

SUMMARY BUDGET INFORMATION

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2014 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>
DHS - Director's Office/Office of Chief Counsel	\$816	\$0	\$4,733
DHS - Administrative Services Division	\$1,198	\$152	\$7,482
DHS - Community Svcs/NonProfit Support	\$92	\$0	\$513
DHS - Aging & Adult Services Division	\$852	\$0	\$5,320
DHS - Children & Family Services Division	\$4,220	\$40,928	\$22,928
DHS - Child Care/Early Childhood Education Division	\$802	\$17,769	\$3,831
DHS - Behavioral Health Services Division	\$4,736	\$14,018	\$23,549
DHS - County Operations Division	\$8,500	\$3,195	\$36,708
DHS - Developmental Disabilities Services Division	\$11,071	\$4,252	\$45,565
DHS - Medical Services Division	\$1,304	\$0	\$9,506
DHS - Services for the Blind Division	\$309	\$0	\$1,688
DHS - Youth Services Division	\$359	\$8,611	\$2,475

AGENCY POSITION USAGE REPORT

Agency	FY2014 - FY2015						3 YEAR AVERAGE(FY13,FY14,FY15)					
	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
		Filled	Unfilled	Total				Filled	Unfilled	Total		
DHS - Director's Office/Office of Chief Counsel	190	173	17	190	0	8.95 %	179	173	11	184	-5	3.35 %
DHS - Administrative Services Division	315	278	7	285	30	11.75 %	328	271	17	288	40	17.38 %
DHS - Community Svcs/NonProfit Support	24	21	3	24	0	12.50 %	24	20	4	24	0	16.67 %
DHS - Aging & Adult Services Division	213	192	13	205	8	9.86 %	208	190	11	201	7	8.65 %
DHS - Children & Family Services Division	1,129	946	10	956	173	16.21 %	1,142	936	4	940	202	18.04 %
DHS - Child Care/Early Childhood Education Division	194	170	33	203	-9	12.37 %	185	174	20	194	-9	5.95 %
DHS - Behavioral Health Services Division	1,168	1,022	48	1,070	98	12.50 %	1,166	1,030	37	1,067	99	11.66 %
DHS - County Operations Division	1,936	1,831	105	1,936	0	5.42 %	1,939	1,845	73	1,918	21	4.85 %
DHS - Developmental Disabilities Services Division	2,709	2,409	73	2,482	227	11.07 %	2,715	2,424	50	2,474	241	10.72 %
DHS - Medical Services Division	329	284	30	314	15	13.68 %	329	289	35	324	5	12.16 %
DHS - Services for the Blind Division	76	68	8	76	0	10.53 %	75	67	8	75	0	10.67 %
DHS - Youth Services Division	88	78	10	88	0	11.36 %	88	80	7	87	1	9.09 %
Office of Medicaid Inspector General	36	27	9	36	0	25.00 %	23	18	5	23	0	21.74 %

DHS - All Divisions (0710) - Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Office of Medicaid Inspector General (0035) - Three year average is lower than FY2013 Authorized and Budgeted positions due to the Agency not being established until FY2014.

DHS - Director's Office/Office Of Chief Counsel

Enabling Laws

Act 282 of 2014
A.C.A. §25-10-101
A.C.A. §25-10-102
A.C.A. §25-10-106
A.C.A. §25-10-108
A.C.A. §25-10-111
A.C.A. §25-10-113

History and Organization

The Department of Human Services operates under an integrated service delivery system provided by 11 divisions and other support offices. Each Division is under the direction, control and supervision of the Director of the Department of Human Services. The Director has the authority to transfer or assign duties or programs whether existing or new to offices, sections or units as deemed necessary for efficient and necessary operation of the department.

Act 1954 of 2005 merged the Department of Health into the Department of Human Services and renamed the agency the Department of Health and Human Services. In 2007, the 86th General Assembly enacted what became Act 384 and authorized the Governor to create two separate agencies within the Department. Governor Beebe signed Executive Order EO 07-05 on May 2, 2007 creating a separate Department of Health and a separate Department of Human Services with the change effective July 1, 2007.

Ark Code Ann. § 25-10-102(b)(1)(A) delegated administrative authority for the Department to the Director. The Director is responsible for establishing Departmental policy to carry out Executive Directives, federal and state legislative mandates and coordination of services across Division lines when individuals and families are provided services by multiple programs. The Director is also responsible for receiving from each of the divisions/offices and submitting a Department budget for review and approval by the Governor and General Assembly. The state institutions and operation of institutions remain under the jurisdiction of the State Institutional Systems Board and the Board of Developmental Disabilities Services. Both Boards work in concert with the DHS Director on issues that impact services for which each is responsible.

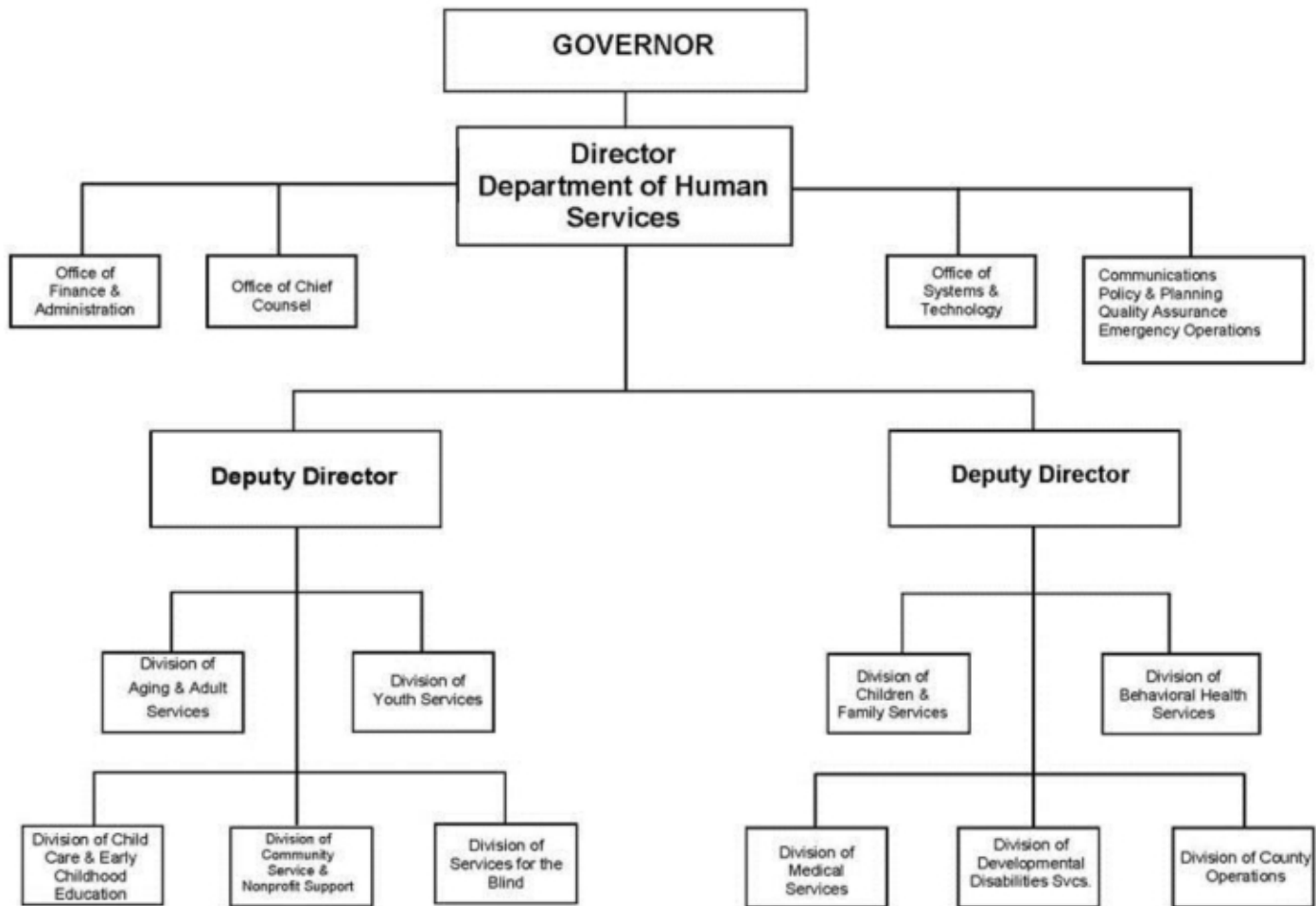
The Mission of the Department is "Together we improve the quality of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health."

The Office of Chief Counsel provides legal and administrative hearing services to the various divisions and offices within the Department. Specific areas of responsibility within the Office of Chief Counsel include:

- General Counsel Section provides legal assistance on administrative hearings, litigation, delivery of services, program administration, personnel, civil rights, and overpayment collections.
- Child and Adult Protection Section provides legal support in all counties and provides assistance primarily in areas of child welfare and adult protective services. Attorneys also provide assistance in Family In Need of Services (FINS) cases when the children are placed in foster care, and in Division of Youth Services cases in transitioning youth from their facilities when they cannot return home.
- Appeals and Hearings administers the appeal process on adverse actions, which include those related to all categories of Medicaid, TANF, and Child Maltreatment.
- Office of Employee Relations/Office of Equal Opportunity is responsible for employee grievance/complaint processing and conducting mediations and fact-finding conferences related to grievances and complaints.
- DHS Policy unit is responsible for drafting, editing, and promulgating policies, rules, procedures, and forms for the entire agency, serving a workforce of more than 7,500 employees across the state. The unit ensures that all DHS policies and procedures are updated in order to meet Arkansas Code as well as federal mandates, and develops and writes new policies and procedures based on agency need.

Office of Quality Assurance includes the following:

- Audit Section conducts performance, compliance and some financial related audits, and consults on operational and program issues. It coordinates the development of audit requirements and guidelines and monitors program resolution.
- Fraud Investigations is responsible for investigating and referring for prosecution allegations of recipient fraud or Intentional Program Violation (IPV) in the public assistance programs administered by the Department of Human Services. These include Transitional Employment Assistance, Food Stamps, Medicaid, Child Care, and Special Nutrition. The unit also conducts investigations of suspected Food Stamp trafficking by both recipients and retailers, and/or program divisions with investigations involving service providers who contract with the agency to perform services for a defined recipient population. The Internal Affairs section of the unit conducts investigations involving allegations of internal misconduct.



Agency Commentary

The DHS Director's Office consists of 7 budgeted positions in SFY2015 and provides administrative direction to eleven (11) divisions and other support offices. Each Division is under the direction, control and supervision of the Director of the Department of Human Services. The Director has the authority to transfer or assign duties or programs whether existing or new to offices, sections or units as deemed necessary for efficient and necessary operation of the department.

Funding for this appropriation comes from a mix of sources that include General Revenue, Federal Funds and Other. Federal and Other funding is determined by the Department's Cost Allocation Plan.

The DHS Director's Office requests continuing Base Level for the new biennium.

The Office of Chief Counsel consists of 183 budgeted positions in FY2015 and provides legal, investigative, audit and administrative hearing services to the various Divisions and Offices within the Department of Human Services.

Funding for this appropriation comes from a mix of sources that include General Revenue, Federal Funds and Other. Federal and Other funding is determined by the Department's Cost Allocation Plan and from sources such as client fees, food stamp and overpayment collections.

In addition to Base Level, the Office of Chief Counsel requests an increase in unfunded appropriation for extra help (\$50,029), fringe (\$4,242) and unfunded appropriation for conference fee and travel (\$25,000).

