

DEPARTMENT OF WORKFORCE SERVICES (0810)
FISCAL YEAR 2018
AS ENACTED BY ACT 941 OF 2017

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The primary responsibilities of the Department of Workforce Services (DWS) 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 contribution taxes for the payment of benefits to individuals who are involuntarily unemployed. In addition to these responsibilities, the Department serves as the Governor's Administrative Entity for the Arkansas programs funded by Title I of the Workforce Investment Act, the lead agency for the Governor's Task Force on Dislocated Workers, and provides overall administration and case management services for the Temporary Assistance for Needy Families Program.

TOTAL APPROPRIATION

The total appropriation is \$824,756,057 for FY2018.

FUNDING SOURCES

The appropriations for DWS are funded primarily with federal funds with less than .5% of their funding coming from general revenue. The general revenues are used for the state match for the TANF Block Grant Paying appropriation and to provide the state portion of the New Hire Registry Program.

II) CHANGE LEVEL REQUESTS

EXCESS UNEMPLOYMENT BENEFITS/EXPENSES (APPROPRIATION 2SC)

This appropriation is used for the payment of administrative expenditures in excess of other funding sources due to reductions in federal funds by the DWS Special Fund derived from penalties and interest assessed to employers and delinquent tax contribution. The appropriation is \$10,000,000 and has the following change:

Payment/Expenses - Decrease of (\$1,151,677) due to reduced revenue and inter-agency transfers.

OPERATIONS (APPROPRIATION 2SD)

This appropriation provides operational support for the various programs of the Department. This is funded by revenues authorized by the federal government. The appropriation is \$75,965,869 for FY2018 which includes the following changes:

Overtime and Matching - Increase of \$68,960 to restore line item to the FY2017 appropriated level.

Operating Expenses - Increase of \$10,760,432 to restore line item to the FY2017 appropriated level.

Conference Fees and Travel - Increase of \$415,235 to restore line item to the FY2017 appropriated level.

Professional Fees and Service - Increase of \$2,349,306 to restore line item to the FY2017 appropriated level.

Capital Outlay - Increase of \$2,419,001 to restore line item to the FY2017 appropriated level.

WORKFORCE INVESTMENT ACT (APPROPRIATION 2SE)

This appropriation funded by federal funds provides for payments to Local Workforce Investment Areas (LWIAs) which provide employment services and preparation to adults, youth and dislocated workers. The total appropriation is \$50,000,000 each year and includes a change level increase of \$22,050,158 for grants and aid due to anticipation of additional WIA grants.

UI TRUST FUND LOAN INTEREST (APPROPRIATION 2SF)

This appropriation provides for payment of interest on advances received from

the federal UI Trust Fund, and to transfer amounts above \$5 million in the Advance Interest Trust Fund to the Unemployment Insurance Fund. This appropriation is funded by a .2% Advance Interest Tax on the taxable wage base. The total appropriation is \$3,000,001 million which is a \$1 Increase over base level. Agency would like to maintain \$1 in loan interest line item as a holding marker in case the economy takes a downturn.

UNEMPLOYMENT BENEFITS & EXPENSES-CASH (APPROPRIATION C27)

This appropriation provides for the operational costs of the Department as well as the Unemployment Insurance (UI) Programs, and is funded by federal dollars deposited into a cash account. The appropriation is \$20,000,001 which is an increase of \$1 and includes the following change:

Increase of \$1 in UA Advance Repayment as a holding marker in case additional appropriation is needed due to an economic downturn.

FEDERAL EMPLOYEES BENEFIT-CASH (APPROPRIATION C28)

This appropriation funded with federal funds provides for payment of Unemployment Insurance benefits to unemployed individuals based on wages paid by for-profit employer organizations. The appropriation is \$75,000,000 which includes a decrease of (\$100,000,000) to more accurately reflect pre-recession spending levels.

UI BENEFITS - TAXABLE EMPLOYERS - CASH (APPROPRIATION C29)

This appropriation allows for the payment of UI benefits to unemployed individuals. The individuals received payments based on wages paid by Arkansas employers. The appropriation is \$500,000,000 and includes a change level decrease of (\$100,000,000) in order to more accurately reflect pre-recession spending levels.

BUILDING IMPROVEMENT/LAND-REED ACT (APPROPRIATION C31)

This appropriation provides for the construction and improvement of buildings, rent/lease costs, acquisition of data processing equipment and for the payment of salaries and benefits of local office staff. This appropriation is funded by excess funding collected under the Federal Unemployment Tax Act for the named purposes. The appropriation is \$1 to act as a placeholder in the event that funding becomes available.

UNEMPLOYMENT INSURANCE FUND APPROPRIATION (APPROPRIATION 35R)

This appropriation funds the operation of the administration of the Unemployment Insurance Program. This program is funded with proceeds from the Stabilization Tax and any other funds made available by the General Assembly. The FY2018 appropriation for this section is \$6,000,000 this is an appropriation increase of \$1,000,000. Additionally, the section expands to allow the funds to be used for personal services, in addition to the previously allowed operating expenses.

LOANS TO LOCAL WORKFORCE DEVELOPMENT BOARDS (WDB) (APPROPRIATION C56)

This appropriation provides funding for payroll and other operating expenses for local WDBs when needed. The agency orders funds from the US Dept of Labor, who deposits the funds overnight in the State Treasury. Funded with federal revenue, this appropriation is \$1,500,000, which includes an increase of \$1 million to restore line item to the FY2017 appropriated level.

