</b>
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
<b>Grand Total</b>	<b>595,085,091</b>		<b>913,184,981</b>				<b>913,406,156</b>		<b>916,419,559</b>		<b>914,897,794</b>		<b>913,494,006</b>		<b>1,015,798,982</b>		<b>1,014,198,503</b>	

The FY09 Budget amount for appropriation 2QW exceeds Authorized amount due to salary and matching rate adjustments during the 2007-2009 biennium.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Total	Total			Total				
73	65	8	73	0	10.96 %	82	73	9	82	0	10.98 %	82	75	7	82	0	8.54 %

## **Analysis of Budget Request**

**Appropriation:** 2QV - Property Management

**Funding Sources:** TER - Teacher Retirement Fund

The Property Management Program of the Arkansas Teacher Retirement System pays for the necessary expenses to maintain properties that the System holds as investments. These expenses include, but are not limited to, attorney fees, foreclosure expenses, selling expenses, audit costs, appraisal expenses, property management fees, property rehabilitation costs, travel expenses related to property management, property repairs, property maintenance, advertising expenses, and property operating expenses.

The Agency Request is for Base Level.

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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Property Managment 5900046	284,741	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Total</b>	284,741	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Funding Sources</b>									
Trust Fund 4000050	284,741	500,000		500,000	500,000	500,000	500,000	500,000	500,000
<b>Total Funding</b>	284,741	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
<b>Grand Total</b>	284,741	500,000		500,000	500,000	500,000	500,000	500,000	500,000

## **Analysis of Budget Request**

**Appropriation:** 2QW - Teacher Retirement System-Operations

**Funding Sources:** TER - Teacher Retirement Fund

The Arkansas Teacher Retirement System provides age, service, survivor, and disability benefits for public school teachers and other covered employees. This appropriation is funded by trust funds of the Teacher Retirement System.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for three positions transitioning from unclassified to classified positions. Unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level request totaling \$2,970,193 in FY10 and \$13,061,535 in FY11 reflects the following:

Regular Salaries and Personal Services Matching increases of \$1,165,251 in FY10 and \$1,189,328 in FY11 to support 19 new positions, including: a Systems Specialist (C124), a Public Information Manager (C123), a Senior Software Support Analyst (C123), a Retirement Section Manager (C123), two (2) Accounting Coordinators (C121), a Retirement Investment Specialist (C119), an Investment Analyst (C117), three (3) Retirement Counselors (C117), three (3) Accountant I (C116), three (3) Administrative Analysts (C115), an Administrative Specialist III (C112), and a Chief Investment Officer (Grade 99). These positions will be used to assure the Agency is sufficiently staffed to accommodate unusually large increases in the number of retired members and the services provided to those members.

Operating Expenses increases of \$646,031 in FY10 and \$709,962 in FY11 for replacement of outdated general ledger software due to discontinued support for current system and in an effort to go paperless; and increased actuarial service costs for income and benefits forecasting that were previously expensed in the Data Processing commitment item.

Conference & Travel Expenses increase of \$44,079 in FY10 and \$41,609 in FY11 to provide for additional travel to conferences and seminars that allow Agency staff to keep current with companies the Trust does business with and to stay abreast of the latest investment and planning strategies.

Benefits-Non-Employee increase of \$8,700,000 in FY11 to provide sufficient appropriation for benefits based on actuarial projections and historical trend analyses.

Investment Counsel decrease of \$500,000 in each year of the biennium to relinquish unused appropriation to help offset increases in member benefits.

Data Processing Services decrease of \$1,000,000 in each year of the biennium to help offset increases in member benefits.

Capital Outlay increases of \$270,800 in FY10 and \$242,500 in FY11 so ATRS can migrate to a paperless technology, improving processing efficiencies and to replace the general ledger software. The software provider, IBM, will no longer support the software with any technical expertise. The request for Capital Outlay is included in the Agency's Information Technology Plan.

Refunds/Reimbursements increases of \$2,344,032 in FY10 and \$3,678,136 in FY11 to ensure sufficient appropriation for payments made to employers and employees who are leaving State employment.

The Executive Recommendation provides for Base Level and an additional \$1,448,428 in FY10 and \$11,461,056 in FY11 to support the following:

Regular Salaries and Personal Services Matching increases of \$333,596 in FY10 and \$340,420 in FY11 for a Systems Specialist, a Senior Software Support Analyst, a Retirement Section Manager, and (3) Retirement Counselors to support an increased number of retirees projected by the Agency.

Data Processing/Investment Counsel decreases of \$1,500,000 each year.

Capital Outlay increase of \$270,800 in FY10 and \$242,500 in FY11.

Benefits-Non-Employee increase of \$8,700,000 in FY11.

Refunds/Reimbursements increase of \$2,344,032 in FY10 and \$3,678,136 in FY11.

## 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,775,130	3,252,755	3,096,986	3,407,773	4,280,909	3,636,331	3,479,687	4,372,893	3,713,497
<b>#Positions</b>		<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>101</b>	<b>88</b>	<b>82</b>	<b>101</b>	<b>88</b>
Extra Help	5010001	94,332	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
<b>#Extra Help</b>		<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
Personal Services Matching	5010003	954,360	1,097,928	1,062,303	1,214,085	1,506,200	1,319,123	1,230,021	1,526,143	1,336,631
Overtime	5010006	17,350	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Operating Expenses	5020002	1,909,760	2,934,889	2,934,889	2,934,889	3,580,920	2,934,889	2,934,889	3,644,851	2,934,889
Conference & Travel Expenses	5050009	28,337	30,759	30,759	30,759	74,838	30,759	30,759	72,368	30,759
Professional Fees	5060010	166,671	343,650	343,650	343,650	343,650	343,650	343,650	343,650	343,650
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	107,845,617	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	158,700,000	158,700,000
Refunds/Reimbursements	5110014	5,510,949	6,550,000	6,550,000	6,550,000	8,894,032	8,894,032	6,550,000	10,228,136	10,228,136
Capital Outlay	5120011	13,687	50,000	50,000	0	270,800	270,800	0	242,500	242,500
Professional Sevices	5900043	158,100	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Data Processing Services	5900044	74,031	3,000,000	3,000,000	3,000,000	2,000,000	2,000,000	3,000,000	2,000,000	2,000,000
Investment Counsel	5900046	1,250,506	3,000,000	3,000,000	3,000,000	2,500,000	2,500,000	3,000,000	2,500,000	2,500,000
<b>Total</b>		<b>120,798,830</b>	<b>170,859,981</b>	<b>170,668,587</b>	<b>171,081,156</b>	<b>174,051,349</b>	<b>172,529,584</b>	<b>171,169,006</b>	<b>184,230,541</b>	<b>182,630,062</b>
<b>Funding Sources</b>										
Trust Fund	4000050	120,798,830	170,859,981		171,081,156	174,051,349	172,529,584	171,169,006	184,230,541	182,630,062
<b>Total Funding</b>		<b>120,798,830</b>	<b>170,859,981</b>		<b>171,081,156</b>	<b>174,051,349</b>	<b>172,529,584</b>	<b>171,169,006</b>	<b>184,230,541</b>	<b>182,630,062</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>120,798,830</b>	<b>170,859,981</b>		<b>171,081,156</b>	<b>174,051,349</b>	<b>172,529,584</b>	<b>171,169,006</b>	<b>184,230,541</b>	<b>182,630,062</b>

The FY09 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2007-2009 biennium.

Special Language provides carry forward of appropriation. For FY09, the Agency did not request to carry forward appropriation.

## Change Level by Appropriation

**Appropriation:** 2QW - Teacher Retirement System-Operations

**Funding Sources:** TER - Teacher Retirement Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>171,081,156</b>	<b>82</b>	<b>171,081,156</b>	<b>100.0</b>	<b>171,169,006</b>	<b>82</b>	<b>171,169,006</b>	<b>100.0</b>
C01	Existing Program	3,878,362	19	174,959,518	102.3	13,934,073	19	185,103,079	108.1
C03	Discontinue Program	(1,500,000)	0	173,459,518	101.4	(1,500,000)	0	183,603,079	107.3
C04	Reallocation	0	0	173,459,518	101.4	0	0	183,603,079	107.3
C08	Technology	591,831	0	174,051,349	101.7	627,462	0	184,230,541	107.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>171,081,156</b>	<b>82</b>	<b>171,081,156</b>	<b>100.0</b>	<b>171,169,006</b>	<b>82</b>	<b>171,169,006</b>	<b>100.0</b>
C01	Existing Program	2,677,628	6	173,758,784	101.6	12,718,556	6	183,887,562	107.4
C03	Discontinue Program	(1,500,000)	0	172,258,784	100.7	(1,500,000)	0	182,387,562	106.6
C04	Reallocation	0	0	172,258,784	100.7	0	0	182,387,562	106.6
C08	Technology	270,800	0	172,529,584	100.8	242,500	0	182,630,062	106.7

### Justification

C01	An increase of approximately 25% has been requested in salaries appropriation. The increase is for 19 additional positions in critical need areas and also covers planned increases in several existing staff funding levels per the proposed pay plan. An increase in Operating Expenses appropriation over Base Level of \$325,000 is requested for both years for actuarial service costs previously expensed under the Data Processing Services line item. An increase of \$44,079 and \$41,609 for FY10 and FY11, respectively, is requested for Conference & Travel Expenses. The rising fuel costs, prudent investment portfolio management, and the need for training for our new general ledger accounting software are the driving forces behind this request. Historical trend analysis and actuarial projections have lead to our request to increase the Refund appropriation by \$2,344,032 for FY10 and \$3,678,136 for FY11. They have also directed our request to increase the Pension Benefits appropriation by \$8,700,000 for FY11.
C03	ATRS has taken the Governor's request seriously and has moved to relinquish base level appropriation in the Data Processing Services line item and the Investment Counsel line item. The Agency is reducing the appropriation below Base Level in Data Processing Services by \$1,000,000 in FY10 and by \$1,000,000 in FY11. The Agency is reducing the appropriation below base level in Investment Counsel by \$500,000 in FY10 and by \$500,000 in FY11.
C04	Reallocations within our Operating Expenses appropriation were identified to address increased actuarial expenses (\$349,800 in FY10; \$330,700 in FY11), Board Member expenses and official business travel. These items were addressed by reducing budget amounts in other areas where current budget exceeded actual expenditures.
C08	Due to the increasing complexity of investment markets, enhancements needed for our member system, environmental concerns leading us to go paperless, obtaining needed processing efficiencies throughout the Agency, and the need to replace our general ledger software before we can no longer get support and technical service for it, ATRS requests an increase in appropriation in the Operating Expenses and Capital Outlay expense categories to meet ATRS's information technology needs. The Agency requests an increase in Operating Expenses of \$321,031 in FY10 and \$384,962 in FY11 for Software, Data Processing Supplies, and Misc. Technical Services. The Agency requests an increase for Capital Outlay of \$270,800 for FY10 and \$242,500 for FY11. Technological purchases are addressed in the Agency's IT Plan under the paragraph "Future Hardware Purchases."



**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Teacher Retirement System

Program: Teacher Retirement System-Operations

Act #: 1418 of 2007 Section(s) #: 3 & 6

Estimated Carry Forward Amount \$ 0.00 Appropriation  Funds

Funding Source: Trust

**Accounting Information:**

Business Area: 0375 Funds Center: 2QW Fund: TER Functional Area: RETR

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

We do not project a need to carry forward any appropriation for fiscal year 2009.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

Paul V. Doane  
Executive Director

08-04-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** C26 - Teacher Retirement System-Cash

**Funding Sources:** 375 - Arkansas Teacher Retirement Fund-Cash

The Arkansas Teacher Retirement System cash fund allows the Agency to make payments to beneficiaries by check or direct deposit.

The Agency's Change Level Request totaling \$43,210 in FY10 and \$89,243,441 in FY11 reflects the following:

Benefits-Non Employee increase in FY11 of \$88,800,000 to cover the expected growth in the number of retirees in the biennium.

Refunds/Reimbursements increase of \$43,210 in FY10 and \$443,441 in FY11 to cover anticipated retirement benefits increases based on actuarial projections and historical analyses.

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		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	473,047,035	739,200,000	739,200,000	739,200,000	739,200,000	739,200,000	739,200,000	828,000,000	828,000,000
Refunds/Reimbursements	5110014	954,485	2,625,000	2,625,000	2,625,000	2,668,210	2,668,210	2,625,000	3,068,441	3,068,441
<b>Total</b>		<b>474,001,520</b>	<b>741,825,000</b>	<b>741,825,000</b>	<b>741,825,000</b>	<b>741,868,210</b>	<b>741,868,210</b>	<b>741,825,000</b>	<b>831,068,441</b>	<b>831,068,441</b>
<b>Funding Sources</b>										
Cash Fund	4000045	474,001,520	741,825,000		741,825,000	741,868,210	741,868,210	741,825,000	831,068,441	831,068,441
<b>Total Funding</b>		<b>474,001,520</b>	<b>741,825,000</b>		<b>741,825,000</b>	<b>741,868,210</b>	<b>741,868,210</b>	<b>741,825,000</b>	<b>831,068,441</b>	<b>831,068,441</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>474,001,520</b>	<b>741,825,000</b>		<b>741,825,000</b>	<b>741,868,210</b>	<b>741,868,210</b>	<b>741,825,000</b>	<b>831,068,441</b>	<b>831,068,441</b>

## Change Level by Appropriation

**Appropriation:** C26 - Teacher Retirement System-Cash  
**Funding Sources:** 375 - Arkansas Teacher Retirement Fund-Cash

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>741,825,000</b>	<b>0</b>	<b>741,825,000</b>	<b>100.0</b>	<b>741,825,000</b>	<b>0</b>	<b>741,825,000</b>	<b>100.0</b>
C01	Existing Program	43,210	0	741,868,210	100.0	89,243,441	0	831,068,441	112.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>741,825,000</b>	<b>0</b>	<b>741,825,000</b>	<b>100.0</b>	<b>741,825,000</b>	<b>0</b>	<b>741,825,000</b>	<b>100.0</b>
C01	Existing Program	43,210	0	741,868,210	100.0	89,243,441	0	831,068,441	112.0

### Justification

C01	An increase in Benefits-Non Employee is requested per actuarial projections and historical trend analyses.
-----	--

# DEPARTMENT OF WORKFORCE EDUCATION

## Enabling Laws

Act 1280 of 2007  
A.C.A. § 25-30-103 et seq.  
A.C.A. § 25-30-201 et seq.  
A.C.A. § 6-11-205 and 206

## History and Organization

**Mission Statement:** The Arkansas Department of Workforce Education has the mission of providing leadership and contributing resources to serve the diverse and changing career and educational needs of the youth and adults of Arkansas. Arkansans with disabilities are provided opportunities to work and to lead productive and independent lives through Arkansas Rehabilitation Services.

**Agency History:** Act 64 of 1981 created the Vocational and Technical Education Division (now the Department of Workforce 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.

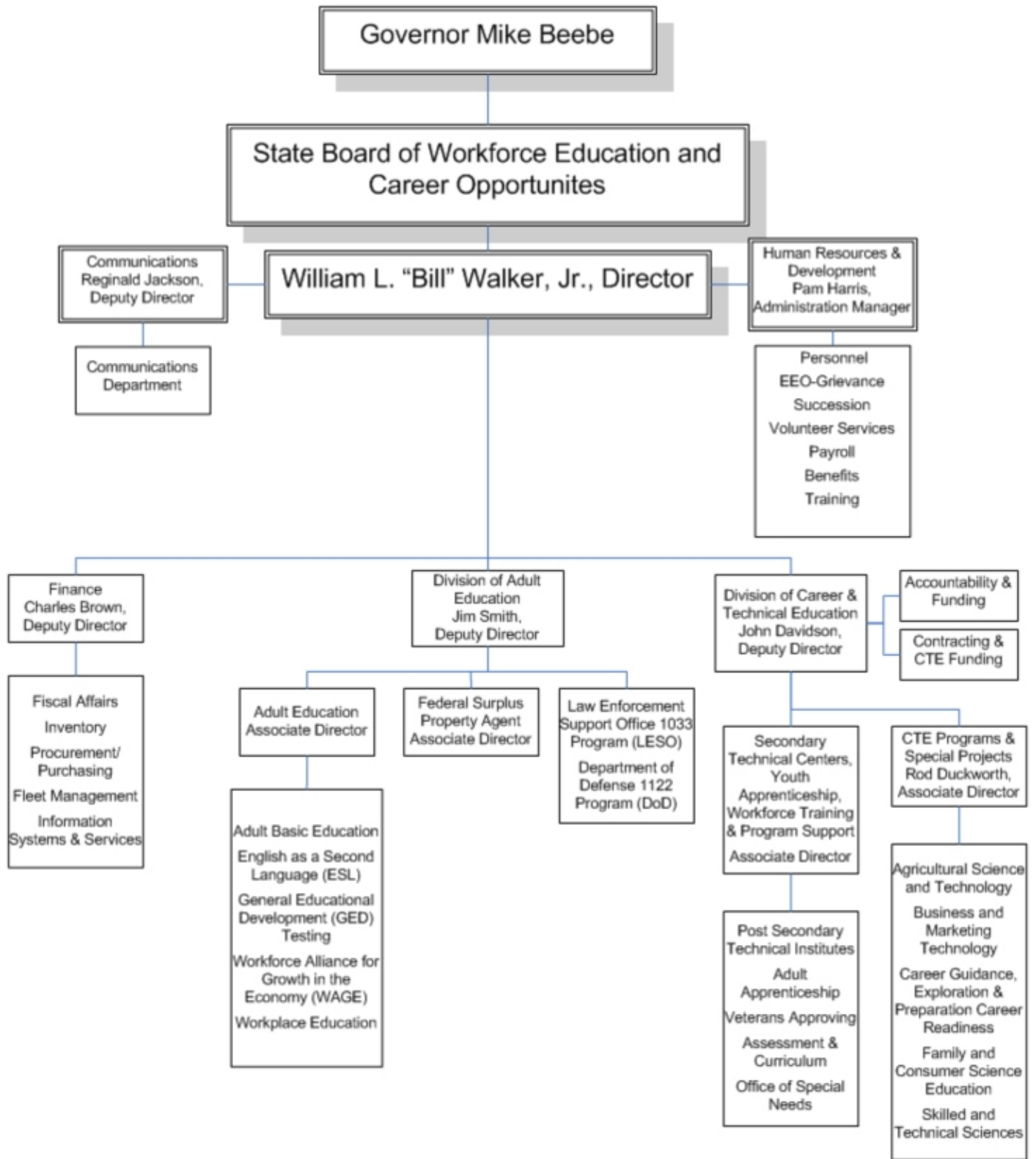
Act 803 of 1997 created the Arkansas Department of Workforce Education. The act abolished the Arkansas Vocational Technical Education Division, as well as the Governor's Commission on Adult Literacy and the Advisory Council for Vocational-Technical Education, transferring them to the newly created Arkansas 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.

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.

DWE is comprised of three divisions as well as administrative support services. The three divisions are Adult Education, Career and Technical Education, and Arkansas Rehabilitation Services. DWE oversees career and technical education programs in the secondary schools, secondary area technical centers, adult and youth apprenticeship programs, Arkansas Rehabilitation Services, and adult education programs. DWE also works with the Veterans Administration to approve state educational programs for veterans' benefits and oversees the Federal Surplus Property program.

**Statutory Responsibility and Primary Activities:** The enabling legislation and the powers and duties of the Arkansas Department of Workforce Education are codified in Arkansas Code Annotated 25-3-103, 25-30-104, 25-30-106, 25-30-107, 25-30-201, 6-11-205, and 6-11-206. These responsibilities include, but are not limited to, the following:

1. Establishment of policies and procedures, criteria, and priorities for use in approving local programs of career and technical education, adult education, and vocational rehabilitation in all areas of the state.
2. Monitoring of local programs of career and technical education, adult education, vocational rehabilitation and provision of technical assistance to assist these programs in meeting federal and state mandates and accountability measures.
3. Performance of all administrative functions in relation to the management, control, and supervision of all programs of career and technical education, adult education, and vocational rehabilitation in Arkansas's public educational institutions, with the exception of technical colleges, community colleges, and colleges and universities.
4. Development of state plans required by state or federal laws and regulations as prerequisites to receiving federal funds for career and technical education, adult education, or vocational rehabilitation.
5. Receipt and distribution of all state and federal funds designated for adult education, federal funds provided by the Carl D. Perkins Career and Technical Education Act of 2006, and Title I formula grant funds provided by the U.S. Department of Education/Rehabilitation Services Administration.
6. Development of programs and services that prepare high school students for postsecondary education and careers through an integrated course of study blending specialized training and real-world work experience with strong academic instruction.
7. Development of programs and services designed to provide persons age 18 and older with less than a high school diploma opportunities to increase their basic academic skills and earn the General Educational Development (GED®) credential (In certain cases, 16- and 17-year-olds who have dropped out of the public schools can be served in adult education programs.)
8. Development of programs and services designed to provide increased employment of individuals with disabilities through the provision of individualized training, independent living services, educational and support services, and meaningful opportunities for employment in integrated work settings.



## **Agency Commentary**

The Arkansas Department of Workforce Education and its major divisions - Career and Technical Education, Adult Education, and Arkansas Rehabilitation Services - are wholly committed to fulfilling what the Department has termed "The Arkansas Promise" - a concept to provide our state with the best trained, best educated, and most efficient workforce possible. This "Promise" will require a significant investment of Arkansas's resources.

### **Career and Technical Education**

Career and Technical Student Organization (CTSO) Specialists-The Department is requesting the addition of five CTSO specialist positions, Grade C120, at a cost of approximately \$305,000 in FY10 and \$315,000 in FY11. These specialists would focus on increasing student involvement in the schools, improving student leadership opportunities, and reducing the dropout rate.

Our request for these positions is based upon national research findings that participation in CTSOs increases student success. One such study, conducted by nine researchers from five universities across the country, shows a positive correlation between the amount of CTSO participation and various indicators of school success, including academic motivation, academic engagement, grades, career self-sufficiency, college aspirations, and employment skills.

Perhaps the most compelling benefit of CTSO participation is that at-risk students who become active members of CTSOs are more likely to remain in school than those who do not participate. Students drop out most frequently because of lack of engagement (lack of interest in classes, association with peers who are not interested), personal reasons (becoming a parent), and academic reasons (failing grades, absenteeism). While participation in a CTSO is not a panacea for all these problems, it certainly can go a long way in alleviating many of them. For example, CTSO competitive events test how well students can apply what they have learned in the classroom to a real-world situation. Thus, the competitive events make classes more interesting because students can see how what they are learning ties to what they will face in the workplace. Moreover, because CTSOs provide students a sense of community with other CTSO members, they offer a sense of belonging to the school, thereby reducing the influence of peer pressure from those who have already given up on school. CTSOs also provide many opportunities for students to improve their self-esteem and set meaningful career goals, and students with positive self-esteem and plans for their futures are less likely to become teen parents and are more likely to go to class every day and concentrate on their studies.

Secondary Area Technical Centers -The Department's request for an additional \$7,153,117 for FY10 and an additional \$9,027,417 for FY11 is necessary in order to add 5 new centers the first year of the biennium and 4 new centers the second year so that students in areas of the state not currently being served will be provided access to center programs. The increase in funding will also allow for a 5 percent growth in enrollment and will enable the centers to continue offering programs that meet industry standards.

The centers are currently supported by the Department in partnership with public high schools, education service cooperatives, and two-year colleges. The objective of these centers is to provide high school students access to a variety of career and technical education programs, particularly high-cost programs that cannot be offered at the local level. Currently, there are 24 secondary centers serving 177 high schools, meaning that students in more than 60 high schools do not have access to a secondary area



technical center. Since these students do not have the same opportunities for CTE as other Arkansas students, the state does not meet the equity standard for public education established in the 2001 ruling in the Lake View case. Nine additional centers are needed in regions of the state where students currently do not have access to center programs. These nine regions include the Batesville, Hope, Melbourne, Mountain Home, Newport, Ozark, Pocahontas, Crossett, and Lake Village areas. There is a two-year college in each of these regions that could provide up-to-date technical education programs through the secondary center system if funds were available.

The Department's funding request for the secondary area technical centers also allows for a modest 5% increase in funding for the secondary area technical center system. Growth in the system has reached a point at which increased enrollment has created a reduction in the full-time equivalent (FTE) funding level. Since 2005-2006, the number of students served by the centers has increased more than 9%, going from 2,710 in 2005-06 to 2,956 in 2007-08; however, the amount the centers receive has increased by only \$50, going from \$3,850 per FTE to the current \$3,900 per FTE. Without additional funding, the amount per FTE will continue to drop, forcing centers to eliminate programs and eventually forcing the centers themselves to close. The requested level of funding will enable the Department to provide "pass through" support to the local high schools as mandated in Arkansas Code Annotated § 6-20-2305(2)(A), as well as to provide a higher level of direct support to the centers.

Apprenticeship-The Department is requesting an additional \$1,000,000 for each year for traditional adult apprenticeship training programs. Apprenticeship programs are experiencing record growth due to the high demand for skilled crafts practitioners such as electricians, plumbers, carpenters, welders, heating and air technicians, and metal workers.

The current funding level of \$1,950,000 was established in 1993, when there were fewer than 1,000 apprentices. Now, however, there are more than 5,000 apprentices although there has been no increase in funding, meaning that the state's apprenticeship programs are struggling to meet the demands of the craft industries. The adult apprenticeship committees (the Arkansas Apprenticeship Coordination Steering Committee, the State Plumbing Apprenticeship Committee, and the State Electrical Apprenticeship Committee)-along with the Arkansas Building trades Council, the Associated General Contractors, the Arkansas Construction Education Foundation, and the Arkansas AFL-CIO-have expressed support for the Department's funding request.

### Adult Education

Adult Education-The Department is requesting an increase of \$4.9 million in FY10 and \$5.1 million in FY11 to increase the number of Arkansans served in adult education programs and to implement the newly developed performance-based funding formula that will distribute adult education funds on the basis of student contact hours and achievement.

Adult education provides adult Arkansans with educational opportunities to improve their academic and employability skills so that they can participate effectively as productive workers, family members, and citizens. By providing individuals this "second chance," adult education also contributes to the state's economic health and quality of life. Adult education serves the needs of a diverse population through a variety of classes in areas such as workplace readiness, basic academics, preparation for General Educational Development (GED®) Tests, English language and citizenship, and family literacy.

Adult education is funded primarily by the state. There has been no increase in category "A" funding since the 1991-1993 biennium, despite sharp increases in teacher salaries, instructional materials, and

general operating costs. Although a \$1.8 million increase was recommended in the 2007-2009, it was placed in category "B," and \$828,500 was recalled in March 2008 due to a projected revenue shortfall. In 1992, adult education funding was \$17.6 million and has increased to only \$20.1 million in FY09, resulting in cuts in services at a time when it is more important than ever that all Arkansans are educated and trained to take their place in today's global economy.

In the fall of 2007, a task force comprised of legislators and representatives from the Governor's Office, the Legislative Council, the Department of Workforce Education, and local adult education administrators began work on a new funding formula for the distribution of state adult education funds. The task developed a performance-based funding formula modeled after the research reported in "Performance-based Funding in Adult Education," published by the U. S. Department of Education, Office of Vocational and Adult Education. The new formula is designed to promote equity, efficiency, accountability, and program improvement. After the formula was developed, task force members decided that the existing and historical funding level was insufficient to allow programs to continue functioning with minimal disruptions and advised that additional funding would be needed in the new biennium in order to implement the formula.

If this additional funding is not received, adult education programs will continue to lose ground as they struggle to meet rising costs and increasing demand with funding that is barely above its 1992 level. The impact on Arkansans has already been significant. In many parts of the state, local programs have had to reduce the number of teachers, classes, sites, and instructional materials and equipment, thereby cutting services. Some satellite locations have been forced to close, meaning that students with transportation barriers have had to drop out of classes or travel farther. If adequate funding is not provided, further cuts in services will be inevitable.

**16- and 17-Year-Olds-**The Department requests \$1,861,025 in each year of the biennium to continue adult education services to youth, ages 16 and 17, who have dropped out of the public schools and need an alternative way to earn a high school credential. According to state law, 16- and 17-year olds can enroll in adult education classes in lieu of compulsory enrollment in public school. In 2006-2007, a total of 2,492 students ages 16 and 17 were enrolled in adult education classes and were provided 158,520 hours of instruction. At an average cost per contact hour of \$11.74, the cost of serving these students was \$1,861,025, which is the amount we are requesting for each year of the biennium. The public schools received all or partial payment for most of these youth, while adult education has never received any state funding for the classes provided to these younger students. Although it is the mission of the public schools to serve 16- and 17-year-olds, it is probable that these youth will continue to enroll in adult education as an alternative to public school. If they are to be effectively served in adult education programs, additional funding is essential.

**Scholarships for GED Graduates-**The Department requests \$225,000 in FY10 and \$275,000 in FY11 to begin a scholarship program for Arkansas residents who are GED recipients and who enroll in an Arkansas postsecondary institution on either a full-time or part-time basis. We believe that a scholarship program designated specifically for GED recipients would increase the college-going rate of this population.

In Arkansas, approximately 50% of those taking the GED Tests report that they are taking the tests in order to continue their education at the postsecondary level (two-year college, four-year college or university). However, only about half of those who report a goal of continuing their education actually do enroll in a postsecondary institution.

GED graduates, as nontraditional students, generally face more barriers to pursuing postsecondary

education than do traditional high school graduates. Some of these barriers include delayed enrollment, part-time enrollment, full-time employment, financial responsibilities, single parent status, and having dependent children. Many GED graduates face not one, but several, of these barriers. As a result, they are often unable to pursue postsecondary education or later drop out for reasons related to the barriers they face.

GED graduates qualify for federal student financial aid such as Pell grants and loans on the same basis as high school graduates. However, GED graduates do not qualify for many scholarship programs because of the eligibility requirements of these scholarships, e.g., recipient must be a graduating high school senior, must be enrolled full-time. Therefore, we propose a scholarship program tailored specifically to GED graduates who may have been out of school for several years and may be able to enroll in college only on a part-time basis. It is our belief that these scholarships will benefit not only the individuals who receive them but also the state, which will reap the benefits of a better-educated and better-trained workforce.

GED Testing-The Department is requesting \$50,000 each year to provide GED examiners training as mandated by the GED Testing Service. Without this training, Arkansas will not be allowed to administer the GED Tests. Arkansas currently tests approximately 8,000 individuals each year, and the state's pass rate (84% in 2007) is consistently above the national average. Since 1982, approximately 180,000 GED credentials have been awarded to Arkansans.

Adult Education Staffing-The Department is requesting five new positions in the Adult Education Division. Adult education staff must address continually increasing state and federal mandates regarding accountability, curriculum, data quality and reporting, program monitoring and supervision, and onsite technical assistance to local adult education programs. We anticipate that over the next biennium, the staff will be asked to provide increased technical assistance and guidance to local programs in at least two areas: (1) implementation of the new performance-based funding formula and (2) expansion of programs and services to meet the needs of an increasingly diverse population.

In 1988, the adult education staff had two more public school program advisors than it currently has. Although the number of staff has decreased since 1988, the responsibilities, both state and federal, have increased dramatically, meaning that current staff is continually in the position of having to do more with less. If the situation is not remedied with additional staff, the level of technical assistance and guidance that local programs receive will decrease.

The request for 5 new positions-an Associate Director (Grade C128), 2 Public School Program Advisors (Grade C120), a Management Project Analyst II (Grade C115), and an Administrative Assistant II (Grade C112)-would begin to address the staffing needs.

### Department Operations

A modest increase of 6% (\$135,000) is requested for the Department's Maintenance and Operation items due primarily to increased costs for postage, paper, in-state travel and replacement of computers. With the increasing complexity of providing data processing services, costs from the Department of Information Systems have increased while the line item for data processing has remained the same. Additionally, a reallocation of \$210,014 from Data Processing to Operating Expenses is being requested. Workforce Education pays the DIS a monthly fee to provide support for their database operations. This expense should be paid from the Operating Expenses line item.

The Department is requesting \$224,200 the first year of the biennium to secure a different facility to house both major entities of the Department - Workforce Education and Rehabilitation Services. Such a move would enable the Department to provide better services to clients and decrease duplication of services. Both the personnel and communication sections of the two have achieved a successful merger. Neither current facility is large enough to house both Workforce Education and Rehabilitation Services. The request for the second year would continue the rent and provide additional DIS connectivity.

Federal Surplus Property

The Federal Surplus Property acquires surplus property from the federal government and donates it to eligible recipients including cities, counties, state government agencies, hospitals, school districts, postsecondary institutions and nonprofit organizations. FSP is self-supporting through charges to recipients for transportation costs and acquisition fees. The request for a transfer of 1 currently authorized position from the Federal Job Training Act (JTPA) to this appropriation is due the JTPA program not continuing during the FY2009-11 Biennium. The request for additional overtime and contractual hauling fees are a direct result of increased transportation costs. Professional fees and data processing are requested to investigate the possibility of purchasing, leasing, or developing an automated equipment inventory and tracking system. Additionally, the Agency is requesting Capital Outlay to purchase a truck and trailer.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS DEPARTMENT OF WORKFORCE EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 FEDERAL SURPLUS PROPERTY  
 DEPARTMENT OF WORKFORCE EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	29	41	70	75 %
Black Employees	6	15	21	23 %
Other Racial Minorities	0	2	2	2 %
		Total Minorities	23	25 %
		Total Employees	93	100 %

## Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
1500200	\$2,387	Checking Account	Metropolitan National Bank

### Statutory/Other Restrictions on use:

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

Collected at 2-week intervals throughout the year.

### Fund Balance Utilization:

All funds collected are in an escrow account for employees and are eventually forwarded to the employee's selected retirement system or returned to the employee.

---

Fund Account	Balance	Type	Location
1500300	\$304,349	Savings and checking	Metropolitan National Bank

### Statutory/Other Restrictions on use:

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

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

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

### Revenue Receipts Cycle:

Received at irregular intervals throughout the year.