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings		Recommendations
None		None
<u>Findings Covering Programs Audited by Other External Auditors</u>		
<u>U.S. Department of Agriculture</u>		
Finding Number:	13-710-01	Recommendation:
State/Educational Agency(s):	Arkansas Department of Human Services	We recommend the Agency strengthen controls to ensure program summary reports are complete, accurate, and timely.
CFDA Number(s) and Program Title(s):	10.553 - School Breakfast Program 10.555 - National School Lunch Program 10.559 - Summer Food Service Program for Children (Child Nutrition Cluster)	<u>Views of Responsible Officials and Planned Corrective Action:</u>
Federal Award Number(s):	2012IN109946; 2013IN109946	The Agency concurs with the findings for the USDA food programs and will continue to work to improve internal controls and documentation practices. The Agency will strengthen controls via activities designed to ensure compliance with program rules and regulations. The errors generating the current finding appear to have resulted from substantial turnover in the positions responsible for making the reconciliation adjustments. As a result, training for existing and future staff assigned this function has been strengthened and unit management will monitor the performance of these duties as well as review the final reports prior to submission to USDA.
Federal Award Year(s):	2012 and 2013	
Compliance Requirement(s) Affected:	Reporting	
Type of Finding:	Noncompliance and Material Weakness	
Criteria:		
In accordance with 7 CFR §§ 210.5(d)(1), 210.8(4) and 7 CFR §§ 225.8 (b), 225.9(d)(5), the FNS-10 Report of School Program Operations captures meals served under the National School Lunch Program (NSLP) and School Breakfast Program (SBP), as well as half-pints of milk served under the Special Milk Program for Children (SMP). A state agency administering the NSLP, SBP, and SMP compiles the data gathered on its subrecipients' claims for reimbursement into monthly reports to its FNS regional office. A final report containing only actual participation data is due 90 days after the close of the report data. Revisions to the data presented in a 90-day report (FNS-10) must be submitted by the last day of the quarter in which they are identified. However, the agency must immediately submit an amended report if, at any time following the submission of the 90-day report, identified changes to the data cause the agency's level of funding to change by more than (plus or minus) 0.5%. The state agency shall submit to FNS a final report on the Summer Food Service Program for Children (SFSPC) Operations (FNS-418) for each month no more than 90 days following the last day of the month covered by the report. This report documents the number of meals served under the SFSPC by sponsors under the state		
Anticipated Completion Date:		Complete
Contact Person:		Tonya Williams Director Arkansas Department of Human Services Division of Child Care and Early Childhood Education Donaghey Plaza South, Slot S140 Little Rock, AR 72203-1437 (501) 320-8953 tonya.williams@dhs.arkansas.gov

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Findings

agency's oversight. States shall not receive Program funds, regardless of when it is determined that such adjustments need to be made, for any month for which the final report is not postmarked and/or submitted within this time limit, unless FNS grants an exception. Upward adjustments to a report shall not be made after 90 days from the month covered by the report unless authorized by FNS. Downward adjustments shall always be made without FNS authorization. Adjustments to a report shall be reported to FNS in accordance with procedures established by FNS.

Condition and Context:

The Agency's Special Nutrition Program (SNP) Unit failed to report revisions in its NSLP FNS-10 and SFSPC FNS-418 reports during fiscal year 2013. Of the four FNS 90-day reports tested (two FNS-10 and two FNS-418), three reports listed incorrect meal counts. Total NSLP lunches served on the February 2013 FNS-10 90-day report appear under reported by 2,053 or 2.18%; total SFSPC meals served on the June 2013 FNS-418 90-day report appear over reported by 5,114 or 0.4%; and total SFSPC meals served on the July 2012 FNS-418 90-day report for July 2012 appear under reported by 117 or 0.01%.

Questioned Costs:

None

Cause:

During fiscal year 2013, the Agency failed to report revisions to the FNS 90-day reports when meal counts were adjusted. The Agency has historically reported meals served in FNS-10 Reports of School Program Operations and FNS-418 SFSPC from meal summary reports obtained through its SNP System. The SNP Fiscal Support Analyst usually maintains a listing or log of adjusted reimbursement claims previously submitted in the Food Programs Reporting System (FPRS) as a reminder to revise FNS 90-day reports. Employment of the Fiscal Support Analyst was terminated in February 2013, and the position was not filled until August 5, 2013. It appears SNP controls for FNS 90-day reporting were not consistently followed, nor were revisions completed.

Effect:

Total NSLP lunches served on the February 2013 FNS-10 90-day report appear under reported by 2,053 or 2.18%; total SFSPC meals served on the June 2013 FNS-418 90-day report appear over reported by 5,114 or 0.4%; and total SFSPC meals served on the July 2012 FNS-418 90-day report for July 2012 appear under reported by 117 or 0.01%. This

Recommendations

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Findings

information should have been reported immediately after the level of funding changed by more than 0.5% or submitted by the last day of the quarter in which the changes were identified.

U.S. Department of Agriculture (Continued)

Finding Number: 13-710-02
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 10.553 - School Breakfast Program
10.555 - National School Lunch Program
10.559 - Summer Food Service Program for Children
(Child Nutrition Cluster)
Federal Award Number(s): 2012IN109946; 2013IN109946
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Subrecipient Monitoring
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

In accordance with 7 CFR § 225.6, agencies administering the Child Nutrition Cluster Programs must provide sufficient and qualified consultative, technical, and managerial personnel to administer the Summer Food Service Program (SFSPC), monitor performance, and measure progress in achieving Program goals. In addition, state agencies administering the Child Nutrition Cluster Programs are required to perform specific monitoring procedures for the SFSPC in accordance with 7 CFR § 225.7: review every new sponsor at least once during the first year of operation; annually review a number of sponsors whose program reimbursements, in the aggregate, accounted for at least one-half of the total program meal reimbursements in the state in the prior year; annually review every sponsor that experienced significant operational problems in the prior year; review each sponsor at least once every three years; conduct reviews of at least 10% of each sponsor's sites, or one site, whichever number is greater, as part of each sponsor review; and conduct follow-up reviews of sponsors and sites as necessary. Each agency must develop and implement a monitoring system to ensure that sponsors, including site personnel, and the sponsor's food service management company, if applicable, immediately receive a copy of any review reports that indicate Program violations and could result in a Program disallowance.

Recommendations

Recommendation:

We recommend the Agency strengthen controls to ensure adequate review and training. In addition, we recommend the Agency establish and implement procedures to ensure all required documentation is maintained in sponsor files. The Agency should also provide adequate staffing and training.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the findings for the USDA food programs and will continue to work to improve internal controls and documentation practices. The Agency will strengthen controls via activities designed to ensure compliance with program monitoring. The errors generating the current finding appear to have resulted from substantial turnover in the positions responsible for sponsor monitoring and corrective action plan review, especially in light of the significant growth in the Summer Feeding Program. As a result, training for existing and future staff assigned this function was strengthened and unit management is monitoring the performance of these duties. In addition, several new positions have been identified and are currently in the state hiring process with the intent to strengthen the unit from a staffing perspective. The Agency is committed to the provision of adequate staff availability and training.

Anticipated Completion Date: Complete

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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

Condition and Context:

The Division of Child Care and Early Childhood Education (DCCECE), Special Nutrition Program (SNP) Unit administers the Child Nutrition Cluster Programs at the Arkansas Department of Human Service (DHS), which includes monitoring of NSLP School Food Authority (SFA) and SFSPC sponsor activities. Compliance testing for SNP monitoring of five SFSPC sponsor reviews revealed the DHS DCCECE SNP management and personnel failed to properly monitor one SFSPC sponsor. SNP personnel requested the sponsor provide a corrective action plan (CAP) for program deficiencies, including some disallowed meals, during the sponsor's July 25, 2013, review. When the sponsor did not submit a CAP by the requested date of August 19, 2013, SNP personnel failed to contact the sponsor by the prescribed method. When meals are disallowed during a review, SNP policy is to conduct a follow-up review or other measures to verify corrective action has been taken. If the sponsor fails to fully and completely correct all deficiencies, the sponsor should be declared "seriously deficient" and action initiated to terminate SFSP operations.

Questioned Costs:

Unknown

Cause:

SNP's failure to properly monitor the referenced sponsor's review appears due to inadequate management review. This situation resulted from insufficient training of personnel performing entry of sponsor reviews in the SNP System and a SFSPC staffing shortage. The Agency utilizes the SNP System's coordinator, open review, and violation reports to monitor sponsor review activities. The coordinator report lists the sponsor's latest review and initial review dates; the open review report lists sponsor reviews that have not been closed and the number of days the review has been open; and the violation report lists each sponsor's review findings with the review status. The noted sponsor's July 25, 2013, review was listed in the open review report; however, review findings were not listed in the 2013 violation report. This appears to be due to SNP personnel not fully completing the entry of the review in the SNP System. The sponsor's previous review on July 5, 2011, was also listed in the open review report; however, approved corrective action for this review was noted in the sponsor's file. For audit purposes, when SNP System reports and electronic reviews cannot be relied upon for accuracy and completeness, the auditor must be able to review timely the requested sponsor reviews, which includes all supporting documentation, manual as well as electronic.

DIVISION OF LEGISLATIVE AUDIT
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Recommendations

Effect:

The SNP System's SFSPC open review and violation reports appear incomplete and inaccurate; therefore, these reports cannot be relied upon to monitor sponsor reviews or resolution of findings. Inadequate documentation for sponsor reviews could jeopardize program services and Agency payments for meals.

U.S. Department of Health and Human Services

Finding Number: 13-710-03
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.558 - Temporary Assistance for Needy Families (TANF Cluster)
Federal Award Number(s): G-1202ARTANF
Federal Award Year(s): 2012
Compliance Requirement(s) Affected: Allowable Costs/Cost Principles; Eligibility
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

For cash assistance costs to be allowable, they must be made to eligible clients, as outlined in Sections 3 and 11 of the State Plan for Title IV-A of the Social Security Act: Temporary Assistance for Needy Families (TANF). In addition, Section 2800 of the TEA Policy Manual governs sanctions related to client non-compliance. Also, Section 2213 of the TEA Policy Manual governs verification that children are living with the parent or other relative.

Condition and Context

To test the \$16,101,134 in cash assistance disbursements to 13,951 clients, we randomly sampled \$67,770 in cash assistance payments to 60 clients to determine allowable cost and eligibility for those clients. Our sample revealed three clients with overpayments, as summarized below:

- One client was paid a total of \$1,488 over various supplemental payments,

Recommendation:

We recommend the Agency provide adequate training to staff responsible for determining client eligibility as well as strengthen the review process performed by supervisory staff to ensure federal program funds are utilized in accordance with federal regulations and the State Plan for TANF.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the findings and will provide additional training and monitoring of caseworker actions as well as improve communications with the Department of Workforce Services. The Agency will develop a Computer Based Training to TEA caseworkers regarding the calculation of supplemental payments. Additional supervisory monitoring will be done to ensure that when children receiving TEA benefits are placed in foster care the case will be closed. The Agency will continue working with the Department of Workforce Services to establish a more efficient line of communication to ensure that when an employment plan is updated the DCO caseworker is notified to reduce the grant.

Anticipated Completion Date: April 2014

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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
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FOR THE YEAR ENDED JUNE 30, 2013

Findings

some of which were calculated incorrectly, resulting in an overpayment of \$860.

- One client was paid two monthly \$162 payments for a child-only TEA case. The case should have been closed these two months due to the children being in foster care, resulting in an overpayment of \$324.
- One client was paid \$162 for four months for a child-only TEA case. The case should have been closed these four months due to the children no longer living in the household, resulting in an overpayment of \$810.

Questioned Costs:

\$1,994

Cause:

Lack of adequate training for staff who apply sanctions, lack of appropriate communication between case workers, and inadequate review by supervisory staff led to the clients being paid amounts to which they were not entitled.

