

**DEPARTMENT OF WORKFORCE SERVICES  
(AGENCY 0810) - 2009-11 BIENNIUM**

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION**

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 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 BIENNIAL BUDGET**

The total appropriation for the Department is \$1.649 billion for FY2010 and \$1.006 billion for FY2011 which is an increase of \$656.12 million for FY2010 and \$151.1 million for FY2011.

**FUNDING SOURCE**

The Department is funded primarily with federal funds with less than .5% of their funding coming from General Revenue. The total general revenue funding is \$3,794,185 for FY2010 and \$3,794,834 for FY2011 which is a continuation of the base level. The general revenues are used for the state match for the TANF Block Grant Paying Appropriation (\$3,640,650 each year) and to provide the state portion of the New Hire Registry Program (\$153,535 for FY2010 and \$154,184 for FY2011).

**II) SIGNIFICANT CHANGES**

**OPERATIONS (APPROPRIATION 2SD)**

This appropriation is funded by the Arkansas Employment Security Department Trust Fund which derives its funding from revenues authorized by the federal government for support of various programs, any interest earnings from these funds, and any other funds made available by the Arkansas General Assembly. This appropriation, previously titled "Personal Services" is now combined with all or a portion of the following previously separate appropriations: the Unemployment Benefits & Expenses - Cash appropriation (Maintenance and Operations line items only) and the State and Federal New Hire Registry appropriations.

The total appropriation is \$89,135,514 for FY2010 and \$85,627,616 for FY2011 which includes the \$34,042,583 for FY2010 and \$34,047,547 for FY2011 that is reallocated to this combined appropriation, and the following increases:

**Regular Salaries & Matching:** An increase of \$9,756,130 for FY2010 and \$9,930,981 for FY2011 to restore 102 authorized but unbudgeted positions and continue 132 "Growth Pool" positions established to support the Transitional Employment Assistance and Work Pays Programs and fulfill federal TANF regulations. This increase includes \$106,926 transferred from the New Hire Registry State and Federal Appropriations to this Operations appropriation.

**Capital Outlay** - An increase of \$2,419,001 each year for various information technology projects including work on the agency's mainframe and updating the Federal Accounting Reporting System (FARS).  
**American Recovery and Reinvestment Act of 2009 (ARRA)** - An increase of \$4,283,524 for FY2010 for administrative costs and expenses of the Unemployment Insurance Program due to ARRA.

**WORKFORCE INVESTMENT ACT (APPROPRIATION 2SE)**

This is a federally funded appropriation which provides funds to 10 local Workforce Investment Areas to provide employment and employment preparation services for adults, youths, and dislocated workers. The appropriation is \$82,459,948 for FY2010 and \$70 million for FY2011 which includes the following increases:

**Grants and Aid** - \$12 million each year for anticipated increases in Workforce Innovation in Regional Economic Development (WIRED) Grants and possible increases in National Emergency Grants.

**ARRA** - provides an increase of \$12,459,948 for FY2010 for costs and expenses of ARRA that relate to the expansion of the Workforce Investment Act (WIA) programs including WIA Youth, WIA Adult, and Dislocated Workers.

**NEW HIRE REGISTRY - STATE (APPROPRIATION 2SG)**

This appropriation was established to support the state portion of the New Hire Registry Division which 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. The base level appropriation of \$153,535 for FY2010 and \$154,184 for FY2011 is to be reallocated to the Operations appropriation described above.

**NEW HIRE REGISTRY - FEDERAL (APPROPRIATION 2SH)**

This appropriation was established to support the federal portion of the New Hire Registry Division. The base level appropriation of \$358,120 for FY2010 and \$359,435 for FY2011 is to be reallocated to the Operations appropriation described above.

**DWS - TRAINING TRUST FUND (APPROPRIATION 35Q)**

This appropriation is funded with Stabilization Tax proceeds and interest income. The total appropriation is \$5 million each year which is an increase of \$2.5 million each year to provide for additional Training Trust Fund programs due to the increasing number of displaced workers and due to potential business opportunities in the state.

**DWS - UNEMPLOYMENT INSURANCE FUND (APPROPRIATION 35R)**

This appropriation is funded with Stabilization Tax proceeds and interest income. The total appropriation is \$5 million each year which is an increase of \$2.5 million each year to assist with administration of the Unemployment Insurance Program in the event of federal funding shortfalls.

**TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT PAYING (APPROPRIATION 4KQ)**

This Appropriation is funded by general revenue and federal TANF Block Grant funds and is used to support the administration of the TEA and Work Pays Programs. Currently, the Department's primary

responsibilities for these programs are case management and general program administration. The Department is working toward a July 1, 2009 implementation of a new eligibility and cash assistance payment system so that DWS can assume responsibility, from the DHS - Division of County Operations, for those two functions.

The total appropriation is \$106.2 million each year which includes an increase of \$33.4 million each year to allow DWS to expend remaining TANF Block Grant Balances and assume the eligibility determination and cash assistance payment responsibilities, and an increase of \$6.2 million related to increased costs due to the ARRA.

**WORKFORCE INVESTMENT BOARD (APPROPRIATION 56Z)**

The recommendation is to transfer the Workforce Investment Board appropriation to DWS. The appropriation is \$1,082,554 for FY2010 and \$1,099,152 for FY2011 which is a continuation of base level.