Fund Balance Utilization:

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

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

**Department Appropriation Summary**

**Does not include Workforce Education - Public School Fund (see page 489)**

**Historical Data**

**Agency Request and Executive Recommendation**

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	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	9,000	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
307 Fed Surplus Property	1,373,851	15	1,600,943	15	1,602,804	15	1,630,043	15	2,080,907	16	2,080,907	16	1,641,014	15	1,897,938	16	1,897,938	16
355 Housing Construction Program	35,000	0	294,613	0	0	0	329,613	0	329,613	0	329,613	0	0	0	0	0	0	0
640 Vo Tech Admin-Operations	6,213,457	56	6,216,973	55	6,227,903	57	6,416,916	55	8,231,524	62	6,416,916	55	6,488,657	55	8,272,888	62	6,488,657	55
641 Fed Voc Educ-Operations	10,976,005	18	15,754,233	18	16,163,952	19	15,819,622	18	15,975,464	21	15,975,464	21	15,836,885	18	15,995,956	21	15,995,956	21
644 Adult Basic Education	408,852	5	415,780	5	421,772	5	439,713	5	692,742	10	439,713	5	448,543	5	706,803	10	448,543	5
645 Fed-Adult Basic Education	5,675,872	3	7,456,164	3	7,456,447	3	7,466,766	3	7,466,766	3	7,466,766	3	7,471,446	3	7,471,446	3	7,471,446	3
647 Fed Equipment & Training-Operations	2,199	0	1,000	0	1,000	0	1,000	0	6,000	0	6,000	0	1,000	0	6,000	0	6,000	0
649 Fed-Veteran's Approving Agency	219,998	4	257,972	4	264,847	4	270,814	4	270,814	4	270,814	4	274,135	4	274,135	4	274,135	4
755 Construction Craft	533,395	1	877,512	1	876,789	1	882,922	1	882,922	1	882,922	1	882,922	1	882,922	1	882,922	1
A88 Alternate Retirement Plan	84,253	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
093 Advisory Council Vo-Tech State	0	0	0	0	15,864	0	0	0	0	0	0	0	0	0	0	0	0	0
643 Fed-Job Training Partnership Act	174,172	5	0	0	448,523	5	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>25,706,054</b>	<b>106</b>	<b>33,007,712</b>	<b>101</b>	<b>33,612,423</b>	<b>109</b>	<b>33,389,931</b>	<b>101</b>	<b>36,069,274</b>	<b>117</b>	<b>34,001,637</b>	<b>105</b>	<b>33,177,124</b>	<b>101</b>	<b>35,640,610</b>	<b>117</b>	<b>33,598,119</b>	<b>105</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,937,380	9.8	4,192,278	11.5	3,556,688	9.7	3,556,688	9.1	3,556,688	9.6	3,221,201	8.9	3,216,201	8.4	3,216,201	8.8	
General Revenue	4000010	2,857,143	9.6	2,931,928	8.0	3,190,695	8.7	5,258,332	13.4	3,190,695	8.6	3,271,266	9.1	5,313,757	13.8	3,271,266	9.0	
Federal Revenue	4000020	17,046,047	57.0	23,468,369	64.2	23,557,202	64.3	23,713,044	60.4	23,713,044	63.7	23,582,466	65.4	23,741,537	61.7	23,741,537	65.1	
Special Revenue	4000030	3,207,626	10.7	2,200,000	6.0	2,200,000	6.0	2,650,864	6.7	2,650,864	7.1	2,200,000	6.1	2,456,924	6.4	2,456,924	6.7	
Merit Adjustment Fund	4000055	0	0.0	34,891	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Educational Excellence Fund	4000220	3,635,351	12.2	3,525,934	9.6	3,525,934	9.6	3,525,934	9.0	3,525,934	9.5	3,525,934	9.8	3,525,934	9.2	3,525,934	9.7	
Interest & Forfeitures	4000305	73,391	0.2	60,000	0.2	100,000	0.3	100,000	0.3	100,000	0.3	100,000	0.3	100,000	0.3	100,000	0.3	
Loan Repayment	4000330	0	0.0	0	0.0	329,613	0.9	329,613	0.8	329,613	0.9	0	0.0	0	0.0	0	0.0	
M & R Sales	4000340	2,579	0.0	1,000	0.0	1,000	0.0	1,000	0.0	1,000	0.0	1,000	0.0	1,000	0.0	1,000	0.0	
Transfers / Adjustments	4000683	138,815	0.5	150,000	0.4	150,000	0.4	150,000	0.4	150,000	0.4	150,000	0.4	150,000	0.4	150,000	0.4	
<b>Total Funds</b>		<b>29,898,332</b>	<b>100.0</b>	<b>36,564,400</b>	<b>100.0</b>	<b>36,611,132</b>	<b>100.0</b>	<b>39,285,475</b>	<b>100.0</b>	<b>37,217,838</b>	<b>100.0</b>	<b>36,051,867</b>	<b>100.0</b>	<b>38,505,353</b>	<b>100.0</b>	<b>36,462,862</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(4,192,278)		(3,556,688)		(3,221,201)		(3,216,201)		(3,216,201)		(2,874,743)		(2,864,743)		(2,864,743)		
<b>Grand Total</b>		<b>25,706,054</b>		<b>33,007,712</b>		<b>33,389,931</b>		<b>36,069,274</b>		<b>34,001,637</b>		<b>33,177,124</b>		<b>35,640,610</b>		<b>33,598,119</b>		

Fund Transfer is from Motor Vehicle Commission - Act 530 Section 5 of 2007

Housing Construction Program is a Biennial Appropriation. The FY09 Budget Amount has been adjusted to reflect the carry forward balance of appropriation between fiscal years of \$294,613.

Budget exceeds Authorized Amount in Construction Craft due to salary adjustments made during the 2007-2009 Biennium.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
108	98	5	103	5	9.26 %	110	96	11	107	3	12.73 %	110	93	9	102	8	15.45 %



## **Analysis of Budget Request**

**Appropriation:** 179 - High-Tech Scholarship Program

**Funding Sources:** EGB - Workforce Education Fund Account

This appropriation is used to award scholarships to Arkansas students attending Arkansas' educational institutions. Twenty (20) high tech scholarships of \$500.00 each as required in A.C.A. §6-82-401 et seq. are given per student per semester. This appropriation is funded with general revenue.

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

The Executive Recommendation provides for Agency Request.

**Appropriation Summary**

**Appropriation:** 179 - High-Tech Scholarship Program  
**Funding Sources:** EGB - Workforce Education Fund Account

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Scholarships 5100030	9,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Total</b>	<b>9,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Funding Sources</b>									
General Revenue 4000010	9,000	10,000		10,000	10,000	10,000	10,000	10,000	10,000
<b>Total Funding</b>	<b>9,000</b>	<b>10,000</b>		<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>9,000</b>	<b>10,000</b>		<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>

## **Analysis of Budget Request**

**Appropriation:** 307 - Fed Surplus Property

**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.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting:

- The transfer of one currently authorized position from the Federal Dislocated Worker program to this appropriation. The Department of Workforce Education will no longer administer the Dislocated Worker program. That program will be handled entirely by the Department of Workforce Services. This transfer of the position will allow the Agency to utilize this position in the Federal Surplus Property program.
- An increase of \$20,000 in both fiscal years for additional Overtime appropriation.
- Increasing the Operating Expense line item by \$170,000 in both years. An increase of \$120,000 is for increases in transportation cost of the contractual hauling fees. Additionally, \$50,000 requested for network expense to look at the possibility of acquiring an automated equipment inventory and tracking system.
- A request to increase Professional Fees by \$10,000 for both fiscal years for the inventory and tracking system.
- To purchase a truck and trailer an increase of \$195,000 in Capital Outlay for FY10 is requested.

The Executive Recommendation provides for Agency Request.

## Appropriation Summary

**Appropriation:** 307 - Fed Surplus Property

**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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries 5010000	403,929	502,872	505,853	511,856	549,188	549,188	520,743	558,933	558,933
<b>#Positions</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>16</b>	<b>16</b>
Extra Help 5010001	9,581	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>#Extra Help</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching 5010003	145,302	183,407	182,287	203,523	222,055	222,055	205,607	224,341	224,341
Overtime 5010006	17,024	20,000	20,000	20,000	40,000	40,000	20,000	40,000	40,000
Operating Expenses 5020002	784,383	862,401	862,401	862,401	1,032,401	1,032,401	862,401	1,032,401	1,032,401
Conference & Travel Expenses 5050009	13,297	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees 5060010	335	5,263	5,263	5,263	15,263	15,263	5,263	15,263	15,263
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	195,000	195,000	0	0	0
<b>Total</b>	<b>1,373,851</b>	<b>1,600,943</b>	<b>1,602,804</b>	<b>1,630,043</b>	<b>2,080,907</b>	<b>2,080,907</b>	<b>1,641,014</b>	<b>1,897,938</b>	<b>1,897,938</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,023,952	2,269,886		2,268,943	2,268,943	2,268,943	2,238,900	2,238,900	2,238,900
Special Revenue 4000030	2,619,785	1,600,000		1,600,000	2,050,864	2,050,864	1,600,000	1,856,924	1,856,924
<b>Total Funding</b>	<b>3,643,737</b>	<b>3,869,886</b>		<b>3,868,943</b>	<b>4,319,807</b>	<b>4,319,807</b>	<b>3,838,900</b>	<b>4,095,824</b>	<b>4,095,824</b>
Excess Appropriation/(Funding)	(2,269,886)	(2,268,943)		(2,238,900)	(2,238,900)	(2,238,900)	(2,197,886)	(2,197,886)	(2,197,886)
<b>Grand Total</b>	<b>1,373,851</b>	<b>1,600,943</b>		<b>1,630,043</b>	<b>2,080,907</b>	<b>2,080,907</b>	<b>1,641,014</b>	<b>1,897,938</b>	<b>1,897,938</b>

FY09 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2007-2009 Biennium.

## Change Level by Appropriation

**Appropriation:** 307 - Fed Surplus Property  
**Funding Sources:** MWH - Federal Surplus Property

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,630,043</b>	<b>15</b>	<b>1,630,043</b>	<b>100.0</b>	<b>1,641,014</b>	<b>15</b>	<b>1,641,014</b>	<b>100.0</b>
C01	Existing Program	390,864	1	2,020,907	124.0	196,924	1	1,837,938	112.0
C08	Technology	60,000	0	2,080,907	127.7	60,000	0	1,897,938	115.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,630,043</b>	<b>15</b>	<b>1,630,043</b>	<b>100.0</b>	<b>1,641,014</b>	<b>15</b>	<b>1,641,014</b>	<b>100.0</b>
C01	Existing Program	390,864	1	2,020,907	124.0	196,924	1	1,837,938	112.0
C08	Technology	60,000	0	2,080,907	127.7	60,000	0	1,897,938	115.7

### Justification

C01	The Federal Surplus Property acquires surplus property from the federal government and donates it to eligible recipients including cities, counties, state government agencies, hospitals, school districts, postsecondary institutions and nonprofit organizations. FSP is self-supporting through charges to recipients for transportation costs and acquisition fees. The request for additional overtime and contractual hauling fees are a direct result of increased transportation costs. One currently authorized position is being transferred to this program. Additionally, the Agency is requesting Capital Outlay to purchase a truck and trailer.
C08	Professional fees (\$10,000) and Operating Expenses – Network Expenses (\$50,000) are requested to investigate the possibility of purchasing, leasing, or developing an automated equipment inventory and tracking system. IT plan tab is Operations/Software/Future Software Purchases.

## **Analysis of Budget Request**

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

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

This biennial appropriation was established during the 2007-2009 biennium. This is a revolving loan program that allows the Department of Workforce Education to make loans available to Secondary Area Technical Center and other eligible entities for the purchase of building materials, supplies and fixtures to be used in construction of a single family dwelling unit or other non residential building projects approved in the Housing Construction Program.

The funding for this appropriation comes from revolving loans the Agency disburses to qualified entities. The funding for this appropriation comes from revolving loans the Agency disburses to qualified entities.

Base Level for this biennial appropriation was restored to the FY08 authorized amount of \$329,613 and represents the Agency Request.

The Executive Recommendation is for the Agency Request.

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	35,000	294,613	0	329,613	329,613	329,613	0	0	0
Total		35,000	294,613	0	329,613	329,613	329,613	0	0	0
<b>Funding Sources</b>										
Fund Balance	4000005	329,613	294,613		0	0	0	0	0	0
Loan Repayment	4000330	0	0		329,613	329,613	329,613	0	0	0
Total Funding		329,613	294,613		329,613	329,613	329,613	0	0	0
Excess Appropriation/(Funding)		(294,613)	0		0	0	0	0	0	0
Grand Total		35,000	294,613		329,613	329,613	329,613	0	0	0

This is a Biennial Appropriation.

FY09 Budget amount has been adjusted to reflect the carry forward balance of appropriation between fiscal years of \$294,613.

Base Level has been restored to the FY08 Authorized Amount of \$329,613.

## **Analysis of Budget Request**

**Appropriation:** 640 - Vo Tech Admin-Operations

**Funding Sources:** EGB - Workforce Education Fund

This appropriation provides the majority of general revenue support for the administrative functions of the Department of Workforce Education. Programs such as the Plumbing Apprenticeship program, Industrial Coordinators, and Tech Prep program are included in the activities carried out through this appropriation. In addition to general revenue, Educational Excellence funds are used to provide support for the Apprenticeship program. Additionally, during the 2007-2009 Biennium, the Motor Vehicle Education program was added to this appropriation. This educational program is funded by a transfer from the Motor Vehicle Commission.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting:

- Restoration of 2 currently authorized, but unbudgeted positions. These two positions are a School for Work Coordinator and Chief of Staff to be used in the administration offices of the Agency.
- Five new Educator and Instruction Coordinator positions to be used as Career and Technical Student Organization specialists, who would focus on increasing student involvement in schools, improving student leadership and help reduce the student dropout rate.
- Increasing the Operating Expense line item by \$459,214 in FY10 and \$419,214 in FY11 for increased costs postage, paper, network services expenses and other maintenance and operations line items for additional positions. Additionally, the Agency is requesting \$179,200 in both years for increased rent of facilities. This is primarily to allow the operations units of Workforce Education and Rehabilitation Services to be housed in the same location. \$44,000 is requested for both years to allow the Agency a three year replacement schedule for its personal computers. Also included in this request is to reallocate \$120,014 in both years from Data Processing Services to Operating Expense. The proper expensing of the database support should be from Operating Expense and not Data Processing Services.
- An increase in Conference Fees and Travel of \$20,000 for both fiscal years is requested to allow Agency staff to attend national conferences.
- An increase of \$1,000,000 in the Apprenticeship Program line item for both fiscal years is requested due to the continuing growth of students training to become skilled crafts practitioners.

The Executive Recommendation provides for Base Level.



## Appropriation Summary

**Appropriation:** 640 - Vo Tech Admin-Operations

**Funding Sources:** EGB - Workforce Education Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries 5010000	2,671,806	2,689,683	2,694,433	2,772,953	3,112,990	2,772,953	2,830,980	3,178,813	2,830,980
<b>#Positions</b>	<b>56</b>	<b>55</b>	<b>57</b>	<b>55</b>	<b>62</b>	<b>55</b>	<b>55</b>	<b>62</b>	<b>55</b>
Extra Help 5010001	913	3,923	3,923	3,923	3,923	3,923	3,923	3,923	3,923
<b>#Extra Help</b>	<b>1</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>
Personal Services Matching 5010003	803,152	808,819	814,999	925,492	1,040,863	925,492	939,206	1,056,404	939,206
Operating Expenses 5020002	574,005	578,283	578,283	578,283	1,037,497	698,297	578,283	997,497	698,297
Conference & Travel Expenses 5050009	28,268	28,751	28,751	28,751	48,751	28,751	28,751	48,751	28,751
Professional Fees 5060010	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Data Processing 5090012	120,014	120,014	120,014	120,014	0	0	120,014	0	0
Capital Outlay 5120011	28,786	0	0	0	0	0	0	0	0
Apprenticeship Program 5900047	1,949,711	1,950,000	1,950,000	1,950,000	2,950,000	1,950,000	1,950,000	2,950,000	1,950,000
Motor Vehicle Education Prgm 5900048	1,802	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<b>Total</b>	<b>6,213,457</b>	<b>6,216,973</b>	<b>6,227,903</b>	<b>6,416,916</b>	<b>8,231,524</b>	<b>6,416,916</b>	<b>6,488,657</b>	<b>8,272,888</b>	<b>6,488,657</b>
<b>Funding Sources</b>									
General Revenue 4000010	2,439,291	2,506,148		2,740,982	4,555,590	2,740,982	2,812,723	4,596,954	2,812,723
Merit Adjustment Fund 4000055	0	34,891		0	0	0	0	0	0
Educational Excellence Fund 4000220	3,635,351	3,525,934		3,525,934	3,525,934	3,525,934	3,525,934	3,525,934	3,525,934
Transfers / Adjustments 4000683	138,815	150,000		150,000	150,000	150,000	150,000	150,000	150,000
<b>Total Funding</b>	<b>6,213,457</b>	<b>6,216,973</b>		<b>6,416,916</b>	<b>8,231,524</b>	<b>6,416,916</b>	<b>6,488,657</b>	<b>8,272,888</b>	<b>6,488,657</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>6,213,457</b>	<b>6,216,973</b>		<b>6,416,916</b>	<b>8,231,524</b>	<b>6,416,916</b>	<b>6,488,657</b>	<b>8,272,888</b>	<b>6,488,657</b>

Fund Transfer is from Motor Vehicle Commission-Act 530 of 2007 Section 5

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,416,916</b>	<b>55</b>	<b>6,416,916</b>	<b>100.0</b>	<b>6,488,657</b>	<b>55</b>	<b>6,488,657</b>	<b>100.0</b>
C01	Existing Program	1,259,513	2	7,676,429	119.6	1,263,841	2	7,752,498	119.5
C02	New Program	480,095	5	8,156,524	127.1	445,390	5	8,197,888	126.3
C04	Reallocation	0	0	8,156,524	127.1	0	0	8,197,888	126.3
C08	Technology	75,000	0	8,231,524	128.3	75,000	0	8,272,888	127.5

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,416,916</b>	<b>55</b>	<b>6,416,916</b>	<b>100.0</b>	<b>6,488,657</b>	<b>55</b>	<b>6,488,657</b>	<b>100.0</b>
C01	Existing Program	0	0	6,416,916	100.0	0	0	6,488,657	100.0
C02	New Program	0	0	6,416,916	100.0	0	0	6,488,657	100.0
C04	Reallocation	0	0	6,416,916	100.0	0	0	6,488,657	100.0
C08	Technology	0	0	6,416,916	100.0	0	0	6,488,657	100.0

### Justification

C01	This request restores 2 currently authorized positions, a School for Work Coordinator and Chief of Staff, which were not budgeted for FY2009. Appropriation is requested in Operating Expenses primarily due to increased costs for postage, paper, and in-state travel. Additional Travel is requested to allow Department staff to attend national conferences to stay abreast of current trends. Several staff members are national officers. The Department is requesting an additional \$1,000,000 for each year for traditional adult apprenticeship training programs. Apprenticeship programs are experiencing record growth due to the high demand for skilled crafts practitioners such as electricians, plumbers, carpenters, welders, heating and air technicians, and metal workers.
C02	The Department is requesting the addition of five Education and Instruction Coordinator positions, Grade C120, to work as Career and Technical Student Organization specialists for focusing on increasing student involvement in the schools, improving student leadership opportunities, and reducing the dropout rate. The Department is requesting \$224,200 the first year of the biennium to secure a different facility to house both major entities of the Department – Workforce Education and Rehabilitation Services. Such a move would enable the Department to provide better services to clients and decrease duplication of services. Both the personnel and communication sections of the two have achieved a successful merger. Neither current facility is large enough to house both Workforce Education and Rehabilitation Services. The request the 2nd year provides for the increased rent of \$179,200.
C04	This request is to reallocate \$120,014 of currently authorized appropriation from Data Processing Services to Operating Expense. The Department of Information Systems expenditures are for database support and should be expensed from Operating Expense rather than Data Processing.
C08	With over 100 personal computers in the Department, it is critical to have a replacement schedule. This request would allow replacement on a three-year cycle. Additionally, the increasing complexity of providing data processing services, costs from the Department of Information Systems have increased. This request would also address these increases. IT tab reference is Operations/IT Support/Telephone and Other.

## **Analysis of Budget Request**

**Appropriation:** 641 - Fed Voc Educ-Operations

**Funding Sources:** FEV - Federal Vocational Education

This appropriation is the federal counterpart to the general revenue appropriation (640) and together they serve as the basis for the administrative support of the Agency. Funds are received from the U.S. Department of Education through the following program sources:

- Carl D. Perkins Vocational & Applied Technology Education Act- Basic Grant
- Jobs Training Partnership Act- School-to-Work Opportunities program
- Carl D. Perkins Applied Technology Education Act- Tech Prep Education

Only the 5% administrative funds in the Carl Perkins Basic Grant must be matched and this is provided in the state funded appropriation (640).

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting restoration and transfer of three authorized but unbudgeted positions previously used in the Federal Dislocated Worker Program. The Department of Workforce Education will no longer administer the federal operations appropriation for the Dislocated Worker program. This will be handled by the Department of Workforce Services.

Additionally, the Agency requests to reallocate \$43,436 from Data Processing to Operating Expenses to properly classify network expenses paid to the Department of Information Systems.

The Executive Recommendation provides for Agency Request.

## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	498,568	655,092	622,464	690,680	804,543	804,543	704,670	821,150	821,150
<b>#Positions</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>18</b>	<b>21</b>	<b>21</b>	<b>18</b>	<b>21</b>	<b>21</b>
Extra Help 5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>27</b>	<b>27</b>	<b>4</b>	<b>27</b>	<b>27</b>
Personal Services Matching 5010003	174,702	224,304	215,322	254,105	296,084	296,084	257,378	299,969	299,969
Operating Expenses 5020002	888,412	500,500	500,500	500,500	543,936	543,936	500,500	543,936	543,936
Conference & Travel Expenses 5050009	39,590	46,175	46,175	46,175	46,175	46,175	46,175	46,175	46,175
Professional Fees 5060010	426,666	748,350	748,350	748,350	748,350	748,350	748,350	748,350	748,350
Data Processing 5090012	0	43,436	43,436	43,436	0	0	43,436	0	0
Grants and Aid 5100004	8,948,067	13,531,376	13,982,705	13,531,376	13,531,376	13,531,376	13,531,376	13,531,376	13,531,376
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>10,976,005</b>	<b>15,754,233</b>	<b>16,163,952</b>	<b>15,819,622</b>	<b>15,975,464</b>	<b>15,975,464</b>	<b>15,836,885</b>	<b>15,995,956</b>	<b>15,995,956</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	10,976,005	15,754,233		15,819,622	15,975,464	15,975,464	15,836,885	15,995,956	15,995,956
Total Funding	10,976,005	15,754,233		15,819,622	15,975,464	15,975,464	15,836,885	15,995,956	15,995,956
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	10,976,005	15,754,233		15,819,622	15,975,464	15,975,464	15,836,885	15,995,956	15,995,956

Actuals exceeds Authorized appropriation in Operating Expenses due to transfer from the Miscellaneous Federal Grant Holding Account.

FY09 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary and matching rate adjustments during the 2007-2009 Biennium.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,819,622</b>	<b>18</b>	<b>15,819,622</b>	<b>100.0</b>	<b>15,836,885</b>	<b>18</b>	<b>15,836,885</b>	<b>100.0</b>
C01	Existing Program	155,842	3	15,975,464	101.0	159,071	3	15,995,956	101.0
C04	Reallocation	0	0	15,975,464	101.0	0	0	15,995,956	101.0
C07	Agency Transfer	0	0	15,975,464	101.0	0	0	15,995,956	101.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,819,622</b>	<b>18</b>	<b>15,819,622</b>	<b>100.0</b>	<b>15,836,885</b>	<b>18</b>	<b>15,836,885</b>	<b>100.0</b>
C01	Existing Program	155,842	3	15,975,464	101.0	159,071	3	15,995,956	101.0
C04	Reallocation	0	0	15,975,464	101.0	0	0	15,995,956	101.0
C07	Agency Transfer	0	0	15,975,464	101.0	0	0	15,995,956	101.0

### Justification

C01	The request is to restore and transfer 3 positions which were used for the federal Dislocated Worker program (Fund Center 643). The Department of Workforce Education will no longer administer to the federal operations appropriation. That program will be handled entirely by the Department of Workforce Services.
C04	Request is to reallocate \$43,436 from Data Processing to Operation Expenses. This is in order to properly expense Department of Information System bills.
C07	This request is to transfer the 23 extra help positions authorized in the under the Federal Dislocated Worker program (Fund Center 643). The Department of Workforce Education will no longer administer the federal operations appropriation. That program will be handled entirely by the Department of Workforce Services.

## **Analysis of Budget Request**

**Appropriation:** 644 - Adult Basic Education

**Funding Sources:** EGB - Workforce Education Fund Account

This general revenue appropriation is utilized by the Agency to administer the State's adult education programs. These programs are generally found in adult education centers, community colleges, post-secondary vocational institutions, and area high schools.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting five new positions: 1 - DWE Division Manger, 2 - Education & Instruction Coordinators, 1 - Administrative Analyst and 1 - Administrative Assistant III. These positions will assist local programs with technical assistance and guidance. The total appropriation and funding for Regular Salarie and Personal Services Matching is \$253,029 for FY10 and \$258,260 for FY11.

The Executive Recommendation provides for Base Level.

## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	297,028	303,140	305,294	314,645	498,984	314,645	321,797	510,373	321,797
<b>#Positions</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>5</b>
Personal Services Matching 5010003	87,182	87,640	91,478	100,068	168,758	100,068	101,746	171,430	101,746
Operating Expenses 5020002	24,642	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>408,852</b>	<b>415,780</b>	<b>421,772</b>	<b>439,713</b>	<b>692,742</b>	<b>439,713</b>	<b>448,543</b>	<b>706,803</b>	<b>448,543</b>
<b>Funding Sources</b>									
General Revenue 4000010	408,852	415,780		439,713	692,742	439,713	448,543	706,803	448,543
Total Funding	408,852	415,780		439,713	692,742	439,713	448,543	706,803	448,543
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>408,852</b>	<b>415,780</b>		<b>439,713</b>	<b>692,742</b>	<b>439,713</b>	<b>448,543</b>	<b>706,803</b>	<b>448,543</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>439,713</b>	<b>5</b>	<b>439,713</b>	<b>100.0</b>	<b>448,543</b>	<b>5</b>	<b>448,543</b>	<b>100.0</b>
C01	Existing Program	253,029	5	692,742	157.5	258,260	5	706,803	157.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>439,713</b>	<b>5</b>	<b>439,713</b>	<b>100.0</b>	<b>448,543</b>	<b>5</b>	<b>448,543</b>	<b>100.0</b>
C01	Existing Program	0	0	439,713	100.0	0	0	448,543	100.0

### Justification

C01	In 1988, the adult education staff had two more public school program advisors than it currently has. Although the number of staff has decreased since 1988, the responsibilities, both state and federal, have increased dramatically. Current staff is continually in the position of having to do more with less. If the situation is not remedied with additional staff, the level of technical assistance and guidance that local programs receive will decrease. The request for 5 new positions—a DWE Division Manger (Grade C128), 2 Education & Instruction Coordinators (Grade C120), an Administrative Analyst (Grade C115), and an Administrative Assistant III (Grade C112)—would begin to address the staffing needs.
-----	---



## **Analysis of Budget Request**

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

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

This federal appropriation is utilized by the Agency to administer adult education programs. Funding is received from the U.S. Department of Education- Basic State Grant and requires a 25% match by the State. Funds from the State funded counterpart for adult education programs (appropriation 644), as well as Public School Funds received by the Agency are used to meet the matching requirement.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting Base Level for the 2009-2011 Biennium.

The Executive Recommendation provides for 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	160,076	161,818	163,396	167,239	167,239	167,239	171,031	171,031	171,031
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	49,129	51,119	49,824	56,300	56,300	56,300	57,188	57,188	57,188
Operating Expenses	5020002	0	77,467	77,467	77,467	77,467	77,467	77,467	77,467	77,467
Conference & Travel Expenses	5050009	7,582	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
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	5,459,085	7,149,060	7,149,060	7,149,060	7,149,060	7,149,060	7,149,060	7,149,060	7,149,060
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>5,675,872</b>	<b>7,456,164</b>	<b>7,456,447</b>	<b>7,466,766</b>	<b>7,466,766</b>	<b>7,466,766</b>	<b>7,471,446</b>	<b>7,471,446</b>	<b>7,471,446</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	5,675,872	7,456,164		7,466,766	7,466,766	7,466,766	7,471,446	7,471,446	7,471,446
Total Funding		5,675,872	7,456,164		7,466,766	7,466,766	7,466,766	7,471,446	7,471,446	7,471,446
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		5,675,872	7,456,164		7,466,766	7,466,766	7,466,766	7,471,446	7,471,446	7,471,446

FY09 Budget amount for Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2007-2009 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 647 - Fed Equipment & Training-Operations

**Funding Sources:** FEM - Federal Equipment & Training Operations

This federal appropriation is used for inventory control and is funded from M&R proceeds derived from the sale of equipment purchased with federal funds.

The Agency is requesting an increase of \$5,000 in Operating Expenses to utilize the available funding for this program.

The Executive Recommendation provides for Agency Request.

## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	2,199	1,000	1,000	1,000	6,000	6,000	1,000	6,000	6,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>2,199</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>6,000</b>	<b>6,000</b>	<b>1,000</b>	<b>6,000</b>	<b>6,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	12,251	12,631		12,631	12,631	12,631	12,631	7,631	7,631
M & R Sales	4000340	2,579	1,000		1,000	1,000	1,000	1,000	1,000	1,000
<b>Total Funding</b>		<b>14,830</b>	<b>13,631</b>		<b>13,631</b>	<b>13,631</b>	<b>13,631</b>	<b>13,631</b>	<b>8,631</b>	<b>8,631</b>
<b>Excess Appropriation/(Funding)</b>		<b>(12,631)</b>	<b>(12,631)</b>		<b>(12,631)</b>	<b>(7,631)</b>	<b>(7,631)</b>	<b>(12,631)</b>	<b>(2,631)</b>	<b>(2,631)</b>
<b>Grand Total</b>		<b>2,199</b>	<b>1,000</b>		<b>1,000</b>	<b>6,000</b>	<b>6,000</b>	<b>1,000</b>	<b>6,000</b>	<b>6,000</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>100.0</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>100.0</b>
C01	Existing Program	5,000	0	6,000	600.0	5,000	0	6,000	600.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>100.0</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>100.0</b>
C01	Existing Program	5,000	0	6,000	600.0	5,000	0	6,000	600.0

### Justification

C01	Funds for this appropriation come from the sale of items through M & R. This request is for an additional \$5,000 each year to utilize funds which have accumulated.
-----	--

## **Analysis of Budget Request**

**Appropriation:** 649 - Fed-Veteran's Approving Agency

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

Any educational program or course at a school or training facility other than an installation of the federal government must be approved by the Arkansas Approving Agency before an eligible veteran, service person, or eligible dependent can receive educational benefits. This Agency evaluates public and private schools, as well as specialized training programs, such as, apprenticeship and on-the-job training programs. Federal funds are received from the Veterans Administration.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting Base Level for the 2009-2011 Biennium.

The Executive Recommendation provides for 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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	129,427	143,762	147,885	151,216	151,216	151,216	153,906	153,906	153,906
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	46,152	50,441	53,193	55,829	55,829	55,829	56,460	56,460	56,460
Operating Expenses	5020002	39,928	57,546	57,546	57,546	57,546	57,546	57,546	57,546	57,546
Conference & Travel Expenses	5050009	4,491	5,623	5,623	5,623	5,623	5,623	5,623	5,623	5,623
Professional Fees	5060010	0	600	600	600	600	600	600	600	600
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>219,998</b>	<b>257,972</b>	<b>264,847</b>	<b>270,814</b>	<b>270,814</b>	<b>270,814</b>	<b>274,135</b>	<b>274,135</b>	<b>274,135</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	219,998	257,972		270,814	270,814	270,814	274,135	274,135	274,135
Total Funding		219,998	257,972		270,814	270,814	270,814	274,135	274,135	274,135
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>219,998</b>	<b>257,972</b>		<b>270,814</b>	<b>270,814</b>	<b>270,814</b>	<b>274,135</b>	<b>274,135</b>	<b>274,135</b>

## **Analysis of Budget Request**

**Appropriation:** 755 - Construction Craft

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

This appropriation is funded with special revenues gained from a \$.50 per \$1,000 surcharge on building permits. Act 474 of 1999 established the Construction Industry Craft Training program. Grants are made for training programs located in the two and four year colleges and in the Technical Institutes.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting Base Level for the 2009-2011 Biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	43,283	46,482	43,619	47,251	47,251	47,251	47,251	47,251	47,251
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	10,466	11,530	13,670	16,171	16,171	16,171	16,171	16,171	16,171
Operating Expenses	5020002	1,719	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	477,927	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>533,395</b>	<b>877,512</b>	<b>876,789</b>	<b>882,922</b>	<b>882,922</b>	<b>882,922</b>	<b>882,922</b>	<b>882,922</b>	<b>882,922</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,253,966	1,308,412		1,030,900	1,030,900	1,030,900	747,978	747,978	747,978
Special Revenue	4000030	587,841	600,000		600,000	600,000	600,000	600,000	600,000	600,000
<b>Total Funding</b>		<b>1,841,807</b>	<b>1,908,412</b>		<b>1,630,900</b>	<b>1,630,900</b>	<b>1,630,900</b>	<b>1,347,978</b>	<b>1,347,978</b>	<b>1,347,978</b>
Excess Appropriation/(Funding)		(1,308,412)	(1,030,900)		(747,978)	(747,978)	(747,978)	(465,056)	(465,056)	(465,056)
<b>Grand Total</b>		<b>533,395</b>	<b>877,512</b>		<b>882,922</b>	<b>882,922</b>	<b>882,922</b>	<b>882,922</b>	<b>882,922</b>	<b>882,922</b>

The FY09 Budgeted amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 Biennium.

## **Analysis of Budget Request**

**Appropriation:** A88 - Alternate Retirement Plan

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

The Department of Workforce Education uses this cash appropriation for administration of various retirement plans available to their employees. Funding for this appropriation comes in the form of employee deductions and matching for retirement. The Agency pays the employee premiums to the companies offering the retirement plans.

The Agency is requesting Base Level for the 2009-2011 Biennium.

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

## Appropriation Summary

**Appropriation:** A88 - Alternate Retirement Plan

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services Matching	5010003	74,489	110,222	110,222	110,222	110,222	110,222	110,222	110,222	110,222
Operating Expenses	5020002	9,764	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
<b>Total</b>		<b>84,253</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>
<b>Funding Sources</b>										
Fund Balance	4000005	317,598	306,736		244,214	244,214	244,214	221,692	221,692	221,692
Interest & Forfeitures	4000305	73,391	60,000		100,000	100,000	100,000	100,000	100,000	100,000
<b>Total Funding</b>		<b>390,989</b>	<b>366,736</b>		<b>344,214</b>	<b>344,214</b>	<b>344,214</b>	<b>321,692</b>	<b>321,692</b>	<b>321,692</b>
Excess Appropriation/(Funding)		(306,736)	(244,214)		(221,692)	(221,692)	(221,692)	(199,170)	(199,170)	(199,170)
<b>Grand Total</b>		<b>84,253</b>	<b>122,522</b>		<b>122,522</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>	<b>122,522</b>

## Appropriation Summary

**Appropriation:** 093 - Advisory Council Vo-Tech State

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	15,864	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	0	0	15,864	0	0	0	0	0	0

This appropriation is not requested for the 2009-2011 biennium.

## Appropriation Summary

**Appropriation:** 643 - Fed-Job Training Partnership Act

**Funding Sources:** FEV - Federal Vocational Education

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	103,689	0	216,725	0	0	0	0	0	0
<b>#Positions</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Extra Help 5010001	0	0	0	0	0	0	0	0	0
<b>#Extra Help</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	34,155	0	68,052	0	0	0	0	0	0
Operating Expenses 5020002	36,070	0	161,825	0	0	0	0	0	0
Conference & Travel Expenses 5050009	258	0	1,921	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>174,172</b>	<b>0</b>	<b>448,523</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	174,172	0		0	0	0	0	0	0
Total Funding	174,172	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	174,172	0		0	0	0	0	0	0

This appropriation is not requested for the 2009-2011 biennium.