Effect:

Failure to provide staff with adequate training and to properly review client eligibility placed

U.S. Department of Health and Human Services (Continued)

Finding Number:	13-710-04
State/Educational Agency(s):	Arkansas Department of Human Services
CFDA Number(s) and Program Title(s):	93.575 - Child Care and Development Block Grant 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster) G-1101ARCCDF; G-1201ARCCDF; G-1301ARCCDF
Federal Award Number(s):	2011, 2012, and 2013
Federal Award Year(s):	Allowable Costs/Cost Principles
Compliance Requirement(s) Affected:	Noncompliance
Type of Finding:	

Recommendation:

We recommend the Agency continue to provide training for employees, implement policy changes, and increase monitoring to reduce overpayments to clients and providers.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the findings for the Child Care Development Fund program and will continue to work to improve internal controls and reduce fraud and overpayments. Possible provider overpayments or fraud continue to drop in comparison to prior years, a representation of the continuing efforts of the Division to control and or reduce such occurrences. In addition, historically, the Division has found that after completing this type of investigation, the actual proven instances of overpayments are often reduced from the preliminary amount. The Division will continue to upgrade and improve the automated control environment in the KIDCare system via program enhancement releases each year. Finally, the five clients noted by legislative audit are undergoing further examination, and as

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
<p>Criteria: The Arkansas Department of Human Services (DHS) is responsible for administering the State's Child Care and Development Fund (CCDF) "Child care" program. The Agency's responsibility includes determining eligibility for each applicant and documenting that eligibility criteria were met. The Agency outlines eligibility for the program in its State Plan.</p> <p>Condition and Context: Between October 1, 2012 and September 30, 2013, the Division of Child Care and Early Childhood Education identified 57 cases of client and provider overpayments totaling \$59,663. The Agency identified an additional 53 cases of possible overpayments totaling \$100,439 that are currently under investigation.</p> <p>In addition to the above, we selected 95 clients for audit testing from the database of child care billings. This sample included the 46 clients receiving the highest benefits. As a result of this testing, we referred five clients to the Agency for further analysis due to information in the records that raised questions regarding eligibility and appropriateness of payments. The Agency already had open investigations on two of these cases.</p> <p>Questioned Cost: Unknown</p> <p>Cause: Factors contributing to these issues included the following: (a) case heads and/or clients failing to report changes in client eligibility criteria that affected eligibility status, (b) clients willfully misrepresenting their eligibility data, and (c) providers billing for services not provided.</p> <p>Effect: Benefits could have been provided to ineligible clients and providers.</p> <p>U.S. Department of Health and Human Services (Continued)</p> <p>Finding Number: 13-710-05 State/Educational Agency(s): Arkansas Department of Human Services CFDA Number(s) and Program Title(s): 93.658 - Foster Care_Title IV-E</p>	<p>noted two cases had already been referred to the DHS investigations unit for further review.</p> <p>Anticipated Completion Date: June 2014</p> <p>Contact Person: Tonya Williams Director Arkansas Department of Human Services Division of Child Care and Early Childhood Education Donaghey Plaza South, Slot S140 Little Rock, AR 72203-1437 (501) 320-8953 tonya.williams@dhs.arkansas.gov</p> <p>Recommendation: We <i>again</i> recommend the Agency complete the necessary programming revisions between the CHRIS and Kidcare systems to ensure child care payments are made on behalf of eligible foster children.</p>

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Findings		Recommendations
Federal Award Number(s):	1201AR1401; 1301AR1401	<u>Views of Responsible Officials and Planned Corrective Action:</u> The Division of Children and Family Services (DCFS) has reviewed the finding by Legislative Audit detailed above and is in agreement with the finding. DCFS and the Division of Child Care and Early Childhood Education (DCC/ECE) have engaged in requirements gathering activities in preparation for a software development start date in the second quarter of 2014. The revision necessary to address the control issues noted in this finding is planned to be in production in the third quarter of 2014. Anticipated Completion Date: Third quarter, 2014 Contact Person: Cecile Blucker Director Arkansas Department of Human Services Division of Children and Family Services P.O. Box 1437 / Slot S-560 Little Rock, AR 72203-1437 (501) 682-8770 cecile.blucker@dhs.arkansas.gov
Federal Award Year(s):	2012 and 2013	
Compliance Requirement(s) Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles	
Type of Finding:	Noncompliance and Significant Deficiency	
Criteria: For an activity or cost to be considered allowable, it must meet the general criteria outlined in 2 CFR § 225 and the program regulations set forth in 42 USC § 672 and 45 CFR § 1356.		
Condition and Context: We reviewed child care payments on behalf of 60 foster children. Each child's eligibility status was verified using the Agency's Children's Reporting and Information System (CHRIS). Our review revealed the following: <ul style="list-style-type: none">• Fifteen children were determined by the State to be eligible but not claimable due to placement. The foster child as well as the foster family home must meet all eligibility criteria to receive Title IV-E funds. If the foster family home does not meet all criteria, the result is non-claimable status. Questioned costs for these instances of noncompliance totaled \$4,044.• One child was determined by the State to be eligible but not claimable due to the child's receipt of Supplemental Security Income (SSI) benefits. Questioned costs for this instance of noncompliance totaled \$107.• Two children were determined by the State to be ineligible to receive Title IV-E child care benefits. These children had exited care at the time of the payment. Questioned costs for these instances of noncompliance totaled \$417. Similar instances of noncompliance were also reported in the 2009 - 2012 State of Arkansas Single Audit reports.		
Questioned Costs: \$4,568		
Cause:		

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Payments for child care for non-claimable and ineligible foster children continue to be processed because the Agency has not completed the necessary programming revisions between the CHRIS and Kidcare systems. As a result, incompatibility continues between the systems.

Effect:

Payments for child care continue to be made for non-claimable and ineligible foster children. Incomplete programming revisions continue to place assets at risk and may jeopardize the Agency's ability to provide program funding to claimable and eligible foster children.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-06
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care _ Title IV-E
Federal Award Number(s): 1201AR1401; 1301AR1401
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Cash Management
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

In accordance with 31 CFR § 205.33, a state must minimize the time between the drawdown of federal funds from the federal awarding agency and their disbursement for federal program purposes. The timing and amount of funds transfers must be as close as administratively feasible to a state's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

Condition and Context:

We reviewed federal draws recorded in the Payment Management System (PMS) to determine if draws were adequately supported, were made for actual program expenditures, and met the immediate cash needs of the program. Our review included comparing the program draws recorded in PMS to program expenditures recorded in the Arkansas Administrative Statewide Information System (AASIS) and reported on the

Recommendations

Recommendation:

We recommend the Agency establish and implement procedures to ensure new staff are adequately trained. In addition, existing procedures for supervisory review should be strengthened to ensure cash management requirements are being met.

Views of Responsible Officials and Planned Corrective Action:

The Division of Administrative Services (DAS) has reviewed the finding by Legislative Audit detailed above and is in agreement with the finding. The overdrawn federal funds are currently being repaid by reducing federal draws. DAS has made a change to the management of this unit and expect improvement in accountability. A new reconciliation process for this grant award has been implemented. The new personnel directly responsible for this grant along with their direct supervisors have received additional training on the grant administrator responsibilities.

Anticipated Completion Date: March, 2014

Contact Person:

Karen Fricke
Director
Arkansas Department of Human Services
Division of Administrative Services
P.O. Box 1437, Slot W401
Little Rock, AR 72203-1437
(501) 682-5448

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program's quarterly financial reports. Our review revealed that federal draws exceeded actual program expenditures by \$1,325,145.

Questioned Costs:
\$1,325,145

Cause:

Because of a change in personnel and lack of adequate training for the new staff responsible for ensuring compliance with cash management criteria, the Agency failed to prepare a reconciliation between federal draws and actual expenditures for three of the four quarters of fiscal year 2013.

Effect:

The Agency's federal draws exceeded actual program expenditures by \$1,325,145.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-07
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.767 - Children's Health Insurance Program
Federal Award Number(s): 05-1105AR5021; 05-1205AR5021
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Cash Management
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

As noted in OMB Circular A-133, § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes establishing proper internal controls to ensure the accuracy of federal draws.

The Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009 authorized states to cover parents under the Children's Health Insurance Program (CHIP) at an enhanced Federal Medical Assistance Percentage (FMAP) of 79.12% until September 30,

Recommendations

karen.fricke@dhs.arkansas.gov

Recommendation:

We recommend the Agency review and strengthen internal controls to ensure federal draws are properly calculated and drawn from the appropriate federal grant.

Views of Responsible Officials and Planned Corrective Action:

The Division of Administrative Services (DAS) has reviewed the finding by Legislative Audit detailed above and is in agreement with the finding. These errors resulted from new personnel in the Medicaid reporting section missing a few required updates to a complicated worksheet that is only modified annually. The overdrawn federal funds were repaid by reducing federal draws. DAS has implemented a new review process to ensure correct rates and formulas are in place at the start of each federal fiscal year.

Anticipated Completion Date: Complete

Contact Person: Karen Fricke
Director
Arkansas Department of Human Services
Division of Administrative Services
P.O. Box 1437, Slot W401

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2012. Beginning October 1, 2012, the FMAP was reduced to 70.17%.

Condition and Context:

During our review of the Medicaid Cluster, we discovered a formula error within an Agency worksheet that resulted in a draw of federal funds from CHIP for Medicaid expenditures. Questioned costs totaled \$14,392.

We also discovered another error involving CHIP during our review. As previously stated, the FMAP was reduced as of October 1, 2012, for states covering parents under CHIP. The Agency failed to reduce the FMAP as of October 1, 2012, and, as a result, requested and received excess federal funds totaling \$29,613.

Questioned Costs:

\$44,005

Cause:

The Agency failed to make necessary adjustments to the worksheet used to calculate the weekly federal draws for Medicaid and CHIP. In addition, adequate supervisory oversight was not provided to ensure the accuracy of these worksheets.

Effect:

The Agency incorrectly requested and received federal funds from CHIP for Medicaid expenditures.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-08
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1205AR5ADM; 05-1305AR5ADM
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Activities Allowed or Unallowed - Administration and Training
Type of Finding: Noncompliance and Significant Deficiency

Recommendations

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(501) 682-5448
karen.fricke@dhs.arkansas.gov

Recommendation:

We recommend the Agency strengthen monitoring controls to ensure certifications are completed timely as required.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the finding regarding employee certifications and will work to appropriately train managers and supervisors on the use of available system generated information designed to aid in ascertaining if all applicable employees have completed their certification on a timely basis.

Anticipated Completion Date: May 2014

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<p>Criteria: 2 CFR § 225, Appendix B.8.h (3), states that, "where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."</p> <p>The Agency uses an automated system via email to notify employees requiring certification. Employee responses are required within 30 days. Divisional CFOs are responsible for ensuring all certifications are completed timely.</p> <p>Condition and Context: We selected 25 employees for our review to determine if the Agency was in compliance with the certification requirement. We obtained and reviewed the Direct Employee Certification report for these employees to verify that (1) the coding listed on the report matched the coding listed on the Arkansas Administrative Statewide Information System (AASIS) position control report, (2) the certification was completed within 30 days, and (3) the certification disposition was appropriate.</p> <p>Our review revealed that two employees did not complete their certifications timely. One of these employees received a request for certification in February and August 2013; neither was received timely. Our testing in this compliance area had not revealed exceptions in prior years, so we expanded our testing to determine if the exceptions were isolated.</p> <p>An additional sample of 25 employees was selected. Our review revealed an additional four employees who did not complete their certifications timely. Additionally, one employee was not certified for the six-month period beginning November 1, 2012 to May 1, 2013. The employee had terminated employment in January 2013, which was prior to the certification period end date, and was rehired for the same position on March 18, 2013, which was also prior to the original certification end date. According to the Agency, this unusual situation was not recognized by the system as a certification pending.</p> <p>Questioned Cost: None</p>	<p>Contact Person: Mark Story, Assistant Director Arkansas Department of Human Services Division of Medical Services P.O. Box 1437 Little Rock, AR 72203-1437 (501) 320-8955 Mark.Story@dhs.arkansas.gov</p>

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Cause:

The Agency failed to properly monitor timely completion of employee certifications.