TANF - IDA (APPROPRIATION 4KP)

This appropriation provides services by contracting with fiduciary non-profit organizations that assist low income families to accumulate assets, facilitate good savings habits, promote home ownership, micro enterprise development, education, saving for retirement, and stabilize and build communities. Funded with federal dollars, this appropriation is recommended to be \$0 as the agency states the agency has sufficient appropriation in the TANF Block Grant Paying/New Hire Registry appropriation to fund the program.

The Department has the authority to transfer appropriation if needed.

DWS FEDERAL GRANTS (APPROPRIATION N48)

This appropriation provides for unanticipated federal workforce development grants that the agency might receive during the biennium. The appropriation is \$10,000,000 and includes an increase of \$6,498,410 to restore appropriation to the FY2017 authorized level in the event that DWS receives a grant from the Department of Labor.

III) ADDITIONAL POSITIONS (Total FY2017 Authorized Positions: 978)

Total Positions FY2018: 958

Total Base Level Positions FY2017: 957

Increase / (Decrease): 1

The increase from base level reflects the reinstatement of one DWS Workforce Service Specialist position that was erroneously eliminated during the budget review process.

Extra Help Positions FY2018: 380 (Total FY2017 Authorized Extra Help:380)

IV) SPECIAL LANGUAGE

CARRY FORWARD - NEW HIRE REGISTRY: Authorizes the Department to carry forward unexpended balances funds made available for the New Hire Registry Program into the next fiscal year. Requires prior statement of need, report to ALC or Joint Budget Committee (JBC) of all carried forward amounts, report of status of funds carried forward to ALC/JBC, and finally include all of the above information in the biennial budget manuals or a statement of non-compliance.

EXTRA HELP: Authorizes 380 extra help positions and exempts any of these positions funded by federal funds from statutory or regulatory hour limitations; includes a provision that allows the Chairman of the Board of Review to use part-time or temporary employees from the pool of positions provided to the Department of Workforce Services in any occurrence where the number of appeals to the Board of Review or Appeal Tribunal increases above a level that can be resolved by the permanent staff in a timely manner. The Department will determine the appropriate funding source within the Department for said positions.

REED ACT FUNDS: Provides that funds received by the State may be used as specified in Section 903 of the Social Security Act and for the specific purposes of construction, and improvement of buildings, rent/lease costs, acquisition of land, payment of salaries and benefits of central and local office staff, maintenance and operations expenses of central and local offices, and payment of Unemployment Insurance benefits. It further restricts the use of these funds so that they cannot obligate more than they receive under Section 903 of the Social Security Act.

ADDITIONAL POSITIONS: Authorizes a maximum of 200 federally funded pool positions to carry out program objectives and meet program requirements, with prior Office of Personnel Management approval and prior Arkansas Legislative Council or Joint Budget Committee review. If Department wishes to continue the pool positions in the next biennium they must be requested as new positions in the agency's biennial budget request.

TRANSFER OF APPROPRIATION: Authorizes transfer of appropriation between all Department appropriations except the Department's "Reed Act Funds" appropriation, Regular Salaries and Maintenance and General Operations Appropriations subject to Chief Fiscal Officer rules, regulations and approval, and prior approval by the Arkansas Legislative Council or Joint Budget Committee. Also provides that the Legislative approval provision is

non-severable, if the approval provision is found to be unconstitutional then the entire section is void.

INTERAGENCY TRANSFER OF STATE GENERAL REVENUE FOR THE TANF PROGRAMS:

Authorizes the transfer of up to \$3,640,650 in general revenue to the Department of Human Services - Division of County Operations from the Department of Workforce Services in support of the TANF or related State Programs upon request of the Directors of DHS and DWS and Chief Fiscal Officer approval. The Director of DWS must report all transfers to the ALC PEER Committee.

TRANSFER OF TANF BLOCK GRANT FUNDS:

Requires the transfer of \$7.5 million each year of the biennium from the TANF block grant to the Arkansas Better Chance Program to provide quality childcare and preschool education to transitional employment assistance (TEA) qualifying families and other low income families. Provides for reductions to these transfers if state match is reduced, or new TANF program cost requirements are imposed.

TRAINING TRUST FUND TRANSFER:

Immediately upon the effective date of this act - the Chief Fiscal Officer shall transfer \$2,500,000 from the Department of Workforce Services Training Trust Fund to the Skills Development Fund.

***SPECIAL LANGUAGE DELETED* RESTRICTIONS ON FUNDS APPROPRIATED TO THE COMMUNITY INVESTMENT INITIATIVE:** Deletes the language that defined how Community Investment Initiative Funding from TANF Block Grant funding is to be spent and allocated specific amounts to certain entities each year at the request of the Department because funding is no longer provided for this purpose.

***SPECIAL LANGUAGE DELETED* SUSPENSION OR REDUCTION OF FUNDS APPROPRIATED TO THE COMMUNITY INVESTMENT INITIATIVE:** Deletes the language that allows the suspension or proportionate reduction of spending of the Community Investment Initiative funding at the request of the Department because funding is no longer provided for this purpose.

***REVISED LANGUAGE* RESTRICTIONS ON FINANCIAL ASSISTANCE UNDER THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM:** Requires DWS to apply for a waiver at the request of the Governor of the General Assembly from the Federal government to allow Arkansas to restrict financial assistance for TANF grant recipients to 6 categories of expenses (food, clothing, housing, utilities, child care, and incidentals) and further restricts cash withdrawals from electronic benefit transfer cards.