## Change Level by Appropriation

**Appropriation:** 643 - Fed-Job Training Partnership Act

**Funding Sources:** FEV - Federal Vocational Education

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C07	Agency Transfer	0	0	0		0	0	0	

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C07	Agency Transfer	0	0	0		0	0	0	

### Justification

C07	Appropriation not requested for the 2009-2011 Biennium. 23 Extra Help Positions requested to continue in Appropriation 641.
-----	---

**Department Appropriation Summary**

**Workforce Education - Public School Fund**

**Historical Data**

**Agency Request and Executive Recommendation**

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
200 Vocational Start-Up Grants	2,357,100	0	2,370,000	0	2,370,000	0	2,370,000	0	2,370,000	0	2,370,000	0	2,370,000	0	2,370,000	0	2,370,000	0
201 Vocational Center Aid	20,142,269	0	20,136,383	0	20,342,383	0	20,136,383	0	27,289,500	0	20,136,383	0	20,136,383	0	29,163,800	0	20,136,383	0
427 Governor's Commission on Adult Literacy	734,027	1	769,128	1	769,493	1	771,108	1	771,108	1	771,108	1	771,903	1	771,903	1	771,903	1
453 Adult Basic & General Education	20,360,150	0	20,360,928	0	21,336,102	0	20,360,928	0	25,496,953	0	20,360,928	0	20,360,928	0	25,746,953	0	20,360,928	0
681 Coordinated Career Education Services	1,035,994	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
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
4KW Loan Forgiveness	1,067,872	0	1,130,000	0	1,130,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>45,697,412</b>	<b>1</b>	<b>45,885,872</b>	<b>1</b>	<b>47,067,411</b>	<b>1</b>	<b>44,757,852</b>	<b>1</b>	<b>57,046,994</b>	<b>1</b>	<b>44,757,852</b>	<b>1</b>	<b>44,758,647</b>	<b>1</b>	<b>59,172,089</b>	<b>1</b>	<b>44,758,647</b>	<b>1</b>

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance	4000005	3,354,533	6.9	3,232,269	6.8		1,536,084	3.4	1,536,084	2.6	1,536,084	3.4	969,899	2.1	969,899	1.6	969,899	2.1
Educational Excellence Fund	4000220	12,250,356	25.0	11,748,434	24.8		11,748,434	25.7	11,748,434	20.3	11,748,434	25.7	11,748,434	26.0	11,748,434	19.7	11,748,434	26.0
Intra-agency Fund Transfer	4000317	0	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Adjustments	4000345	54,941	0.1	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Workforce Ed PSF	4000745	33,269,851	68.0	32,441,253	68.4		32,443,233	70.9	44,732,375	77.1	32,443,233	70.9	32,444,028	71.8	46,857,470	78.7	32,444,028	71.8
Total Funds		48,929,681	100.0	47,421,956	100.0		45,727,751	100.0	58,016,893	100.0	45,727,751	100.0	45,162,361	100.0	59,575,803	100.0	45,162,361	100.0
Excess Appropriation/(Funding)		(3,232,269)		(1,536,084)			(969,899)		(969,899)		(969,899)		(403,714)		(403,714)		(403,714)	
Grand Total		45,697,412		45,885,872			44,757,852		57,046,994		44,757,852		44,758,647		59,172,089		44,758,647	

Intra-agency fund transfers are between various programs from the Workforce Education Public School Fund (201, 453, 4KW).

## **Analysis of Budget Request**

**Appropriation:** 200 - Vocational Start-Up Grants

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

This appropriation is used to award funds to schools for the purpose of purchasing capital equipment, nonconsumable supplies and program software to start newly approved vocational programs for the different occupational program areas, to support the minimum required equipment to meet program standards, and to support short-term adult skills training classes. The program is funded through the Workforce Education Public School Fund.

The Agency Request is Base Level for the 2009-2011 Biennium.

The Executive Recommendation provides for Agency Request.



**Appropriation Summary**

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

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	2,357,100	2,370,000	2,370,000	2,370,000	2,370,000	2,370,000	2,370,000	2,370,000	2,370,000
<b>Total</b>	<b>2,357,100</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>
<b>Funding Sources</b>									
Workforce Ed PSF 4000745	2,357,100	2,370,000		2,370,000	2,370,000	2,370,000	2,370,000	2,370,000	2,370,000
<b>Total Funding</b>	<b>2,357,100</b>	<b>2,370,000</b>		<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>2,357,100</b>	<b>2,370,000</b>		<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>	<b>2,370,000</b>

## **Analysis of Budget Request**

**Appropriation:** 201 - Vocational Center Aid

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

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

The Agency is requesting an increase in appropriation and funding for Grants and Aid in the amount of \$7,153,117 for FY10 and \$9,027,417 for FY11. Increases are needed to allow the Agency to open five additional centers in FY10 and four additional centers in FY11. Approximately \$1,000,000 of this increase allows for a 5% growth in enrollment of the vocational centers.

The Executive Recommendation provides for Base Level.

## Appropriation Summary

**Appropriation:** 201 - Vocational Center Aid

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,142,269	20,136,383	20,342,383	20,136,383	27,289,500	20,136,383	20,136,383	29,163,800	20,136,383
<b>Total</b>		<b>20,142,269</b>	<b>20,136,383</b>	<b>20,342,383</b>	<b>20,136,383</b>	<b>27,289,500</b>	<b>20,136,383</b>	<b>20,136,383</b>	<b>29,163,800</b>	<b>20,136,383</b>
<b>Funding Sources</b>										
Fund Balance	4000005	194,532	868,563		403,714	403,714	403,714	403,714	403,714	403,714
Intra-agency Fund Transfer	4000317	0	(464,849)		0	0	0	0	0	0
Miscellaneous Adjustments	4000345	37,504	0		0	0	0	0	0	0
Workforce Ed PSF	4000745	20,778,796	20,136,383		20,136,383	27,289,500	20,136,383	20,136,383	29,163,800	20,136,383
<b>Total Funding</b>		<b>21,010,832</b>	<b>20,540,097</b>		<b>20,540,097</b>	<b>27,693,214</b>	<b>20,540,097</b>	<b>20,540,097</b>	<b>29,567,514</b>	<b>20,540,097</b>
Excess Appropriation/(Funding)		(868,563)	(403,714)		(403,714)	(403,714)	(403,714)	(403,714)	(403,714)	(403,714)
<b>Grand Total</b>		<b>20,142,269</b>	<b>20,136,383</b>		<b>20,136,383</b>	<b>27,289,500</b>	<b>20,136,383</b>	<b>20,136,383</b>	<b>29,163,800</b>	<b>20,136,383</b>

Intra-agency transfer is between various programs from the Workforce Education Public School Fund.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,136,383</b>	<b>0</b>	<b>20,136,383</b>	<b>100.0</b>	<b>20,136,383</b>	<b>0</b>	<b>20,136,383</b>	<b>100.0</b>
C01	Existing Program	7,153,117	0	27,289,500	135.5	9,027,417	0	29,163,800	144.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,136,383</b>	<b>0</b>	<b>20,136,383</b>	<b>100.0</b>	<b>20,136,383</b>	<b>0</b>	<b>20,136,383</b>	<b>100.0</b>
C01	Existing Program	0	0	20,136,383	100.0	0	0	20,136,383	100.0

### Justification

C01	The Department's request for an additional \$7,153,117 for FY 2010 and an additional \$9,027,417 for FY 2011 is necessary in order to add 5 new centers the first year of the biennium and 4 new centers the second year so that students in areas of the state not currently being served will be provided access to center programs. The increase in funding will also allow for a 5 % growth in enrollment and will enable the centers to continue offering programs that meet industry standards. Approximately \$1 million of the request each year would provide a 5% increase for the current secondary area technical centers.
-----	--

## **Analysis of Budget Request**

**Appropriation:** 427 - Governor's Commission on Adult Literacy

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

The Governor's Commission on Adult Literacy is funded from the Workforce Education Public School Fund. The appropriation consists of one position, supporting Operating Expenses, Grants that are made to literacy councils and the Recognition Program.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting Base Level for the 2009-2011 Biennium.

The Executive Recommendation provides for Agency Request.

## Appropriation Summary

**Appropriation:** 427 - Governor's Commission on Adult Literacy

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	26,926	27,737	27,769	28,014	28,014	28,014	28,658	28,658	28,658
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	6,029	8,144	8,477	9,847	9,847	9,847	9,998	9,998	9,998
Operating Expenses 5020002	24,500	52,242	52,242	52,242	52,242	52,242	52,242	52,242	52,242
Conference & Travel Expenses 5050009	1,572	6,005	6,005	6,005	6,005	6,005	6,005	6,005	6,005
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>734,027</b>	<b>769,128</b>	<b>769,493</b>	<b>771,108</b>	<b>771,108</b>	<b>771,108</b>	<b>771,903</b>	<b>771,903</b>	<b>771,903</b>
<b>Funding Sources</b>									
Workforce Ed PSF 4000745	734,027	769,128		771,108	771,108	771,108	771,903	771,903	771,903
Total Funding	734,027	769,128		771,108	771,108	771,108	771,903	771,903	771,903
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	734,027	769,128		771,108	771,108	771,108	771,903	771,903	771,903

## **Analysis of Budget Request**

**Appropriation:** 453 - Adult Basic & General Education

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

The Adult Basic and General Adult Education program provides grants for educating those adults with less than a high school equivalency and for retraining those already in the workforce. Adult education serves adult learners through adult basic education classes, which are designed for adults functioning up to the 8th grade level. General adult education classes prepare adults who score at the 9th to 12th grade levels. Funding for this appropriation is provided from the Workforce Education Public School Fund.

The Agency is requesting an increase in Grants and Aid of \$4,911,025 for FY10 and \$5,111,025 for FY11 as follows:

- \$3,000,000 in FY10 and \$3,200,000 in FY11 will be used to increase the Adult Education formula funding;
- \$1,861,025 each year is to allow 16 and 17 year old students to enroll in adult education classes instead of compulsory enrollment in public school; and
- \$50,000 each fiscal year is to provide mandatory training for GED examiners which is required by the GED testing service and without proper training, Arkansas cannot administer GED tests.

Additionally, the Agency is requesting appropriation and funding for a Scholarship line item in the amount of \$225,000 for FY10 and \$275,000 for FY11. This program would provide scholarships to Arkansas residents who are GED recipients and enroll in an Arkansas post-secondary institution on a full or part-time basis.

The Executive Recommendation provides for Base Level.

## Appropriation Summary

**Appropriation:** 453 - Adult Basic & General Education

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,360,150	20,360,928	21,336,102	20,360,928	25,271,953	20,360,928	20,360,928	25,471,953	20,360,928
Scholarships	5100030	0	0	0	0	225,000	0	0	275,000	0
<b>Total</b>		<b>20,360,150</b>	<b>20,360,928</b>	<b>21,336,102</b>	<b>20,360,928</b>	<b>25,496,953</b>	<b>20,360,928</b>	<b>20,360,928</b>	<b>25,746,953</b>	<b>20,360,928</b>
<b>Funding Sources</b>										
Fund Balance	4000005	3,160,001	2,281,578		1,132,370	1,132,370	1,132,370	566,185	566,185	566,185
Educational Excellence Fund	4000220	12,250,356	11,748,434		11,748,434	11,748,434	11,748,434	11,748,434	11,748,434	11,748,434
Intra-agency Fund Transfer	4000317	0	(583,023)		0	0	0	0	0	0
Miscellaneous Adjustments	4000345	17,437	0		0	0	0	0	0	0
Workforce Ed PSF	4000745	7,213,934	8,046,309		8,046,309	13,182,334	8,046,309	8,046,309	13,432,334	8,046,309
<b>Total Funding</b>		<b>22,641,728</b>	<b>21,493,298</b>		<b>20,927,113</b>	<b>26,063,138</b>	<b>20,927,113</b>	<b>20,360,928</b>	<b>25,746,953</b>	<b>20,360,928</b>
Excess Appropriation/(Funding)		(2,281,578)	(1,132,370)		(566,185)	(566,185)	(566,185)	0	0	0
<b>Grand Total</b>		<b>20,360,150</b>	<b>20,360,928</b>		<b>20,360,928</b>	<b>25,496,953</b>	<b>20,360,928</b>	<b>20,360,928</b>	<b>25,746,953</b>	<b>20,360,928</b>

Intra-agency transfer is between various programs from the Workforce Education Public School Fund.



## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,360,928</b>	<b>0</b>	<b>20,360,928</b>	<b>100.0</b>	<b>20,360,928</b>	<b>0</b>	<b>20,360,928</b>	<b>100.0</b>
C01	Existing Program	3,000,000	0	23,360,928	114.7	3,200,000	0	23,560,928	115.7
C02	New Program	2,136,025	0	25,496,953	125.2	2,186,025	0	25,746,953	126.5

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,360,928</b>	<b>0</b>	<b>20,360,928</b>	<b>100.0</b>	<b>20,360,928</b>	<b>0</b>	<b>20,360,928</b>	<b>100.0</b>
C01	Existing Program	0	0	20,360,928	100.0	0	0	20,360,928	100.0
C02	New Program	0	0	20,360,928	100.0	0	0	20,360,928	100.0

### Justification

C01	This Change Level requests \$3 million the first year and \$3.2 million the second year for serving adults age 18 and older by providing flexible classes tailored to meet the needs of adult students – whether it be learning the basics, preparing for GED tests, mastering job readiness skills, or developing language and citizenship skills. This is an increase in the Adult Education formula funding.
C02	This Change Level includes \$1,861,025 each year for 16- and 17-year old students to enroll in adult education classes in lieu of compulsory enrollment in a public school. A major challenge facing the Arkansas GED program is to provide mandatory training for GED examiners as required by the GED Testing Service. Without this training, Arkansas will not be allowed to administer the GED tests. The Department is requesting \$50,000 each year for this training. The Department requests \$225,000 in FY10 and \$275,000 in FY11 to begin a scholarship program for Arkansas residents who are GED recipients and who enroll in an Arkansas postsecondary institution on either a full-time or part-time basis. We believe that a scholarship program designated specifically for GED recipients would increase the college-going rate of this population

## **Analysis of Budget Request**

**Appropriation:** 681 - Coordinated Career Education Services

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

The Coordinated Career Education Services - Special Needs Students program provides grants to coordinated career education programs in which students with disabilities attend academic classes in the morning and work in the afternoon. Special Needs programs provide special projects and adaptive equipment for secondary and postsecondary career and technical education students with disabilities and vocational counselors at several secondary area vocational centers. Funding for this appropriation is provided from the Workforce Education Public School Fund.

The Agency is requesting Base Level for the 2009-2011 Biennium.

The Executive Recommendation provides for Agency Request.

## Appropriation Summary

**Appropriation:** 681 - Coordinated Career Education Services  
**Funding Sources:** JWE - Workforce Education Public School Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	1,035,994	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
<b>Total</b>	<b>1,035,994</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>
<b>Funding Sources</b>									
Workforce Ed PSF 4000745	1,035,994	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
<b>Total Funding</b>	<b>1,035,994</b>	<b>1,119,433</b>		<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>1,035,994</b>	<b>1,119,433</b>		<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>	<b>1,119,433</b>

## Appropriation Summary

**Appropriation:** 4KW - Loan Forgiveness

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,067,872	1,130,000	1,130,000	0	0	0	0	0	0
<b>Total</b>		<b>1,067,872</b>	<b>1,130,000</b>	<b>1,130,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Funding Sources										
Fund Balance	4000005	0	82,128		0	0	0	0	0	0
Intra-agency Fund Transfer	4000317	0	1,047,872		0	0	0	0	0	0
Workforce Ed PSF	4000745	1,150,000	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>1,150,000</b>	<b>1,130,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)		(82,128)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,067,872</b>	<b>1,130,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Intra-agency transfer is between various programs from the Workforce Education Public School Fund.

Appropriation is not requested for the 2009-2011 biennium.

Loan Forgiveness Program is being requested from General Improvement Funding.

# WORKFORCE EDUCATION-AR REHABILITATION SERVICES

## **Enabling Laws**

Act 1275 of 2007

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

### **History**

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

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

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

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

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

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

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

ARS currently serves approximately 22,000 people with disabilities each year, with several thousand placed in competitive employment. The placement of these individuals in gainful employment represents a significant investment in the state's economy. In fact, in fiscal year 2007, Arkansans with disabilities who received services from ARS were earning an average of only \$85.91 per week prior to ARS's involvement; however, as a result of ARS's job placement services, their earnings increased to an average of \$384.46 per week, bringing their combined annual earnings to more than \$46,000,000 in only their first year of employment.

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, however, cannot be measured, and that is the creation of or return to meaningful personal participation in society and the personal dignity and independence achieved by those who have been served.

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

## **Structure**

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

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

## **General Field Program**

The Field Program has 90 counselors serving individuals with disabilities in all 75 counties. Since the Vocational Rehabilitation Program is eligibility based all applicants are assigned a rehabilitation counselor. The counselor is responsible for interviewing and assessing disability and functional limitations, and exploring the background, abilities, interests, and barriers to employment. The determination of eligibility normally occurs within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal,

the specific services needed, a realistic time frame for goal accomplishment, and the assignment of responsibilities. Eligible persons may receive one or more of the 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 for help, and problems. Intelligence, vocational and 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 her/his 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 appliances (artificial limbs, braces, glasses, wheelchairs, vehicle adaptations, assistive technology such as voice activated computer, speech synthesizers, etc.).

**Other Services:** Financial assistance in the purchase of initial tools for self employment, license and supplies for a person to establish his own business enterprise may be available. Employment, housing and transportation information and assistance is available, as are wheelchair repairs, peer counseling, and other services.

**Job Placement:** The ARS cooperates with training agencies and institutions, employment agencies and employers in efforts to secure suitable employment for eligible individuals with disabilities. ARS has placement specialists in all offices across the State. They facilitate processes related to job applications interviews and eventual employment in the workplace.

**Education and Training:** 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 HSRC, 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 means of access to the home or work place may secure such assistance from the ARS. The same provision applies to making modifications of tools and equipment to make them more usable by persons with disabilities.

**Supported Employment (Title VI):** With the cooperation of the Divisions of Developmental Disabilities and Mental Health of the Department of Human Services, along with support of community organizations, the ARS provides supported services to the most severely disabled individuals, who cannot function in the work place without ongoing assistance. Job coaches are assigned to such persons to help them adapt more readily to an environment of employment. These services provide real work to many people who have been historically excluded from the workforce and placed in institutions and in segregated programs. During Federal Fiscal Year 2007, 131 individuals received



vocational & occupational skills assistance from the Supported Employment program.

Independent Living Services (Title VII C): Services may be provided to any severely disabled person found eligible and may include counseling (psychological, psychotherapeutic, and guidance), physical and mental restoration services, i.e., 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 independent living 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 Hot Springs Rehabilitation Center.

### **Hot Springs Rehabilitation Center**

The Hot Springs Rehabilitation Center is a comprehensive rehabilitation program. It offers both residential and non-resident medical and vocational services to approximately 1,000 Arkansas citizens with disabilities each year, serving a population average of 300 at anyone time. The service delivery program is divided into two major components, the Hot Springs Rehabilitation Center Hospital and the Arkansas Career Training Institute. It also has an Administrative Services department that provides the necessary support services to maintain a 24-hour a day facility. The Administrator of the Hot Springs Rehabilitation Center has responsibility for the management of the facility and reports to the Arkansas Rehabilitation Services' Commissioner. The Center employs 270 persons.

### **Rehabilitation Hospital**

The Hospital provides full-time nursing services, physical therapy, occupational therapy, speech/language pathology services, social services, psychological services and pharmacy. The Hospital is licensed by the Department of Health and Human Services, and is currently accredited by the Commission on Accreditation Hospitals. The Hospital has a capacity of 26 inpatients.

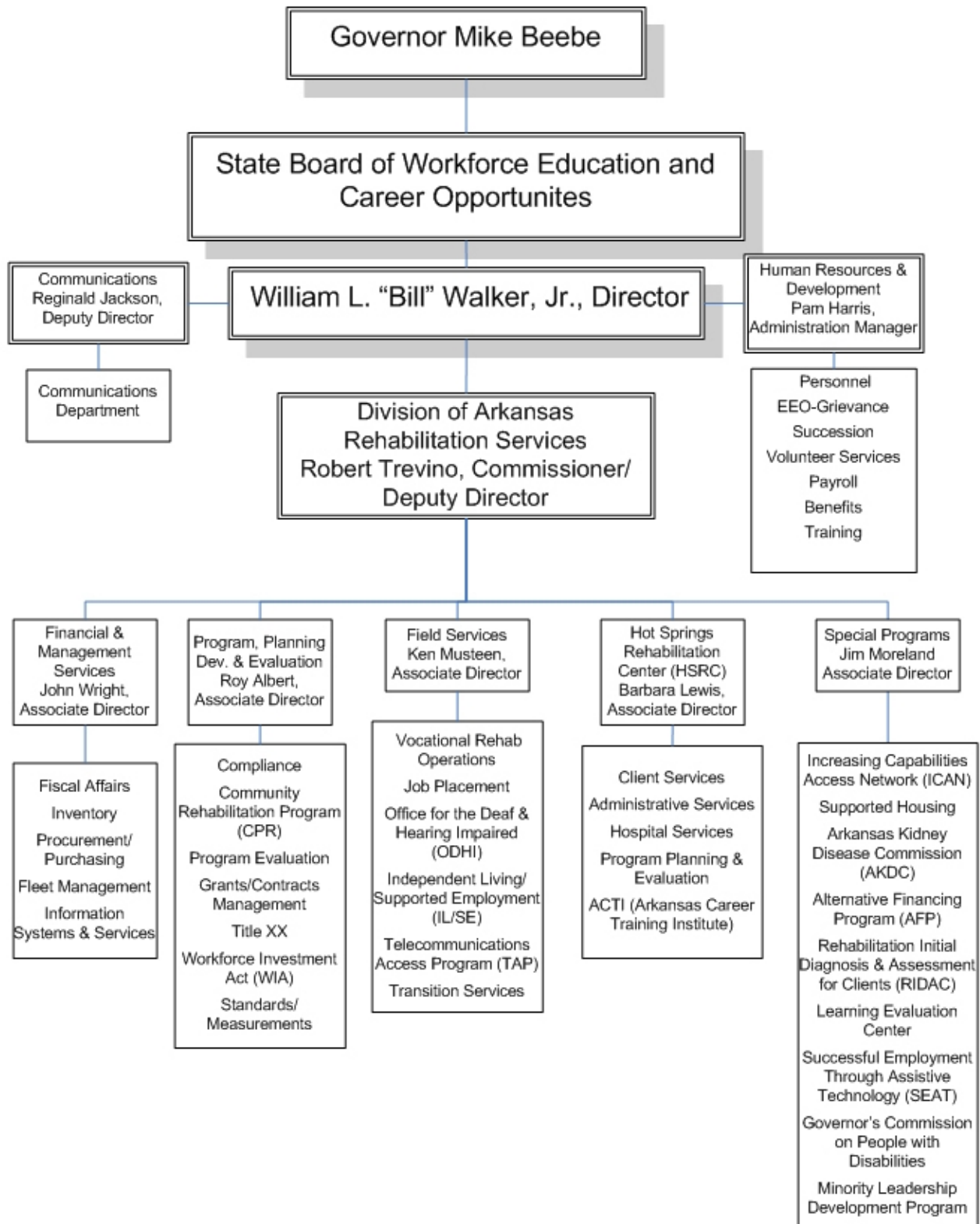
In addition, the Hospital provides specialty clinics to clients of the Arkansas Rehabilitation Services, including Orthopedic, Amputee, Spinal Cord Injury, Urology, Dental, and Psychiatry. The Hospital also provides a clinic to treat and manage medical conditions of students enrolled in vocational training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

### **Arkansas Career Training Institute**

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

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

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



## **Agency Commentary**

### **Vocational Rehabilitation Services**

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

ARS is expected to increase the number of individuals served with developmental disabilities or mental illness. There are currently 85 VR counselors serving 18,000 - 20,000 clients annually. With average caseloads of close to 200 cases, these counselors are overburdened. According to the recommendation in the RSA onsite review of 2007, the ideal caseload for ARS counselors is 100 to 125 cases. Although the agency did serve 3,825 transition students between the ages of 16 and 21, this number represents only a fraction of the number of individuals projected to need rehabilitation and transition support services. Due to the workload and limited funding, only a fraction of other eligible populations can be served.

The 2007 federal review by the Rehabilitation Services Administration (RSA) noted that state agencies should increase their focus on serving transition-age students (ages 16-21) and eligible individuals with developmental disabilities or mental illness. ARS has initiated a proactive approach to increasing services to these groups but will need additional resources to make significant inroads. When funds are not available to serve all persons who are eligible for services, federal regulations require ARS to serve those individuals with the most severe disabilities first. Over the past several years, ARS has received only basic cost-of-living increases in state and federal funds. Meanwhile, the cost of services has increased much more rapidly. As a result, the demand for services significantly exceeds the resources available. Because of limited federal funding, ARS has had to restrict its services to primarily those individuals classified as severely disabled. This group of clients requires more comprehensive services over a longer period of time and at a greater cost, further limiting the amount of funding available to address the needs of Arkansans with less severe disabilities.

### **Services to Individuals with Developmental Disabilities or Mental Illness**

Using the existing network of service providers such as the Developmental Disabilities Services and the Behavioral Health Sciences divisions of the Arkansas Department of Human Services, ARS counselors annually serve fewer than 3,000 individuals identified as developmentally disabled or mentally ill, primarily because of limited resources. With an additional 12 counselors, ARS can strengthen these partnerships and increase the number of individuals served to 4,300 annually. These 12 positions are reflected in the 20 new counselor positions requested in the budget request.

### **Independent Living**

The Independent Living Program provides services to eligible severely disabled persons. Services may include counseling (psychological, psychotherapeutic, and guidance), physical and mental restoration services, i.e., braces, housing modifications, wheelchair, prosthesis, etc., and transportation. Funding has remained the same for many years in spite of increasing costs. The Field Program is requesting \$300,000

and \$307,500 for each year of the biennium to meet the increasing need for services. If granted the Independent Living Program should be able to serve an additional 60 to 70 individuals.

### **Additional Medical and Psychological Professionals**

The Rehabilitation Initial Diagnosis and Assessment for Clients (RIDAC) program will need 2 additional psychological examiners to support eligibility and assessment services for the additional field counselors. The psychological examiners will be responsible for providing clinical, psycho-educational, and vocational assessments/evaluations. They assist counselors in determining whether program applicants are eligible for VR services and assist with client employment plan development including determining training potential and assessing vocational interests.

The Learning and Evaluation Center (LEC) needs an additional psychologist position. The LEC provides in-depth clinical, psycho-educational, and neuro-psychological evaluations. The program has seen a significant increase in referrals since the LEC's inception. Currently, clients have to wait as long as 2 months for an evaluation. With the onset of the ARS school to work initiative, we anticipate that the number of referrals to the LEC will increase.

The Agency requests general revenue funding to provide for these 3 positions and additional operational costs.

### **General Revenue Request Summary**

In order to meet these program initiatives, ARS is requesting an enhancement of its general revenue commitment to fund 20 rehabilitation counselor and three support staff positions and direct case service funding. The total compensation costs are \$1,146,655 and \$1,170,310 each year. In addition, ARS is requesting \$6,150,000 and \$6,303,750 for direct client related case service each year, and \$74,900 and \$76,773 in additional operational/training costs. The total general revenue request (change level request) is \$7,371,555 and \$7,550,833 for SFY 2010 and 2011 respectively.

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

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

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

The change level request for special TAP revenues is \$20,000 and \$25,000 for each year of the biennium.

# Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF WORKFORCE EDUCATION  
ARKANSAS REHABILITATION SERVICES

FOR THE YEAR ENDED JUNE 30, 2007

---

## Findings

The Hot Springs Rehabilitation Center initiated a behavior enhancement program for clients in August 2001. Clients accumulate points on a daily basis for successful completion of various duties. The Agency issues the clients coupons with a cash value that can be redeemed in the Agency's canteen. The Agency established the canteen to provide food during the cafeteria's non-operating hours. The Agency did not maintain proper accounting controls over the use of these coupons and the canteen cash register. Our review revealed the following specific deficiencies:

- The coupons were not prenumbered.
- Coupons were not marked to show that they had been redeemed.
- Agency officials issuing the coupons had management responsibility over the canteen where the coupons were redeemed.
- Daily shortages and overages of coupons and canteen cash register sales were not promptly investigated and adequately documented with appropriate explanations when necessary.
- In February 2008, Agency management disclosed to the Division of Legislative Audit an allegation of cash improprieties received in December 2007. The Agency requested assistance in this matter from the Arkansas State Police on April 7, 2008.

The Agency billed patients for medical services provided by the Hot Springs Rehabilitation Center. Our review of Agency accounts receivable totaling \$459,606 and the corresponding allowance accounts revealed that \$80,413 was not properly recorded. Further review of these accounts disclosed the following:

- An accounts receivable subsidiary was not maintained for all patient transactions.
- The Agency did not pursue collection efforts past sending letters to the patient's last known address.
- The Agency did not follow procedures required by the Department of Finance and Administration for abatement of accounts receivable.

The Department of Finance and Administration (DFA) regulations prohibit an Agency from paying the educational cost of courses leading to a degree for its employees. In September 2006, the Agency requested and obtained a waiver from DFA allowing them to pay educational cost leading to a degree from the Vocational

---

## Recommendations

Review and develop procedures to account for the behavior enhancement coupons and the cash receipts of the canteen. Promptly investigate any alleged cash improprieties and notify the appropriate authorities if necessary.

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

Comply with the requirements of the Department of Finance and Administration regarding expenditures for employee education costs of courses leading to a degree.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF WORKFORCE EDUCATION  
 ARKANSAS REHABILITATION SERVICES

FOR THE YEAR ENDED JUNE 30, 2007

Findings

Recommendations

Rehabilitation In-Service Training Program Grant (CFDA Number 84.265A). The Agency paid for educational costs totaling \$37,344 using a combination of federal and State funds. Educational costs totaling \$31,596 were charged to the Vocational Rehabilitation In-Service Training Program which has a 10% State matching rate; therefore, State funds of \$3,160 were used to pay for education costs charged to this program. The remaining education costs totaling \$5,748 were charged to another federal program not covered by the DFA waiver. Therefore, it appears the Agency spent \$8,908 for education costs that were not allowable.

The Agency has nine (9) separate inventories at the Hot Springs Rehabilitation Center valued at \$451,061. Some departments used an inventory system that did not adequately track inventory or changes in inventory. In these departments the inventory system is used only to generate year-end balances and it does not provide reliable usage and receipt information. The remaining departments manually calculated inventory balances at year-end. Our test of inventory pricing revealed 15 out of 30 items selected were valued incorrectly on the ending inventories. Agency management did not review these calculations to ensure they were accurate and complete.

The Agency held cash in safekeeping during the audit year for 117 students and medical patients at the Hot Springs Rehabilitation Center. The balance in these accounts was \$1,178 at year end with total deposits and withdrawals of \$20,669 and \$20,461, respectively. The Agency did not maintain any required supporting documentation for eleven (11) or 30% of thirty-seven (37) accounts selected for review.

Implement procedures to adequately account for inventories and review all calculations to ensure that reported inventory amounts are accurate and complete.

Maintain required supporting documentation for assets held in custody for others.

**Employment Summary**

	Male	Female	Total	%
White Employees	128	230	358	74 %
Black Employees	44	74	118	24 %
Other Racial Minorities	3	4	7	2 %
Total Minorities			125	26 %
Total Employees			483	100 %

## Publications

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

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

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
128 Rehab Services - Operations	47,371,116	520	56,186,073	527	58,331,001	527	57,626,244	527	65,647,799	550	57,626,244	527	58,128,468	527	66,429,301	550	58,128,468	527
1VB Increase Capabilities Access Network	59,531	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	331,202	3	471,177	3	452,780	3	478,851	3	498,851	3	498,851	3	482,061	3	507,061	3	507,061	3
743 People w/Disabilities	20,882	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	0	0	80,000	0	100,000	0	80,000	0	80,000	0	80,000	0	80,000	0	80,000	0	80,000	0
903 Rehab Services - Treasury Pay	288,840	0	518,400	0	518,400	0	518,400	0	851,400	0	851,400	0	518,400	0	863,400	0	863,400	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
35J Forgiveness of Student Loan Program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>48,071,571</b>	<b>523</b>	<b>57,599,340</b>	<b>530</b>	<b>59,745,871</b>	<b>530</b>	<b>59,047,185</b>	<b>530</b>	<b>67,421,740</b>	<b>553</b>	<b>59,400,185</b>	<b>530</b>	<b>59,552,619</b>	<b>530</b>	<b>68,223,452</b>	<b>553</b>	<b>59,922,619</b>	<b>530</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	556,204	1.1	2,209,925	3.7			1,740,348	2.9	1,740,348	2.5	1,740,348	2.9	1,360,572	2.2	1,360,572	2.0	1,360,572	2.2
General Revenue	4000010	12,613,687	25.1	12,713,874	21.4			13,254,036	22.0	20,625,591	30.0	13,254,036	21.8	13,369,548	22.0	20,920,381	30.1	13,369,548	21.9
Federal Revenue	4000020	34,977,433	69.6	42,491,494	71.6			43,300,898	71.7	43,950,898	63.9	43,300,898	71.3	43,682,610	71.8	44,432,610	64.0	43,682,610	71.4
Special Revenue	4000030	434,134	0.9	465,000	0.8			455,000	0.8	475,000	0.7	475,000	0.8	490,000	0.8	515,000	0.7	515,000	0.8
Cash Fund	4000045	641,257	1.3	180,000	0.3			242,664	0.4	575,664	0.8	575,664	0.9	528,400	0.9	873,400	1.3	873,400	1.4
Program Income	4000385	1,058,781	2.1	1,279,395	2.2			1,370,000	2.3	1,370,000	2.0	1,370,000	2.3	1,375,000	2.3	1,375,000	2.0	1,375,000	2.2
Total Funds		50,281,496	100.0	59,339,688	100.0			60,362,946	100.0	68,737,501	100.0	60,715,946	100.0	60,806,130	100.0	69,476,963	100.0	61,176,130	100.0
Excess Appropriation/(Funding)		(2,209,925)		(1,740,348)				(1,315,761)		(1,315,761)		(1,315,761)		(1,253,511)		(1,253,511)		(1,253,511)	
Grand Total		48,071,571		57,599,340				59,047,185		67,421,740		59,400,185		59,552,619		68,223,452		59,922,619	

Variances in fund balances is due to unfunded appropriation.

FY09 Budget amount in State Wide Disability Telecommunications Equipment exceeds Authorized amount due to salary and matching rate adjustments during the 2007-2009 Biennium.



## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	492	38	530	0	7.17 %	530	492	38	530	0	7.17 %	530	483	47	530	0	8.87 %

## **Analysis of Budget Request**

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

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

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

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for positions transitioning from unclassified to classified. Unclassified positions reflect similar adjustments in line item salaries. A 2.3 % Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting:

- Increases of \$842,008 and \$861,358 in Regular Salaries for FY10 and FY11 respectively plus the Personal Services Matching for 23 new positions. These positions consist of 20-Certified Vocational Rehab Counselors, 2-Psychological Examiners and 1-Psychologist. These positions are requested to allow the Agency to emphasize on transition services for individuals with disabilities who are moving on to attend post-secondary institutions, vocational & occupational institutions and other training institutions, as well as improve and increase services to all individuals with disabilities.
- An increase in Operating Expenses of \$274,900 in FY10 and \$351,773 in FY11. \$74,900 in FY10 and \$76,773 in FY11 is requested for the increased operating and training costs associated with the requested additional staff. \$200,000 in FY10 and \$225,000 in FY11 is requested for building & ground maintenance for needed non-capital projects. Additionally, ARS is requesting appropriation only of \$50,000 in FY11 to co-locate the ARS offices with the Department of Workforce Services administration offices.
- Increases in Capital Outlay of \$450,000 in FY10 and \$475,000 in FY11 to allow the Agency to replace obsolete and worn out industrial machine tools, welding equipment, refrigeration and food storage and preparation units, printing equipment, and building and grounds maintenance equipment for the Hot Springs Rehabilitation Center. This change level request will also provide equipment for the ICAN demonstration program such as reading devices, wheelchairs and accessories and visual assistance devices.