Effect:

Required certifications were not completed timely.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-09
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1205AR5MAP; 05-1305AR5MAP
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Activities Allowed or Unallowed - Claims Payments
Type of Finding: Noncompliance and Material Weakness

Criteria:

In accordance with Arkansas Medicaid Provider Manual Section II - Rehabilitative Services for Persons with Mental Illness (RSPMI) sections 218.000 and 218.100, for each beneficiary entering the RSPMI Program, the treatment team must develop an individualized master treatment plan. The master treatment plan must be completed by a mental health professional, approved by a psychiatrist or physician, and reviewed by the treatment team at least every 90 calendar days.

RSPMI section 226.200 indicates that the provider must develop and maintain sufficient written documentation to support each medical or remedial therapy, service, activity, or session for which Medicaid reimbursement is sought. At minimum, this includes the following:

- The specific services rendered (must be individualized; duplicated notes are not allowed).
- The relationship of the services provided to the treatment regimen described in the master treatment plan.

Recommendation:

We recommend the Agency establish and implement procedures to ensure all required RSPMI documentation is maintained in the beneficiary files.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the findings for these Rehabilitative Services for Persons with Mental Illness (RSPMI) categories and will continue to work to improve internal controls and documentation practices in the RSPMI program. The Agency will strengthen controls via activities designed to ensure compliance with program rules and regulations and medical necessity. These controls will include contracting for services, specifically; inspection of care, desk reviews, and retrospective reviews for services provided through RSPMI program. In addition, the Division of Medical Services reviewed its RSPMI Inspection of Care Policy throughout 2012 and promulgated a revision to include new guidelines for review of services. These revisions became effective December 1, 2013, providers were notified, and the resulting review tool was implemented January 1, 2014 of the current year. The Division of Medical Services will continue to analyze and review outlier providers via desk review and refer such provider sites, as warranted, to the Office of Medicaid Inspector General for investigation of suspected waste and abuse of RSPMI funding.

Anticipated Completion Date: September 2014

Contact Person:

Mark Story
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Arkansas Department of Human Services
Division of Medical Services
P.O. Box 1437
Little Rock, AR 72203-1437

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<ul style="list-style-type: none">• The date and actual time the services were rendered.• The name and credentials of the individual who provided the services.• The setting in which the services were provided.• Updates describing the beneficiary's progress or lack thereof.• Both daily notes and a weekly summary if receiving Rehabilitative Day Services (Weekly summary was not required for services dates prior to 12/1/12).	<p>(501) 320-8955 Mark.Story@dhs.arkansas.gov</p>						
<p>Condition and Context: We selected 60 beneficiary files for review to determine if the provider maintained documentation as required by the specific sections of the RSPMI manual stated above. Our review revealed the following:</p> <ul style="list-style-type: none">• 17 beneficiary files did not contain adequate supporting documentation to determine that an individualized Master Treatment Plan was completed and reviewed at least every 90 calendar days.• 28 beneficiary files lacked some form of documentation to support services billed.							
<p>Questioned Costs: \$43,062</p>							
<p>Cause: The Agency failed to ensure all required RSPMI documentation was maintained.</p>							
<p>Effect: Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.</p>							
<p><u>U.S. Department of Health and Human Services (Continued)</u></p> <table><tr><td>Finding Number:</td><td>13-710-10</td></tr><tr><td>State/Educational Agency(s):</td><td>Arkansas Department of Human Services</td></tr><tr><td>CFDA Number(s) and Program Title(s):</td><td>93.778 - Medical Assistance Program (Medicaid Cluster)</td></tr></table>	Finding Number:	13-710-10	State/Educational Agency(s):	Arkansas Department of Human Services	CFDA Number(s) and Program Title(s):	93.778 - Medical Assistance Program (Medicaid Cluster)	<p>Recommendation: We recommend the Agency establish and implement procedures to ensure all required documentation is maintained in beneficiary case files.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u></p>
Finding Number:	13-710-10						
State/Educational Agency(s):	Arkansas Department of Human Services						
CFDA Number(s) and Program Title(s):	93.778 - Medical Assistance Program (Medicaid Cluster)						

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Federal Award Number(s):	05-1205AR5MAP; 05-1305AR5MAP	<p>The Agency agrees with the control and access to documentation portions of the finding for the Living Choices Assisted Living program. After a limited review of the providers tested by Legislative Audit, DHS has been able to obtain the documentation listed as unavailable for review or missing completely from a sample of the exceptions noted. Therefore, DHS is not in agreement with the amount noted as questioned costs. As a part of the determination of an appropriate corrective action plan DHS will, in conjunction with the Office of Quality Assurance, perform a secondary review of all of the cases tested in the finding in an effort to ascertain why any of the documents requested were not immediately available to Legislative Audit as well as to document all those not in existence. In our tests thus far the records have been available but appear to have been scattered throughout areas responsible for the care of individuals residing in these assisted living facilities, for instance the case notes would likely be maintained in the nurse's area and not with the financial records. In addition, it should be noted that all of these providers are paid on a per diem basis and that the services they perform are designed to be at the direction of the individual under care. In short, the information gleaned from the secondary review will inform DHS as to the specific nature of improvements needed in the controls surrounding this program as well as the most effective road map for use in future audits or reviews, allowing better and timelier access to the documentation needed by Legislative Audit in their future engagements. Additionally, the Division of Aging and Adult Services (DAAS) will issue a Provider Information Memorandum clarifying those documentation requirements and will continue to conduct provider workshops with continued emphasis on documentation requirements.</p> <p>The Agency agrees with the finding regarding the Prosthetics program and will strengthen the controls surrounding documentation of the required information in order to properly substantiate the "audit trail" noted by legislative audit.</p>
Federal Award Year(s):	2012 and 2013	
Compliance Requirement(s) Affected:	Activities Allowed or Unallowed - Home and Community-Based Services	
Type of Finding:	Material Noncompliance and Material Weakness	
Criteria: <p>A state may obtain a waiver of statutory requirements to provide an array of home and community-based services that may permit an individual to avoid institutionalization (42 CFR §§ 441.300 - 441.310). The U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) issued a special fraud alert concerning home health care. Problems noted include cost report frauds, billing for excessive services or services not rendered, and use of unlicensed staff. The full alert was published in the Federal Register on August 10, 1995, and is available online in the Special Fraud Alerts section of the HHS OIG home page.</p> <p>Currently, Arkansas has five Section 1915(c) Home and Community-Based Services waivers for Medicaid:</p> <ol style="list-style-type: none">1. Elder Choices.2. Alternative Community Services (ACS).3. Alternatives for Adults with Physical Disabilities (APD).4. Living Choices Assisted Living.5. Autism. <p>Our review included the Living Choices Assisted Living program. In addition, we selected the Prosthetics program, which does not operate under a waiver but is defined and regulated by 42 CFR § 440.120.</p> <p>We also considered qualitative factors, such as management oversight and the Medicaid Program's high profile and public interest, that could have a significant impact on the integrity of the program.</p> <p>Arkansas Provider Manuals for Living Choices Assisted Living and the Prosthetics programs (as well as the Medicare/Medicaid Crossover Only Provider Manual for crossover claims) dictate the information that must be documented and maintained in provider files to</p>		
Anticipated Completion Date:		June 2014
Contact Person:		Mark Story Assistant Director Arkansas Department of Human Services Division of Medical Services P.O. Box 1437 Little Rock, AR 72203-1437 (501) 320-8955 Mark.Story@dhs.arkansas.gov

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support the services billed.

Condition and Context:

We selected 60 provider files for review from the Living Choices Assisted Living program to determine if required documentation was being maintained in accordance with Provider Manual sections 202.100 and 202.110. The manual states that the provider must maintain sufficient written documentation in the beneficiary's case file supporting billing for services rendered. At minimum, this includes the following:

- The beneficiary's attending or primary care physician's name, office address, telephone number, and after-hours contact information.
- A copy of the beneficiary's plan of care.
- Written instructions to the facility's attendant care staff.
- Documentation of limited nursing services performed by the provider's nursing staff in accordance with the beneficiary's plan of care. Records must include:
 - ❖ Nursing service(s) performed.
 - ❖ Date and time of day nursing services are performed.
 - ❖ Progress or other notes regarding the resident's health status.
 - ❖ The signature or initials and the title of the person performing the services.
- Documentation of periodic nursing evaluations performed by the assisted living facility nursing staff in accordance with the beneficiary's plan of care.
- Quarterly Monitoring Forms (AAS-9506) completed every 90 days (effective 1/1/13).
- Records of attendant care services.
 - ❖ Documentation of attendant care services performed.
 - ❖ The signature or initials of the person performing the services as well as the date services were performed.

Our review of the Living Choices Assisted Living program revealed that 56 case files lacked some form of documentation to support the services billed. Questioned costs totaled \$855,085.

We also selected 60 provider files for review from the Prosthetics program to determine if

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<p>required documentation was being maintained.</p> <p>The documentation required for the Prosthetics program is contained in the Prosthetics Provider Manual section 203.100, which states that Prosthetics providers must maintain sufficient documentation to support each service billed. At minimum, this includes the following:</p> <ul style="list-style-type: none">• An audit trail between the prosthetics provider, the beneficiary, the beneficiary's primary care physician, and the Division of Medical Services.• When applicable, documentation including the request for and approval of prior authorization and/or the request for and approval of extension of benefits for services provided.• The prescription for prosthetics services, signed and dated by the beneficiary's primary care physician.• The prosthetics provider's signed and dated:<ul style="list-style-type: none">❖ Certification that used equipment is reconditioned, is in good working order, and has no defects in workmanship or material.❖ The beneficiary's consent to receive services.❖ Notification of termination of prosthetics services.❖ Documentation to reflect that necessary training and orientation have been provided to the beneficiary and any other applicable persons. <p>For crossover claims only, the Medicare/Medicaid Crossover Only Provider Manual sections 215.300 and 142.300 indicate that providers must maintain:</p> <ul style="list-style-type: none">• Complete and accurate original records that fully disclose the nature and extent of goods, services, or both provided to and for eligible beneficiaries. The delivery of all goods and services billed to Medicaid must be documented in the beneficiary's medical record. Beneficiary records must support the levels of service billed to Medicaid. <p>Additionally, a beneficiary must be dually eligible for both Medicaid and Medicare.</p> <p>Our review of the Prosthetics program revealed that six case files lacked some form of documentation to support the services billed. Three of the case files were Prosthetics program files and had questioned costs totaling \$3,504. The other three case files were Medicare/Medicaid Crossover Only files with questioned costs totaling \$1,846.</p>	

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Questioned Costs:

\$860,435

Cause:

The Agency failed to ensure that all required documentation was maintained.

Effect:

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-11
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1205AR5MAP; 05-1305AR5MAP
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Activities Allowed or Unallowed - Home and Community-Based Services
Type of Finding: Material Noncompliance and Material Weakness

Criteria:

Follow-up procedures for prior-year finding 12-710-05 from the 2012 Statewide Single Audit revealed continued noncompliance and inadequate internal controls for three Home and Community-Based Services programs. In 2012, we reviewed the following programs:

- Assisted Living Services
- ElderChoices
- Personal Care Services

Specific criteria for these programs are located on the following page.

Recommendation:

We ***again*** recommend the Agency establish and implement procedures to ensure all required documentation is maintained in beneficiary case files.

Views of Responsible Officials and Planned Corrective Action:

The Agency agrees with the control and documentation portions of the finding for the Living Choices Assisted Living program but is not in agreement regarding the questioned costs. After consultation with our federal partners at the Centers for Medicare and Medicaid Services (CMS) and the provision of prior year finding documentation by DHS and review of that documentation by CMS, both agencies agree that the documentation issues are not significant enough to lead to recoverable questioned costs. The agencies agree that program required services were performed and that the core requirements of the program were met. However, DHS recognizes that internal control and proper documentation are important and both DDS and DAAS have corrective action plans detailed below designed to improve the control environment and result in better documentation for federal claims.

