

**DEPARTMENT OF WORKFORCE SERVICES (0810)
FISCAL YEAR 2015**

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 BUDGET

The total budget is \$1,135,635,711 for FY2015.

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) SIGNIFICANT CHANGES

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 \$81,605,322 with no significant increases over FY2014.

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 \$60,000,000 for FY2015 with a reduction of \$200,000 due to the Department fully expending Recovery Act funding from the U.S. Department of Labor.

The following appropriations, are continued at the FY2014 authorized appropriation level.

<u>Appropriation</u>	<u>Fund Source</u>	<u>FY2015 Amount</u>
Annual Assessments	Emplyr Penalties/Int. \$	26,000
Excess UI Benefits/Expenses	Emplyr Penalties/Int.	11.3 million
UI Trust Fund Loan Interest	Advance Interest Tax	24.0 million
DWS Training Trust Fund	Portion of Stab. Tax	5.0 million
DWS UI Insurance Admin. Fund	Portion of Stab. Tax	5.0 million
TANF - Individ. Development Acct	Federal	1.7 million
TANF Block Grant Paying	Federal	40.0 million
ESD Unemp. Benefits & Expenses	Federal	62.0 million
Federal Employees Benefits	Federal	175.0 million
UI Benefits - Taxable Employers	Cash	600.0 million
UI Benefits - Reimbursable Emplyr	Cash	30.0 million
Building Improvement/Land-Reed Act	Fed. In Cash Acct	38.5 million
Loans to WIBS	Fed. In Cash Acct	1.5 million

III) ADDITIONAL POSITIONS

Total Positions FY2015: 978
 Total Positions FY2014: 978
 Increase / (Decrease): 0

IV) SPECIAL LANGUAGE

RESTRICTIONS ON FUNDS APPROPRIATED TO THE COMMUNITY INVESTMENT INITIATIVE:

Contingent upon available funding, language restricts funds appropriated for the Community Investment Initiative from the Temporary Assistance to Needy Families (TANF) Block Grant for the following purposes and amounts which must be achieved over the course of the 2 years of the biennium:

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, DFA shall include all of the above information in the biennial budget manuals or a statement of non-compliance.

EXTRA HELP: Authorizes 384 extra help positions and exempts any of these positions funded by federal funds from statutory or regulatory hour limitations, and 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 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:

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, the TANF grant is reduced or new TANF program cost requirements are imposed.

October 2013