**UNEMPLOYMENT BENEFITS & EXPENSES - CASH (APPROPRIATION C27)**

This appropriation is funded by federal dollars deposited into a cash account, and it currently provides for the operational costs of the Agency. Reallocates \$33.5 million each year from the maintenance and operations line items to a combined "Operations" appropriation described above is and results in a total appropriation of \$20,000,001 each year. This appropriation does include an increase of \$3 million each year for the Grants and Aid line item to support potential Disaster Relief Payments the agency may receive. It also includes the discontinuation of a \$100,000 ESD Special Fund line item that is a duplicate appropriation to the Excess Unemployment Benefits/Expenses Appropriation (2SC).

**FEDERAL EMPLOYEES BENEFITS CASH (APPROPRIATION C28)**

This appropriation is funded by federal funds deposited into a cash account to pay unemployment benefits to unemployed federal civilian employees, ex-servicemen, and also provides for the payment of extended unemployment insurance benefits. The appropriation is \$225 million for FY2010 and \$140 million for FY2011 which is an increase of \$125 million for FY2010 and \$40 million for FY2011 to pay for extended or emergency unemployment benefits which are expected to increase this biennium.

**U I BENEFITS - TAXABLE EMPLOYERS (CASH (APPROPRIATION C29)**

This appropriation is funded by contributions made by for profit employers made to the Unemployment Compensation Fund, and allows for payment of Unemployment Insurance benefits to unemployed individuals. The individuals receive payments based on wages paid by Arkansas employers. This appropriation is \$600 million for FY2010 and \$500 million for FY2011 and includes an increase of \$100 million for FY2010 to provide for the costs and expenses of increased unemployment benefit payments based on FY2009 expenditures.

**AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 (APPROPRIATION )**

This is a new appropriation funded by the ARRA for FY2010 in the amount of \$375.13 million and provides \$363.88 million for Federal Employees Benefit Payments, \$7.5 million for Training Allowances, and \$3.75 million for Payments to Participant Contractors which is

reimbursement to private and nonprofit employers for costs incurred to train individuals who are economically disadvantaged, unemployed, and underemployed.

**REED ACT FUNDS - ARRA (APPROPRIATION )**

This is a new appropriation of \$59,969,332 for FY2010 for unemployment insurance benefits, payment of Department salaries, matching and maintenance and general operations related to the costs and expenses of the ARRA Unemployment Modernization.

**III) ADDITIONAL POSITIONS**

Total positions for the 2009-11 biennium: 929

Total positions for the 2007-09 biennium: 682

Increase/(Decrease): 247

102 restored positions that were authorized but unbudgeted

132 continued Growth Pool positions

13 positions transferred from the Workforce Investment Board

**IV) SPECIAL LANGUAGE**

**RESTRICTIONS ON FUNDS APPROPRIATED TO THE COMMUNITY INVESTMENT**

**INITIATIVE:** Restricts funds appropriated for the Community Investment Initiative from the Temporary Assistance to Needy Families (TANF) Block Grant for the following purposes and amounts:

1) At least \$1 million for improving outcomes for youth, 2) At least \$500,000 for parenting and family functioning, 3) At least \$500,000 for marriage and relationship skills, 4) At least \$500,000 for fatherhood programs, 5) At least \$500,000 for family and employment services for ex-offenders, and 6) At least \$500,000 for services to child-only TEA cases.

**SUSPENSION OR REDUCTION OF FUNDS APPROPRIATED TO THE COMMUNITY**

**INVESTMENT INITIATIVE:** Allows the suspension or proportionate reduction of spending to the funds designated by the TEA Board for the six statutory spending categories of the Community Investment Initiative if the Director of the Department and the Transitional Employment Assistance Board certifies to the Governor, the Chief Fiscal Officer of the State and reports to the House and Senate Public Health, Welfare and Labor Committees that Funding from the TANF Block Grant is needed for critical economic development initiatives, for TEA, Work Pays, High Wage Education and Training Programs; Adequate Reserves; and Spending for Economic Development is allowed by Federal Rules.

**CARRY FORWARD - NEW HIRE REGISTRY:** Authorizes the Department to carry forward unexpended balances funds made available for the New Hire Registry Program from the first to the second 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 400 extra help positions and exempts any of these positions funded by federal funds from statutory or regulatory hour limitations.

**DELETES THE FOLLOWING SECTION OF LANGUAGE DUE TO THE PASSAGE OF CONSTITUTIONAL AMENDMENT 86 REQUIRING FISCAL SESSIONS AND LIMITS**

**APPROPRIATIONS TO ONE YEAR - CARRY FORWARD.** Provides carry forward authority of unexpended balances of Department appropriations from the first to the second fiscal year to be used for any purpose other than Regular Salaries and Maintenance and General Operations.

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.

**REED ACT FUNDS:** Provides that funds received by the State may be used as specified in 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 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", 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. 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 \$3,640,650 in general revenue between the Department of Human Services and 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 TO THE CHILD CARE DEVELOPMENT FUND:** 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 for at-risk three and four year olds under the Arkansas Better Chance for School Success Programs. Provides for reductions to these transfers if state match is reduced, the TANF grant is reduced or new TANF program cost requirements are imposed.

**ARRA APPROPRIATION RESTRICTIONS:** Instructs DWS to use \$50.4 million of the additional Reed Act funds for UI benefits and the remainder, \$9.6 million, for the administration of the UI Modernization provisions

within the ARRA - Stimulus Act of 2009.  
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