Assisted Living Services management agrees that internal controls are very important, and would point out that large transformative changes to the HCBS waiver service delivery system are under way. This shift includes the transition of services now in the waiver to the Community First Choice Option, and development of an electronic medical records system that will streamline the agency's ability to closely monitor compliance with administrative and documentation requirements. In addition, ongoing training will be provided to home

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As part of its response to the 2012 finding, the Agency stated it disagreed with the finding because its review indicated that services were delivered in accordance with the plans of care, and accordingly, the payments were not improper.

However, the payments are considered improper as defined by the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204; the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments; and the June 18, 2010, Presidential memorandum to enhance payment accuracy. The term "improper payment" refers to the following:

- Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.
- Incorrect amounts, which include overpayments or underpayments made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments).
- Any payment made to an ineligible recipient or for an ineligible good or service or payments for goods or services not received (except for such payments where authorized by law).
- **Any payment that an agency cannot determine was appropriate because of insufficient or lack of documentation.**

In addition, the Agency also stated it conducted follow-up audits for the 15 Assisted Living Services beneficiary case files we reviewed and believes documentation was sufficient to support the billing submitted by the providers.

We noted in one of these case files that, after several attempts and requests, we were unable to locate and receive files from the provider. Questioned costs for that case file totaled \$102,205. This is one of the files the Agency stated it reviewed and found sufficient documentation to support the billing.

On June 11, 2013, the provider of those services was referred to the Medicaid Fraud Control Unit for investigation.

The Agency also stated it disagreed with the finding because "DLA's interpretation of policy is the provider should have an actual start and stop time for each service performed during the day."

Recommendations

and community based service providers at the corporate level as well as at the direct care level to make sure that the DDS program standards are met. Management will also continue to review all current documentation requirements to ensure that they are related to and in furtherance of state and federal statutory and regulatory requirements for targeted case management for the ACS Waiver program and ensure that requirements are closely aligned with the goals of delivering higher quality services more efficiently in a manner that will result in better outcomes for those individuals served through the program. Finally, ACS Waiver Staff and DDS Certification and Licensure staff will conduct monitoring visits to home and community based service providers to ensure compliance with DDS program standards

Since the 2012 Statewide Single Audit, DAAS completed the following actions related to the ElderChoices and Personal Care Services programs. In conjunction with the Division of Medical Services, DAAS conducted ElderChoices workshops where documentation requirements were specifically reviewed and emphasized. In conjunction with the Division of Medical Services and Program Integrity, DAAS conducted ElderChoices Webinars specifically targeted to clarification on documentation requirements. DAAS also issued a Provider Information Memorandum specifically stating documentation requirements as outlined in Medicaid Policy. Finally, DAAS Quality Assurance began conducting desk audits of providers. If desk audits identified documentation problems, DAAS Quality Assurance advised providers of the problems as well as documentation requirements per Medicaid Policy.

Anticipated Completion Date: Complete

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DLA's position is that documentation of the date and actual time service(s) are rendered **is a requirement** because it is clearly stated as such in the provider manuals established by the Agency. This specific criterion is located on the following page.

We also considered qualitative factors such as management oversight and the Medicaid Program's high profile and public interest, which could have a significant impact on the integrity of the program.

Condition and Context:

Our purpose in reviewing these programs was to determine if adequate supporting documentation was being maintained in beneficiary case files as required by Arkansas Provider Manuals. The manuals dictate the information that must be documented and maintained in these files to support the services billed.

The manuals dictate the following information be maintained in the files:

Assisted Living Services (section 202.100)

- A copy of the beneficiary's person-centered service plan.
- The specific services rendered.
- The date and actual time the services were rendered.
- The name and title of the individual who provided the service.
- Updates describing the beneficiary's progress or lack thereof. Updates should be maintained on a daily basis or at each contact with or on behalf of the beneficiary. Progress notes must be signed and dated by the provider of the service.

ElderChoices (section 214.000)

- A copy of the participant's plan of care.
- A brief description of the specific service(s) provided.
- The signature and title of the individual rendering the service(s).
- The date and actual time the service(s) was rendered.

Personal Care Services (section 220.110(D))

- The date of service.

Recommendations

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<ul style="list-style-type: none">• The routines performed on that date of service.• The time of day the aide begins the beneficiary's services.• The time of day the aide ends a beneficiary's services.• Notes regarding the beneficiary's condition as instructed by the service supervisor.• Task performance difficulties.• The justification for any emergency unscheduled tasks and documentation of the prior-approval or post-approval of the unscheduled tasks.• The justification for not performing any scheduled service plan required tasks.• Any other observations the aide believes are of note or should be reported to the supervisor. <p>Our follow-up procedures included reviewing 31 beneficiary files to determine if required documentation was being maintained to support services billed. Seven were selected from the Assisted Living Services program, and 12 each were selected from the ElderChoices and Personal Care Services programs.</p> <p>Our review revealed the following:</p> <p><u>Assisted Living Services</u></p> <ul style="list-style-type: none">• Five case files lacked some form of documentation to support the services billed. Questioned costs totaled \$58,768. <p><u>ElderChoices</u></p> <ul style="list-style-type: none">• Five case files lacked some form of documentation to support the services billed. Questioned costs totaled \$28,479. <p><u>Personal Care Services</u></p> <ul style="list-style-type: none">• Seven case files lacked some form of documentation to support the services billed. Questioned costs totaled \$16,622. <p>Questioned Costs: \$103,869</p> <p>Cause: The Agency failed to ensure that all required documentation was maintained.</p>	

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Effect:

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-12
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1205AR5MAP; 05-1305AR5MAP
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Activities Allowed or Unallowed - Home and Community-Based Services
Type of Finding: Material Weakness

Criteria:

The U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) issued a special fraud alert concerning home health care. Problems noted include cost report frauds, billing for excessive services or services not rendered, and use of unlicensed staff. The full alert was published in the Federal Register on August 10, 1995 and is available on the HHS OIG home page in the Special Fraud Alerts section.

As these programs are especially risky, the Agency asserted that internal controls that relate specifically to Home and Community-Based (HCB) Waiver Programs were in place during fiscal year 2013. First, the Agency's Division of Medical Services Quality Assurance (DMS QA) staff performed a review to determine if services billed were in agreement with the services allowed according to the recipient's plan of care. Second, effective January 1, 2013, DMS QA began performing home visits to ensure that services were actually being provided for claims submitted. Finally, the financial accountability section (I-1) of the various HCB waivers requires independent audits of providers meeting established thresholds. Independent audits are required to be submitted to and reviewed by the DHS Office of Chief Council audit staff for compliance.

Recommendation:

We recommend the Agency strengthen controls to ensure adequate documentation is maintained to provide evidence of reviews performed. In addition, the Agency should establish procedures to ensure independent audits are reviewed in accordance with existing guidelines.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the finding regarding documentation of review procedures performed as well as issues concerning proper review of independent audits of providers. DMS will establish additional controls related to expected and reasonable documentation of review procedures performed for all reviews, regardless of whether issues are noted in the engagements. In addition, DMS will work with the DHS Office of Quality Assurance to ensure timely and proper review of provider audits in accordance with Agency policy.

Anticipated Completion Date: June 2014

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Condition and Context:

In order to determine if adequate controls were in place specific to the HCB Waiver Programs, we conducted three separate control tests.

Our first test included obtaining a listing of all reviews performed by DMS QA whereby services billed were compared to services allowed per the plans of care. We selected 60 items from this listing to determine if supporting documentation was adequate to substantiate that the reviews had been performed. Our review revealed that 19 items did not have adequate supporting documentation of a review being performed by DMS QA. DMS QA indicated that unless an issue was noted as a result of its review, no documentation of the review would be available.

Our second test included obtaining a listing of all home visits made by DMS QA whereby services were actually being provided for claims submitted. We selected 60 items from this listing to determine if supporting documentation was adequate to substantiate that the home visit had been made. Our review revealed that 49 items did not have adequate supporting documentation of a home visit. DMS QA indicated that unless an issue was noted as a result of the home visit, no documentation of the review would be available.

Our third test involved verification that all independent audits for providers meeting the criteria previously mentioned were being received and reviewed by DHS Office of Chief Council. Our discussion with the Agency revealed that no procedures were in place to review independent audits of providers, as required per the financial accountability sections of the HCB waivers.

Questioned Costs:

None

Cause:

Although the Agency has designed internal control procedures to specifically address risks associated with Home and Community-Based Programs, deficiencies exist that render controls ineffective.

Effect:

Inadequate controls could jeopardize beneficiary care and Agency payments made for the care.

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<u>U.S. Department of Health and Human Services (Continued)</u> Finding Number: 13-710-13 State/Educational Agency(s): Arkansas Department of Human Services CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster) Federal Award Number(s): 05-1205AR5MAP; 05-1305AR5MAP Federal Award Year(s): 2012 and 2013 Compliance Requirement(s) Affected: Activities Allowed or Unallowed - Targeted Case Management Type of Finding: Noncompliance and Significant Deficiency Criteria: Follow-up procedures for prior-year finding 12-710-09 from the 2012 Statewide Single Audit revealed continued noncompliance and inadequate internal controls regarding case management services for the Alternative Community Services (ACS) Waiver program. As part of its response to the 2012 finding, the Agency stated it disagreed with the finding because "the most common finding alleges that providers failed to record specific service delivery times. There is, however, no reason to collect such information because payments hinge on the delivery of services in accordance with care plans. It makes no difference whether a particular service was delivered at 2:00 p.m. or 3:00 p.m." Our position is that documentation of the date and actual time service(s) are rendered is a requirement because it is clearly stated as such in the provider manuals established by the Agency. This specific criterion is located below. We also considered qualitative factors such as management oversight and the Medicaid Program's high profile and public interest, which could have a significant impact on the integrity of the program. Condition and Context: Our purpose in reviewing this program was to determine if adequate supporting documentation was being maintained in beneficiary case files as required by Section II of the Arkansas Medicaid Provider Manual for the ACS Waiver section 202.100. The manual	Recommendation: We again recommend the Agency establish and implement procedures to ensure all required documentation is maintained in the beneficiary files. <u>Views of Responsible Officials and Planned Corrective Action:</u> The Agency agrees with the finding. The audit revealed some concerns in the area of adequate documentation by service providers, therefore the Agency will improve controls, training and documentation procedures in the following manner. ACS Waiver Staff and DDS Certification and Licensure staff will conduct monitoring visits to home and community based service providers to ensure compliance with DDS program standards. Ongoing Training will be provided to home and community based service providers at the corporate level as well as at the direct care level to make sure that the DDS program standards are met. Management agrees that internal controls are very important, and would point out that large transformative changes to the HCBS waiver service delivery system are under way. This shift includes the transition of services now in the waiver to the Community First Choice Option, and development of an electronic medical records system that will streamline the agency's ability to closely monitor compliance with administrative and documentation requirements. Management will continue to review all current documentation requirements to ensure that they are related to and in furtherance of state and federal statutory and regulatory requirements for targeted case management for the ACS Waiver program and ensure that requirements are closely aligned with the goals of delivering higher quality services more efficiently in a manner that will result in better outcomes for those individuals served through the program. Anticipated Completion Date: April 2014 Contact Person: Mark Story Assistant Director Arkansas Department of Human Services Division of Medical Services P.O. Box 1437 Little Rock, AR 72203-1437 (501) 320-8955 Mark.Story@dhs.arkansas.gov

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dictates the information that must be documented and maintained in files to support the services billed as follows:

- A copy of the beneficiary's person-centered service plan.
- The specific services rendered.
- The date and actual time the services were rendered.
- The name and title of the individual who provided the services.
- Updates describing the beneficiary's progress or lack thereof. Updates should be maintained on a daily basis or at each contact with or on behalf of the beneficiary. Progress notes must be signed and dated by the provider of the service.

In addition, case management services are available at three levels of support as defined by ACS Waiver sections 230.211 - 230.213:

- Pervasive - Minimum of one face-to-face visit AND one other contact with the beneficiary or legal representative each month. At least one visit must be made annually at the beneficiary's place of residence.
- Extensive - Minimum of one face-to-face visit with the beneficiary or legal representative each month. At least one visit must be made annually at the beneficiary's place of residence.
- Limited - Minimum of one face-to-face visit with the beneficiary or legal representative each quarter and a minimum of one contact monthly for the months when a face-to-face visit is not made. At least one visit must be made annually at the beneficiary's place of residence.