- An increase in Contract Services appropriation of \$6,150,000 for FY10 and \$6,303,750 for FY11 to provide comprehensive rehabilitation services to individuals with disabilities. If fully funded, ARS expects to provide services to an additional 2,800 individuals with disabilities.

The total general revenue requested is \$7,371,555 for FY10 and \$7,550,833 for FY11.

The Executive Recommendation provides for Base Level.

## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	17,098,615	19,093,208	19,094,114	20,113,761	20,955,769	20,113,761	20,523,206	21,384,564	20,523,206
	<b>#Positions</b>	<b>520</b>	<b>527</b>	<b>527</b>	<b>527</b>	<b>550</b>	<b>527</b>	<b>527</b>	<b>550</b>	<b>527</b>
Extra Help	5010001	104,225	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000
	<b>#Extra Help</b>	<b>17</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
Personal Services Matching	5010003	5,677,361	6,305,057	6,464,711	7,159,675	7,464,322	7,159,675	7,252,454	7,561,406	7,252,454
Extra Salaries	5010008	0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Operating Expenses	5020002	6,296,069	7,513,280	7,513,280	7,513,280	7,788,180	7,513,280	7,513,280	7,865,053	7,513,280
Conference & Travel Expenses	5050009	94,014	155,506	155,506	155,506	155,506	155,506	155,506	155,506	155,506
Professional Fees	5060010	230,638	882,029	882,029	882,029	882,029	882,029	882,029	882,029	882,029
CONSTRUCTION	5090005	427,860	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,562,833	1,900,000	3,116,368	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Claims	5110015	13,638	0	0	0	0	0	0	0	0
Capital Outlay	5120011	250,792	435,000	435,000	0	450,000	0	0	475,000	0
Contract Services	5900043	13,711,399	17,050,000	17,550,000	17,050,000	23,200,000	17,050,000	17,050,000	23,353,750	17,050,000
Data Processing Services	5900044	19,372	530,000	530,000	530,000	530,000	530,000	530,000	530,000	530,000
AR Kidney Disease Comm	5900046	887,436	950,000	1,210,000	950,000	950,000	950,000	950,000	950,000	950,000
Sheltered Workshops	5900047	971,309	1,156,993	1,156,993	1,156,993	1,156,993	1,156,993	1,156,993	1,156,993	1,156,993
Deaf-Blind Project	5900048	25,555	35,000	43,000	35,000	35,000	35,000	35,000	35,000	35,000
<b>Total</b>		<b>47,371,116</b>	<b>56,186,073</b>	<b>58,331,001</b>	<b>57,626,244</b>	<b>65,647,799</b>	<b>57,626,244</b>	<b>58,128,468</b>	<b>66,429,301</b>	<b>58,128,468</b>

Funding Sources										
Fund Balance	4000005	36,309	1,255,563		1,255,563	1,255,563	1,255,563	1,255,563	1,255,563	1,255,563
General Revenue	4000010	12,613,687	12,713,874		13,254,036	20,625,591	13,254,036	13,369,548	20,920,381	13,369,548
Federal Revenue	4000020	34,917,902	42,192,804		43,002,208	43,652,208	43,002,208	43,383,920	44,133,920	43,383,920
Program Income	4000385	1,058,781	1,279,395		1,370,000	1,370,000	1,370,000	1,375,000	1,375,000	1,375,000
<b>Total Funding</b>		<b>48,626,679</b>	<b>57,441,636</b>		<b>58,881,807</b>	<b>66,903,362</b>	<b>58,881,807</b>	<b>59,384,031</b>	<b>67,684,864</b>	<b>59,384,031</b>
Excess Appropriation/(Funding)		(1,255,563)	(1,255,563)		(1,255,563)	(1,255,563)	(1,255,563)	(1,255,563)	(1,255,563)	(1,255,563)
<b>Grand Total</b>		<b>47,371,116</b>	<b>56,186,073</b>		<b>57,626,244</b>	<b>65,647,799</b>	<b>57,626,244</b>	<b>58,128,468</b>	<b>66,429,301</b>	<b>58,128,468</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>57,626,244</b>	<b>527</b>	<b>57,626,244</b>	<b>100.0</b>	<b>58,128,468</b>	<b>527</b>	<b>58,128,468</b>	<b>100.0</b>
C01	Existing Program	8,021,555	23	65,647,799	113.9	8,300,833	23	66,429,301	114.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>57,626,244</b>	<b>527</b>	<b>57,626,244</b>	<b>100.0</b>	<b>58,128,468</b>	<b>527</b>	<b>58,128,468</b>	<b>100.0</b>
C01	Existing Program	0	0	57,626,244	100.0	0	0	58,128,468	100.0

### Justification

C01	<p>6,539 individuals received paid-for services during State Fiscal Year 2007 from the Vocational Rehabilitation and Supported Employment programs. The agency provided paid-for services to 54 individuals in the Independent Living Program. The total agency case service change level request for Contract Services is \$6,150,000 and \$6,303,750. If fully funded this case service change level will provide services to about 2,800 additional individuals with disabilities. Of this number about 1,700 to 1,800 will attend post-secondary institutions of higher learning, vocational &amp; occupational institutions, and other training institutions. In order to implement the emphasis on transition services and developmentally disabled and mental health services, the General Field Program requests 23 positions (20 rehab counselors, 1 psychologist, and 2 psychological examiners). The program is also requesting \$74,900 and \$76,773 for increased operating and training costs associated with the additional staff. The total general revenue change level request is \$7,371,555 and \$7,550,833 for each year of the biennium. The ARS appropriation only request includes \$50,000 (SFY 2011) to co-locate the ARS central office and 26 Corporate Hill offices with the Department of Workforce Education administrative offices. The Hot Springs Rehabilitation Center is requesting \$200,000 and \$225,000 each year for building &amp; ground maintenance for such non-capital projects as electrical, air conditioning, and gutter/down spout systems, painting and renovation, etc. The capital outlay request (\$450,000 and \$475,000) is necessary to replace obsolete and worn out equipment. Equipment includes heavy shop and welding machinery, refrigeration and food storage and preparation units, printing and binding equipment, and building and grounds maintenance equipment. This will also provide for some capitalized equipment for the ICAN demonstration program such as reading devices, wheelchairs and accessories, and visual assistive devices. The total appropriation request with federal funding is \$650,000 and \$750,000 for each year of the biennium.</p>
-----	--

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

The Agency Request for this program is Base Level for the 2009-2011 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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	59,531	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500
Conference & Travel Expenses 5050009	0	7,190	7,190	7,190	7,190	7,190	7,190	7,190	7,190
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>59,531</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	59,531	298,690		298,690	298,690	298,690	298,690	298,690	298,690
<b>Total Funding</b>	<b>59,531</b>	<b>298,690</b>		<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>59,531</b>	<b>298,690</b>		<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>	<b>298,690</b>

## **Analysis of Budget Request**

**Appropriation:** 374 - Statewide Disability Telecomm

**Funding Sources:** STC - Telecommunications Equipment

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

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting:

- A reallocation of \$15,000 for both fiscal years from Professional Fees to Operating Expenses. This reallocation is necessary to properly classify the expenses of the marketing and outreach activities of the Telecommunication Access Program.
- An increase in Grants and Aid of \$20,000 for both fiscal years for the purchase of text telephones (TTYs), TTYs with large displays and/or Braille access, volume controls and signalers.

The Executive Recommendation provides Agency Request.



## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	108,793	119,081	112,538	123,150	123,150	123,150	125,940	125,940	125,940
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching 5010003	25,629	39,096	27,242	42,701	42,701	42,701	43,121	43,121	43,121
Operating Expenses 5020002	30,226	39,000	39,000	39,000	54,000	54,000	39,000	54,000	54,000
Conference & Travel Expenses 5050009	3,164	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees 5060010	1,170	20,000	20,000	20,000	5,000	5,000	20,000	5,000	5,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	162,220	250,000	250,000	250,000	270,000	270,000	250,000	275,000	275,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>331,202</b>	<b>471,177</b>	<b>452,780</b>	<b>478,851</b>	<b>498,851</b>	<b>498,851</b>	<b>482,061</b>	<b>507,061</b>	<b>507,061</b>
<b>Funding Sources</b>									
Fund Balance 4000005	109,551	186,687		135,510	135,510	135,510	66,659	66,659	66,659
Special Revenue 4000030	408,338	420,000		410,000	430,000	430,000	445,000	470,000	470,000
Total Funding	517,889	606,687		545,510	565,510	565,510	511,659	536,659	536,659
Excess Appropriation/(Funding)	(186,687)	(135,510)		(66,659)	(66,659)	(66,659)	(29,598)	(29,598)	(29,598)
<b>Grand Total</b>	<b>331,202</b>	<b>471,177</b>		<b>478,851</b>	<b>498,851</b>	<b>498,851</b>	<b>482,061</b>	<b>507,061</b>	<b>507,061</b>

FY09 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary and matching rate adjustments during the 2007-2009 Biennium.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>478,851</b>	<b>3</b>	<b>478,851</b>	<b>100.0</b>	<b>482,061</b>	<b>3</b>	<b>482,061</b>	<b>100.0</b>
C01	Existing Program	20,000	0	498,851	104.2	25,000	0	507,061	105.2
C04	Reallocation	0	0	498,851	104.2	0	0	507,061	105.2

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>478,851</b>	<b>3</b>	<b>478,851</b>	<b>100.0</b>	<b>482,061</b>	<b>3</b>	<b>482,061</b>	<b>100.0</b>
C01	Existing Program	20,000	0	498,851	104.2	25,000	0	507,061	105.2
C04	Reallocation	0	0	498,851	104.2	0	0	507,061	105.2

### Justification

C01	The TAP program is requesting \$20,000 and \$25,000 each year for the grants and aids line item. TAP has expanded both its constituency and its mission. The TAP program serves Arkansans that are deaf, hard of hearing, deaf-blind, or speech, cognitive or mobility impaired. TAP distributes many different types of telecommunication equipment such as amplified phones, talking phones, TTYs, photo phones, hands free phones, and loud ringers, to name a few, and the cost of this equipment continues to rise yearly. TAP promulgated program rules July 26, 2007 and now allows each applicant to be eligible for up to two primary devices that provide access to telecommunication service. This has resulted in an increase in the number of devices shipped. The source of funding is a special revenue tax assessed at 3 cents per land line by the Public Service Commission.
C04	In order to accomplish the mission of TAP, marketing and outreach activities must be on going to insure the availability of the program is communicated to all Arkansans in need of TAP services. In the last biennial budget a professional fees line item was added to the TAP budget in order to increase marketing and outreach activities. The amount of \$20,000 funded this line item. We anticipated being able to accomplish marketing and outreach activities with these monies. However, the type of activities necessary to accomplish these activities is a technical service and not a professional service. Therefore, the TAP program is requesting a reallocation of \$15,000 each year from professional fees to maintenance & operations. No additional appropriation is requested for this line item.

## **Analysis of Budget Request**

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

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

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

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

The Executive Recommendation provides for Agency Request.

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Operating Expenses	5020002	20,882	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>20,882</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	33,436	38,350		38,350	38,350	38,350	38,350	38,350	38,350
Special Revenue	4000030	25,796	45,000		45,000	45,000	45,000	45,000	45,000	45,000
<b>Total Funding</b>		<b>59,232</b>	<b>83,350</b>		<b>83,350</b>	<b>83,350</b>	<b>83,350</b>	<b>83,350</b>	<b>83,350</b>	<b>83,350</b>
Excess Appropriation/(Funding)		(38,350)	(38,350)		(38,350)	(38,350)	(38,350)	(38,350)	(38,350)	(38,350)
<b>Grand Total</b>		<b>20,882</b>	<b>45,000</b>		<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>

## **Analysis of Budget Request**

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

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

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

The Agency is requesting Base Level of \$80,000 for each fiscal year.

The Executive Recommendation provides for 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			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	0	80,000	100,000	80,000	80,000	80,000	80,000	80,000	80,000
Total	0	80,000	100,000	80,000	80,000	80,000	80,000	80,000	80,000
<b>Funding Sources</b>									
Fund Balance 4000005	88,012	95,189		25,189	25,189	25,189	0	0	0
Cash Fund 4000045	7,177	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Total Funding	95,189	105,189		35,189	35,189	35,189	10,000	10,000	10,000
Excess Appropriation/(Funding)	(95,189)	(25,189)		44,811	44,811	44,811	70,000	70,000	70,000
Grand Total	0	80,000		80,000	80,000	80,000	80,000	80,000	80,000

## **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.

The Agency is requesting an increase of \$333,000 in FY10 and \$345,000 in FY11 for Operating Expenses to provide for increased utility costs for the Hot Springs Rehabilitation Center and building & grounds maintenance costs for buildings separate from the main facility.

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

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	282,863	396,400	396,400	396,400	729,400	729,400	396,400	741,400	741,400
Conference & Travel Expenses	5050009	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	5,977	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>288,840</b>	<b>518,400</b>	<b>518,400</b>	<b>518,400</b>	<b>851,400</b>	<b>851,400</b>	<b>518,400</b>	<b>863,400</b>	<b>863,400</b>
<b>Funding Sources</b>										
Fund Balance	4000005	288,896	634,136		285,736	285,736	285,736	0	0	0
Cash Fund	4000045	634,080	170,000		232,664	565,664	565,664	518,400	863,400	863,400
<b>Total Funding</b>		<b>922,976</b>	<b>804,136</b>		<b>518,400</b>	<b>851,400</b>	<b>851,400</b>	<b>518,400</b>	<b>863,400</b>	<b>863,400</b>
Excess Appropriation/(Funding)		(634,136)	(285,736)		0	0	0	0	0	0
<b>Grand Total</b>		<b>288,840</b>	<b>518,400</b>		<b>518,400</b>	<b>851,400</b>	<b>851,400</b>	<b>518,400</b>	<b>863,400</b>	<b>863,400</b>

For FY09, the Agency has indicated fund balances will be used to support operations.



## Change Level by Appropriation

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

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>518,400</b>	<b>0</b>	<b>518,400</b>	<b>100.0</b>	<b>518,400</b>	<b>0</b>	<b>518,400</b>	<b>100.0</b>
C01	Existing Program	333,000	0	851,400	164.2	345,000	0	863,400	166.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>518,400</b>	<b>0</b>	<b>518,400</b>	<b>100.0</b>	<b>518,400</b>	<b>0</b>	<b>518,400</b>	<b>100.0</b>
C01	Existing Program	333,000	0	851,400	164.2	345,000	0	863,400	166.6

### Justification

C01	The agency cash fund request for \$258,000 and \$270,000 for each year for the biennium provides for increasing utility costs (natural gas, electricity, and water/sewage) for the Hot Springs Rehabilitation Center. The request also provides for building & ground maintenance costs for several buildings separate from the main facility. In addition, the cash fund request for \$75,000 each year includes additional appropriation for prescription drugs and health and laboratory supplies.
-----	---

**Appropriation Summary**

**Appropriation:** 35J - Forgiveness of Student Loan Program  
**Funding Sources:** PER - Educational Rehabilitation Pay - Admin

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Appropriation not requested for the FY2009-11 Biennium.

# CROWLEY'S RIDGE TECHNICAL INSTITUTE

## Enabling Laws

Act 795 of 2007  
A.C.A. § 6-51-901 et.al.

## History and Organization

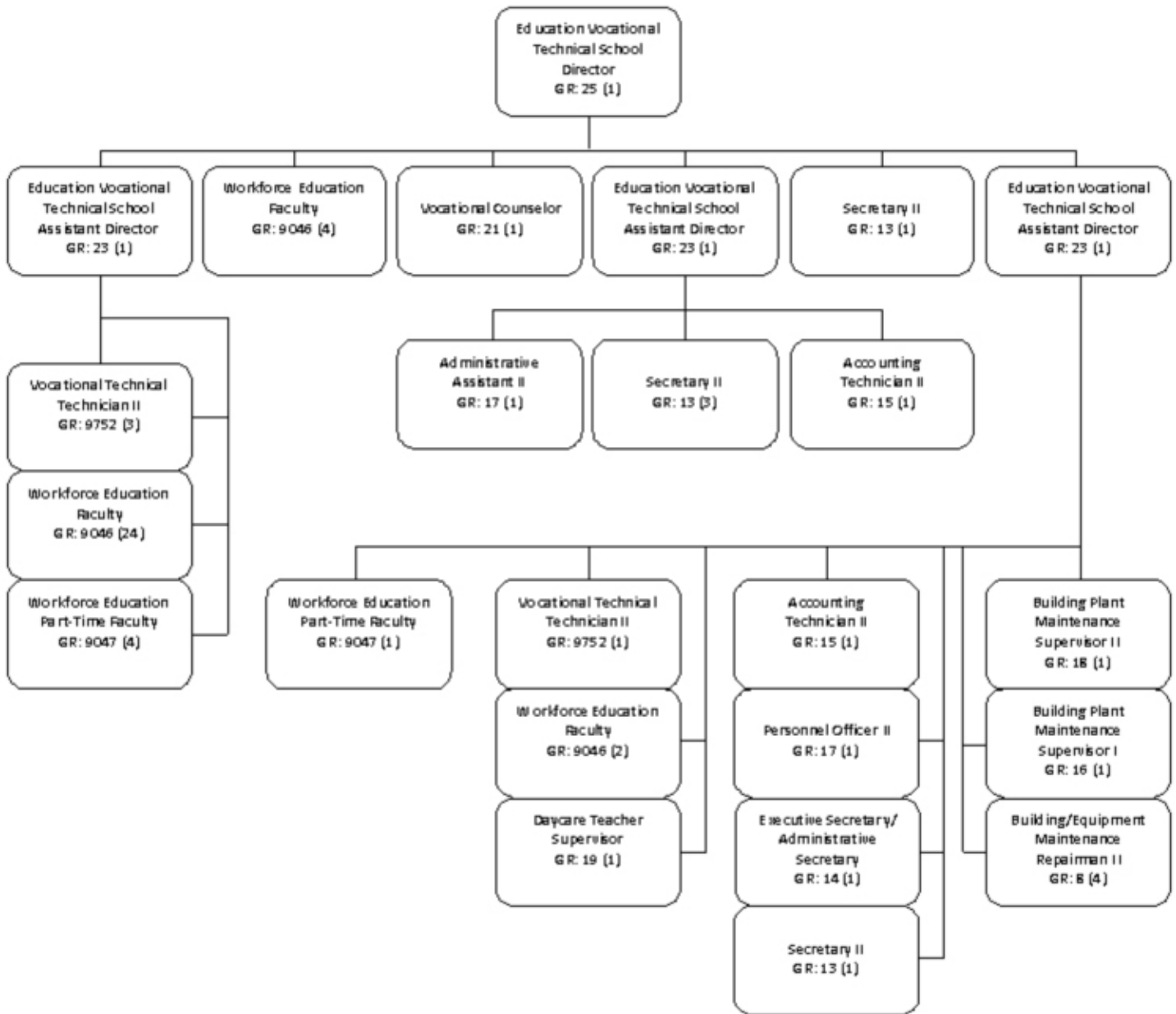
**History** - Act 328 of 1957 established vocational technical schools. Crowley's Ridge Vocational Technical School was approved for construction by the State Board of Vocational Education in 1966, and students were accepted in September 1967. The building site was donated by the Forrest City Chamber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

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

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

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

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



## Agency Commentary

Crowley's Ridge Technical Institute requests restoration of Authorized Level for Capital Outlay in the Cash Operations appropriation for each year of the 2009-2011 biennium. The restoration of Capital Outlay allows for the replacement of obsolete equipment supported by tuition and resale income.

Additional Extra Help appropriation and associated Personal Services Matching appropriation is requested for Adult Education programs operated through the State Operations appropriation. Extra Help appropriation is needed to replace part-time faculty regular salaries' appropriation for unclassified positions that will become classified positions under the new pay plan proposal. Retired public school teachers are utilized on a part time basis in the Adult Education classes and Extra Help appropriation will provide the authority required to pay instructors for their services. The Agency also requests the restoration of a classified position authorized from the Contingency Growth Pool to be used for maintenance of buildings and grounds.

The approval of appropriations requested is necessary to provide competent training programs to meet the demands of business and industry during periods of high unemployment. The Agency must also maintain its accreditation to be eligible for Title IV funding, including student financial aid grants.

## **Employment Summary**

	Male	Female	Total	%
White Employees	22	22	44	79 %
Black Employees	9	3	12	21 %
Other Racial Minorities	0	0	0	0 %
	Total Minorities		12	21 %
	Total Employees		56	100 %

## **Cash Fund Balance Description as of June 30, 2008**

Fund Account	Balance	Type	Location
1830100	\$924,171	Checking, Savings, and Investments	Regions; First Nat'l BK of Eastern AR; First Nat'l of Wynne, Forrest City, AR

### Statutory/Other Restrictions on use:

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

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

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

### Revenue Receipts Cycle:

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

### Fund Balance Utilization:

Utilized to purchase books & supplies for the Institute's bookstore; construction projects; equipment purchases; emergency purchases when general revenues are unavailable in the State Treasury.

## **Publications**

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	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	3,644,195	53	3,750,879	54	3,624,156	53	3,874,443	53	3,985,627	54	3,904,843	54	3,929,984	53	4,041,168	54	3,960,384	54
710 Crowley's Ridge - Federal	94,166	2	141,024	3	219,234	3	189,961	3	189,961	3	189,961	3	193,095	3	193,095	3	193,095	3
B54 Crowley's Ridge - Cash	584,037	2	1,301,267	4	1,309,871	5	1,030,211	4	1,330,211	4	1,330,211	4	1,036,475	4	1,336,475	4	1,336,475	4
<b>Total</b>	<b>4,322,398</b>	<b>57</b>	<b>5,193,170</b>	<b>61</b>	<b>5,153,261</b>	<b>61</b>	<b>5,094,615</b>	<b>60</b>	<b>5,505,799</b>	<b>61</b>	<b>5,425,015</b>	<b>61</b>	<b>5,159,554</b>	<b>60</b>	<b>5,570,738</b>	<b>61</b>	<b>5,489,954</b>	<b>61</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	937,643	17.9	924,171	17.4		124,171	2.8	124,171	2.6	124,171	2.6	0	0.0	0	0.0	0	0.0
General Revenue	4000010	2,439,765	46.5	2,547,895	47.9		2,646,391	59.9	2,676,791	56.4	2,646,391	56.1	2,693,365	61.8	2,723,765	58.1	2,693,365	57.8
Federal Revenue	4000020	94,166	1.8	141,024	2.7		189,961	4.3	189,961	4.0	189,961	4.0	193,095	4.4	193,095	4.1	193,095	4.1
Cash Fund	4000045	570,565	10.9	501,267	9.4		230,211	5.2	530,211	11.2	530,211	11.2	236,475	5.4	536,475	11.4	536,475	11.5
Merit Adjustment Fund	4000055	27,460	0.5	22,019	0.4		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Adult Basic/General	4000065	453,903	8.7	509,671	9.6		556,758	12.6	556,758	11.7	556,758	11.8	565,325	13.0	565,325	12.1	565,325	12.1
DFA Motor Vehicle Acquisition	4000184	38,074	0.7	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Workforce 2000	4000740	684,993	13.1	671,294	12.6		671,294	15.2	671,294	14.1	671,294	14.2	671,294	15.4	671,294	14.3	671,294	14.4
Total Funds		5,246,569	100.0	5,317,341	100.0		4,418,786	100.0	4,749,186	100.0	4,718,786	100.0	4,359,554	100.0	4,689,954	100.0	4,659,554	100.0
Excess Appropriation/(Funding)		(924,171)		(124,171)			675,829		756,613		706,229		800,000		880,784		830,400	
Grand Total		4,322,398		5,193,170			5,094,615		5,505,799		5,425,015		5,159,554		5,570,738		5,489,954	

FY08 Actual Expenditures and/or FY09 Budgeted Levels exceed Authorized Level for Fund Center 709 due to transfers from the Work Force 2000 Development Fund Holding Account, Promotional Items transfers, & transfers from the Motor Vehicle Acquisition Fund for vehicle purchases.

Budgeted number of positions for Fund Center 709 exceeds Authorized Level due to authorization provided for growth pool positions by Section 6 of Act 795 of 2007.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
61	59	1	60	1	3.28 %	61	56	5	61	0	8.20 %	61	56	5	61	0	8.20 %

## **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.

A total of thirty-three (33) Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Salaries for other Base Level classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

For the 2009-11 biennium, CRTI requests Base Level and Change Level requests totaling \$80,784 in appropriation only each year for Extra Help and associated personal services matching support. The additional Extra Help appropriation will be used for Adult Education instructional programs and provide authority for the Agency to hire retired public school teachers as replacements for part-time faculty positions that will become full-time classified positions under the proposed pay plan.

The Agency is also requesting \$30,400 each year in appropriation and general revenue funding to restore a Maintenance Assistant. This pool position is currently authorized to the Agency in accordance with the provisions of Section 6 of Act 795 of 2007. The position performs building and grounds maintenance functions.

The Executive Recommendation provides for Base Level each year plus appropriation only in Regular Salaries and associated Personal Services Matching for restoration of the requested position. No new general revenue funding above Base Level is recommended.



## 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			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries	5010000	2,034,291	2,034,810	2,034,810	2,201,271	2,222,059	2,222,059	2,246,902	2,267,690	2,267,690
<b>#Positions</b>		<b>53</b>	<b>54</b>	<b>53</b>	<b>53</b>	<b>54</b>	<b>54</b>	<b>53</b>	<b>54</b>	<b>54</b>
Extra Help	5010001	158,108	158,400	158,400	158,400	233,400	158,400	158,400	233,400	158,400
<b>#Extra Help</b>		<b>31</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>
Personal Services Matching	5010003	629,767	651,338	676,579	760,405	775,801	770,017	770,315	785,711	779,927
Operating Expenses	5020002	781,119	900,831	748,867	748,867	748,867	748,867	748,867	748,867	748,867
Conference & Travel Expenses	5050009	421	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	21,997	0	0	0	0	0	0	0	0
Capital Outlay	5120011	18,492	0	0	0	0	0	0	0	0
<b>Total</b>		<b>3,644,195</b>	<b>3,750,879</b>	<b>3,624,156</b>	<b>3,874,443</b>	<b>3,985,627</b>	<b>3,904,843</b>	<b>3,929,984</b>	<b>4,041,168</b>	<b>3,960,384</b>

Funding Sources										
General Revenue	4000010	2,439,765	2,547,895		2,646,391	2,676,791	2,646,391	2,693,365	2,723,765	2,693,365
Merit Adjustment Fund	4000055	27,460	22,019		0	0	0	0	0	0
Adult Basic/General	4000065	453,903	509,671		556,758	556,758	556,758	565,325	565,325	565,325
DFA Motor Vehicle Acquisition	4000184	38,074	0		0	0	0	0	0	0
Workforce 2000	4000740	684,993	671,294		671,294	671,294	671,294	671,294	671,294	671,294
<b>Total Funding</b>		<b>3,644,195</b>	<b>3,750,879</b>		<b>3,874,443</b>	<b>3,904,843</b>	<b>3,874,443</b>	<b>3,929,984</b>	<b>3,960,384</b>	<b>3,929,984</b>
Excess Appropriation/(Funding)		0	0		0	80,784	30,400	0	80,784	30,400
<b>Grand Total</b>		<b>3,644,195</b>	<b>3,750,879</b>		<b>3,874,443</b>	<b>3,985,627</b>	<b>3,904,843</b>	<b>3,929,984</b>	<b>4,041,168</b>	<b>3,960,384</b>

In accordance with ACA 6-63-304 and with the approval of the Board of Trustees of Crowley's Ridge Technical Institute, a transfer from Operating Expenses to the Promotional Items line item was approved for FY08.

FY08 Actual Expenditures for Capital Outlay exceed Authorized Level due to transfers from the Motor Vehicle Acquisition Fund.

FY08 Actual Expenditures & FY09 Budgeted Levels for Operating Expenses exceeds Authorized Level due to transfers from the Work Force 2000 Development Fund Holding Account.

Budgeted number of positions exceeds Authorized Level due to authorization provided for growth pool positions in Section 6 of Act 795 of 2007.

## Change Level by Appropriation

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

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,874,443</b>	<b>53</b>	<b>3,874,443</b>	<b>100.0</b>	<b>3,929,984</b>	<b>53</b>	<b>3,929,984</b>	<b>100.0</b>
C01	Existing Program	80,784	0	3,955,227	102.1	80,784	0	4,010,768	102.1
C06	Restore Position/Approp	30,400	1	3,985,627	102.9	30,400	1	4,041,168	102.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,874,443</b>	<b>53</b>	<b>3,874,443</b>	<b>100.0</b>	<b>3,929,984</b>	<b>53</b>	<b>3,929,984</b>	<b>100.0</b>
C01	Existing Program	0	0	3,874,443	100.0	0	0	3,929,984	100.0
C06	Restore Position/Approp	30,400	1	3,904,843	100.8	30,400	1	3,960,384	100.8

### Justification

C01	Agency request additional extra help appropriation and related matching for the Adult Education instructional programs. Appropriation is requested to replace part-time faculty appropriation of unclassified positions.
C06	Agency request classified position from Contingency Pool to be restored for building and grounds maintenance.

## **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 positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Crowley's Ridge Technical Institute (CRTI) requests Base Level for each year of the 2009-2011 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	63,370	77,095	81,989	111,996	111,996	111,996	114,570	114,570	114,570
<b>#Positions</b>		<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Extra Help	5010001	7,794	24,000	52,003	24,000	24,000	24,000	24,000	24,000	24,000
<b>#Extra Help</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	20,792	27,429	30,203	41,465	41,465	41,465	42,025	42,025	42,025
Operating Expenses	5020002	2,210	12,000	28,539	12,000	12,000	12,000	12,000	12,000	12,000
Conference & Travel Expenses	5050009	0	500	1,500	500	500	500	500	500	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	25,000	0	0	0	0	0	0
<b>Total</b>		<b>94,166</b>	<b>141,024</b>	<b>219,234</b>	<b>189,961</b>	<b>189,961</b>	<b>189,961</b>	<b>193,095</b>	<b>193,095</b>	<b>193,095</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	94,166	141,024		189,961	189,961	189,961	193,095	193,095	193,095
Total Funding		94,166	141,024		189,961	189,961	189,961	193,095	193,095	193,095
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>94,166</b>	<b>141,024</b>		<b>189,961</b>	<b>189,961</b>	<b>189,961</b>	<b>193,095</b>	<b>193,095</b>	<b>193,095</b>

## **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.

Three Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. The salary for the remaining Base Level classified position reflects the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Capital Outlay in the amount of \$300,000 each year is requested as a Change Level to restore authorized level and provide authority for the purchase of replacement equipment that is beyond repair, too obsolete or expensive to maintain.

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

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	89,609	177,883	177,883	198,539	198,539	198,539	203,685	203,685	203,685
<b>#Positions</b>		<b>2</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	113,119	162,631	162,631	162,631	162,631	162,631	162,631	162,631	162,631
<b>#Extra Help</b>		<b>24</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
Personal Services Matching	5010003	37,441	67,753	76,357	76,041	76,041	76,041	77,159	77,159	77,159
Operating Expenses	5020002	87,030	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Conference & Travel Expenses	5050009	16,129	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Professional Fees	5060010	7,927	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	131,692	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Capital Outlay	5120011	101,090	300,000	300,000	0	300,000	300,000	0	300,000	300,000
Debt Service	5120019	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Total</b>		<b>584,037</b>	<b>1,301,267</b>	<b>1,309,871</b>	<b>1,030,211</b>	<b>1,330,211</b>	<b>1,330,211</b>	<b>1,036,475</b>	<b>1,336,475</b>	<b>1,336,475</b>
<b>Funding Sources</b>										
Fund Balance	4000005	937,643	924,171		124,171	124,171	124,171	0	0	0
Cash Fund	4000045	570,565	501,267		230,211	530,211	530,211	236,475	536,475	536,475
<b>Total Funding</b>		<b>1,508,208</b>	<b>1,425,438</b>		<b>354,382</b>	<b>654,382</b>	<b>654,382</b>	<b>236,475</b>	<b>536,475</b>	<b>536,475</b>
Excess Appropriation/(Funding)		(924,171)	(124,171)		675,829	675,829	675,829	800,000	800,000	800,000
<b>Grand Total</b>		<b>584,037</b>	<b>1,301,267</b>		<b>1,030,211</b>	<b>1,330,211</b>	<b>1,330,211</b>	<b>1,036,475</b>	<b>1,336,475</b>	<b>1,336,475</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,030,211</b>	<b>4</b>	<b>1,030,211</b>	<b>100.0</b>	<b>1,036,475</b>	<b>4</b>	<b>1,036,475</b>	<b>100.0</b>
C01	Existing Program	300,000	0	1,330,211	129.1	300,000	0	1,336,475	128.9

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,030,211</b>	<b>4</b>	<b>1,030,211</b>	<b>100.0</b>	<b>1,036,475</b>	<b>4</b>	<b>1,036,475</b>	<b>100.0</b>
C01	Existing Program	300,000	0	1,330,211	129.1	300,000	0	1,336,475	128.9

### Justification

C01	Agency request the restoration of Capital Outlay appropriation in the Cash Fund for the purchase of equipment from tuition and resale income.
-----	---

# NORTHWEST TECHNICAL INSTITUTE

## Enabling Laws

Act 796 of 2007  
A.C.A. § 6-51-901 et seq.

## History and Organization

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

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

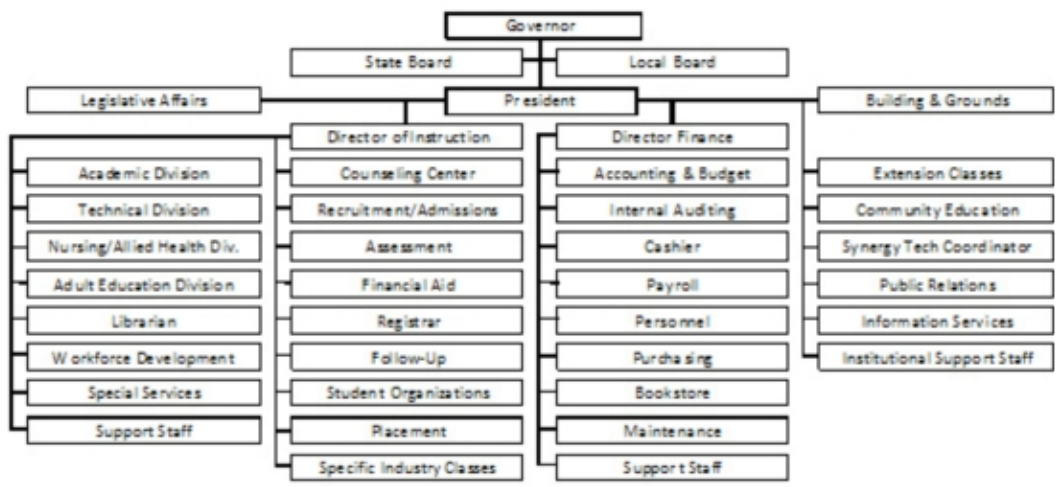
**Mission Statement** - "Changing lives through education, training, and skill development."

**Role** - Northwest Technical Institute has developed courses intended to strengthen basic, occupational, and technical skills necessary for adults to become economically self-sufficient and provide agriculture, business, health services, industry, and government with skilled employees to support their respective ventures. Most importantly, NTI exists so individuals may attain advancement or create a better life for themselves. In addition to diploma programs, training is available in Business & Industry Training (BIT) and Community Education and extension classes. NTI is united in its commitment with business and industry, secondary and postsecondary educators, and regional employers to providing educational programs to serve the training/re-training needs of its students. NTI is a member of SynergyTech, an organization of approximately 25 business/industry entities dedicated to developing the existing workforce by coordinating and maximizing the training assets available in Northwest Arkansas. SynergyTech is housed in the Business & Industry Training Center on a 10 acre tract of land of the NTI campus dedicated specifically by the NTI Board of Directors for the development of business & industry training opportunities.