Our follow-up procedures included reviewing 15 beneficiary files to determine if required documentation was being maintained by the provider (case manager) to support services billed. Our review revealed the following:

- Eight beneficiary files did not contain adequate supporting documentation for services billed.
- Three beneficiary files did not contain adequate supporting documentation to determine case management services had been provided.
- Seven beneficiary files did not contain adequate supporting documentation to determine if the level of support had been met by case managers.

Recommendations

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Questioned Costs:

\$9,181

Cause:

The Agency failed to ensure all required documentation was maintained.

Effect:

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-14
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1205AR5ADM; 05-1305AR5ADM
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Allowable Costs/Cost Principles - Rebates for Drug Purchases
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

Section 1927 of the Social Security Act allows states to receive rebates for drug purchases. No later than 60 days after the end of the quarter, the State Medicaid Agency (i.e., the Arkansas Department of Human Services [DHS]) must provide drug utilization data (invoices) to the manufacturers. Within 30 days of receipt of the invoices from DHS, the manufacturers are required to pay the rebate or provide DHS with written notice of disputed items not paid because of discrepancies found.

Condition and Context:

We selected 60 National Drug Codes (NDC) from the quarter ended December 31, 2012, to determine if the Agency generated invoices timely and if the manufacturers submitted rebate

Recommendation:

We recommend the Agency establish and implement procedures to ensure all rebates for drug purchases are pursued for collection.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the finding regarding policies and procedures to pursue collection of outstanding rebate balances. DMS will establish procedures to pursue collection of rebate balances. DMS will also establish stronger reporting and tracking capability in an effort to develop more effective analytical tools for decision making surrounding these outstanding balances.

Anticipated Completion Date: September 2014

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payments timely. Our review revealed that all invoices were generated timely. However, rebate payments representing 30 of the NDC reviewed were not received timely. In addition, rebate payments for two of the NDC had yet to be received as of December 23, 2013, and the Agency could not provide adequate evidence documenting that the outstanding rebate balances were being actively pursued for collection.

Questioned Costs:

None

Cause:

There is no way to determine the cause for the untimely payments from the manufacturers as this is beyond Agency control. However, the Agency does not have adequate procedures in place to pursue collection of outstanding rebate balances.

Effect:

The Agency is not receiving all rebates for drug purchases timely. In addition, documentation is inadequate to support that outstanding rebate balances are being actively pursued.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-15
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1205AR5ADM; 05-1305AR5ADM
Federal Award Year(s): 2013 and 2012
Compliance Requirement(s) Affected: Allowable Costs/Cost Principles - Rebates for Drug Purchases
Type of Finding: Significant Deficiency

Criteria:

In accordance with Ark. Code Ann. § 19-2-305 (a) - (b)(1), "A state agency shall diligently and actively pursue the collection of their accounts and notes receivable. Diligently and actively pursuing the collection of these accounts may include, but is not limited to: contacting

Recommendations

Recommendation:

We recommend the Agency establish and implement procedures to ensure all rebates for drug purchases are pursued for collection. In addition, the Agency should establish and implement procedures to identify and refer uncollectable balances to the proper authorities for abatement.

Views of Responsible Officials and Planned Corrective Action:

The Agency concurs with the finding and agrees with the lack of written policies regarding rebate balances. DMS will develop written policies regarding uncollectable balances and abatement consistent with Arkansas code and Federal regulations.

Anticipated Completion Date: September 2014

Contact Person: Mark Story
Assistant Director
Arkansas Department of Human Services

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debtor by phone or letter within a reasonable time after an account is deemed delinquent.”

Additionally, written policies should be in place outlining procedures to both identify and write-off uncollectible balances. Ark. Code Ann. § 19-2-306 (a) states, “If after the state agency has pursued collection of the debt owed it as set out in this subchapter and the debt or partial debt is decreed to be uncollectible, then the debt shall be referred to the Chief Fiscal Officer of the State for abatement.”

Condition and Context:

During our review to determine compliance with rebates for drug purchases, we discovered the Agency was not actively pursuing outstanding balances, as noted in finding **13-710-14**. As a result, we inquired about formal written policies and procedures for the following:

- Pursuit of outstanding accounts receivable balances regarding rebates for drug purchases.
- Identification of outstanding accounts receivable balances regarding rebates for drug purchases that are not collectable and should be referred to the proper authorities for abatement.

Agency personnel stated that there are no written policies and procedures for these areas.

Questioned Costs:

None

Cause:

The Agency failed to develop written policies and procedures to actively pursue outstanding accounts receivable balances regarding rebates for drug purchases or to identify and refer uncollectable balances to the proper authorities for abatement.

Effect:

As of June 30, 2013, the outstanding accounts receivable balance for rebates for drug purchases was \$56 million, \$5 million of which is over one year old.

Recommendations

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U.S. Department of Health and Human Services (Continued)

Finding Number:

13-710-16

Recommendation:

We recommend the Agency continue providing adequate communication and training to

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State/Educational Agency(s):	Arkansas Department of Human Services	appropriate personnel to ensure compliance with all program requirements as defined in the MS manual.
CFDA Number(s) and Program Title(s):	93.778 - Medical Assistance Program (Medicaid Cluster)	
Federal Award Number(s):	05-1205AR5MAP; 05-1305AR5MAP	<u>Views of Responsible Officials and Planned Corrective Action:</u> The Agency concurs with the findings for these Spend Down categories. We are very pleased that there were no findings for the remaining Medicaid categories for the second consecutive year. The Agency will continue our existing program integrity efforts as marked improvement has occurred since the previous years' findings for two of the very complex Spend Down categories.
Federal Award Year(s):	2012 and 2013	
Compliance Requirement(s) Affected:	Eligibility	
Type of Finding:	Noncompliance and Material Weakness	
Criteria: It is the State's responsibility to determine that Medicaid applicants meet the eligibility criteria as specified in the approved State Plan. Eligibility requirements for the Medicaid program are outlined in the Arkansas Medical Services (MS) manual. For certain categories of Medicaid eligibility (e.g., TEA Medicaid), the MS manual refers to policies outlined in the TEA Cash Assistance and Financial Assistance manuals that apply to the specific Medicaid category. However, these manuals are considered reference manuals for the MS manual, not Medicaid manuals. The MS manual is specific to Medicaid eligibility policies and procedures and is in addition to the approved State Plan required in 42 CFR § 430.10. 42 CFR § 435.913 Case Documentation states, "The Agency must include in each application record facts to support the Agency's decision on his application."		Anticipated Completion Date: Complete
Condition and Context: We reviewed 120 Medicaid recipient files to ensure adequate documentation was provided to support the Agency's determination of eligibility. Sixty files were for aid categories determined to be spend downs. The other 60 represented all other aid categories. Our review revealed the following: <ul style="list-style-type: none">• In one recipient file representing paid claims for State Aid category 27 (AFDC Spend Down), documentation revealed medical bills were inadequate to spend the recipients' income down to the point of eligibility or that the medical bills used were not verified to ensure that amounts were still outstanding, were applicable to the recipient in question, and were not being addressed through a payment plan. The Agency's failure to follow program requirements regarding the use of medical bills to spend down income resulted in known questioned costs totaling \$1,668.• In one recipient file representing paid claims for State Aid category 47		Contact Person: Joni Jones Director Arkansas Department of Human Services Division of County Operations P.O. Box 1437, Mail Slot S301 Little Rock, AR 72203-1437 (501) 682-8375 joni.jones@dhs.arkansas.gov

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limits were either exceeded or not verified; Social Security enumeration was not satisfied; medical bills were inadequate to spend the recipients' income down to the point of eligibility; or the medical bills used were not verified to ensure that amounts were still outstanding, were applicable to the recipient in question, and were not being addressed through a payment plan. As a result of the Agency's failure to follow program requirements regarding resource limitations or verifications and medical bills used to spend down income, known questioned costs were determined to be \$371. As a result of our testing in 2013, additional known questioned costs for fiscal year 2012 were discovered totaling \$22,435.

- In one recipient file representing paid claims for State Aid category 47 (Disabled Spend Down), documentation revealed that the approved resource limits were either exceeded or not verified. As a result of the Agency's failure to follow program requirements for resource limitations or verification, known questioned costs were determined to be \$9,558.

In addition to the three compliance and internal control deficiencies summarized above, an additional 47 internal control deficiencies were noted. Deficiencies included missing signed applications as well as various eligibility attributes, including those related to Social Security enumeration, citizenship, assignment of rights, categorical relatedness, medical necessity, appropriateness of care, and resources, that were either not initially considered or adequately documented when eligibility was determined. Additionally, there were also cases of missing spend down computations documenting a recipient's unmet liability as well as the medical bills that were used to spend down the recipient's income, improper spend down computations, and several instances of inadequate documentation supporting the medical bills used to spend down the income. However, the Agency was able to address these specific deficiencies, and the recipient's eligibility was not affected.

Questioned Costs:

\$11,597 (2013)

\$22,435 (2012)

Cause:

Although the Agency has designed internal control procedures to review recipient files to ensure adequate documentation is provided to support the Agency's determination of

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eligibility, certain areas still require continued communication to and training of the appropriate Agency personnel.

Effect:

Payments to providers were made on behalf of ineligible recipients.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-17
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1205AR5MAP; 05-1305AR5MAP
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Eligibility
Type of Finding: Material Weakness

Criteria:

As noted in OMB Circular A-133, § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Medicaid eligibility is determined by Program Eligibility Specialists (PES) located in the various county offices throughout the State. It is essential that the number of trained and knowledgeable PES is adequate to perform eligibility determinations. All activity concerning eligibility is documented by the PES in the Arkansas Network System for Welfare Eligibility and Reporting (ANSWER) and is subject to supervisory review. All new PES are subject to a 100% review, at minimum, during their first month of employment and a 75% review, at minimum, during their second month. Reviews are conducted as needed at the beginning of the third month.

Condition and Context:

We reviewed the Agency's supervisory review process for 10 newly-hired PES. Our review revealed eligibility actions of three PES were not documented as reviewed by a supervisor

Recommendations

Recommendation:

We recommend the Agency strengthen existing controls to ensure supervisory reviews are performed as required for newly hired PES.

Views of Responsible Officials and Planned Corrective Action:

One of these new employees was in New Worker training from March 18, 2013 to April 5, 2013. Trainees are required to conduct re-evaluations while in training with oversight by the trainer. The two cases cited by Legislative Audit for this employee were appropriately reviewed by the trainer. The other two employees work for the Access Arkansas Processing Center doing more specialized work. After numerous case reviews that indicated a 98 - 100% accuracy rate, the supervisor determined a complete review of their work was no longer necessary. As a corrective action measure, for cases worked during training, the review will now be documented by the trainer. Targeted second party reviews will continue to be conducted for staff in county offices.

Anticipated Completion Date: Complete

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<p>during their first month of employment. In addition, eligibility actions for one PES was not documented as reviewed during the first or second month of employment.</p> <p>Questioned Costs: None</p> <p>Cause: Although the Agency has designed internal control procedures to ensure the accuracy of eligibility determinations by newly hired PES, the control is not operating as designed.</p> <p>Effect: Payments on behalf of ineligible recipients could have been processed.</p> <p><u>U.S. Department of Health and Human Services (Continued)</u></p> <table><tr><td>Finding Number:</td><td>13-710-18</td></tr><tr><td>State/Educational Agency(s):</td><td>Arkansas Department of Human Services</td></tr><tr><td>CFDA Number(s) and Program Title(s):</td><td>93.778 - Medical Assistance Program (Medicaid Cluster)</td></tr><tr><td>Federal Award Number(s):</td><td>05-1205AR5MAP; 05-1305AR5MAP</td></tr><tr><td>Federal Award Year(s):</td><td>2012 and 2013</td></tr><tr><td>Compliance Requirement(s) Affected:</td><td>Eligibility</td></tr><tr><td>Type of Finding:</td><td>Noncompliance and Significant Deficiency</td></tr></table> <p>Criteria: The Agency must operate a Medicaid Eligibility Quality Control (MEQC) program in accordance with 42 CFR § 431.810 - 431.822. The Agency's MEQC developed the Medicaid Miller Income Trust and Spouse Allowance (MIT-SA) pilot project for federal fiscal year 2013. The pilot project included Long Term Care (LTC) reviews with a focus on cases involving Miller Income Trusts and Community Spouse Monthly Income Allowance (CSMIA).</p> <p>In addition to the pilot project, MEQC developed an in-house project that involved reviewing cases with claims exceeding \$50,000 and determined to be in a high-risk category.</p> <p>All errors found by MEQC would be presented at a weekly error committee meeting, and the committee would notify the county office of the errors. County offices would then have 10</p>	Finding Number:	13-710-18	State/Educational Agency(s):	Arkansas Department of Human Services	CFDA Number(s) and Program Title(s):	93.778 - Medical Assistance Program (Medicaid Cluster)	Federal Award Number(s):	05-1205AR5MAP; 05-1305AR5MAP	Federal Award Year(s):	2012 and 2013	Compliance Requirement(s) Affected:	Eligibility	Type of Finding:	Noncompliance and Significant Deficiency	<p>Recommendation: We recommend the Agency strengthen existing in-house project procedures to ensure errors and overpayments are processed timely.</p> <p><u>Views of Responsible Officials and Planned Corrective Action:</u> The client's bank statement for the month of August 2013 was required in order to complete the overpayment. This statement was not printed by the bank until September 19, 2013 and was not provided by the client until October 7, 2013. The DCO-199 was completed upon receiving the requested information. Management staff in this office has been directed to more closely monitor the timely submission of documents required to complete overpayments within the 30 day time frame required by policy and to document the reason for delays.</p> <table><tr><td>Anticipated Completion Date:</td><td>Complete</td></tr><tr><td>Contact Person:</td><td>Joni Jones Director Arkansas Department of Human Services Division of County Operations P.O. Box 1437, Mail Slot S301 Little Rock, AR 72203-1437 (501) 682-8375</td></tr></table>	Anticipated Completion Date:	Complete	Contact Person:	Joni Jones Director Arkansas Department of Human Services Division of County Operations P.O. Box 1437, Mail Slot S301 Little Rock, AR 72203-1437 (501) 682-8375
Finding Number:	13-710-18																		
State/Educational Agency(s):	Arkansas Department of Human Services																		
CFDA Number(s) and Program Title(s):	93.778 - Medical Assistance Program (Medicaid Cluster)																		
Federal Award Number(s):	05-1205AR5MAP; 05-1305AR5MAP																		
Federal Award Year(s):	2012 and 2013																		
Compliance Requirement(s) Affected:	Eligibility																		
Type of Finding:	Noncompliance and Significant Deficiency																		
Anticipated Completion Date:	Complete																		
Contact Person:	Joni Jones Director Arkansas Department of Human Services Division of County Operations P.O. Box 1437, Mail Slot S301 Little Rock, AR 72203-1437 (501) 682-8375																		

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings

days to appeal error decisions. If no appeal was submitted, the county offices would be responsible for correcting the errors and submitting an error response form, DCO-29, to MEQC within 30 days. If an error resulted in an overpayment, overpayment form DHS-199 would be submitted to the Overpayment Unit within 30 days. If fraud was suspected, the case would be referred to the Fraud Unit within 30 days.

Condition and Context:

We performed a test to determine compliance with project procedures. We selected 60 cases that had been reviewed by MEQC. MEQC discovered errors in five of the cases and found the remaining 55 cases to be without errors.

Our review revealed a breakdown in procedures for one case in which MEQC found an error. The recipient in this case was determined ineligible by MEQC. MEQC issued a memorandum to the County Office Administrator of Jefferson County, dated August 1, 2013, outlining the corrective action to be taken, including completion of a DCO-29 within 30 days. If an overpayment occurs, the DHS-199 must be submitted to the overpayment unit within 30 days. The DCO-29, dated August 13, 2013, was completed timely by the county office. However, the DHS-199 was not completed until October 4, 2013, subsequent to the case being selected for testing by DLA.

Questioned Costs:

\$8,505 (2013)

\$4,253 (2014)

Cause:

The county office failed to complete and submit the DHS-199 timely, as required.

Effect:

An overpayment totaling \$12,758, identified by the Agency's MEQC, was not submitted to the overpayment unit within 30 days, as required.

U.S. Department of Health and Human Services (Continued)

Finding Number:

13-710-19

State/Educational Agency(s):

Arkansas Department of Human Services

Recommendations

jeni.jones@dhs.arkansas.gov

Recommendation:

We recommend the Agency strengthen existing controls to ensure claims suspended by MMIS are properly processed. In addition, the Agency should review record retention policies with staff to ensure adequate supporting documentation is maintained.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings		Recommendations
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)		<u>Views of Responsible Officials and Planned Corrective Action:</u> The Agency agrees with the finding. The errors resulted from turnover in personnel by the MMIS operator. All new personnel have now received additional training and a recurrence of these errors is not expected. It should be reinforced that all of the questioned costs were recouped prior to the issuance of the audit report.
Federal Award Number(s): 05-1205AR5MAP; 05-1305AR5MAP		
Federal Award Year(s): 2012 and 2013		
Compliance Requirement(s) Affected: Period of Availability of Federal Funds		
Type of Finding: Significant Deficiency		
Criteria: As noted in OMB Circular A-133, § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs. In addition, 42 CFR § 447.45 defines timely submission of claims for processing and section 302.100 of the Provider Manual specifically addresses timely claims processing for Medicare/Medicaid Crossover claims.		Anticipated Completion Date: Complete
Condition and Context: We selected claims paid during a five-week period to determine if edits in the MMIS system properly suspend claims that are not submitted timely. Our review revealed that six claims properly suspended by MMIS were manually overridden or “forced” by an HP resolution clerk and paid in error. In addition, the Agency was unable to provide supporting documentation authorizing the approval for seven claims properly suspended but subsequently approved for processing. The Agency stated HP does not maintain authorizations past six months.		Contact Person: Mark Story Assistant Director Arkansas Department of Human Services Division of Medical Services P.O. Box 1437 Little Rock, AR 72203-1437 (501) 320-8955 <u>Mark.Story@dhs.arkansas.gov</u>
Questioned Costs: \$1,386 Note: The Agency recouped questioned costs of \$1,378 on September 19, 2013, and \$8 on January 16, 2014.		
Cause: HP claims resolution staff failed to follow the claims resolution directions set forth in the manual and failed to maintain adequate supporting documentation.		
Effect:		

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Claims were paid in error, and adequate documentation was not maintained for all claims suspended and subsequently processed for payment.

U.S. Department of Health and Human Services (Continued)

Finding Number: 13-710-20
State/Educational Agency(s): Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program (Medicaid Cluster)
Federal Award Number(s): 05-1205AR5MAP; 05-1305AR5MAP
Federal Award Year(s): 2012 and 2013
Compliance Requirement(s) Affected: Special Tests and Provisions - Provider Eligibility
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

In accordance with section I, part 141.000 of the Provider Manual, any provider of health services must be enrolled in the Arkansas Medicaid Program before Medicaid will cover any services provided to Arkansas Medicaid beneficiaries.

The manual indicates that the following documentation must be submitted to complete the enrollment process:

- 1) Signed application.
- 2) Internal Revenue Service (IRS) Form W-9.
- 3) Medicaid provider contract.
- 4) Primary Care Physician (PCP) agreement, if applicable.
- 5) Early Periodic Screening, Diagnosis, and Treatment (EPSDT) agreement, if applicable.
- 6) Change in ownership control or conviction of crime.
- 7) Disclosure of significant business transactions.

In addition, section II may contain supplemental, specific participation requirements for providers, which may include the following:

- 1) Specific license or certification required based on provider type and specialty.

Recommendations

Recommendation:

We recommend the Agency strengthen controls to ensure required enrollment documentation is maintained to support provider eligibility.

Views of Responsible Officials and Planned Corrective Action:

The agency agrees with the findings and will work to continue improving quality assurance processes as they relate to provider enrollment requirements and record keeping. Quarterly, DMS staff review test enrollment files to ensure they meet federal and state requirements. New internal requirements have been implemented that require that the documents in question be present when scanning and saving enrollment files. In addition, new policies adopted to conform to the Affordable Care Act (ACA) require that all provider types re-enroll/revalidate their enrollment every five (5) years. This will assist in ascertaining whether changes that may have occurred with the enrollee have been appropriately updated; leading to an increase in the scrutiny and accuracy of files and records.

Anticipated Completion Date: Complete

Contact Person:

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Arkansas Department of Human Services
Division of Medical Services
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(501) 320-8955
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DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

- 2) Participation in the Medicare program, if applicable.

Condition and Context:

We reviewed enrollment and other supplemental information as applicable for 60 active providers to determine if required documentation was completed and maintained. Our review revealed two instances of noncompliance as follows:

- Two provider files did not contain a signed application during the fiscal year under review. In addition, one of these provider files did not contain a signed Medicaid provider contract or IRS Form W-9. This documentation is required for the provider to be considered “enrolled” and eligible for reimbursement for services provided to Medicaid beneficiaries. As a result, claims paid during fiscal year 2013 totaling \$114,340 were considered questioned costs.
- One provider file did not contain a Division of Behavioral Health Services (DBHS) certification. Prior to the end of fieldwork, the Agency addressed this specific deficiency, and the provider’s eligibility was not affected.

Questioned Costs:

\$114,340

Cause:

Although the Agency has designed internal control procedures to ensure providers are submitting all required documentation and the documentation is maintained, certain areas still require continued communication to the appropriate personnel.

Effect:

Claims payments to ineligible providers were processed.

Performance Audit Findings

DEPARTMENT OF HUMAN SERVICES

Findings and Conclusions:

Findings and Conclusions:

- DHS did not monitor participating school districts to ensure compliance with requirements for sampling methodology and recordkeeping for Medicaid-reimbursable activities as required by provisions of the Arkansas Medicaid Administrative Claiming (ARMAC) program.
- School districts tested by DLA did not maintain adequate documentation to support reimbursement requests.
- Participating school districts tested by DLA were not in compliance with the "free care" principle because they did not seek reimbursement from private insurance for covered students.