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

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



**Agency Commentary**

For the State Operations appropriation, the administration of Northwest Technical Institute (NTI) requests general revenue funding and appropriation for technology in the amount of \$50,000 each year. This request consists of Software Licenses (\$35,000) and Data Processing (\$15,000).

Software Licenses are needed to provide faculty and students with the latest operating system from Microsoft (Microsoft Windows 7). Additional software needed will be the latest versions of Excel, Word, Publisher and Power Point. Also needed is the latest version of Auto Cad for the Business & Industry classes. This software will enable students to enter the workforce with working knowledge and skills of the latest technologies. This will give students a competitive edge for entry level positions.

Data Processing Supplies are needed to replace two networks on the NTI campus. The types of supplies that will be needed are new fiber-optic cables, new Cisco switches and two new firewalls. The replacement of these two networks will allow our students a more secure and faster educational environment.

Additionally, NTI requests restoration of state appropriation to FY09 Authorized Levels. This restoration consists of \$126,100 for Operating Expenses each year and \$50,293 in Extra Help and associated Personal Services Matching support each year to permit NTI to have the flexibility to instruct citizens in

our community that may need English as a Second Language (ESL) and/or citizenship classes or instruction for a GED.

For Cash Operations, restoration of the FY09 Authorized Level for Capital Outlay is requested each year and will be used to purchase instructional equipment.

## **Employment Summary**

	Male	Female	Total	%
White Employees	24	30	54	93 %
Black Employees	0	0	0	0 %
Other Racial Minorities	1	3	4	7 %
	Total Minorities		4	7 %
	Total Employees		58	100 %

## **Cash Fund Balance Description as of June 30, 2008**

Fund Account	Balance	Type	Location
1730100	\$586,078	Checking and certificates of deposit	1st Security Bank in Springdale and Arvest Bank in Spingdale

### Statutory/Other Restrictions on use:

Arkansas Code 6-51-904 gives the local board power to acquire, hold and transfer real and personal property as may be necessary for the management and administration of the technical institutes.

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

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

### Revenue Receipts Cycle:

Student tuition, fees and bookstore receipts are collected throughout the year. Reimbursements and apprenticeship funds are also deposited into the cash fund.

### Fund Balance Utilization:

Cash funds are utilized to purchase resale items for our bookstore, make apprenticeship payments, pay for conference fees and travel, pay for operations, and to purchase capital outlay.

## Publications

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

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

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
721 Northwest TI-State	4,070,369	58	4,037,496	55	4,241,918	55	4,180,544	55	4,406,937	55	4,230,544	55	4,249,707	55	4,476,100	55	4,299,707	55
722 Northwest TI-Federal	109,100	2	130,000	2	182,390	2	146,504	2	146,504	2	146,504	2	149,271	2	149,271	2	149,271	2
B60 Northwest TI-Cash	1,017,016	6	2,166,913	9	2,245,283	12	1,997,684	9	2,197,684	9	2,197,684	9	2,003,261	9	2,203,261	9	2,203,261	9
<b>Total</b>	<b>5,196,485</b>	<b>66</b>	<b>6,334,409</b>	<b>66</b>	<b>6,669,591</b>	<b>69</b>	<b>6,324,732</b>	<b>66</b>	<b>6,751,125</b>	<b>66</b>	<b>6,574,732</b>	<b>66</b>	<b>6,402,239</b>	<b>66</b>	<b>6,828,632</b>	<b>66</b>	<b>6,652,239</b>	<b>66</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	489,619	8.5	586,078	9.1		76,683	1.3	76,683	1.3	76,683	1.3	0	0.0	0	0.0	0	0.0
General Revenue	4000010	2,836,777	49.1	2,902,386	45.3		3,067,453	52.3	3,117,453	51.0	3,067,453	50.6	3,136,616	53.5	3,186,616	52.1	3,136,616	51.7
Federal Revenue	4000020	109,100	1.9	130,000	2.0		146,504	2.5	146,504	2.4	146,504	2.4	149,271	2.5	149,271	2.4	149,271	2.5
Cash Fund	4000045	1,113,475	19.3	1,657,518	25.9		1,457,518	24.9	1,657,518	27.1	1,657,518	27.3	1,463,095	25.0	1,663,095	27.2	1,663,095	27.4
Merit Adjustment Fund	4000055	81,066	1.4	22,019	0.3		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Adult Basic/General	4000065	305,914	5.3	356,100	5.6		356,100	6.1	356,100	5.8	356,100	5.9	356,100	6.1	356,100	5.8	356,100	5.9
DFA Motor Vehicle Acquisition	4000184	52,014	0.9	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Workforce 2000	4000740	794,598	13.7	756,991	11.8		756,991	12.9	756,991	12.4	756,991	12.5	756,991	12.9	756,991	12.4	756,991	12.5
<b>Total Funds</b>		<b>5,782,563</b>	<b>100.0</b>	<b>6,411,092</b>	<b>100.0</b>		<b>5,861,249</b>	<b>100.0</b>	<b>6,111,249</b>	<b>100.0</b>	<b>6,061,249</b>	<b>100.0</b>	<b>5,862,073</b>	<b>100.0</b>	<b>6,112,073</b>	<b>100.0</b>	<b>6,062,073</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(586,078)		(76,683)			463,483		639,876		513,483		540,166		716,559		590,166	
<b>Grand Total</b>		<b>5,196,485</b>		<b>6,334,409</b>			<b>6,324,732</b>		<b>6,751,125</b>		<b>6,574,732</b>		<b>6,402,239</b>		<b>6,828,632</b>		<b>6,652,239</b>	

Actual number of positions exceeds Authorized Level due to flexibility inherent in the authorization of all positions through one salary section in appropriation acts.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
67	65	2	67	0	2.99 %	69	60	7	67	2	13.04 %	69	58	8	66	3	15.94 %

## **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.

Thirty-four (34) positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Salaries for other Base Level classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Base Level request for NTI totals \$4,180,544 for FY2010 and \$4,249,707 for FY2011.

Northwest Technical Institute has the following Change Level requests totaling \$226,393 each year of the 2009-2011 biennium:

- General revenue appropriation and funds totaling \$50,000 is requested each year of the biennium for Operating Expenses to permit purchase of the latest computer software technology and data processing supplies. Specifically, the latest version of Auto Cad for the Business & Industry classes is requested as well as the latest versions of spreadsheet and word processing software for the benefit of faculty and students enrolled in basic adult education classes. Data processing supplies include fiber optic cables, Cisco switches, and new firewalls to replace two networks on the NTI campus.
- NTI requests \$126,100 each year in appropriation only for Operating Expenses and \$50,293 each year in appropriation only for Extra Help and associated matching support to permit NTI to focus greater resources on an increasing need to provide "English as a Second Language" instruction, citizenship classes, and GED initiatives.

According to NTI, all requests are made with the focus of providing the Agency with flexibility in meeting the diverse training needs of the citizens of Northwest Arkansas.

The Executive Recommendation provides for Base Level each year and an additional \$50,000 in appropriation only each year for Operating Expenses to support the Agency's technology request. No new general revenue above Base Level is recommended.

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,300,296	2,371,635	2,382,986	2,447,173	2,447,173	2,447,173	2,504,000	2,504,000	2,504,000
<b>#Positions</b>		<b>58</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>
Extra Help	5010001	354,775	314,400	361,093	314,400	361,093	314,400	314,400	361,093	314,400
<b>#Extra Help</b>		<b>51</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>69</b>
Personal Services Matching	5010003	760,543	768,513	788,791	836,023	839,623	836,023	848,359	851,959	848,359
Operating Expenses	5020002	590,161	571,448	697,548	571,448	747,548	621,448	571,448	747,548	621,448
Conference & Travel Expenses	5050009	3,194	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	9,406	0	0	0	0	0	0	0	0
Capital Outlay	5120011	51,994	0	0	0	0	0	0	0	0
<b>Total</b>		<b>4,070,369</b>	<b>4,037,496</b>	<b>4,241,918</b>	<b>4,180,544</b>	<b>4,406,937</b>	<b>4,230,544</b>	<b>4,249,707</b>	<b>4,476,100</b>	<b>4,299,707</b>

Funding Sources										
General Revenue	4000010	2,836,777	2,902,386		3,067,453	3,117,453	3,067,453	3,136,616	3,186,616	3,136,616
Merit Adjustment Fund	4000055	81,066	22,019		0	0	0	0	0	0
Adult Basic/General	4000065	305,914	356,100		356,100	356,100	356,100	356,100	356,100	356,100
DFA Motor Vehicle Acquisition	4000184	52,014	0		0	0	0	0	0	0
Workforce 2000	4000740	794,598	756,991		756,991	756,991	756,991	756,991	756,991	756,991
<b>Total Funding</b>		<b>4,070,369</b>	<b>4,037,496</b>		<b>4,180,544</b>	<b>4,230,544</b>	<b>4,180,544</b>	<b>4,249,707</b>	<b>4,299,707</b>	<b>4,249,707</b>
Excess Appropriation/(Funding)		0	0		0	176,393	50,000	0	176,393	50,000
<b>Grand Total</b>		<b>4,070,369</b>	<b>4,037,496</b>		<b>4,180,544</b>	<b>4,406,937</b>	<b>4,230,544</b>	<b>4,249,707</b>	<b>4,476,100</b>	<b>4,299,707</b>

FY08 Actual Expenditures for Capital Outlay exceed Authorized Level due to transfers from the Motor Vehicle Acquisition Fund.

FY08 Actual Expenditures for Promotional Items may exceed Authorized Level due to appropriation transferred from Operating Expenses for purchase of promotional items as authorized by A.C.A. 6-63-304.

Actual number of positions exceeds Authorized Level due to flexibility inherent in the authorization of all positions through one salary section in appropriation acts.

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,180,544</b>	<b>55</b>	<b>4,180,544</b>	<b>100.0</b>	<b>4,249,707</b>	<b>55</b>	<b>4,249,707</b>	<b>100.0</b>
C01	Existing Program	176,393	0	4,356,937	104.2	176,393	0	4,426,100	104.2
C08	Technology	50,000	0	4,406,937	105.4	50,000	0	4,476,100	105.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,180,544</b>	<b>55</b>	<b>4,180,544</b>	<b>100.0</b>	<b>4,249,707</b>	<b>55</b>	<b>4,249,707</b>	<b>100.0</b>
C01	Existing Program	0	0	4,180,544	100.0	0	0	4,249,707	100.0
C08	Technology	50,000	0	4,230,544	101.2	50,000	0	4,299,707	101.2

### Justification

C01	Agency requests \$176,393 of appropriation only for each year. A portion of this request (\$46,693 each year) would restore Extra Help to the current Authorized Level. Associated Personal Services Matching support for Extra Help is \$3,600. Also, a request of \$126,100 each year in appropriation only is requested for Operating Expenses for costs associated with maintenance of buildings and grounds.
C08	Agency requests \$50,000 each year of appropriation and general revenue funding in Operating Expenses to support technology related initiatives. Of this amount, \$35,000 is targeted for acquisition of Software Licenses. The new licenses will allow faculty the resources to provide technical training to our students at a level designed to give students a competitive edge as they enter the workplace. The software upgrades will include Auto Cad, Microsoft Windows 7 and the latest Microsoft Office Suite. Also, \$15,000 is requested for Data Processing Supplies. These supplies are needed to replace our two (2) networks that are on the NTI Campus. The two (2) networks will need new fiber-optic cables, new Cisco switches and two (2) new firewalls. The replacement of our networks will allow our students to experience a faster and more secure network. NTI is exempt from submission of an Information Technology (IT) Plan.



## **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.

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. The remaining Base Level classified position reflects the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency requests continuation of Base Level for each year of the new biennium. Base Level requests for NTI for this appropriation includes personal services costs and supporting operating and travel expenses of \$146,504 for FY2010 and \$149,271 for FY2011.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	79,308	57,123	93,907	69,162	69,162	69,162	71,435	71,435	71,435
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Extra Help	5010001	0	27,680	30,598	27,680	27,680	27,680	27,680	27,680	27,680
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	29,792	22,884	35,346	27,349	27,349	27,349	27,843	27,843	27,843
Operating Expenses	5020002	0	20,313	20,539	20,313	20,313	20,313	20,313	20,313	20,313
Conference & Travel Expenses	5050009	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>109,100</b>	<b>130,000</b>	<b>182,390</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>149,271</b>	<b>149,271</b>	<b>149,271</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	109,100	130,000		146,504	146,504	146,504	149,271	149,271	149,271
Total Funding		109,100	130,000		146,504	146,504	146,504	149,271	149,271	149,271
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>109,100</b>	<b>130,000</b>		<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>149,271</b>	<b>149,271</b>	<b>149,271</b>

## **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.

Four Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Salaries for other Base Level classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Base Level request for Northwest Technical Institute (NTI) includes personal services costs, Extra Help, and supporting operations totaling \$1,997,684 for FY2010 and \$2,003,261 for FY2011.

Change Level requests total \$200,000 each year of the 2009-2011 biennium for Capital Outlay to restore the authorized level and permit purchases of instructional equipment as necessary.

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

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	162,234	276,691	291,595	294,908	294,908	294,908	299,489	299,489	299,489
<b>#Positions</b>		<b>6</b>	<b>9</b>	<b>12</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Extra Help	5010001	133,409	556,450	562,500	556,450	556,450	556,450	556,450	556,450	556,450
<b>#Extra Help</b>		<b>20</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>
Personal Services Matching	5010003	75,101	140,272	140,273	152,826	152,826	152,826	153,822	153,822	153,822
Operating Expenses	5020002	182,669	353,500	353,500	353,500	353,500	353,500	353,500	353,500	353,500
Conference & Travel Expenses	5050009	13,625	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	228,883	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	156,459	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000
Capital Outlay	5120011	64,636	200,000	200,000	0	200,000	200,000	0	200,000	200,000
Debt Service	5120019	0	0	57,415	0	0	0	0	0	0
<b>Total</b>		<b>1,017,016</b>	<b>2,166,913</b>	<b>2,245,283</b>	<b>1,997,684</b>	<b>2,197,684</b>	<b>2,197,684</b>	<b>2,003,261</b>	<b>2,203,261</b>	<b>2,203,261</b>
<b>Funding Sources</b>										
Fund Balance	4000005	489,619	586,078		76,683	76,683	76,683	0	0	0
Cash Fund	4000045	1,113,475	1,657,518		1,457,518	1,657,518	1,657,518	1,463,095	1,663,095	1,663,095
<b>Total Funding</b>		<b>1,603,094</b>	<b>2,243,596</b>		<b>1,534,201</b>	<b>1,734,201</b>	<b>1,734,201</b>	<b>1,463,095</b>	<b>1,663,095</b>	<b>1,663,095</b>
Excess Appropriation/(Funding)		(586,078)	(76,683)		463,483	463,483	463,483	540,166	540,166	540,166
<b>Grand Total</b>		<b>1,017,016</b>	<b>2,166,913</b>		<b>1,997,684</b>	<b>2,197,684</b>	<b>2,197,684</b>	<b>2,003,261</b>	<b>2,203,261</b>	<b>2,203,261</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,997,684</b>	<b>9</b>	<b>1,997,684</b>	<b>100.0</b>	<b>2,003,261</b>	<b>9</b>	<b>2,003,261</b>	<b>100.0</b>
C01	Existing Program	200,000	0	2,197,684	110.0	200,000	0	2,203,261	110.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,997,684</b>	<b>9</b>	<b>1,997,684</b>	<b>100.0</b>	<b>2,003,261</b>	<b>9</b>	<b>2,003,261</b>	<b>100.0</b>
C01	Existing Program	200,000	0	2,197,684	110.0	200,000	0	2,203,261	110.0

### Justification

C01	Agency requests \$200,000 each year of cash appropriation to restore the FY09 Authorized Level for Capital Outlay. This appropriation will permit the purchase of instructional equipment for various academic and technical programs.
-----	--

# RIVERSIDE VOCATIONAL TECHNICAL SCHOOL

## Enabling Laws

Act 797 of 2007

A.C.A. §12-29-306 - §12-29-310

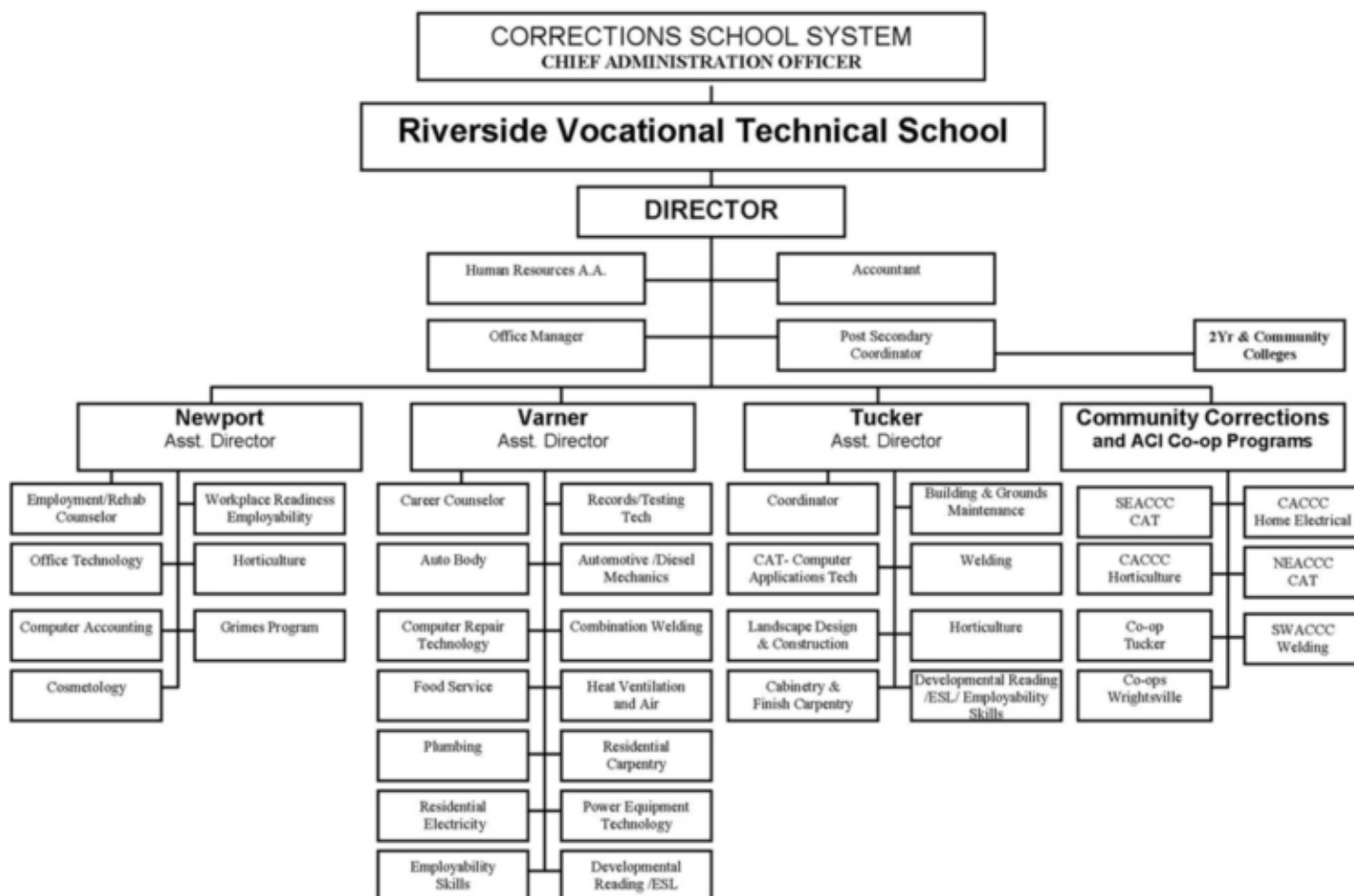
## History and Organization

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

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

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

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



## Agency Commentary

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

Studies have shown that inmates that 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 a G.E.D. or Vocational Technical certificate only.

Programs at the Arkansas Department of Correction are 1440 contact hours in length and enrollment is open entry/open exit to better utilize training slots. Currently, there are 12 programs offered at the

Varner Unit, 5 programs and 2 Co-Op programs at the Tucker Unit, 3 Co-Op programs at the Wrightsville Unit, 5 programs at the McPherson Unit for female offenders at Newport and 1 program at the Grimes Unit at Newport. Related study programs are available at Tucker and Varner. There is also short term or part-time programs available at facilities of the Department of Community Corrections. There are 2 short term programs available at the Little Rock Unit, 1 program at the Pine Bluff Unit and 1 program at the Osceola Unit.

For the 2009-2011 biennium, Riverside Vocational Technical School requests Change Level increases in appropriation and funding of \$41,360 for Operating Expenses for the start up of a new Cosmetology program to be placed at an existing male unit of the Arkansas Department of Correction. The students completing the course will be eligible for the State Board of Cosmetology examination. Cosmetology is projected as a growing long term occupation by the Department of Workforce Services.

For the federally funded Workplace Transition appropriation, which is currently authorized through a Miscellaneous Federal Grant through the U.S. Department of Education, Change Level requests total \$50,000 each year for Grants & Aids. This program offers post-secondary training to incarcerated youthful offenders of the Department of Correction and Community Corrections. This Change Level increase is requested in order to provide adequate resources due to: the growing number of grants awarded to participants, the increase of participation from the community college system and to supplement the rising cost of post-secondary tuition, textbooks and materials.

## Employment Summary

	Male	Female	Total	%
White Employees	20	12	32	86 %
Black Employees	3	2	5	14 %
Other Racial Minorities	0	0	0	0 %
	Total Minorities		5	14 %
	Total Employees		37	100 %

## Publications

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

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



## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
4GY Workplace Training	288,302	1	253,080	1	252,149	1	266,509	1	316,509	1	316,509	1	267,556	1	317,556	1	317,556	1
732 Riverside VT-State Operations	1,922,725	35	2,102,812	36	2,100,430	36	2,230,427	36	2,271,787	36	2,271,787	36	2,271,111	36	2,312,471	36	2,312,471	36
750 Plumbing Apprenticeship Program	68,592	1	69,289	1	65,180	1	72,462	1	72,462	1	72,462	1	73,986	1	73,986	1	73,986	1
<b>Total</b>	<b>2,279,619</b>	<b>37</b>	<b>2,425,181</b>	<b>38</b>	<b>2,417,759</b>	<b>38</b>	<b>2,569,398</b>	<b>38</b>	<b>2,660,758</b>	<b>38</b>	<b>2,660,758</b>	<b>38</b>	<b>2,612,653</b>	<b>38</b>	<b>2,704,013</b>	<b>38</b>	<b>2,704,013</b>	<b>38</b>

Funding Sources		%		%		%		%		%		%		%		%		
General Revenue 4000010	1,975,084	86.6	2,153,610	88.8			2,302,889	89.6	2,344,249	88.1	2,302,889	87.9	2,345,097	89.8	2,386,457	88.3	2,345,097	88.1
Federal Revenue 4000020	288,302	12.6	253,080	10.4			266,509	10.4	316,509	11.9	316,509	12.1	267,556	10.2	317,556	11.7	317,556	11.9
Merit Adjustment Fund 4000055	0	0.0	18,491	0.8			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DFA Motor Vehicle Acquisition 4000184	16,233	0.7	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>	<b>2,279,619</b>	<b>100.0</b>	<b>2,425,181</b>	<b>100.0</b>			<b>2,569,398</b>	<b>100.0</b>	<b>2,660,758</b>	<b>100.0</b>	<b>2,619,398</b>	<b>100.0</b>	<b>2,612,653</b>	<b>100.0</b>	<b>2,704,013</b>	<b>100.0</b>	<b>2,662,653</b>	<b>100.0</b>
Excess Appropriation/(Funding)	0		0				0		0		41,360		0		0		41,360	
<b>Grand Total</b>	<b>2,279,619</b>		<b>2,425,181</b>				<b>2,569,398</b>		<b>2,660,758</b>		<b>2,660,758</b>		<b>2,612,653</b>		<b>2,704,013</b>		<b>2,704,013</b>	

FY08 Actual Expenditures in Fund Center 4GY exceed Authorized Level due to transfers from the Miscellaneous Federal Grant Holding Account.

FY08 Actual Expenditures and/or FY09 Budgeted Levels in Fund Centers 732 & 750 may exceed Authorized Levels due to salary adjustments made during the 2007-2009 biennium.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
38	34	4	38	0	10.53 %	38	35	3	38	0	7.89 %	38	37	1	38	0	2.63 %

## **Analysis of Budget Request**

**Appropriation:** 4GY - Workplace Training

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

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

The Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and the salary was adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Change Level increases total \$50,000 each year for Grants & Aids. These increases are requested in order to provide adequate authority for costs associated with the awarding of grants to a growing number of program participants and to help supplement the rising costs of post-secondary college tuition, textbooks, and educational materials.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 4GY - Workplace Training

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	28,893	27,850	27,050	38,132	38,132	38,132	38,990	38,990	38,990
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	10,158	10,230	10,099	13,377	13,377	13,377	13,566	13,566	13,566
Operating Expenses 5020002	2,442	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	246,809	200,000	200,000	200,000	250,000	250,000	200,000	250,000	250,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>288,302</b>	<b>253,080</b>	<b>252,149</b>	<b>266,509</b>	<b>316,509</b>	<b>316,509</b>	<b>267,556</b>	<b>317,556</b>	<b>317,556</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	288,302	253,080		266,509	316,509	316,509	267,556	317,556	317,556
Total Funding	288,302	253,080		266,509	316,509	316,509	267,556	317,556	317,556
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	288,302	253,080		266,509	316,509	316,509	267,556	317,556	317,556

FY08 Actual Expenditures for Grants and Aid exceed Authorized Level due to a transfer from the Miscellaneous Federal Grant Holding Account.

FY08 Actual Expenditures and FY09 Budgeted Levels for Regular Salaries & Personal Services Matching exceeds Authorized level due to salary adjustments made during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** 4GY - Workplace Training  
**Funding Sources:** FTR - Workplace Training - Federal - RVTS

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>266,509</b>	<b>1</b>	<b>266,509</b>	<b>100.0</b>	<b>267,556</b>	<b>1</b>	<b>267,556</b>	<b>100.0</b>
C01	Existing Program	50,000	0	316,509	118.8	50,000	0	317,556	118.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>266,509</b>	<b>1</b>	<b>266,509</b>	<b>100.0</b>	<b>267,556</b>	<b>1</b>	<b>267,556</b>	<b>100.0</b>
C01	Existing Program	50,000	0	316,509	118.8	50,000	0	317,556	118.7

### Justification

C01	The agency requests an additional \$50,000 each year in Grants and Aid for tuition costs due to an increase in grants awarded, additional participation from the community college system providing post secondary education, and rising costs of tuition, books, and other educational supplies.
-----	---

## **Analysis of Budget Request**

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

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

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

A total of twenty-seven (27) Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Salaries for other Base Level classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Riverside Vocational Technical School requests Change Levels totaling \$41,360 each year in Operating Expenses for educational supplies and materials to support a new Cosmetology program to be placed at an existing male unit of the Arkansas Department of Correction. Cosmetology is projected by the Department of Workforce Services to be an occupation that will continuously grow in demand. Male students successfully completing the course will be eligible to take the State Board of Cosmetology examination.

The Executive Recommendation provides for Base Level each year and an additional \$41,360 each year in appropriation only for Operating Expenses.

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,317,359	1,461,975	1,454,141	1,535,519	1,535,519	1,535,519	1,568,950	1,568,950	1,568,950
<b>#Positions</b>		<b>35</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
Personal Services Matching	5010003	413,418	462,895	468,347	516,966	516,966	516,966	524,219	524,219	524,219
Operating Expenses	5020002	171,722	171,742	171,742	171,742	213,102	213,102	171,742	213,102	213,102
Conference & Travel Expenses	5050009	3,993	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	0	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	16,233	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,922,725</b>	<b>2,102,812</b>	<b>2,100,430</b>	<b>2,230,427</b>	<b>2,271,787</b>	<b>2,271,787</b>	<b>2,271,111</b>	<b>2,312,471</b>	<b>2,312,471</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,906,492	2,085,416		2,230,427	2,271,787	2,230,427	2,271,111	2,312,471	2,271,111
Merit Adjustment Fund	4000055	0	17,396		0	0	0	0	0	0
DFA Motor Vehicle Acquisition	4000184	16,233	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>1,922,725</b>	<b>2,102,812</b>		<b>2,230,427</b>	<b>2,271,787</b>	<b>2,230,427</b>	<b>2,271,111</b>	<b>2,312,471</b>	<b>2,271,111</b>
Excess Appropriation/(Funding)		0	0		0	0	41,360	0	0	41,360
<b>Grand Total</b>		<b>1,922,725</b>	<b>2,102,812</b>		<b>2,230,427</b>	<b>2,271,787</b>	<b>2,271,787</b>	<b>2,271,111</b>	<b>2,312,471</b>	<b>2,312,471</b>

FY08 Actual Expenditures for Capital Outlay exceeds Authorized Level due to a transfer from the Motor Vehicle Acquisition Fund for vehicle purchases.

FY09 Budget Level for Regular Salaries exceeds Authorized Level due to salary adjustments made during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** 732 - Riverside VT-State Operations  
**Funding Sources:** ETR - General Revenue - Riverside Voc-Tech School

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,230,427</b>	<b>36</b>	<b>2,230,427</b>	<b>100.0</b>	<b>2,271,111</b>	<b>36</b>	<b>2,271,111</b>	<b>100.0</b>
C02	New Program	41,360	0	2,271,787	101.9	41,360	0	2,312,471	101.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,230,427</b>	<b>36</b>	<b>2,230,427</b>	<b>100.0</b>	<b>2,271,111</b>	<b>36</b>	<b>2,271,111</b>	<b>100.0</b>
C02	New Program	41,360	0	2,271,787	101.9	41,360	0	2,312,471	101.8

### Justification

C02	The agency requests additional appropriation and funding for Operating Expenses to support start-up costs associated with a new Cosmetology program to be placed at an existing male unit of the Department of Correction. Cosmetology is projected as a growing long term occupation by the Department of Workforce Services. Students completing this course will be eligible for the State Board of Cosmetology examination.
-----	---



## **Analysis of Budget Request**

**Appropriation:** 750 - Plumbing Apprenticeship Program

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

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

The Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and the salary was adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Riverside Vocational Technical School requests Base Level for this appropriation.

The Executive Recommendation provides for Base Level each year of the 2009-11 biennium.

## Appropriation Summary

**Appropriation:** 750 - Plumbing Apprenticeship Program  
**Funding Sources:** ETR - General Revenue - Riverside Voc-Tech School

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	52,932	53,505	50,061	55,346	55,346	55,346	56,598	56,598	56,598
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	15,660	15,784	15,119	17,116	17,116	17,116	17,388	17,388	17,388
<b>Total</b>		<b>68,592</b>	<b>69,289</b>	<b>65,180</b>	<b>72,462</b>	<b>72,462</b>	<b>72,462</b>	<b>73,986</b>	<b>73,986</b>	<b>73,986</b>
<b>Funding Sources</b>										
General Revenue	4000010	68,592	68,194		72,462	72,462	72,462	73,986	73,986	73,986
Merit Adjustment Fund	4000055	0	1,095		0	0	0	0	0	0
<b>Total Funding</b>		<b>68,592</b>	<b>69,289</b>		<b>72,462</b>	<b>72,462</b>	<b>72,462</b>	<b>73,986</b>	<b>73,986</b>	<b>73,986</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>68,592</b>	<b>69,289</b>		<b>72,462</b>	<b>72,462</b>	<b>72,462</b>	<b>73,986</b>	<b>73,986</b>	<b>73,986</b>

FY08 Actual Expenditures & FY09 Budgeted Levels may exceed Authorized Levels for Regular Salaries and Personal Services Matching due to salary adjustments made during the 2007-2009 biennium.

# WORKFORCE INVESTMENT BOARD

## Enabling Laws

Act 768 of 2007  
A.C.A. §15-4-2201

## History and Organization

The Arkansas Workforce Investment Board will coordinate and establish policy for conducting employment and training activities within the workforce investment system created by the federal Workforce Investment Act of 1998 (Public Law 105-220) and Arkansas Act 1125 of 1999, including all activities conducted in and through Arkansas' One-Stop career centers. The vision statement approved by the Arkansas Workforce Investment Board is as follows:

A globally recognized workforce in Arkansas-educated, trained, skilled-with the character and work ethic needed to excel in a changing economy.

The mission statement approved by the State Board is as follows:

To establish a unified, flexible, accountable workforce training system implemented through the collaboration of business, industry, labor and citizens, and characterized by accessible and responsive one-stop career development networks. The system will offer employers a resource for workers in existing and emerging occupations and empower Arkansans to receive employment services as well as job-specific training.

Public benefits of the Board as set forth in the Act include the development of a state workforce plan, monitoring of the continuous improvement of the system, assurance of the coordination and non-duplication of services, development of state performance measures, recommendation of programs which may be consolidated or realigned, and development of standards and the evaluation of the entire system. Major provisions are in the Act of Youth programs that are annual in scope and focus on development of basic skills. Eventually forty-eight (48) different workforce training programs operated in Arkansas through some \$400 million in federal and state funds will be coordinated by the state Workforce Investment Board.

Arkansas Act 1125 of 1999, the Arkansas Workforce Investment Act, implements the federal Workforce Investment Act, signed August 7, 1998, which coordinates a very complex series of programs including the following:

- Title I - Employment and Training Programs
- Title II - Adult Education and Family Literacy
- Title III - Wagner-Peyser amendments
- Title IV - Rehabilitation Act amendments
- Title V - Authority for State Unified Plan

Customers will benefit from a "One-Stop" delivery system, with career centers in their neighborhoods where they can access basic employment services and be referred directly to job training, education, or

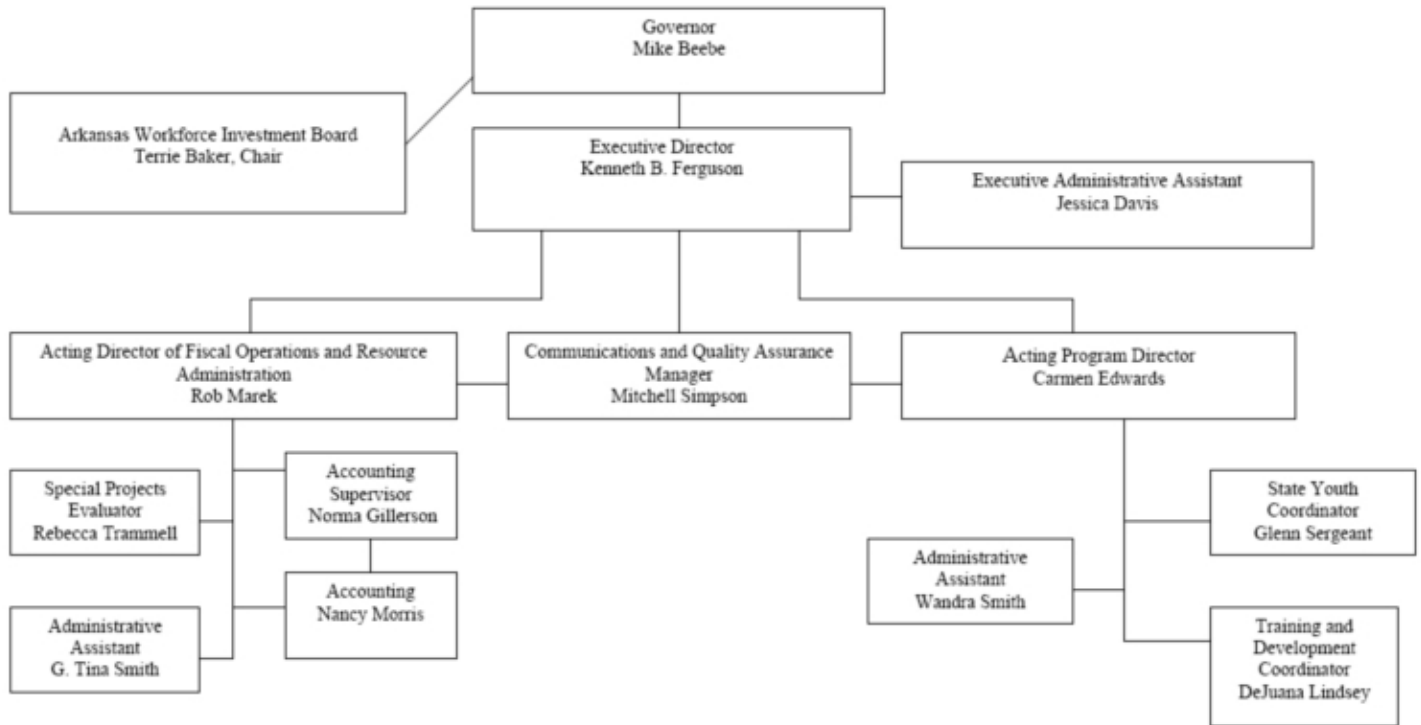
other services. One-Stop systems must be established in each local workforce investment area. Each local area must have a least one "full service center" location, which may be supplemented by other centers, electronic access points, and networks at affiliated sites. Local boards have flexibility in designing their One-Stop system, but they must at a minimum include all partners that provide basic services. Local Workforce Investment Boards establish a One-Stop system with the agreement of the local Chief Elected Officials.

The State law established the composition of the Arkansas Workforce Investment Board. This act states that the Board shall consist of no more than 48 members, of which a majority will represent private business. The act directs the Governor to consider in his appointments the diverse regions of Arkansas - urban, rural and suburban areas - and mandates that the boards and/or commissions of the state educational and economic agencies be represented.

In accordance with Section 6 of Arkansas Act of 1125 of 1999 (the Arkansas Workforce Investment Act) the Arkansas Workforce Investment Board advises and assists the Governor and the General Assembly as follows:

- Development of a state workforce development plan
- Development and continuous improvement of a statewide system of activities that are funded under Arkansas Act 1125 of 1999 or carried out through a one-stop delivery system which receives funds under Arkansas Act 1125 of 1999 including development of linkages in order to assure coordination and non-duplication among the programs and activities, and review of local plans
- Commenting on an annual basis on the measures taken pursuant to section 113(b) (14) of the Carl D. Perkins Vocational and Applied Technology Education Act
- Designation of local workforce investment areas
- Development of an allocation formula for the distribution of funds for adult employment and training activities and youth activities to local area
- Development and continuous improvement of comprehensive state performance measures, including state adjusted levels of performance, to assess the effectiveness of the workforce investment activities in the State
- Preparation of the annual report to the United States Secretary of Labor
- Development of a statewide employment statistics systems as described in Section 15(e) of the Wagner-Peyser Act
- Development of an application for an incentive grant
- Recommendation of the programs identified in Section 7 (b)(8)(A) of Arkansas Act 1125 of 1999 which may be consolidated or realigned
- Creation of workforce investment program accountability measures and standards
- Development of workforce training standards
- Evaluation of the entire Arkansas workforce investment system, including but not limited to the education system, the Career Development system and the youth programs, to determine if it is meeting the goals of the Arkansas Workforce Investment Act
- Re-evaluation of the Arkansas Workforce Investment Act
- Coordination of state agencies to assist in the development of the state workforce development plan
- Development of additional state workforce development plans every three years
- Use of federal, state or private funds, donations, and grants made available for the development of the Arkansas Workforce Development Plan

- Establishing procedures that will be taken by the State to assure coordination of and avoid duplication among Workforce Investment Programs
- Provide a report prior to each regular session to the Arkansas General Assembly with recommendations for appropriate statutory changes that may enhance the delivery of Workforce Investment in and for Arkansas



## **Agency Commentary**

The Arkansas Workforce Investment Board is responsible for coordinating and establishing policy for conducting employment and training activities within the workforce investment system created by the Federal Workforce Investment Act of 1998 (Public Law 105-220) and Arkansas Act 1125 of 1999, including all activities conducted in and through Arkansas' One-Stop career centers known as Arkansas Workforce Centers.

The Arkansas Workforce Investment Board is federally funded by the Workforce Investment Act. The biennial budget request represents the support of a 43-member board and a support staff of 13.

The Arkansas Workforce Investment Board's Biennial Request is for Base Level.

# Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS WORKFORCE INVESTMENT BOARD

FOR THE YEAR ENDED JUNE 30, 2007

### Findings

Our review of Agency credit card transactions revealed that five former employees charged personal purchases totaling \$1,048 to Agency credit cards during the two-year period ended June 30, 2007. The personal charges were properly reimbursed by the employees.

Review of equipment revealed that the Agency had inadequate management review procedures over equipment which contributed to the following deficiencies:

- Sixty-one items valued at \$82,285 out of 82 items valued at \$109,122 on the Agency's equipment listing did not include an identifying field such as a tag number or serial number to properly identify the items;
- All ancillary charges, such as sales tax, freight and installation costs were not added to the value of equipment;
- Fifteen items of low value equipment valued at \$14,605 were not properly added to inventory; and
- Prior year additions totaling \$5,031 were not added to inventory.

### Recommendations

Agency credit cards be utilized for business purposes only in accordance with State policy.

The Agency ensure that equipment is properly accounted for by strengthening internal controls related to equipment.

# Employment Summary

	Male	Female	Total	%
White Employees	2	2	4	33 %
Black Employees	2	6	8	67 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			8	67 %
Total Employees			12	100 %

# Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	PL 105-220	N	Y	1,000	Federal Requirement

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
13	10	3	13	0	23.08 %	13	11	2	13	0	15.38 %	13	12	1	13	0	7.69 %

## **Analysis of Budget Request**

**Appropriation:** 554 - Workforce Investment

**Funding Sources:** MIB - Workforce Investment

Public Law 105-220 created the federal Workforce Investment Act to promote and fund employment and training activities at the state level. A.C.A. §15-4-2204 established the Arkansas Workforce Investment Board to develop a State plan to provide workforce investment activities that increase employment, retention and earnings of participants and increases skill attainment thereby improving the quality of the workforce, reducing welfare dependency and enhancing productivity and competitiveness. The Board consists of 48 representatives of the Executive and Legislative branches of government and members of the business community. The Board is authorized to select from among its membership a maximum of 15 members to serve as the Executive Committee reporting to the Board quarterly.

The duties of the Board are to advise and assist the Governor and the General Assembly in the development of a State workforce development plan; develop and improve a system of activities through the one-stop career centers funded by federal workforce investment funds; designate local workforce investment areas; develop allocation formulas for distribution of funds to the local areas; develop and improve comprehensive state performance measures; prepare an annual report for submission to the U. S. Secretary of Labor; develop a statewide information management system; develop an application process for inventive grants; make recommendations on program consolidation or realignment; and evaluate the workforce investment system statewide and report to the Arkansas General Assembly prior to each regular session recommendations for statutory changes that would enhance workforce investment in Arkansas.

This appropriation is 100% federally funded through the federal Workforce Investment Act as a transfer from the Department of Workforce Services.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3 % Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency requests Base Level for the 2009-2011 biennium.

The Executive Recommendation is to transfer the Base Level appropriation and positions established for this Agency to the Department of Workforce Services (see page 651).



## Appropriation Summary

**Appropriation:** 554 - Workforce Investment

**Funding Sources:** MIB - Workforce Investment

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	532,483	578,898	589,757	598,131	598,131	0	611,551	611,551	0
<b>#Positions</b>		<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>0</b>	<b>13</b>	<b>13</b>	<b>0</b>
Personal Services Matching	5010003	182,879	191,510	206,050	207,937	207,937	0	211,115	211,115	0
Operating Expenses	5020002	122,596	222,394	222,394	222,394	222,394	0	222,394	222,394	0
Conference & Travel Expenses	5050009	6,705	24,092	24,092	24,092	24,092	0	24,092	24,092	0
Professional Fees	5060010	5,500	30,000	30,000	30,000	30,000	0	30,000	30,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>850,163</b>	<b>1,046,894</b>	<b>1,072,293</b>	<b>1,082,554</b>	<b>1,082,554</b>	<b>0</b>	<b>1,099,152</b>	<b>1,099,152</b>	<b>0</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	850,163	1,046,894		1,082,554	1,082,554	0	1,099,152	1,099,152	0
<b>Total Funding</b>		<b>850,163</b>	<b>1,046,894</b>		<b>1,082,554</b>	<b>1,082,554</b>	<b>0</b>	<b>1,099,152</b>	<b>1,099,152</b>	<b>0</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>850,163</b>	<b>1,046,894</b>		<b>1,082,554</b>	<b>1,082,554</b>	<b>0</b>	<b>1,099,152</b>	<b>1,099,152</b>	<b>0</b>

The Executive Recommendation is to transfer the Base Level positions and appropriation associated with this program to the Department of Workforce Services (see page 651).

## Change Level by Appropriation

**Appropriation:** 554 - Workforce Investment

**Funding Sources:** MIB - Workforce Investment

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,082,554	13	1,082,554	100.0	1,099,152	13	1,099,152	100.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,082,554	13	1,082,554	100.0	1,099,152	13	1,099,152	100.0
C07	Agency Transfer	(1,082,554)	(13)	0	0.0	(1,099,152)	(13)	0	0.0

### Justification

C07	The Executive Recommendation is to transfer the positions and appropriation established for this Agency to the Department of Workforce Services.
-----	--

# DEPARTMENT OF WORKFORCE SERVICES

## Enabling Laws

Act 1289 of 2007  
A.C.A. §11-10-101 et seq.

## History and Organization

The Arkansas Employment Security Department (AESD) was created as a division of the Department of Labor (DOL) by Act 391 of 1941 to administer the Employment Security Law. Act 100 of 1991 made AESD independent of the State DOL and established it as a separate Department. The Director is appointed by and serves at the pleasure of the Governor. The primary responsibilities of the Department are to promote employment security by increasing opportunities for placement through the maintenance of a system of public employment offices and to provide through the accumulation of funds from employer's contribution taxes for the payment of benefits to individuals who are involuntarily unemployed.

Act 391 of 1941 was enacted to conform to the state law requirements of the Federal Unemployment Tax Act (26 USCA 3301-3310), Title IX of the Social Security Act (42 USCA 501-504) and the Wagner-Peyser Act (29 USCA 49). The Workforce Investment Act, enacted by Congress as P. L. 105-220 of 1998 has resulted in the placement of additional responsibilities on the Department. 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".

## **ADMINISTRATION**

The Department of Workforce Services Law provides the Department of Workforce Services shall be administered through a Director. The Director is appointed by the Governor and is directly responsible for the proper administration of the Department and the Workforce Services Program in conformity with state and federal law and regulations.

The Department 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 five main departments: Administration, Financial Management and Administrative Services, Unemployment Insurance, Labor Market Information & Analysis, and Employment Assistance.

Administration activities include communication services by providing information in various formats within the Agency and outside the Agency to the media; monitor the overall operation of the affirmative

action program and promote equal employment opportunities; provide training for agency staff, handle legal agency affairs, organize and control overall information technology activities, and track new hires in the State of Arkansas through the New Hire Registry.

### **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.

### **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.

### **ADVISORY COUNCIL**

A.C.A. §11-10-305 was originally enacted to comply with the requirement in the Wagner-Peyser Act that states have advisory councils composed of men and women representing employer and employee. 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 the Arkansas Department of Workforce Services Law.

### **FINANCIAL MANAGEMENT SERVICES**

Financial Management activities include preparation of budgets, disbursements of agency funds, preparation of payroll, maintenance of the agency accounting system, preparation of financial reports, and forecasting expenditures. Additional activities include monitoring the fiscal affairs of the agency and sub-grantees, conducting audits, studies and investigations to prevent waste, theft, 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 as well as personnel administration and maintenance of the Agency's classification and compensation plan, develops and implements policies, programs and services to meet agency needs.

### **UNEMPLOYMENT INSURANCE**

The Office of Unemployment Insurance is responsible for planning, directing and coordinating tax collections and payment of benefit claims; interpreting laws, rules and regulations which affect the unemployment insurance program; evaluating the effectiveness of the programs and conferring with the Assistant Director for Employment Assistance concerning operating needs or changes necessary for more effective operations; and exercising functional responsibility for procedures, policies and guidelines for the claims taking and adjudication process.

### **EMPLOYMENT ASSISTANCE**

The Office of Employment Assistance plans, directs, coordinates and evaluates activities relevant to labor exchange functions, service to military veterans, workshops on work search techniques, and several programs including the Governor's Dislocated Worker Task Force, Trade Adjustment Assistance, Work Opportunity Tax Credit, Alien Labor Certification, Temporary Assistance for Needy Families, Transitional Employment Assistance (TEA), Arkansas Work Pays, and Labor Market Information. It provides technical assistance to and training for DWS staff engaged in these activities.

The Employment Assistance 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. Additionally, the Office of Employment Assistance contracts with various community- and faith-based providers in Arkansas for services to low-income families to assist them in reaching self-sufficiency.

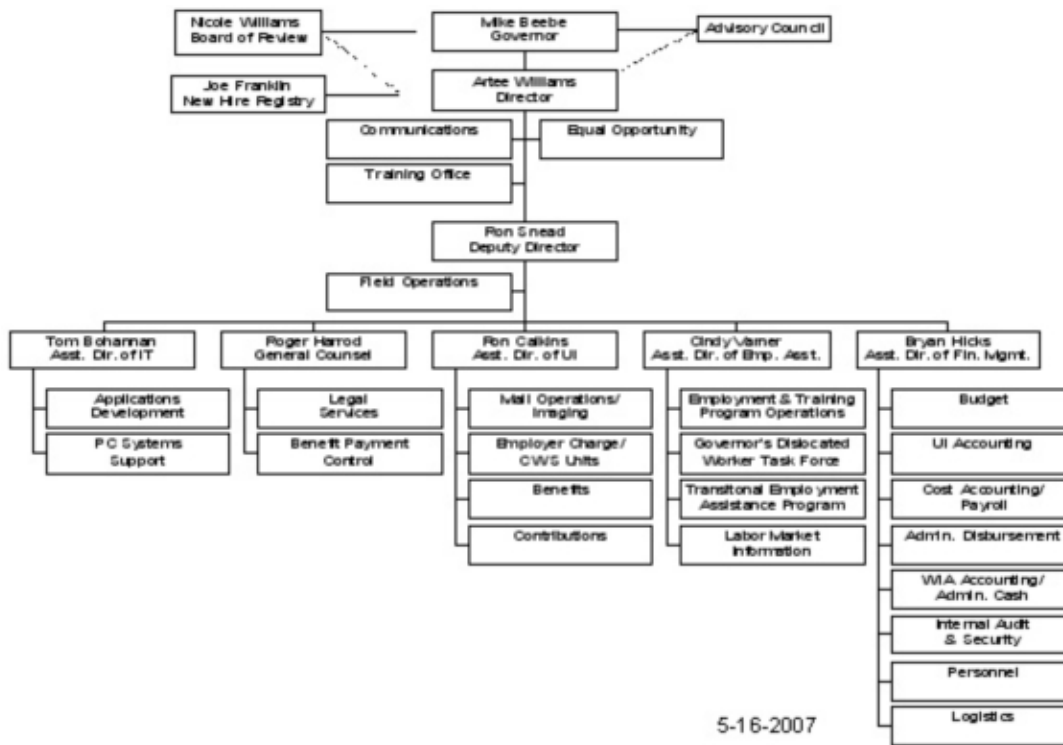
Arkansas Act 514 of 2007 created the Temporary Assistance for Needy Families (TANF) Oversight Board to provide program oversight for the delivery of effective services to the Transitional Employment Assistance (TEA) and Work Pays Program recipients. The nine-member TANF Oversight Board is required to 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 Labor Market Information and Analysis Division of Employment Assistance produces and distributes a wide variety of information and statistics about employment and careers in Arkansas. Working closely with the U.S. Department of Labor's Bureau of Labor Statistics and Employment & Training Administration, staff members use surveys and employer reports to gather and report statistics describing the state's level and type of employment, unemployment numbers and rates, occupational mix, industry and occupation projections, and other data of use to government, education and citizen users. In conjunction with the Arkansas Workforce Investment Board and the Department of Workforce Education, staff members also provide a variety of career preparation products and services, especially for students.

Additionally, the Office of Employment Assistance programmatically oversees and administers several discretionary grant programs such as national emergency grants, Arkansas Delta Workforce Innovations in Regional Economic Development (ADWIRED), and a new truck driver training program.

#### FIELD OPERATIONS

Field Operations, overseen by the Deputy Director of the agency, is responsible for the delivery of services to the public through 32 local workforce centers and 4 satellite offices throughout the state. 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; and 4) career readiness certificate preparation and issuance; 5) case management services to low-income families enrolled in TEA and Work Pays; and 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; 8) and coordinates all logistical support for all DWS workforce centers.



5-16-2007

## Agency Commentary

The Department of Workforce Services (DWS) is requesting an increase in appropriation authority for Disaster Relief Payments, Federal Employees Benefit Payments, Unemployment Insurance (UI) Benefits-Reimbursable Employers, the Unemployment Insurance Administration Fund, the Workforce Investment Act, the DWS Training Trust Fund, the DWS Unemployment Insurance Fund, the Temporary Assistance for Needy Families (TANF) Block Grant Paying, and the Appropriation for the Maintenance and General Operations of the Department. This is to ensure sufficient authority in the event of unforeseen economic downturns through the 2009-20011 biennium.

The Agency's position request is 916 Regular Salary and 400 Extra Help positions in each year of the biennium. This is an increase of 133 positions based on the assumption of the TANF/TEA program including staff transferred from the Department of Human Services.

### Current Status

The Agency is currently operating 32 local offices, 4 outreach offices and the Hope Migrant Farm Labor Center located in Hope, Arkansas which provides services to legal immigrants.

### Future Outlook

Because the Agency is partially funded federally, any action taken to balance the Federal Budget and eliminate the deficit can be expected to have an adverse impact on the Agency's funding level.

Our current forecasts project no Unemployment Insurance Trust Fund Loans or UI Loan Interest payments.

## AGENCY PROGRAM AREAS

### A. Public Labor Exchange System

The Department of Workforce Services offers services to employers and to jobseekers at 32 local offices and 4 outreach offices throughout the State as well as the Hope Migrant Farm Labor Center. Applicant services include job finding assistance to all persons legally qualified to work; job referral, job development, and placement services for workers who are "job ready"; and assessment, counseling, and referral to available training for those not "job ready". Veteran's services are provided on a preferential basis as required by federal statute. Other special applicant groups such as youth, older workers, handicapped and economically disadvantaged receive special attention and referral to services that help in the removal of barriers to employment. Unemployment insurance claimants are given special attention to encourage and assist their re-entry into the workforce.

Employer services include: Selection of qualified applicants for referral, labor surveys, recruitment of applicants in shortage occupations locally and nationwide, assistance to meet affirmative action goals and conditionally certifying applicants for Work Opportunity Tax Credits.

Other services include: Cooperation with partner agencies providing services under the Workforce Investment Act (WIA), participation on workforce investment boards in local workforce investment areas to improve delivery of services, and provide Labor Market Information to educational and community based organizations for use in preparing citizens for the world of work. The Agency also administers the Jobs for Veterans State grant provided by the Veterans Employment and Training Service to staff Local Veterans Employment Representatives and Disabled Veterans Outreach Program specialists in local offices dedicated to meeting the employment needs of veterans.

The delivery of service to both employers and applicants is enhanced by a computerized statewide order sharing system to bring applicants and employers together, thereby speeding up the placement process. To increase efficiency and save staff time in the delivery of services, DWS uses a computerized file search system to match job applicants with employer openings. This process, known as the Arkansas Job Link (AJL) involves all local offices and One-Stop Centers in Arkansas.

### B. Workforce Investment Act Title I Programs; Adult, Youth and Dislocated Worker Employment Assistance

The Department of Workforce Services serves as the Governor's Administrative Entity (GAE) for Arkansas programs funded by Title I of the federal Workforce Investment Act (WIA) of 1998. WIA seeks to provide needed employment and preparation services for adults, youth and dislocated workers through programs operated by agencies in the ten local workforce investment areas (LWIAs). Each area's local workforce investment board (LWIB) selects their operation entities. WIA program activities include core (e.g. employment information, employment self-service centers, etc.) 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 aspects of Title I.

DWS acts as the lead agency for the Governor's Dislocated Worker Task Force. Composed of DWS, the Department of Economic Development and the Arkansas American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), this group provides on-site rapid response assistance in the event of a business closing or major layoff. The assistance ranges from help in securing a replacement company for a vacated building to help for laid off individuals to find new employment or training for employment.

The Task Force also helps the town and the individuals cope with the problems created by loss of employment.

DWS also serves in an advisory capacity to the State Workforce Investment Board in establishing WIA policy. 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.

DWS is requesting an increase in appropriation of \$12,000,000 each year due to increases in federal funds relating to the Workforce Innovations in Economic Regional Development (WIRED) grants and for any increases that may come in National Emergency Grants for any emergencies experienced in the state such as tornadoes and flooding.

### C. Agency Unemployment Insurance Program

The Arkansas Unemployment Insurance Program provides workers with protection against temporary loss of income during periods of involuntary unemployment.

Tax rated employers subject to the Arkansas Department of Workforce Services law presently pay a quarterly payroll tax on the first \$10,000 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 employees. Tax rates for tax rated employers are determined by an experience rating system, which measures each employer's benefit risk and history of contributions and benefit payments. The tax rate calculation considers taxes paid in, benefits paid and charged to the employer's account and the average annual taxable payroll. In addition, a Stabilization Tax of up to 0.80% is added to the calculated tax rate based on the overall balance of the UI Trust Fund as compared to total payrolls for employment during the preceding calendar year. All tax rates are re-calculated each year.

As of July 1, 2008, an individual may qualify for a maximum weekly benefit of \$431, with the minimum weekly benefit being \$77 for up to 26 weeks of total unemployment. The maximum and minimum weekly benefit amounts are subject to change each July 1. (A.C.A. §11-10-502) As of January 2008, an individual's weekly benefit amount represents on average, approximately 41% of his/her average weekly wage.

During periods of high unemployment, individuals who have exhausted their regular benefits may be eligible for additional weeks of extended benefits under a program jointly funded by the State's Unemployment Insurance Trust Fund and the Federal Government; or under programs resulting entirely from special Federal legislation. Special federal programs for extended benefits, when authorized, are 100% federally funded.

In addition to the regular and extended unemployment compensation programs, unemployment compensation is paid to former Federal employees and ex-military personnel. Federal employee and ex-military unemployment benefits are funded entirely by Federal funds.

Special benefits administered by DWS Unemployment Insurance Division are paid to workers whose jobs or hours of work and wages have been adversely affected by foreign imports and/or the transfer of jobs to foreign countries. These benefits are paid by authority of the Trade Act of 1974, as amended. When approved these benefits afford individual workers opportunities for retraining and relocation to a more favorable labor market area.



Another Federal program is Disaster Unemployment Assistance (DUA), which provides special benefits for workers whose jobs are temporarily closed due to a natural disaster upon proclamation by the President. When DUA benefits are authorized, they are 100% federally funded.

When a potential issue related to an unemployment insurance claim is identified, a decision is rendered by the Department of Workforce Services based on the facts and the application of the Department of Workforce Services Law. Both the claimant and the employer are notified in writing of the decision. If either the claimant or employer objects to the decision, they may file an appeal as authorized by statute. The Appeal Tribunal is the first of two (2) administrative steps available to claimants and employers alike in resolving disputes related to unemployment insurance claims. Decisions of the Appeal Tribunal may be appealed by either party to the Board of Review.

The Board of Review will review the decision of the Appeal Tribunal when properly appealed by the claimant or employer. The Board of Review evaluates the facts of the record and either affirms, reverses or remands the Appeal Tribunal decision. Claimants and employers may appeal decisions of the Board of Review through the Arkansas Court of Appeals.

Unemployment Insurance fraud detection, both internal and external, overpayment prevention, and recovery are inherently important aspects of the Unemployment Insurance program. A toll-free "hotline" is available for anyone who wishes to report a suspected case of fraud or abuse and callers are not required to reveal their identity. A special computer software program cross-matches wages reported by employers with benefits paid to claimants. Unemployment Insurance investigators conduct on-site investigations of potentially fraudulent claims, and a close working relationship is maintained with county officials in order to prosecute persons fraudulently claiming benefits. Department of Workforce Services participates in the Benefit Accuracy Measures Program (BAM), as mandated by the US Department of Labor, which is based on comprehensive reviews for randomly sampled claims made statewide to determine the precise nature of any improper payments. The audit performed under the BAM program produces estimates of overpayment rates, underpayment rates and total error rates while identifying the source of the errors, whether it is the agency, the claimant, the employer or some other action. Department of Workforce Services also participates in the Benefit Payment Control Program (BPC) designed to identify overpayments by administrative and/or legal action. Finally, Department of Workforce Services also participates in the Tax Performance System (TPS) intended to ensure full and proper reporting of all wage items and the accurate and timely payment of taxes due from employers.

DWS is requesting an increase in appropriation of \$5,000,000 for the UI Benefits-Reimbursable employers to allow for the anticipated increase in paying benefits to employees of companies that reimburse the Unemployment Compensation fund. An increase of \$40,000,000 each year for the Federal Employees Benefits to allow for the payment of the extended or emergency unemployment benefits that are anticipated to increase in this biennium. For example, House Resolution 2642 signed into law on June 30, 2008 authorized emergency unemployment benefits and Arkansas expects to spend up to \$100,000,000 on this program from federal funds. Also, we are requesting an increase in appropriation, for the DWS Unemployment Insurance Fund, in the amount of \$2,500,000 each year to support the DWS Unemployment Insurance program during federal funding shortfalls and to expend the carry forward funding from the 2007 -2009 beinnium. An increase in the appropriation for Disaster Relief Payments in the amount of \$3,000,000 was requested to cover any unforeseen disasters.

DWS is requesting that the appropriation section called "Operations" to be changed to "Unemployment Benefits and Expenses" because only Unemployment Insurance expenditures will remain in this

appropriation upon approval of the transfer of Maintenance and Operations (M&O) appropriations as discussed in section G.

#### D. Temporary Assistance for Needy Families/TANF

The Temporary Assistance for Needy Families (TANF) program provides a wide variety of employment and training activities, supportive services, and benefits that will enable clients to get a job, keep a job, and improve their economic circumstances. The four purposes of TANF are to 1) provide assistance to needy families; 2) end dependence of needy parents by promoting job preparation, work and marriage; 3) prevent and reduce out-of-wedlock pregnancies; and 4) encourage the formation and maintenance of two-parent families.

State Maintenance of Effort Requirements - The TANF block grant program has an annual cost-sharing requirement, referred to as "maintenance of effort," or "MOE." Every fiscal year each state must spend a certain minimum amount of its own money to help eligible families in ways that are consistent with the purposes of the TANF program. The required MOE amount is based on an "applicable percentage" of the state's (nonfederal) expenditure on Aid to Families with Dependent Children (AFDC) and the AFDC-related programs in 1994.

Congress reauthorized the TANF program through the Deficit Reduction Act of 2005. Although the Act requires States to meet higher rates of work participation, no significant changes were made in the program design beyond the initiatives and organizational changes prescribed by Act 1705 of 2005 and Act 514 of 2007.

In this Biennium, we are requesting an increase in our appropriation of \$33,409,350 each year to allow for the expensing of remaining TANF Grant Award balances. DHS will expend their carry forward funds and DWS needs to spend its carry forward funds when theirs is depleted. Act 514 of 2007 provides the basis for additional items to be transferred to DWS.

#### E. Other Special Employment and Training Services in Accordance with Local, State, and Federal Agencies

Through contract or financial agreement, DWS:

Administers the Trade Adjustment Act to provide re-employment assistance and re-training to workers dislocated as a result of production moving to another country.

Administers the Work Opportunity Tax Credit Program.

Administers the Alien Certification Program to certify foreign workers for existing employer needs based on a market survey.

Inspects housing of agricultural workers who are legally eligible to work in the United States (as part of the agricultural Alien Labor Certification Program);

Operates the Hope Migrant Farm Labor Center, providing overnight accommodations, employment, health, and education services in cooperation with other agencies to legal immigrants. These immigrants provide agricultural services throughout the mid west corridor from Rio Grande Valley Texas to Michigan and as far north as upstate New York.

DWS is requesting an increase in the appropriation for the Training Trust Fund in the amount of \$2,500,000 each year of the biennium to expend the carry forward funding from the 2007-2009 biennium, for the DWS Training Trust programs.

#### F. Labor Market Information & Analysis

The Labor Market Information (LMI) program is administered by the U.S. Department of Labor through three (3) organizations: the Employment and Training Administration (ETA), the Bureau of Labor Statistics (BLS), and the State Workforce Agency (SWA). By the Governor's proclamation through the recommendation of the Arkansas Department of Workforce Education and its Board, DWS also carries out the LMI functions of Section 118 of the Carl Perkins Act.

1. The ETA is responsible for funding, monitoring, and evaluating the LMI activities relating to the development of state and local market information.
2. The BLS is responsible for developing methods and procedures for federal-state programs. The Bureau is authorized to collect labor market information and reimburse SWA's to provide national statistical information. More specifically, BLS is responsible for funding, administering and providing technical guidance for the Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Occupational Employment Statistics (OES), Quarterly Census of Employment and Wages (QCEW), and the Mass Layoff Statistics (MLS) programs.
3. SWA's Occupational-Career Information/BLS sections carry out the basic work in compliance with the ETA's policies and the BLS technical directives.
4. Section 118 of the Carl Perkins Act provides language to the states to develop and distribute LMI through a State Career Resource Network. Upon recommendation of the Arkansas Department of Workforce Education, the Governor has designated DWS to handle this responsibility.

The Labor Market Information program in Arkansas provides six (6) basic types of information output services:

1. Occupational employment projections, employment supply and demand data, labor force statistics on employment and unemployment, and employment estimates by industry are produced for the state and many of its labor market areas. This information, also with other Labor Market Information (LMI) is available via Internet through LMI's web portal. Through this portal, the DWS/LMI is able to provide instant industry, occupational, career and workforce information to its many customers, including counselors, employers, planners, job seekers, and others needing occupational, career and workforce information.
2. Computerized delivery of a career information delivery system (CIDS) provides guidance personnel, students, training program participants, and other job seekers a Career Resource Network of Information. The Arkansas Occupation and Skill Computer-Assisted Researcher (ARKOSCAR) is available online and the system is updated annually.
3. A computerized delivery of Educational services provided is found in the Arkansas Consumer Reporting System (ACRS). This system is designed for two different but complimentary purposes. First, it is intended to be a reference for any Arkansan wishing to pursue post-secondary education.

Secondly, it is intended to assist in the automation of applications submitted by education providers who wish to become or remain eligible training providers under the Workforce Investment Act. DWS has attempted to include all Arkansas postsecondary educational institutions, as well as out-of-state post-secondary educational institutions that are certified by the Arkansas Board of Private Career Education.

4. 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.
5. 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 special focused LMI training seminars conducted by DWS LMI professionals.
6. Research and special projects are conducted to update labor market information techniques and output, particularly those that streamline programs through computerization.

Labor Market Information is needed by planners and administrators who decide which programs best develop and use the State's human resources. The LMI Program allows DWS to place current occupational and industrial labor market information in Arkansas schools through the delivery of both hard copy publication and data via the Internet, as well as through customized personal visits by LMI staff. These delivery techniques provide educational administrators, teachers, and counselors with the information needed to assist education officials in establishing specific training to meet labor shortages, and to assist students in selecting appropriate careers. Through these vital program linkages, students, counselors, job seekers, planners, and administrators develop a better knowledge of the state's economic conditions and labor needs.

Labor Market Information is used by Congress to allocate billions of dollars for employment and training programs, economic development and public work projects conducted by local, state, and national governments. Also, LMI development and use is an integral part of the Arkansas Workforce Center operations. Many new pamphlets, flyers, publications, internet and CD-ROM materials and other additions to the career and planning information systems are being developed primarily for use in these centers and Arkansas' educational institutions.

#### G. Maintenance and Operations

DWS is requesting that the appropriation section called Personal Services to also include the Maintenance and General Operations appropriations previously under the Operations appropriation. The new name for this appropriation is requested to be titled "Operations". This would have all of the appropriations for operating the agency in one section and fund center of 2SD.

Also under the new Operations appropriation, we are requesting \$2,419,001 for Capital Outlay. This has

biennium is for various IT projects that include working on the mainframe and updating the Financial Accounting Reporting System (FARS) which performs all federal accounting functions for the Agency and maintains compliance with federal reporting requirements. This IT Plan has been approved by the Office of Intergovernmental Services.

#### H. 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 data base 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. DWS is requesting that the separate stand alone appropriations for the New Hire Registry in 2SH and 2SG be moved to the agency's combined fund center of 2SD for personal services as well as Maintenance and General Operations. This will allow for more effective and efficient operations of the program. This request is for the appropriations of both the State and Federal expenses will be included.

The Department of Workforce Services will be requesting to amend A.C.A. §11-10-901 and §11-10-902 in the 87th Legislative Session to accommodate this transfer.

### Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS DEPARTMENT OF WORKFORCE SERVICES

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS TRANSITIONAL EMPLOYMENT BOARD

FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
<p>Lack of management oversight and review of credit card transactions allowed Ms. Dametrice Burke, former Outreach Monitor, to charge personal purchases totaling \$27,052 to the Agency's credit card during the period March 2003 through April 2006. We recommend Ms. Burke, who accepted responsibility for the improper credit card charges, reimburse the Agency.</p>	<p>Agency strengthen internal controls related to credit card transactions and travel expenditures.</p>

In addition, travel reimbursements of \$3,059 paid to Ms. Burke were not supported with adequate documentation. As a result, the Agency was unable to substantiate the business purpose of these expenditures.

## Employment Summary

	Male	Female	Total	%
White Employees	121	245	366	50 %
Black Employees	64	291	355	48 %
Other Racial Minorities	3	8	11	2 %
	Total Minorities		366	50 %
	Total Employees		732	100 %

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Mission Statement and Report of Activity	A.C.A. §11-10-306 (e)	Y	N	33	To meet the requirements of A.C.A. §11-10-306 (e) and to have sufficient copies for interested parties.
Annual Report to the Arkansas Legislature on the Individual Development Account (IDA) program	A.C.A. §20-86-113	N	Y	10	The annual report on the status of the IDA program is given to the Public Health, Welfare and Labor Committee as required by A.C.A. §20-86-113.
Arkansas Transitional Employment Assistance (TEA) Program Bi-Annual Report on Families Sanctioned and Outcomes of Home visits	A.C.A. §20-76-410 Section 9(c)(l)(f) as amended	Y	Y	20	The Department shall submit a bi-annual report on families sanctioned and the outcomes of the home visits to the Governor and the House and Senate Interim Committees on Public Health, Welfare and Labor
Independent Evaluator report for the TEA and Work Pays Programs	A.C.A. §20-76-104 (a) (3)	Y	Y	20	The Department shall submit a bi-annual report on families served through the Transitional Employment Assistance and Arkansas Work Pays Program.
Performance Progress Report	A.C.A. §20-76-113 (c) (2)	Y	Y	20	The Department shall submit a bi-annual report on the progress of achieving the performance indicators set for the TEA and Work Pays programs by December and June 10 of each year.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011							
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	
2RD Administrative Building Upkeep	0	0	455,000	0	0	0	455,000	0	455,000	0	455,000	0	0	0	0	0	0	0	0
2RE Building and Land Acquisition	1,620	0	298,380	0	0	0	300,000	0	300,000	0	300,000	0	0	0	0	0	0	0	0
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	0
2SA Rent of Buildings	0	0	96,708	0	0	0	96,708	0	96,708	0	96,708	0	0	0	0	0	0	0	0
2SB Special Improvement District Taxes	0	0	1,000	0	0	0	1,000	0	1,000	0	1,000	0	0	0	0	0	0	0	0
2SC Excess Unemploy Benefits/Expenses	3,353,997	0	10,878,035	0	10,878,035	0	10,878,035	0	10,878,035	0	10,878,035	0	10,878,035	0	10,878,035	0	10,878,035	0	0
2SD Operations *	35,999,960	789	40,224,753	789	40,995,102	783	38,741,202	681	84,851,990	916	84,851,990	916	39,341,977	681	85,627,616	916	85,627,616	916	0
2SE Workforce Investment Act	32,235,532	0	58,000,000	0	58,000,000	0	58,000,000	0	70,000,000	0	70,000,000	0	58,000,000	0	70,000,000	0	70,000,000	0	0
2SF UI Trust Fund Loan Interest	225,512	0	3,000,001	0	3,000,001	0	3,000,001	0	3,000,001	0	3,000,001	0	3,000,001	0	3,000,001	0	3,000,001	0	0
2SG New Hire Registry-State	113,892	0	152,103	0	152,958	0	153,535	0	0	0	0	0	154,184	0	0	0	0	0	0
2SH New Hire Registry-Federal	230,083	1	356,062	1	356,943	1	358,120	1	0	0	0	0	359,435	1	0	0	0	0	0
35Q DWS Training Trust Fund	74,500	0	2,500,000	0	2,500,000	0	2,500,000	0	5,000,000	0	5,000,000	0	2,500,000	0	5,000,000	0	5,000,000	0	0
35R DWS Unemployment Insurance Fund	562,640	0	2,500,000	0	2,500,000	0	2,500,000	0	5,000,000	0	5,000,000	0	2,500,000	0	5,000,000	0	5,000,000	0	0
4KP TANF-IDA	496,829	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	0
4KQ TANF Block Grant Paying	8,496,760	0	66,590,650	0	66,590,650	0	66,590,650	0	100,000,000	0	100,000,000	0	66,590,650	0	100,000,000	0	100,000,000	0	0
56Z Workforce Investment	0	0	0	0	0	0	0	0	0	0	1,082,554	13	0	0	0	0	1,099,152	13	0
C27 Unemployment Benefits & Expenses-Cash*	19,311,679	0	53,049,930	0	53,049,930	0	50,630,929	0	20,000,001	0	20,000,001	0	50,630,929	0	20,000,001	0	20,000,001	0	0
C28 Federal Employees Benefit-Cash	26,126,835	0	100,000,000	0	100,000,000	0	100,000,000	0	140,000,000	0	140,000,000	0	100,000,000	0	140,000,000	0	140,000,000	0	0
C29 U I Benefits - Taxable Employers - Cash	270,737,952	0	500,000,000	0	500,000,000	0	500,000,000	0	500,000,000	0	500,000,000	0	500,000,000	0	500,000,000	0	500,000,000	0	0
C30 U I Benefits-Reimb Employers-Cash	11,317,924	0	20,000,000	0	20,000,000	0	20,000,000	0	25,000,000	0	25,000,000	0	20,000,000	0	25,000,000	0	25,000,000	0	0
C31 Bldg Improvmt/Land-Reed Act	398,771	0	76,601,229	0	0	0	77,000,000	0	77,000,000	0	77,000,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>409,706,486</b>	<b>790</b>	<b>936,429,851</b>	<b>790</b>	<b>859,749,619</b>	<b>784</b>	<b>932,931,180</b>	<b>682</b>	<b>1,043,308,735</b>	<b>916</b>	<b>1,044,391,289</b>	<b>929</b>	<b>855,681,211</b>	<b>682</b>	<b>966,231,653</b>	<b>916</b>	<b>967,330,805</b>	<b>929</b>	

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	15,688,099	3.6	20,252,338	2.1	20,252,338	2.1	20,252,338	1.9	20,252,338	1.9	20,252,338	2.3	15,889,478	1.6	15,889,478	1.6		
General Revenue	4000010	3,754,542	0.9	3,792,753	0.4	3,794,185	0.4	3,794,185	0.4	3,794,185	0.4	3,794,834	0.4	3,794,834	0.4	3,794,834	0.4		
Federal Revenue	4000020	403,711,875	93.9	912,881,974	95.4	909,380,251	95.4	1,014,757,806	95.9	1,015,840,360	95.9	832,982,341	95.1	938,532,783	96.1	939,631,935	96.1		
Stabilization Tax	4000033	5,000,000	1.2	5,000,000	0.5	5,000,000	0.5	5,000,000	0.5	5,000,000	0.5	5,000,000	0.6	5,000,000	0.5	5,000,000	0.5		
Advance Interest Funds	4000070	243,218	0.1	3,000,001	0.3	3,000,001	0.3	3,000,001	0.3	3,000,001	0.3	3,000,001	0.3	3,000,001	0.3	3,000,001	0.3		
Employer Penalties & Interest	4000225	3,561,290	0.8	11,755,123	1.2	11,756,743	1.2	11,756,743	1.1	11,756,743	1.1	10,904,035	1.2	10,904,035	1.1	10,904,035	1.1		

<b>Funding Sources</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Transfer to DHS-DCO	4000612	(2,000,200)	(0.5)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		429,958,824	100.0	956,682,189	100.0	953,183,518	100.0	1,058,561,073	100.0	1,059,643,627	100.0	875,933,549	100.0	977,121,131	100.0	978,220,283	100.0
Excess Appropriation/(Funding)		(20,252,338)		(20,252,338)		(20,252,338)		(15,252,338)		(15,252,338)		(20,252,338)		(10,889,478)		(10,889,478)	
Grand Total		409,706,486		936,429,851		932,931,180		1,043,308,735		1,044,391,289		855,681,211		966,231,653		967,330,805	

\* Agency requesting to change Appropriation Titles for C27 - from "ESD - Cash Operations" to "Unemployment Benefits & Expenses - Cash" and 2SD - from "Personal Services" to "Operations".

Actual and Budget number of positions higher than Authorized amount due to establishment of "Growth Pool" positions approved during 2007-2009 biennium.

Appropriation 2RD is a biennial appropriation. The authorized amount for the 2007-2009 biennium was \$455,000.

Appropriation 2RE is a biennial appropriation. The authorized amount for the 2007-2009 biennium was \$300,000.

Appropriation 2SA is a biennial appropriation. The authorized amount for the 2007-2009 biennium was \$96,708.

Appropriation 2SB is a biennial appropriation. The authorized amount for the 2007-2009 biennium was \$1,000.

Appropriation C31 is a biennial appropriation. The authorized amount for the 2007-2009 biennium was \$77,000,000.

Variances in fund balances are due to unfunded appropriation.

**Reflects Executive Recommendation to transfer Base Level Maintenance & Operations line items from Appropriation C27 (page 654) to Operations 2SD (page 616).**

**Reflects Executive Recommendation to transfer Base Level of New Hire Registry - State & Federal 2SG & 2SH (pages 628 & 632) to Operations 2SD (page 616).**

**Reflects Executive Recommendation to transfer Base Level of Appropriation 554 (page 579) from Workforce Investment Board to Appropriation 56Z Workforce Investment (page 651).**



## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
703	668	22	690	13	4.98 %	784	743	0	743	41	5.23 %	784	732	58	790	-6	6.63 %

FY09 Budgeted number of positions higher than Authorized due to establishment of "Growth Pool" positions approved during 2007-2009 biennium.

## **Analysis of Budget Request**

**Appropriation:** 2RD - Administrative Building Upkeep

**Funding Sources:** TZS - DWS Special Fund

The Administration Building Upkeep biennial appropriation provides for maintenance, repairs, equipment, furnishing, and upkeep of the Administration Building and all other Agency owned buildings and the adjacent parking areas of these buildings.

This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Base Level for this appropriation is \$455,000 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2RD - Administrative Building Upkeep

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Construction 5090005	0	455,000	0	455,000	455,000	455,000	0	0	0
Total	0	455,000	0	455,000	455,000	455,000	0	0	0
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	0	455,000		455,000	455,000	455,000	0	0	0
Total Funding	0	455,000		455,000	455,000	455,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	455,000		455,000	455,000	455,000	0	0	0

This is a biennial appropriation.

FY09 Budget amount has been adjusted to reflect the carry forward balance of appropriation between fiscal years of \$455,000.

Base Level has been restored to the FY08 Authorized amount of \$455,000.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Administrative Building Upkeep

Act #: 1289 of 2007 Section(s) #: 12 & 24

Estimated Carry Forward Amount \$ 455,000.00 Appropriation  Funds

Funding Source: Employer Penalties/Interest

**Accounting Information:**

Business Area: 0810 Funds Center: 2RD Fund: TZS Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Construction	5090005	455,000.00	455,000.00
Total		\$ 455,000.00	\$ 455,000.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to provide normal maintenance, upkeep, and unforeseen repairs on the Administration Building and all other agency owned buildings.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to provide normal maintenance, upkeep, and unforeseen repairs on the Administration Building and all other agency owned buildings.

Artee Williams  
Director

08-15-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 2RE - Building and Land Acquisition

**Funding Sources:** TZS - DWS Special Fund

The Building and Land Acquisition biennial appropriation is utilized by the Department of Workforce Services for the acquisition of buildings and land, construction of buildings, and/or modification of existing buildings outside the Pulaski County area.

This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Base Level for this appropriation is \$300,000 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2RE - Building and Land Acquisition

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Construction 5090005	1,620	298,380	0	300,000	300,000	300,000	0	0	0
Total	1,620	298,380	0	300,000	300,000	300,000	0	0	0
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	1,620	298,380		300,000	300,000	300,000	0	0	0
Total Funding	1,620	298,380		300,000	300,000	300,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,620	298,380		300,000	300,000	300,000	0	0	0

This is a biennial appropriation.

FY09 Budget amount has been adjusted to reflect the carry forward balance of appropriation between fiscal years of \$298,380.

Base Level has been restored to the FY08 Authorized amount of \$300,000.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Building and Land Acquisition

Act #: 1289 of 2007 Section(s) #: 13 & 24

Estimated Carry Forward Amount \$ 295,000.00      Appropriation       Funds

Funding Source: Employer Penalties/Interest

**Accounting Information:**

Business Area: 0810      Funds Center: 2RE      Fund: TZS      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Construction	5090005	295,000.00	298,380.00
Total		\$ 295,000.00	\$ 298,380.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is needed for any unanticipated acquisition of buildings or land across fiscal years.

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is needed for any unanticipated acquisition of buildings or land across fiscal years.

Artee Williams  
Director

08-15-2008  
Date

## **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 Base Level for this appropriation is \$26,000 each year of the biennium and represents the Agency Request.

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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				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
<b>Total</b>	22,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	22,000	26,000		26,000	26,000	26,000	26,000	26,000	26,000
<b>Total Funding</b>	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
<b>Grand Total</b>	22,000	26,000		26,000	26,000	26,000	26,000	26,000	26,000

Carry forward balance of appropriation between fiscal years is \$4,000.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Annual Assessments

Act #: 1289 of 2007 Section(s) #: 4 & 24

Estimated Carry Forward Amount \$ 4,000.00 Appropriation  Funds

Funding Source: Employer Penalties/Interest

**Accounting Information:**

Business Area: 0810 Funds Center: 2RF Fund: TZS Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Annual Assessment	5900046	4,000.00	4,000.00
Total		\$ 4,000.00	\$ 4,000.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to maintain the annual assessment of voting member rights in the National Association of Workforce agencies.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

To allow for increase in dues. Dues are based on a percentage of federal funding.

Artee Williams  
Director

08-15-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 2SA - Rent of Buildings

**Funding Sources:** TZS - DWS Special Fund

The Rent of Buildings biennial appropriation allows the Department of Workforce Services to utilize the Department of Workforce Services Special Fund for the rent of buildings when the U.S. Department of Labor determines, for an unforeseen reason, that federal funds are not appropriate for rent on a particular facility. This is a biennial appropriation.

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 for this appropriation is \$96,708 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SA - Rent of Buildings  
**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Rent of Buildings 5900022	0	96,708	0	96,708	96,708	96,708	0	0	0
Total	0	96,708	0	96,708	96,708	96,708	0	0	0
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	0	96,708		96,708	96,708	96,708	0	0	0
Total Funding	0	96,708		96,708	96,708	96,708	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	96,708		96,708	96,708	96,708	0	0	0

This is a biennial appropriation.

FY09 Budget amount has been adjusted to reflect the carry forward balance of appropriation between fiscal years of \$96,708.

Base Level has been restored to the FY08 Authorized amount of \$96,708.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Rent of Buildings

Act #: 1289 of 2007 Section(s) #: 14 & 24

Estimated Carry Forward Amount \$ 96,708.00      Appropriation       Funds

Funding Source: Employer Penalties/Interest

**Accounting Information:**

Business Area: 0810      Funds Center: 2SA      Fund: TZS      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Rent of Buildings	5900022	96,708.00	96,708.00
Total		\$ 96,708.00	\$ 96,708.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary for rent of buildings when, for an unforeseen reason, federal funds are not appropriate for rent.

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary for rent of buildings when, for an unforeseen reason, federal funds are not appropriate for rent.

Artee Williams  
Director

08-15-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 2SB - Special Improvement District Taxes

**Funding Sources:** TZS - DWS Special Fund

The Special Improvement District Taxes biennial appropriation allows the Department of Workforce Services to pay any required city or county Special Improvement District Taxes. These taxes are levied on local DWS offices.

This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Base Level for this appropriation is \$1,000 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SB - Special Improvement District Taxes

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Special Improvement District Tax 5900046	0	1,000	0	1,000	1,000	1,000	0	0	0
Total	0	1,000	0	1,000	1,000	1,000	0	0	0
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	0	1,000		1,000	1,000	1,000	0	0	0
Total Funding	0	1,000		1,000	1,000	1,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	1,000		1,000	1,000	1,000	0	0	0

This is a biennial appropriation.

FY09 Budget amount has been adjusted to reflect the carry forward balance of appropriation between fiscal years of \$1,000.

Base Level has been restored to the FY08 Authorized amount of \$1,000.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Special Improvement District Taxes

Act #: 1289 of 2007 Section(s) #: 15 & 24

Estimated Carry Forward Amount \$ 1,000.00      Appropriation       Funds

Funding Source: Employer Penalties/Interest

**Accounting Information:**

Business Area: 0810      Funds Center: 2SB      Fund: TZS      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Special Improvement District Taxes	5900046	1,000.00	1,000.00
<b>Total</b>		\$ 1,000.00	\$ 1,000.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to pay any unforeseen city or county Special Improvement District Taxes.

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to pay any unforeseen city or county Special Improvement District Taxes.

Artee Williams  
Director

08-15-2008  
Date



## **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 because of 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 for this appropriation is \$10,878,035 each year of the biennium and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SC - Excess Unemploy Benefits/Expenses

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			Base Level	Agency	Executive
Payment/Expenses	5900046	3,353,997	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035
Total		3,353,997	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035
<b>Funding Sources</b>										
Fund Balance	4000005	10,587,380	10,771,053		10,771,053	10,771,053	10,771,053	10,771,053	10,771,053	10,771,053
Employer Penalties & Interest	4000225	3,537,670	10,878,035		10,878,035	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035
Total Funding		14,125,050	21,649,088		21,649,088	21,649,088	21,649,088	21,649,088	21,649,088	21,649,088
Excess Appropriation/(Funding)		(10,771,053)	(10,771,053)		(10,771,053)	(10,771,053)	(10,771,053)	(10,771,053)	(10,771,053)	(10,771,053)
Grand Total		3,353,997	10,878,035		10,878,035	10,878,035	10,878,035	10,878,035	10,878,035	10,878,035

Carry forward balance of appropriation between fiscal years is \$11,077,665.72

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Excess Unemployment Benefits/Expenses

Act #: 1289 of 2007 Section(s) #: 5 & 24

Estimated Carry Forward Amount \$ 11,000,000.00      Appropriation       Funds

Funding Source: Employer Penalties/Interest

**Accounting Information:**

Business Area: 0810      Funds Center: 2SC      Fund: TZS      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Payment/Expenses	5900046	11,000,000.00	11,077,665.72
Total		\$ 11,000,000.00	\$ 11,077,665.72

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to pay any unanticipated administrative expenditures in excess of other funding sources because of reductions in federal funds.

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to pay any unanticipated administrative expenditures in excess of other funding sources because of reductions in federal funds such as replacing DWS's cost allocation system and the Department of Information Services (DIS) convenience contracts for programming.

Artee Williams  
Director

08-22-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 2SD - Operations

**Funding Sources:** TES - DWS Trust Fund

Act 1705 of 2005 renamed the Arkansas Employment Security Department to the Department of Workforce Services. Currently, this appropriation provides for payment of Regular Salaries, Personal Services Matching, Extra Help and Overtime. A.C.A. §19-5-912 authorized the creation of the "Employment Security Department Trust Fund." 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 salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for transitioning several positions from unclassified to classified. Unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Base Level for this appropriation is \$38,741,202 in FY10 and \$39,341,977 in FY11 with 681 positions.

The Agency's Change Level requests for this appropriation is \$46,110,788 in FY10 and \$46,285,639 in FY11 and are reflected below:

- Restoration of one hundred-two (102) currently authorized unbudgeted positions
- Continue one hundred thirty-two (132) Growth Pool positions as Regular Positions. Act 1289 of 2007 special language section 26 stipulates that the Agency, upon review by the Arkansas Legislative Council, shall have the authority to establish new or additional full time positions as necessary to carry out the objectives of the program, to meet Federal requirements, and/or to expand programs where such needs are financed by federal funds. The language stipulates that the Agency must request to continue the positions in their biennial budget request. These positions were established to support the Transitional Employment Assistance (TEA) and Work Pays programs as well as to fulfill federal Temporary Assistance to Needy Families (TANF) regulations.
- \$2,419,001 each year in Capital Outlay for various Information Technology (IT) projects that include working on the mainframe and updating the Financial Accounting Reporting System (FARS) which performs all federal accounting functions for the Agency and maintains compliance with federal reporting requirements.
- Transfer in \$33,530,928 each year from Cash Appropriation C27 (Unemployment Benefits & Expenses). This request is to reallocate Base Level of the Maintenance and Operations line items into this main Operations appropriation to allow the Agency better administration of the program (see page 654).

- Transfer in \$511,655 in FY10 and \$516,619 in FY11 from the State and Federal New Hire Registry Appropriations 2SG & 2SH (see pages 628 & 632). This request reflects the transfer of Base Level of the New Hire Registry program including the DWS Program Administrator position into this main Operations appropriation to allow the Agency better administration of the program. **The Department of Workforce Services will be requesting to amend A.C.A. §11-10-901 and §11-10-902 in the 87<sup>th</sup> Legislative Session to accommodate this transfer.**

The Agency also requests changing the title of this appropriation from "Personal Services" to "Operations".

The Executive Recommendation provides for the Agency Request.

## 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	25,048,189	27,629,867	27,266,533	25,935,296	33,143,539	33,143,539	26,441,070	33,796,581	33,796,581
<b>#Positions</b>		<b>789</b>	<b>789</b>	<b>783</b>	<b>681</b>	<b>916</b>	<b>916</b>	<b>681</b>	<b>916</b>	<b>916</b>
Extra Help	5010001	3,045,399	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000
<b>#Extra Help</b>		<b>295</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Personal Services Matching	5010003	7,902,177	8,441,886	9,575,569	8,652,906	11,200,793	11,200,793	8,747,907	11,323,377	11,323,377
Overtime	5010006	4,195	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Operating Expenses	5020002	0	0	0	0	23,098,544	23,098,544	0	23,098,544	23,098,544
Conference & Travel Expenses	5050009	0	0	0	0	681,493	681,493	0	681,493	681,493
Professional Fees	5060010	0	0	0	0	1,625,104	1,625,104	0	1,625,104	1,625,104
Data Processing	5090012	0	0	0	0	8,530,516	8,530,516	0	8,530,516	8,530,516
Capital Outlay	5120011	0	0	0	0	2,419,001	2,419,001	0	2,419,001	2,419,001
<b>Total</b>		<b>35,999,960</b>	<b>40,224,753</b>	<b>40,995,102</b>	<b>38,741,202</b>	<b>84,851,990</b>	<b>84,851,990</b>	<b>39,341,977</b>	<b>85,627,616</b>	<b>85,627,616</b>

Funding Sources										
General Revenue	4000010	1,635,538	0		0	153,535	153,535	0	154,184	154,184
Federal Revenue	4000020	34,364,422	40,224,753		38,741,202	84,698,455	84,698,455	39,341,977	85,473,432	85,473,432
<b>Total Funding</b>		<b>35,999,960</b>	<b>40,224,753</b>		<b>38,741,202</b>	<b>84,851,990</b>	<b>84,851,990</b>	<b>39,341,977</b>	<b>85,627,616</b>	<b>85,627,616</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>35,999,960</b>	<b>40,224,753</b>		<b>38,741,202</b>	<b>84,851,990</b>	<b>84,851,990</b>	<b>39,341,977</b>	<b>85,627,616</b>	<b>85,627,616</b>

\* Agency requesting to change Appropriation Title from "Personal Services" to "Operations".

The FY2009 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

Actual and Budget number of positions higher than Authorized amount due to establishment of "Growth Pool" positions approved during 2007-2009 biennium.

Carry forward balance of appropriation between fiscal years is \$2,660,887.80.

**Reflects Executive Recommendation to transfer Base Level Maintenance & Operations line items from Appropriation C27 (see page 654).**

**Reflects Executive Recommendation to transfer Base Level Operations of New Hire Registry - State & Federal (see pages 628 & 632).**

## Change Level by Appropriation

**Appropriation:** 2SD - Operations  
**Funding Sources:** TES - DWS Trust Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>38,741,202</b>	<b>681</b>	<b>38,741,202</b>	<b>100.0</b>	<b>39,341,977</b>	<b>681</b>	<b>39,341,977</b>	<b>100.0</b>
C01	Existing Program	6,423,533	102	45,164,735	116.6	6,503,548	102	45,845,525	116.5
C04	Reallocation	33,530,928	0	78,695,663	203.1	33,530,928	0	79,376,453	201.8
C06	Restore Position/Approp	5,644,672	132	84,340,335	217.7	5,737,544	132	85,113,997	216.3
C07	Agency Transfer	511,655	1	84,851,990	219.0	513,619	1	85,627,616	217.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>38,741,202</b>	<b>681</b>	<b>38,741,202</b>	<b>100.0</b>	<b>39,341,977</b>	<b>681</b>	<b>39,341,977</b>	<b>100.0</b>
C01	Existing Program	6,423,533	102	45,164,735	116.6	6,503,548	102	45,845,525	116.5
C04	Reallocation	33,530,928	0	78,695,663	203.1	33,530,928	0	79,376,453	201.8
C06	Restore Position/Approp	5,644,672	132	84,340,335	217.7	5,737,544	132	85,113,997	216.3
C07	Agency Transfer	511,655	1	84,851,990	219.0	513,619	1	85,627,616	217.6

### Justification

C01	Agency requests restoration of 102 positions previously authorized in Act but not budgeted in FY09. Also included is a Capital Outlay request of \$2,419,001 of appropriation only each year for various IT projects that include working on the mainframe and updating the Financial Accounting Reporting System (FARS) which performs all federal accounting functions for the Agency and maintains compliance with federal reporting requirements.
C04	Agency requests Maintenance and Operations line itmes moved from Cash in Bank to Treasury.
C06	Agency requests restoration of 132 new Growth Pool positions as authorized in Act 1289 of 2007 section 26. Positions were previously authorized by the Office of Personnel Management but Special Language section 26 stipulates that these must be requested as new positions during biennial budget request.
C07	Agency requests transfer of the New Hire Registry division (2SG and 2SH) including one (1) position and operations into the Agency's main Operating appropriation (2SD) for better program administration.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Personal Services

Act #: 1289 of 2007

Section(s) #: 2 & 24

Estimated Carry Forward Amount \$ 1,242,000.00

Appropriation

Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0810

Funds Center: 2SD

Fund: TES

Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Extra Help	5010001	1,040,000.00	1,047,601.34
Personal Services Matching	5010003	147,000.00	1,557,481.11
Overtime	5010006	55,000.00	55,805.35
<b>Total</b>		<b>\$ 1,242,000.00</b>	<b>\$ 2,660,887.80</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to maintain normal payroll operations for the agency and to allow extra appropriation for the receipt of unanticipated federal funds.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to maintain normal payroll operations for the agency and to allow extra appropriation for the receipt of unanticipated federal funds.

Artee Williams

Director

08-21-2008

Date



## **Analysis of Budget Request**

**Appropriation:** 2SE - Workforce Investment Act

**Funding Sources:** FCG - Federal Funds

The Workforce Investment Act appropriation provides for payment of federal funds to agencies in the ten local workforce investment areas (LWIAs). These programs provide needed employment and employment preparation services for adults, youth, and dislocated workers.

Funding for this appropriation is federal funds derived from the Workforce Investment Act of 1998, Public Law 105-220.

The Base Level for this appropriation is \$58,000,000 each year of the biennium.

The Agency's Change Level request of \$12,000,000 each year of the biennium in the Grants and Aid is for anticipated increases of grants awarded, specifically Workforce Innovation in Regional Economic Development (WIRED) grants. The grants are utilized for talent development within a region by bringing together state, local and federal entities including academic institutions, investment groups, foundations, and business and industry to address challenges associated with building a globally competitive and prepared workforce. Regional economies in Arkansas targeted for development include the Fayetteville shale area (drilling), the Delta region (manufacturing and biofuel research and development), Eastern Arkansas (trucking and automotive plants) and Southwest Arkansas (coal).

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SE - Workforce Investment Act

**Funding Sources:** FCG - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	32,235,532	58,000,000	58,000,000	58,000,000	70,000,000	70,000,000	58,000,000	70,000,000	70,000,000
Total		32,235,532	58,000,000	58,000,000	58,000,000	70,000,000	70,000,000	58,000,000	70,000,000	70,000,000
<b>Funding Sources</b>										
Federal Revenue	4000020	32,235,532	58,000,000		58,000,000	70,000,000	70,000,000	58,000,000	70,000,000	70,000,000
Total Funding		32,235,532	58,000,000		58,000,000	70,000,000	70,000,000	58,000,000	70,000,000	70,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		32,235,532	58,000,000		58,000,000	70,000,000	70,000,000	58,000,000	70,000,000	70,000,000

Carry forward balance of appropriation between fiscal years is \$25,764,468.13.

## Change Level by Appropriation

**Appropriation:** 2SE - Workforce Investment Act

**Funding Sources:** FCG - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>58,000,000</b>	<b>0</b>	<b>58,000,000</b>	<b>100.0</b>	<b>58,000,000</b>	<b>0</b>	<b>58,000,000</b>	<b>100.0</b>
C01	Existing Program	12,000,000	0	70,000,000	120.7	12,000,000	0	70,000,000	120.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>58,000,000</b>	<b>0</b>	<b>58,000,000</b>	<b>100.0</b>	<b>58,000,000</b>	<b>0</b>	<b>58,000,000</b>	<b>100.0</b>
C01	Existing Program	12,000,000	0	70,000,000	120.7	12,000,000	0	70,000,000	120.7

### Justification

C01	Agency requests appropriation only in the amount of \$12,000,000 each year due to increases in federal funds relating to the Workforce Innovations in Economic Regional Development (WIRED) grants and for any increases that may come in National Emergency Grants for any emergencies experienced in the state such as tornadoes and flooding.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Workforce Investment Act

Act #: 1289 of 2007 Section(s) #: 6 & 24

Estimated Carry Forward Amount \$ 26,000,000.00 Appropriation  Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0810 Funds Center: 2SE Fund: FCG Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Grants and Aid	5100004	26,000,000.00	25,764,468.13
Total		\$ 26,000,000.00	\$ 25,764,468.13

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to maintain essential programs related to needed employment and employment preparation.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to maintain essential programs related to needed employment and employment preparation and to allow extra appropriation for the receipt of unanticipated federal funds to include National Emergency Grants (NEG's).

Artee Williams  
Director

08-15-2008  
Date

## **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, to be known as the advance interest tax, on wages paid by that employer with respect to employment.

For rate years beginning on and after January 1, 1993, the advance interest tax shall be two-tenths of one percent (0.2%) when the state has an outstanding interest-bearing advance under Title XII of the Social Security Act. The Advance Interest Tax is only triggered "on" when such outstanding interest-bearing advance loan status is in effect. At all other times there is no assessment of the Advance Interest Tax.

When triggered "on", the tax is effective the first month of the quarter following the state's obtaining an interest-bearing advance and shall remain until the quarter immediately following the repayment of the advancement and the Employment Security Advance Interest Trust Fund, A.C.A. §19-5-935, attains a balance of five million dollars (\$5,000,000).

This Advance Interest Tax shall be levied and collected in the same manner as contributions and shall be subject to the same penalty and interest, collection, impoundment, priority, lien, certificate of assessment, and assessment provisions and procedures set forth in A.C.A. §11-10-716 -- §11-10-722. When in effect, at least once each month, deposits which have been established as Advance Interest Tax payments and any interest and penalty payments applicable to the advance interest payments shall be paid over to the Treasurer of State and credited by the Treasurer of State to the Employment Security Advance Interest Trust Fund created and established in the State Treasury. In addition, all income from investment of the Employment Security Advance Interest Trust Fund shall be deposited and credited to that Employment Security Advance Interest Trust Fund.

All withdrawals shall be upon voucher warrants issued, or caused to be issued, by the Director of the Arkansas Department of Workforce Services as authorized by legislative appropriation and, shall be used only for the purposes of:

- A. Paying interest incurred by the state on advances obtained from the federal Unemployment Trust Fund under Title XII of the Social Security Act;
- B. Making refunds of the aforementioned advance interest tax and interest and penalty payments attributed to the advance interest tax which were erroneously paid; and
- C. Returning moneys to the Unemployment Compensation Fund Clearing Account which may have been incorrectly identified and erroneously transferred to the Employment Security Advance Interest Trust Fund in the State Treasury.

In November of each calendar year, the director shall transfer all assets of the Employment Security Advance Interest Trust Fund, which exceed five million dollars (\$5,000,000) to the Unemployment Compensation Fund, A.C.A. §11-10-801, provided that the state has no interest-bearing advances obtained from the federal Unemployment Fund under Title XII of the Social Security Act outstanding.

Any interest required to be paid on advances obtained by the state under Title XII of the Social Security Act shall be paid in a timely manner and shall not be paid directly or indirectly by an equivalent reduction in unemployment contributions or taxes imposed under other provisions of §11-10-701 -- §11-10-715 or otherwise from amounts in the Unemployment Compensation Fund established under A.C.A. §11-10-801 - - §11-10-804.

Arkansas was last in interest bearing loan status under Title XII of the Social Security Act from December 6, 1982 to April 19, 1983. Advances secured totaled \$118,075,000 which was paid in May 1984, with the balance of the interest bearing portion of the loan repaid in September 1984. Total interest in the amount of \$5,830,270 was paid on \$54,075,000 of the total loan amount. The balance of the repayments was made prior to the assessment of interest. The Advance Interest Tax has not been triggered "on" at any time since 1984.

There is neither indication for nor anticipation of a need for the State to borrow funds from the Federal Unemployment Trust Fund to pay benefits at this time. However, a \$1 appropriation is requested so the Agency will have the flexibility to utilize this line item in the unlikely event it is needed to pay interest on a loan so that the spending authority would be established without requiring special Legislative action.

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 FY2008 totaled \$225,512 and were transferred to the Unemployment Insurance Trust Fund as required.

The Base Level for this appropriation is \$3,000,001 each year of the biennium and represents the Agency Request.

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	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Investments/Transfers 5110020	225,512	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Loan Interest 5900046	0	1	1	1	1	1	1	1	1
<b>Total</b>	<b>225,512</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>
<b>Funding Sources</b>									
Fund Balance 4000005	5,100,719	5,118,425		5,118,425	5,118,425	5,118,425	5,118,425	5,118,425	5,118,425
Advance Interest Funds 4000070	243,218	3,000,001		3,000,001	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001
<b>Total Funding</b>	<b>5,343,937</b>	<b>8,118,426</b>		<b>8,118,426</b>	<b>8,118,426</b>	<b>8,118,426</b>	<b>8,118,426</b>	<b>8,118,426</b>	<b>8,118,426</b>
Excess Appropriation/(Funding)	(5,118,425)	(5,118,425)		(5,118,425)	(5,118,425)	(5,118,425)	(5,118,425)	(5,118,425)	(5,118,425)
<b>Grand Total</b>	<b>225,512</b>	<b>3,000,001</b>		<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>3,000,001</b>

Carry forward balance of appropriation between fiscal years is \$2,774,488.87.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: UI Trust Fund Loan Interest

Act #: 1289 of 2007

Section(s) #: 7 & 24

Estimated Carry Forward Amount \$ 2,700,001.00

Appropriation

Funds

Funding Source: Advance Interest Trust

**Accounting Information:**

Business Area: 0810

Funds Center: 2SF

Fund: TZR

Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Refunds/Investments/Transfers	5110020	2,700,000.00	2,774,487.87
Loan Interest	5900046	1.00	1.00
<b>Total</b>		<b>\$ 2,700,001.00</b>	<b>\$ 2,774,488.87</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary for normal operations specifically to pay unforeseen interest incurred by the State on advances obtained from the Federal Unemployment Trust Fund, unexpected refunds of erroneously paid tax monies, and returning erroneous transfers to the Unemployment Compensation Fund Clearing Account.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary for normal operations specifically to pay unforeseen interest incurred by the State on advances obtained from the Federal Unemployment Trust Fund, unexpected refunds of erroneously paid tax monies, and returning erroneous transfers to the Unemployment Compensation Fund Clearing Account.

Artee Williams

Director

08-15-2008

Date



## **Analysis of Budget Request**

**Appropriation:** 2SG - New Hire Registry-State

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

The New Hire Registry - State appropriation was established to support the state portion of the New Hire Registry Division. The purpose of the legislation and establishment of a New Hire Registry Division is to develop and maintain a state directory which employers report newly hired and returning employees to aid in the establishment and enforcement of child support orders. This appropriation funds 33% of the New Hire Registry program based on Social Security Act Title IV-D section 455. Funding for this appropriation is derived from General Revenue.

The Base Level for this appropriation is \$153,535 in FY2010 and \$154,184 in FY2011 and includes Regular Salaries and Personal Services Matching for the 33% match of one position authorized in the New Hire Registry Federal Appropriation.

The Agency requests transferring this Base Level appropriation into the main operating appropriation 2SD (see page 616) to allow the Agency better administration of the program. **The Department of Workforce Services will be requesting to amend A.C.A. 11-10-901 and 11-10-902 in the 87<sup>th</sup> Legislative Session to accommodate this transfer.**

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SG - New Hire Registry-State  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	30,717	27,586	27,388	28,303	0	0	28,850	0	0
<b>#Positions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	7,264	6,263	7,316	6,978	0	0	7,080	0	0
Operating Expenses 5020002	75,911	118,254	118,254	118,254	0	0	118,254	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>113,892</b>	<b>152,103</b>	<b>152,958</b>	<b>153,535</b>	<b>0</b>	<b>0</b>	<b>154,184</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
General Revenue 4000010	113,892	152,103		153,535	0	0	154,184	0	0
Total Funding	113,892	152,103		153,535	0	0	154,184	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>113,892</b>	<b>152,103</b>		<b>153,535</b>	<b>0</b>	<b>0</b>	<b>154,184</b>	<b>0</b>	<b>0</b>

Regular Salaries and Matching reflects 33% breakdown of State match for New Hire Registry Program.

General Revenue is transferred from the Miscellaneous Agencies Fund to the Department of Workforce Services Fund..

The FY2009 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

THE EXECUTIVE RECOMMENDATION IS TO TRANSFER THE BASE LEVEL OF THIS APPROPRIATION TO THE MAIN OPERATIONS APPROPRIATION 2SD (see page 616).

## Change Level by Appropriation

**Appropriation:** 2SG - New Hire Registry-State  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>153,535</b>	<b>0</b>	<b>153,535</b>	<b>100.0</b>	<b>154,184</b>	<b>0</b>	<b>154,184</b>	<b>100.0</b>
C07	Agency Transfer	(153,535)	0	0	0.0	(154,184)	0	0	0.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>153,535</b>	<b>0</b>	<b>153,535</b>	<b>100.0</b>	<b>154,184</b>	<b>0</b>	<b>154,184</b>	<b>100.0</b>
C07	Agency Transfer	(153,535)	0	0	0.0	(154,184)	0	0	0.0

### Justification

C07	Agency requests transfer of the New Hire Registry division (2SG) including one (1) position and operations into the Agency's main Operating appropriation (2SD) for better program administration.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: New Hire Registry-State

Act #: 1289 of 2007 Section(s) #: 9 & 22

Estimated Carry Forward Amount \$ 0.00      Appropriation       Funds

Funding Source: Miscellaneous Agencies

**Accounting Information:**

Business Area: 0810      Funds Center: 2SG      Fund: HUA      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

No Carry Forward is anticipated for year end FY08.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

No carry forward is anticipated for year end.

Artee Williams  
Director

08-15-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 2SH - New Hire Registry-Federal

**Funding Sources:** FED - Federal Funds

The New Hire Registry - Federal appropriation was established to support the federal portion of the New Hire Registry Division. The purpose of the legislation and establishment of a New Hire Registry Division is to develop and maintain a state directory which employers report newly hired and returning employees to aid in the establishment and enforcement of child support orders. This appropriation funds 67% of the New Hire Registry program based on Social Security Act Title IV-D section 455. Funding for this appropriation is derived from federal funds.

Base Level salaries reflect the recommendation of the Pay Plan Study to transition one position from unclassified to classified. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Base Level for this appropriation is \$358,120 in FY2010 and \$359,435 in FY2011.

The Agency requests transferring this Base Level appropriation into the main operating appropriation 2SD (see page 616) to allow the Agency better administration of the program. **The Department of Workforce Services will be requesting to amend A.C.A. 11-10-901 and 11-10-902 in the 87<sup>th</sup> Legislative Session to accommodate this transfer.**

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SH - New Hire Registry-Federal

**Funding Sources:** FED - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	61,433	56,009	55,607	57,466	0	0	58,575	0	0
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
Personal Services Matching	5010003	14,527	13,578	14,861	14,179	0	0	14,385	0	0
Operating Expenses	5020002	154,123	286,475	286,475	286,475	0	0	286,475	0	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>230,083</b>	<b>356,062</b>	<b>356,943</b>	<b>358,120</b>	<b>0</b>	<b>0</b>	<b>359,435</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	230,083	356,062		358,120	0	0	359,435	0	0
Total Funding		230,083	356,062		358,120	0	0	359,435	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>230,083</b>	<b>356,062</b>		<b>358,120</b>	<b>0</b>	<b>0</b>	<b>359,435</b>	<b>0</b>	<b>0</b>

Regular Salaries and Matching reflect 67% breakdown of State match for New Hire Registry Program.

The FY2009 Actual and/or Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

THE EXECUTIVE RECOMMENDATION IS TO TRANSFER THE BASE LEVEL OF THIS APPROPRIATION TO THE MAIN OPERATIONS APPROPRIATION 2SD (see page 616).

## Change Level by Appropriation

**Appropriation:** 2SH - New Hire Registry-Federal

**Funding Sources:** FED - Federal Funds

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>358,120</b>	<b>1</b>	<b>358,120</b>	<b>100.0</b>	<b>359,435</b>	<b>1</b>	<b>359,435</b>	<b>100.0</b>
C07	Agency Transfer	(358,120)	(1)	0	0.0	(359,435)	(1)	0	0.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>358,120</b>	<b>1</b>	<b>358,120</b>	<b>100.0</b>	<b>359,435</b>	<b>1</b>	<b>359,435</b>	<b>100.0</b>
C07	Agency Transfer	(358,120)	(1)	0	0.0	(359,435)	(1)	0	0.0

### Justification

C07	Agency requests transfer of the New Hire Registry division (2SH) including one (1) position and operations into the Agency's main Operating appropriation (2SD) for better program administration.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: New Hire Registry-Federal

Act #: 1289 of 2007 Section(s) #: 10 & 22

Estimated Carry Forward Amount \$ 180,000.00      Appropriation       Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0810      Funds Center: 2SH      Fund: FED      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Operating Expenses	5020002	180,000.00	0.00
<b>Total</b>		\$ 180,000.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to maintain normal operations of the agency.

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

No carry forward.

Artee Williams  
Director

08-15-2008  
Date



## **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 for this appropriation is \$2,500,000 each year of the biennium.

The Agency's Change Level request is \$2,500,000 each year in appropriation only to allow utilization of the fund balance to support the growth of the Training Trust fund programs. Anticipated increases in grants offered for training include a growing displaced worker population, and potential business opportunity within the State.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 35Q - DWS Training Trust Fund

**Funding Sources:** TWT - DWS Training Trust Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services, Operating Exp: 5900046	74,500	2,500,000	2,500,000	2,500,000	5,000,000	5,000,000	2,500,000	5,000,000	5,000,000
<b>Total</b>	<b>74,500</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>2,500,000</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	0	2,425,500		2,425,500	2,425,500	2,425,500	2,425,500	0	0
Stabilization Tax 4000033	2,500,000	2,500,000		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<b>Total Funding</b>	<b>2,500,000</b>	<b>4,925,500</b>		<b>4,925,500</b>	<b>4,925,500</b>	<b>4,925,500</b>	<b>4,925,500</b>	<b>2,500,000</b>	<b>2,500,000</b>
Excess Appropriation/(Funding)	(2,425,500)	(2,425,500)		(2,425,500)	74,500	74,500	(2,425,500)	2,500,000	2,500,000
<b>Grand Total</b>	<b>74,500</b>	<b>2,500,000</b>		<b>2,500,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>2,500,000</b>	<b>5,000,000</b>	<b>5,000,000</b>

Carry forward balance of appropriation between fiscal years is \$2,425,500.

## Change Level by Appropriation

**Appropriation:** 35Q - DWS Training Trust Fund  
**Funding Sources:** TWT - DWS Training Trust Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>	<b>100.0</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>	<b>100.0</b>
C01	Existing Program	2,500,000	0	5,000,000	200.0	2,500,000	0	5,000,000	200.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>	<b>100.0</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>	<b>100.0</b>
C01	Existing Program	2,500,000	0	5,000,000	200.0	2,500,000	0	5,000,000	200.0

### Justification

C01	Agency requests \$2,500,000 in appropriation only each year to support the growth of the DWS Training Trust Fund programs.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: DWS Training Trust Fund

Act #: 1289 of 2007 Section(s) #: 18 & 24

Estimated Carry Forward Amount \$ 2,250,000.00      Appropriation       Funds

Funding Source: Trust

**Accounting Information:**

Business Area: 0810      Funds Center: 35Q      Fund: TWT      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Personal Services, Operating Expenses and Grants	5900046	2,250,000.00	2,425,500.00
<b>Total</b>		<b>\$ 2,250,000.00</b>	<b>\$ 2,425,500.00</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to continue the normal operations of the agency.

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to use the funds this year. We are anticipating several training requests from employers.

Artee Williams  
Director

08-15-2008  
Date

## **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 to the proper administration of of the Arkansas Employment Security Law. This appropriation is used to maintain current programs during federal funding shortfalls to avoid reducing services 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.

The Base Level for this appropriation is \$2,500,000 each year of the biennium.

The Agency's Change Level request is \$2,500,000 each year in appropriation only to allow utilization of the fund balance to offset potential federal funding shortfalls anticipated during the 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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5900046	562,640	2,500,000	2,500,000	2,500,000	5,000,000	5,000,000	2,500,000	5,000,000	5,000,000
Total		562,640	2,500,000	2,500,000	2,500,000	5,000,000	5,000,000	2,500,000	5,000,000	5,000,000
<b>Funding Sources</b>										
Fund Balance	4000005	0	1,937,360		1,937,360	1,937,360	1,937,360	1,937,360	0	0
Stabilization Tax	4000033	2,500,000	2,500,000		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Funding		2,500,000	4,437,360		4,437,360	4,437,360	4,437,360	4,437,360	2,500,000	2,500,000
Excess Appropriation/(Funding)		(1,937,360)	(1,937,360)		(1,937,360)	562,640	562,640	(1,937,360)	2,500,000	2,500,000
Grand Total		562,640	2,500,000		2,500,000	5,000,000	5,000,000	2,500,000	5,000,000	5,000,000

Carry forward balance of appropriation between fiscal years is \$1,937,360.

## Change Level by Appropriation

**Appropriation:** 35R - DWS Unemployment Insurance Fund

**Funding Sources:** MUI - DWS Unemployment Insurance Administration Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>	<b>100.0</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>	<b>100.0</b>
C01	Existing Program	2,500,000	0	5,000,000	200.0	2,500,000	0	5,000,000	200.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>	<b>100.0</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>	<b>100.0</b>
C01	Existing Program	2,500,000	0	5,000,000	200.0	2,500,000	0	5,000,000	200.0

### Justification

C01	Agency requests \$2,500,000 in appropriation only for each year to support the DWS Unemployment Insurance program during federal funding shortfalls.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: DWS Unemployment Insurance Fund

Act #: 1289 of 2007 Section(s) #: 19 & 24

Estimated Carry Forward Amount \$ 1,800,000.00      Appropriation       Funds

Funding Source: Employer Penalties/Interest

**Accounting Information:**

Business Area: 0810      Funds Center: 35R      Fund: MUI      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Operating Expenses	5900046	1,800,000.00	1,937,360.00
Total		\$ 1,800,000.00	\$ 1,937,360.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to continue the normal operations of the agency.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to continue the normal operations of the agency. This is the first year of this new fund and most of the funding was received in the last part of the fiscal year.

Artee Williams  
Director

08-21-2008  
Date



## **Analysis of Budget Request**

**Appropriation:** 4KP - TANF-IDA

**Funding Sources:** TID - Individual Development Account

The Individual Development Account (IDA) appropriation was created by Act 1217 of 1999 to assist in the Welfare Reform effort by providing low income families with an opportunity to accumulate assets, facilitate good savings habits, promote home ownership, micro enterprise development, education, saving for retirement, and stabilize and build communities. Program participants must participate in mandatory training and establish a savings goal. For each \$1 contributed by program participants to their IDA savings account, the State matches their deposits by \$3. Funds are only available once the savings goal has been met or for qualified emergency withdrawals as specified by the agency. The Department of Workforce Services provides IDA program services by contracting with fiduciary organizations that are non-profit organizations.

Funding for this appropriation is 100% federally funded with Transitional Employment Assistance Program funds (TANF Block Grant).

The Base Level for this appropriation is \$1,700,000 each year of the biennium and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 4KP - TANF-IDA

**Funding Sources:** TID - Individual Development Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				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	496,829	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>496,829</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	496,829	1,700,000		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
<b>Total Funding</b>	<b>496,829</b>	<b>1,700,000</b>		<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>496,829</b>	<b>1,700,000</b>		<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>

## **Analysis of Budget Request**

**Appropriation:** 4KQ - TANF Block Grant Paying

**Funding Sources:** PWS - TANF Block Grant Paying

With the enactment of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997, open-ended entitlement for Aid to Families with Dependent Children (AFDC) was replaced with Temporary Assistance to Needy Families federal block grant funding to states. The Arkansas program is entitled Transitional Employment Assistance (TEA). The Arkansas 81<sup>st</sup> General Assembly passed Act 1058 of 1997 and in so doing, declared that "welfare reform is one of the major human service priorities of state government and establishes the goals of achieving a significant reduction in the number of citizens who are enrolled in such programs, transforming a "one size fits all" welfare system that fosters dependence, low self-esteem, and irresponsible behavior to one that rewards work and fosters self-reliance, responsibility and family stability. Act 1567 of 1999 amended Act 1058 of 1997 by establishing the Arkansas Transitional Employment Board. Act 1264 of 2001 and Act 1306 of 2003 enacted other provisions to strengthen the Arkansas TEA Program. Arkansas Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS). Under this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remained with the Division of County Operations (DCO) while DWS was responsible for the provision of case management services and overall administration of the program. Special Language in Act 1289 of 2007 allows for the transfer of general revenue to DCO of up to \$3,640,650 each fiscal year in support of Arkansas' Temporary Assistance for Needy Families (TANF) programs or any related State programs. Act 1705 of 2005 also created the Work Pays program, which is an extension of the TEA program for former TEA recipients who are working. DWS has overall responsibility for the Work Pays program with eligibility determination and benefit delivery remaining with DCO.

TEA Program eligibility is limited to economically needy families with children under the age of 18 who are U.S. citizens or aliens lawfully admitted to the United States under specific criteria and are residing in Arkansas. The parent(s) living with the children must cooperate in child support enforcement activities, if applicable to the family, and must sign and comply with a Personal Responsibility Agreement, which includes ensuring that their children are immunized and that they attend school. All able-bodied parent(s) must actively engage in work related activities as a condition of the family's on-going eligibility. TEA cash assistance is limited to a maximum of twenty-four (24) months in an adult's lifetime. For those former TEA recipients who are employed at least 24 hours per week and meet the minimum federal work participation rates, an additional twenty-four (24) months of Work Pays benefits are available.

Assistance under the TEA and Work Pays Programs may include: monthly cash assistance payments to help meet the family's basic needs; employment services such as work experience, job search, and job readiness activities; assistance with basic and vocational education; assistance with supportive services such as childcare, transportation and other expenses related to work activity; case management services; and eligibility for extended support services to help the parent retain a job after the cash assistance case closes due to employment.

Congress reauthorized the TANF program through the Deficit Reduction Act of 2005. Although the Act requires States to meet higher rates of work participation, no significant changes were made in the program design beyond the State initiatives and organizational changes prescribed by Act 1705 of 2005.

Funding for this appropriation is derived from the federal TANF Block Grant and general revenue from the general revenue holding fund in Revenue Stabilization.

The Base Level for this appropriation is \$66,590,650 each year of the biennium.

The Agency's Change Level request includes appropriation of \$33,409,350 each year of the biennium due to the transfer of all TANF programs to DWS including eligibility determination and cash assistance.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 4KQ - TANF Block Grant Paying

**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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
TEA	5900046	8,496,760	66,590,650	66,590,650	66,590,650	100,000,000	100,000,000	66,590,650	100,000,000	100,000,000
Total		8,496,760	66,590,650	66,590,650	66,590,650	100,000,000	100,000,000	66,590,650	100,000,000	100,000,000
Funding Sources										
General Revenue	4000010	2,005,112	3,640,650		3,640,650	3,640,650	3,640,650	3,640,650	3,640,650	3,640,650
Federal Revenue	4000020	8,491,848	62,950,000		62,950,000	96,359,350	96,359,350	62,950,000	96,359,350	96,359,350
Transfer to DHS-DCO	4000612	(2,000,200)	0		0	0	0	0	0	0
Total Funding		8,496,760	66,590,650		66,590,650	100,000,000	100,000,000	66,590,650	100,000,000	100,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		8,496,760	66,590,650		66,590,650	100,000,000	100,000,000	66,590,650	100,000,000	100,000,000

Special Language in Act 1289 of 2007 allows for the transfer of general revenue to DHS-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.

Carry forward balance of appropriation between fiscal years is \$58,129,540.36.

## Change Level by Appropriation

**Appropriation:** 4KQ - TANF Block Grant Paying  
**Funding Sources:** PWS - TANF Block Grant Paying

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>66,590,650</b>	<b>0</b>	<b>66,590,650</b>	<b>100.0</b>	<b>66,590,650</b>	<b>0</b>	<b>66,590,650</b>	<b>100.0</b>
C01	Existing Program	33,409,350	0	100,000,000	150.2	33,409,350	0	100,000,000	150.2

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>66,590,650</b>	<b>0</b>	<b>66,590,650</b>	<b>100.0</b>	<b>66,590,650</b>	<b>0</b>	<b>66,590,650</b>	<b>100.0</b>
C01	Existing Program	33,409,350	0	100,000,000	150.2	33,409,350	0	100,000,000	150.2

### Justification

C01	Agency requests \$33,409,350 in appropriation only each year to allow for the expensing of remaining TANF Grant Award balances.
-----	---

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: TANF Block Grant Paying

Act #: 1289 of 2007 Section(s) #: 16 & 24

Estimated Carry Forward Amount \$ 58,000,000.00      Appropriation       Funds

Funding Source: General/Federal

**Accounting Information:**

Business Area: 0810      Funds Center: 4KQ      Fund: PWS      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
TEA	5900046	58,000,000.00	58,129,540.36
Total		\$ 58,000,000.00	\$ 58,129,540.36

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to continue the normal operations of the agency specifically case management services, overall administration of the Transitional Employment Assistance Program, and the Work Pays Program. The Carry Forward is critical when an unanticipated increase in assistance and/or benefits is required.

Actual Funding Carry Forward Amount \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to continue the normal operations of the agency specifically case management services, overall administration of the Transitional Employment Assistance Program, and the Work Pays Program. The carry forward is critical when an unanticipated increase in assistance and/or benefits is required.

Artee Williams  
Director

08-25-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** 56Z - Workforce Investment

**Funding Sources:** FCG - DWS Workforce Investment Act

This Base Level appropriation and positions were transferred from the Workforce Investment Board to the Department of Workforce Services by Executive Recommendation (see page 579).

Public Law 105-220 created the federal Workforce Investment Act to promote and fund employment and training activities at the state level. Arkansas Code Annotated § 15-4-2204 established the Arkansas Workforce Investment Board to develop a state plan to provide workforce investment activities that increase employment, retention and earnings of participants and increases skill attainment thereby improving the quality of the workforce, reducing welfare dependency and enhancing productivity and competitiveness. The Board consists of 48 representatives of the Executive and Legislative branches of government and members of the business community. The Board is authorized to select from among its membership a maximum of 15 members to serve as the Executive Committee reporting to the Board quarterly.

The duties of the Board are to advise and assist the Governor and the General Assembly in the development of a state workforce development plan; develop and improve a system of activities through the one-stop career centers funded by federal workforce investment funds; designate local workforce investment areas; develop allocation formulas for distribution of funds to the local areas; develop and improve comprehensive state performance measures; prepare an annual report for submission to the U. S. Secretary of Labor; develop a statewide information management system; develop an application process for inventive grants; make recommendations on program consolidation or realignment; and evaluate the workforce investment system statewide and report to the Arkansas General Assembly prior to each regular session recommendations for statutory changes that would enhance workforce investment in Arkansas.

This appropriation is 100% federally funded through the federal Workforce Investment Act.



## Appropriation Summary

**Appropriation:** 56Z - Workforce Investment

**Funding Sources:** FCG - DWS Workforce Investment Act

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	0	0	0	0	598,131	0	0	611,551
<b>#Positions</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>13</b>
Personal Services Matching	5010003	0	0	0	0	0	207,937	0	0	211,115
Operating Expenses	5020002	0	0	0	0	0	222,394	0	0	222,394
Conference & Travel Expenses	5050009	0	0	0	0	0	24,092	0	0	24,092
Professional Fees	5060010	0	0	0	0	0	30,000	0	0	30,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,082,554</b>	<b>0</b>	<b>0</b>	<b>1,099,152</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	0	0		0	0	1,082,554	0	0	1,099,152
Total Funding		0	0		0	0	1,082,554	0	0	1,099,152
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>1,082,554</b>	<b>0</b>	<b>0</b>	<b>1,099,152</b>

THE EXECUTIVE RECOMMENDATION IS TO TRANSFER FROM THE WORKFORCE INVESTMENT BOARD TO THE DEPARTMENT OF WORKFORCE SERVICES BASE LEVEL OF THIS APPROPRIATION (see page 579).

## Change Level by Appropriation

**Appropriation:** 56Z - Workforce Investment  
**Funding Sources:** FCG - DWS Workforce Investment Act

### Executive Recommendation

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C07 Agency Transfer	1,082,554	13	1,082,554	100.0	1,099,152	13	1,099,152	100.0

### Justification

C07	This appropriation was transferred from the Worforce Investment Board by Executive Recommendation.
-----	--

## **Analysis of Budget Request**

**Appropriation:** C27 - Unemployment Benefits & Expenses-Cash

**Funding Sources:** 177 - DWS Cash

The Department of Workforce Services Operations appropriation currently provides for the operational costs of the Agency as well as Unemployment Insurance (UI) programs. This appropriation is funded by federal dollars and 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.
- ESD Special Fund - for repayment to the Special Fund for building construction costs from the federally funded operating budget.

The Base Level for this appropriation is \$50,630,929 each year of the biennium.

The Agency's Change Level requests for this appropriation is \$30,630,928 each year of the biennium and are reflected below:

- An increase in appropriation of \$3,000,000 in the Grants and Aid line item to support Disaster Relief Payments when unforeseen disasters occur such as tornadoes and floods.
- The discontinuation of the ESD Special Fund line item of \$100,000 due to appropriation for same purpose presently authorized.
- Reduction of \$33,530,928 each year to reallocate the Base Level Maintenance and Operations line items of this appropriation to the main Operations appropriation 2SD to allow the Agency better administration of the program (see page 616).

The Agency also requests changing the title of this appropriation from "Operations" to "Unemployment Benefits & Expenses".

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	7,690,348	22,744,678	22,744,678	22,744,678	0	0	22,744,678	0	0
Conference & Travel Expenses	5050009	290,776	630,630	630,630	630,630	0	0	630,630	0	0
Professional Fees	5060010	202,114	1,625,104	1,625,104	1,625,104	0	0	1,625,104	0	0
Data Processing	5090012	3,556,645	8,530,516	8,530,516	8,530,516	0	0	8,530,516	0	0
Grants and Aid	5100004	1,389,184	2,000,000	2,000,000	2,000,000	5,000,000	5,000,000	2,000,000	5,000,000	5,000,000
Capital Outlay	5120011	912,076	2,419,001	2,419,001	0	0	0	0	0	0
Training Allowances	5900046	195,975	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Pay To Part Contractors	5900047	5,074,561	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 Loan Repayment	5900048	0	1	1	1	1	1	1	1	1
ESD Special Fund	5900049	0	100,000	100,000	100,000	0	0	100,000	0	0
<b>Total</b>		<b>19,311,679</b>	<b>53,049,930</b>	<b>53,049,930</b>	<b>50,630,929</b>	<b>20,000,001</b>	<b>20,000,001</b>	<b>50,630,929</b>	<b>20,000,001</b>	<b>20,000,001</b>

Funding Sources										
Federal Revenue	4000020	19,311,679	53,049,930		50,630,929	20,000,001	20,000,001	50,630,929	20,000,001	20,000,001
Total Funding		19,311,679	53,049,930		50,630,929	20,000,001	20,000,001	50,630,929	20,000,001	20,000,001
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>19,311,679</b>	<b>53,049,930</b>		<b>50,630,929</b>	<b>20,000,001</b>	<b>20,000,001</b>	<b>50,630,929</b>	<b>20,000,001</b>	<b>20,000,001</b>

\* Agency requesting to change Appropriation Title from ESD - Cash Operations to Unemployment Benefits & Expenses - Cash

Carry forward balance of appropriation between fiscal years is \$10,440,280.28.

Base Level Maintenance and Operations line items (\$33,530,928 each year) is requested to be transferred to the main Operations appropriation (2SD) to allow the Agency better administration of the program (see page 616).

Agency discontinuing the ESD Special Fund line item.

## Change Level by Appropriation

**Appropriation:** C27 - Unemployment Benefits & Expenses-Cash

**Funding Sources:** 177 - DWS Cash

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>50,630,929</b>	<b>0</b>	<b>50,630,929</b>	<b>100.0</b>	<b>50,630,929</b>	<b>0</b>	<b>50,630,929</b>	<b>100.0</b>
C01	Existing Program	3,000,000	0	53,630,929	105.9	3,000,000	0	53,630,929	105.9
C03	Discontinue Program	(100,000)	0	53,530,929	105.7	(100,000)	0	53,530,929	105.7
C04	Reallocation	(33,530,928)	0	20,000,001	39.5	(33,530,928)	0	20,000,001	39.5

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>50,630,929</b>	<b>0</b>	<b>50,630,929</b>	<b>100.0</b>	<b>50,630,929</b>	<b>0</b>	<b>50,630,929</b>	<b>100.0</b>
C01	Existing Program	3,000,000	0	53,630,929	105.9	3,000,000	0	53,630,929	105.9
C03	Discontinue Program	(100,000)	0	53,530,929	105.7	(100,000)	0	53,530,929	105.7
C04	Reallocation	(33,530,928)	0	20,000,001	39.5	(33,530,928)	0	20,000,001	39.5

### Justification

C01	Agency requests appropriation only of \$3,000,000 in each year due to support an increase in the payment of claims due to disasters such as floods and tornadoes.
C03	Agency requests discontinuation of appropriation due to appropriation for same purpose set up seperately in Act.
C04	Agency requests Maintenance and Operations line items moved from Cash in Bank to Treasury.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: ESD-Cash Operations

Act #: 1289 of 2007

Section(s) #: 3 & 24

Estimated Carry Forward Amount \$ 15,400,001.00

Appropriation

Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0810

Funds Center: C27

Fund: 177

Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Grants and Aid	5100004	300,000.00	610,815.16
Training Allowances	5900046	5,000,000.00	4,804,025.13
Pay To Part Contractors	5900047	10,000,000.00	4,925,438.99
UI Loan Repayment	5900048	1.00	1.00
ESD Special Fund	5900049	100,000.00	100,000.00
<b>Total</b>		<b>\$ 15,400,001.00</b>	<b>\$ 10,440,280.28</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to maintain the operational costs of the Agency, to provide unforeseen pay allowances and reimbursements to economically disadvantaged, unemployed, and underemployed, and to repay loans.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to maintain the operational costs of the Agency to provide unforeseen pay allowances and reimbursements to economically disadvantaged, unemployed, and underemployed, to repay loans and pay for the potential increase of federal funding due to mass layoff and/or company relocation.

Artee Williams

Director

08-21-2008

Date

## **Analysis of Budget Request**

**Appropriation:** C28 - Federal Employees Benefit-Cash

**Funding Sources:** 177 - DWS Cash

The Federal Employees Benefit Payments appropriation is funded by federal dollars deposited into a cash account. These funds are provided to pay unemployment benefits to unemployed federal civilian employees, ex-servicemen, and public service employees. Additionally, this appropriation pays the federal share of the extended benefits program (50%) and the Emergency Unemployment Compensation Program.

The Base Level for this appropriation is \$100,000,000 each year of the biennium.

The Agency's Change Level request of \$40,000,000 each year of the biennium is due to federal legislation invoked that extends the unemployment benefits to those who have exhausted theirs.

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			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	26,126,835	100,000,000	100,000,000	100,000,000	140,000,000	140,000,000	100,000,000	140,000,000	140,000,000
<b>Total</b>	26,126,835	100,000,000	100,000,000	100,000,000	140,000,000	140,000,000	100,000,000	140,000,000	140,000,000
<b>Funding Sources</b>									
Federal Revenue 4000020	26,126,835	100,000,000		100,000,000	140,000,000	140,000,000	100,000,000	140,000,000	140,000,000
<b>Total Funding</b>	26,126,835	100,000,000		100,000,000	140,000,000	140,000,000	100,000,000	140,000,000	140,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	26,126,835	100,000,000		100,000,000	140,000,000	140,000,000	100,000,000	140,000,000	140,000,000

Carry forward balance of appropriation between fiscal years is \$73,873,165.30.



## Change Level by Appropriation

**Appropriation:** C28 - Federal Employees Benefit-Cash

**Funding Sources:** 177 - DWS Cash

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100.0</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100.0</b>
C01	Existing Program	40,000,000	0	140,000,000	140.0	40,000,000	0	140,000,000	140.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100.0</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100.0</b>
C01	Existing Program	40,000,000	0	140,000,000	140.0	40,000,000	0	140,000,000	140.0

### Justification

C01	Agency requests \$40,000,000 in appropriation only in each year to allow for the payment of the extended or emergency unemployment benefits that are anticipated to increase in this biennium.
-----	--

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Federal Employees Benefit-Cash

Act #: 1289 of 2007 Section(s) #: 3 & 24

Estimated Carry Forward Amount \$ 80,000,000.00      Appropriation       Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0810      Funds Center: C28      Fund: 177      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Benefits-Non Employee	5100023	80,000,000.00	73,873,165.30
<b>Total</b>		<b>\$ 80,000,000.00</b>	<b>\$ 73,873,165.30</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to provide for any unanticipated increase in unemployment benefits to unemployed federal civilian employees, ex-servicemen, and public service employees.

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to provide for any unanticipated increase in unemployment benefits to unemployed federal civilian employees, ex-servicemen, and public service employees and those affected by disasters (DUA) and emergencies in the state (EUC).

Artee Williams  
Director

08-15-2008  
Date

## **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 an Arkansas employers. The employer must be a profit organization and pay contributions to the Unemployment Compensation Fund.

The Base Level for this appropriation is \$500,000,000 each year of the biennium and represents the Agency Request.

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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	270,737,952	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total	270,737,952	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Funding Sources									
Federal Revenue 4000020	270,737,952	500,000,000		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Funding	270,737,952	500,000,000		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	270,737,952	500,000,000		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000

Carry forward balance of appropriation between fiscal years is \$229,262,047.80.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: U I Benefits - Taxable Employers - Cash

Act #: 1289 of 2007 Section(s) #: 3 & 24

Estimated Carry Forward Amount \$ 285,000,000.00      Appropriation       Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0810      Funds Center: C29      Fund: 177      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Benefits-Non Employee	5100023	285,000,000.00	229,262,047.80
<b>Total</b>		<b>\$ 285,000,000.00</b>	<b>\$ 229,262,047.80</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to provide for any unforeseen increase in payments of Unemployment Insurance benefits to unemployed individuals.

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to provide for any unforeseen increase in payments of Unemployment Insurance benefits to unemployed individuals.

Artee Williams  
Director

08-15-2008  
Date

## **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 Base Level for this appropriation is \$20,000,000 each year of the biennium.

The Agency's Change Level request of \$5,000,000 each year of the biennium is due to anticipated increase in paying benefits based on current and future unemployment.

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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	11,317,924	20,000,000	20,000,000	20,000,000	25,000,000	25,000,000	20,000,000	25,000,000	25,000,000
<b>Total</b>	<b>11,317,924</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>20,000,000</b>	<b>25,000,000</b>	<b>25,000,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	11,317,924	20,000,000		20,000,000	25,000,000	25,000,000	20,000,000	25,000,000	25,000,000
<b>Total Funding</b>	<b>11,317,924</b>	<b>20,000,000</b>		<b>20,000,000</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>20,000,000</b>	<b>25,000,000</b>	<b>25,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>11,317,924</b>	<b>20,000,000</b>		<b>20,000,000</b>	<b>25,000,000</b>	<b>25,000,000</b>	<b>20,000,000</b>	<b>25,000,000</b>	<b>25,000,000</b>

Carry forward balance of appropriation between fiscal years is \$8,682,075.55.

## Change Level by Appropriation

**Appropriation:** C30 - U I Benefits-Reimb Employers-Cash

**Funding Sources:** 177 - DWS Cash

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,000,000</b>	<b>0</b>	<b>20,000,000</b>	<b>100.0</b>	<b>20,000,000</b>	<b>0</b>	<b>20,000,000</b>	<b>100.0</b>
C01	Existing Program	5,000,000	0	25,000,000	125.0	5,000,000	0	25,000,000	125.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>20,000,000</b>	<b>0</b>	<b>20,000,000</b>	<b>100.0</b>	<b>20,000,000</b>	<b>0</b>	<b>20,000,000</b>	<b>100.0</b>
C01	Existing Program	5,000,000	0	25,000,000	125.0	5,000,000	0	25,000,000	125.0

### Justification

C01	Agency requests an increase of \$5,000,000 in appropriation only each year of the biennium to allow for the anticipated increase in paying benefits to employees of companies that reimburse the Unemployment Compensation Fund.
-----	--



**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: U I Benefits-Reimb Employers-Cash

Act #: 1289 of 2007 Section(s) #: 3 & 24

Estimated Carry Forward Amount \$ 11,000,000.00      Appropriation       Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0810      Funds Center: C30      Fund: 177      Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Benefits-Non Employee	5100023	11,000,000.00	8,682,075.55
<b>Total</b>		<b>\$ 11,000,000.00</b>	<b>\$ 8,682,075.55</b>

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary to provide for any unforeseen increase in payments for Unemployment Insurance benefits to unemployed individuals.

**Actual Funding Carry Forward Amount**      \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary to provide for any unforeseen increase in payments for Unemployment Insurance benefits to unemployed individuals.

Artee Williams  
Director

08-15-2008  
Date

## **Analysis of Budget Request**

**Appropriation:** C31 - Bldg Improvmnt/Land–Reed Act

**Funding Sources:** 177 - 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. This is a biennial appropriation.

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 for this appropriation is \$77,000,000 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C31 - Bldg Improvmt/Land-Reed Act

**Funding Sources:** 177 - DWS Cash - Reed Act

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Reed Act Funds 5900046	398,771	76,601,229	0	77,000,000	77,000,000	77,000,000	0	0	0
<b>Total</b>	<b>398,771</b>	<b>76,601,229</b>	<b>0</b>	<b>77,000,000</b>	<b>77,000,000</b>	<b>77,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	398,771	76,601,229		77,000,000	77,000,000	77,000,000	0	0	0
<b>Total Funding</b>	<b>398,771</b>	<b>76,601,229</b>		<b>77,000,000</b>	<b>77,000,000</b>	<b>77,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>398,771</b>	<b>76,601,229</b>		<b>77,000,000</b>	<b>77,000,000</b>	<b>77,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

This is a biennial appropriation.

FY09 Budget amount has been adjusted to reflect the carry forward balance of appropriation between fiscal years of \$76,601,229.

Base Level has been restored to the FY08 Authorized amount of \$77,000,000.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Workforce Services Department

Program: Building Improvement/Land-Reed Act

Act #: 1289 of 2007 Section(s) #: 11 & 24

Estimated Carry Forward Amount \$ 75,000,000.00 Appropriation  Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0810 Funds Center: C31 Fund: 167 Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Reed Act Funds	5900046	75,000,000.00	76,601,228.66
Total		\$ 75,000,000.00	\$ 76,601,228.66

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is necessary for any unforeseen construction and improvement of buildings, rent/lease costs, acquisition of data processing equipment and/or land, and other operations.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

The carry forward is necessary for any unforeseen construction and improvement of buildings, rent/lease costs, acquisition of data processing equipment and/or land, and other operations.

Artee Williams  
Director

08-21-2008  
Date