Recommendations:

- DHS should ensure participating school districts are in compliance with provisions of the ARMAC program.
- DHS should review school districts' ARMAC program claims for reimbursement on a systematic and routine basis.
- DHS should review school district records for compliance with the "free care" principle.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	1008	3420	4428	60 %
Black Employees	510	2365	2875	39 %
Other Racial Minorities	24	74	98	1 %
Total Minorities			2,973	40 %
Total Employees			7,401	100 %

Publications

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

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

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
174	169	4	173	1	2.87 %	173	178	13	191	-18	-2.89 %	190	173	17	190	0	8.95 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
896 Director's Office	969,922	7	1,148,180	7	1,178,090	7	1,155,982	7	1,155,982	7	1,155,982	7	1,156,548	7	1,156,548	7	1,156,548	7
896 Office of Chief Counsel	11,846,878	180	12,285,298	183	12,594,769	183	12,410,492	183	12,489,763	183	12,489,763	183	12,415,583	183	12,494,854	183	12,494,854	183
Total	12,816,800	187	13,433,478	190	13,772,859	190	13,566,474	190	13,645,745	190	13,645,745	190	13,572,131	190	13,651,402	190	13,651,402	190

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	4,800,769	37.5	4,802,557	35.8		4,850,234	35.8	4,850,234	35.8	4,850,234	35.8	4,852,254	35.8	4,852,254	35.8	4,852,254	35.8
Federal Revenue	4000020	5,675,916	44.3	5,388,044	40.1		5,442,524	40.1	5,442,524	40.1	5,442,524	40.1	5,444,764	40.1	5,444,764	40.1	5,444,764	40.1
Various Program Support	4000730	2,340,115	18.3	3,242,877	24.1		3,273,716	24.1	3,273,716	24.1	3,273,716	24.1	3,275,113	24.1	3,275,113	24.1	3,275,113	24.1
Total Funds		12,816,800	100.0	13,433,478	100.0		13,566,474	100.0	13,566,474	100.0	13,566,474	100.0	13,572,131	100.0	13,572,131	100.0	13,572,131	100.0
Excess Appropriation/(Funding)		0		0			0		79,271		79,271		0		79,271		79,271	
Grand Total		12,816,800		13,433,478			13,566,474		13,645,745		13,645,745		13,572,131		13,651,402		13,651,402	

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

Arkansas Code Annotated §25-10-106 delegated administrative authority for the entire Department of Human Services to the Office of the Director. According to Arkansas Code Annotated §25-10-102, the Department operates under an integrated service delivery system provided by eleven divisions, in addition to the Director's Office that includes the Office of Chief Counsel. Both the Director and Chief Counsel operate from the same appropriation but are given separate paying funds. The DHS Director is responsible for establishing departmental policy to carry out executive directives, federal and state legislative mandates and coordination of services across Division lines when individuals and families are provided services by multiple programs. Arkansas Code Annotated §20-76-201 delineates the powers and duties of the Department of Human Services.

The Arkansas Department of Human Services (DHS) is the largest state agency with more than 7,200 employees working in all 75 counties. Every county has at least one local office where citizens can apply for any of the services the Department offers. Some counties, depending on their size, have more than one office. DHS employees come into direct contact with thousands of people daily and offer the "safety net" Arkansas families turn to when they are facing difficult times. DHS takes care of Arkansans of all ages ranging from infants to senior citizens.

DHS is involved in virtually every facet of life in the state. DHS staff oversees the regulation of nursing home and childcare facilities. DHS is also responsible for finding adoptive families for foster children, protecting abused and neglected children, funding the home-delivery of meals for the elderly and operating the juvenile justice system. DHS oversees services to blind Arkansans and helps develop volunteer programs, which have a profound impact at the community level. The Department also protects elderly Arkansans from abuse and neglect and operates human development centers across the state, which serves the developmentally disabled. DHS also provides mental health services through its system of community mental health care centers.

The Mission of the Department is "Together we improve the quality of life of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health."

The Office of Chief Counsel consists of various sections which provide extensive legal, investigative, audit and hearing services to the Department of Human Services' (DHS) Divisions. The sections and their areas of responsibility are as follows:

- General Counsel Section provides legal assistance on administrative hearings, litigation, delivery of services, program administration, personnel, civil rights, and overpayment collections.
- Child and Adult Protection Section provides legal support in all counties and provides assistance primarily in areas of child welfare and adult protective services. Attorneys also provide assistance in Family In Need of Services (FINS) cases when the children are placed in foster care, and in Division of Youth Services cases in transitioning youth from their facilities when they cannot return home.

Appeals and Hearings administers the appeal process on adverse actions, which include those related to all categories of Medicaid, TANF, and Child Maltreatment.

- Office of Employee Relations/Office of Equal Opportunity is responsible for employee grievance/complaint processing and conducting mediations and fact-finding conferences related to grievances and complaints.
- DHS Policy unit is responsible for drafting, editing, and promulgating policies, rules, procedures, and forms for the entire agency, serving a workforce of more than 7,500 employees across the state. The unit ensures that all DHS policies and procedures are updated in order to meet Arkansas Code as well as federal mandates, and develops and writes new policies and procedures based on agency need.

Office of Quality Assurance includes the following:

- Audit Section conducts performance, compliance and some financial related audits, and consults on operational and program issues. It coordinates the development of audit requirements and guidelines and monitors program resolution.
- Fraud Investigations is responsible for investigating and referring for prosecution allegations of recipient fraud or Intentional Program Violation (IPV) in the public assistance programs administered by the Department of Human Services. These include Transitional Employment Assistance, Food Stamps, Medicaid, Child Care, and Special Nutrition. The unit also conducts investigations of suspected Food Stamp trafficking by both recipients and retailers, and/or program divisions with investigations involving service providers who contract with the agency to perform services for a defined recipient population. The Internal Affairs section of the unit conducts investigations involving allegations of internal misconduct.

The Director's Office/Office of Chief Counsel (OCC) is funded from a mix of sources that include general revenue (DAS - Department of Human Services Administration Fund Account), federal, and other funds. Federal and other funding is determined by the Department's cost allocation plan. Other funding which is indicated as various program support can also include sources such as federal awards, fees, Fraud/Courts overpayment receipts and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency Base Level request for this appropriation is \$13,566,474 in FY2016 and \$13,572,131 in FY2017 with general revenue of \$4,850,234 in FY2016 and \$4,852,254 in FY2017 and 190 budgeted base level positions.

The Agency Change Level requests for this appropriation total \$79,271 each year of the biennium with no new general revenue, and reflect the following:

- Extra Help and Personal Services Matching of \$54,271 in support of 10 litigation attorneys as legal services specialist/paralegal.
- Conference Fees & Travel of \$25,000 to support continuing education training for attorneys and auditors which is required for licensure.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	8,524,694	8,877,174	9,151,417	8,965,803	8,965,803	8,965,803	8,969,803	8,969,803	8,969,803
#Positions		187	190	190	190	190	190	190	190	190
Extra Help	5010001	40,906	177,770	177,770	177,770	227,799	227,799	177,770	227,799	227,799
#Extra Help		3	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	2,941,907	3,008,061	3,073,199	3,052,428	3,056,670	3,056,670	3,054,085	3,058,327	3,058,327
Operating Expenses	5020002	1,264,748	1,338,701	1,338,701	1,338,701	1,338,701	1,338,701	1,338,701	1,338,701	1,338,701
Conference & Travel Expenses	5050009	757	8,472	8,472	8,472	33,472	33,472	8,472	33,472	33,472
Professional Fees	5060010	910	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	34,411	0	0	0	0	0	0	0	0
Data Processing Services	5900044	8,467	12,300	12,300	12,300	12,300	12,300	12,300	12,300	12,300
Total		12,816,800	13,433,478	13,772,859	13,566,474	13,645,745	13,645,745	13,572,131	13,651,402	13,651,402
Funding Sources										
General Revenue	4000010	4,800,769	4,802,557		4,850,234	4,850,234	4,850,234	4,852,254	4,852,254	4,852,254
Federal Revenue	4000020	5,675,916	5,388,044		5,442,524	5,442,524	5,442,524	5,444,764	5,444,764	5,444,764
Various Program Support	4000730	2,340,115	3,242,877		3,273,716	3,273,716	3,273,716	3,275,113	3,275,113	3,275,113
Total Funding		12,816,800	13,433,478		13,566,474	13,566,474	13,566,474	13,572,131	13,572,131	13,572,131
Excess Appropriation/(Funding)		0	0		0	79,271	79,271	0	79,271	79,271
Grand Total		12,816,800	13,433,478		13,566,474	13,645,745	13,645,745	13,572,131	13,651,402	13,651,402

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	12,410,492	183	12,410,492	100.0	12,415,583	183	12,415,583	100.0
C05	Unfunded Appropriation	79,271	0	12,489,763	100.6	79,271	0	12,494,854	100.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	12,410,492	183	12,410,492	100.0	12,415,583	183	12,415,583	100.0
C05	Unfunded Appropriation	79,271	0	12,489,763	100.6	79,271	0	12,494,854	100.6

Justification

C05	Request for unfunded extra help and associated fringe appropriation in the amount of 54,271 for support to 10 litigation attorneys as legal services specialist/paralegal. Request for unfunded conference fee and training appropriation in the amount of 25,000 to support CLE and CPE for attorneys and auditors continuing education required for licensure.
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DHS - Administrative Services

Enabling Laws

Act 282 of 2014
A.C.A. §25-10-102

History and Organization

The Division of Administrative Services (DAS) was originally created in Act 348 of 1985 when the Department went through reorganization and merged the Divisions of Management and Finance. The consolidation resulted in the alignment and streamlining of associated administrative functions and reduced administrative cost. It also significantly, strengthened internal controls for more efficient operations of the Division by providing a central point of contact for all DHS Divisions for administrative, personnel, contracts, grants, purchasing, budgeting, funds management, payroll, accounts payable and receivable functions, as well as information technology. The Division of Administrative Services has two distinct areas of responsibility: the Office of Finance and Administration and the Office of Information Technology.

The **Office of Finance and Administration's** stated mission is to ensure the efficiency, effectiveness, and integrity of Department of Human services programs in the areas of budget administration, finance and accounting, human resources, procurement, purchasing and contracting. To accomplish this mission, the Office provides accurate and timely financial, administrative and logistical support for DHS Programs.

The Comprehensive Annual Financial Report (CAFR) Section directs and oversees the proper accounting for all DHS transactions. This unit performs tasks related to contract/grant monitoring, asset management, and general financial accounting.

The General Operations Section directs the processing of travel reimbursements and pays invoices for general operating expenses of the Department. Also included in this area is the centralized payroll and benefit management for approximately 7,800 employees. Within this section, approximately 400,000 payments totaling billions of dollars are disbursed.

The Contract Support Section (CSS) directs procurement, purchasing, contracting, facility management, and sub-granting functions throughout DHS with a staff of specialists in the central office and ten field units statewide. CSS also provides direct logistical support to the Department for warehousing, printing/copying services, mailroom services, telecommunication services, and vehicle fleet management activities.

The Managerial Accounting Section directs the comprehensive management of budgeting/banking, cost allocation, funds and grants management, and accounts receivable functions for the department. Within this section, all state and federal cash management is completed.

The Human Resources (HR) Section provides administrative/personnel services that support DHS. This section ensures that every qualified applicant is provided an equal opportunity for employment consideration in accordance with personnel/employment laws and policies. This section processes all new hires, terminations, promotions, retirements, cross grades and other personnel changes for approximately 7,800 employees.

The **Office of Systems and Technology's** stated mission is to provide, coordinate, and manage information technology solutions in a manner that best supports DHS strategic objectives, and to embrace a technological vision that makes us integral partners in the delivery of human services to Arkansas citizens. To accomplish this mission, the 39 positions in this office are dedicated to ensuring that the program divisions and other support divisions of the department have the application software and the technology infrastructure needed to efficiently and effectively perform their duties. This section also upholds the public trust that all information contained on the DHS networks is reliable and protected from disclosure except to those who have a need to know. To accomplish these goals, the office is organized into the following sections:

The Administration section, in addition to taking care of clerical tasks for the entire office, provides centralized purchasing for all information technology procurements within the entire department. Standards are established and maintained for equipment and software to provide the department with better pricing due to volume purchases and with reduced maintenance costs and time spent since our technical support personnel have a defined inventory of equipment to service. Any purchase that is for non-standard equipment or software must be approved by the Chief Information Officer. All purchases are also checked to make sure they were included in the state's biennial IT plan. The purchasing group is responsible for purchasing over 2,500 desktops/laptops each fiscal year and all servers and software required to operate a network of 108 locations, 7,500 workstations, and 130 servers.

In addition to centralized and coordinated purchasing, the administrative section is also responsible for negotiating, executing, and monitoring of the department's information systems support contract. This multi-year contract provides quality assurance, project management, application maintenance, application development, network engineering and network administration for the department. Any new program developments with a scope of effort in excess of 6 months are handled through this contract as well as the maintenance of most of the department's 103 applications.

A position of Information Technology Security Officer was added to the office during state fiscal year 2007. In the past, the CIO had taken care of security in his spare time but we all know that security is a full time job in and of itself. This new position is responsible

for making certain our network is protected from outside intrusions and develops and monitors security policies and security training for the employees of the department.

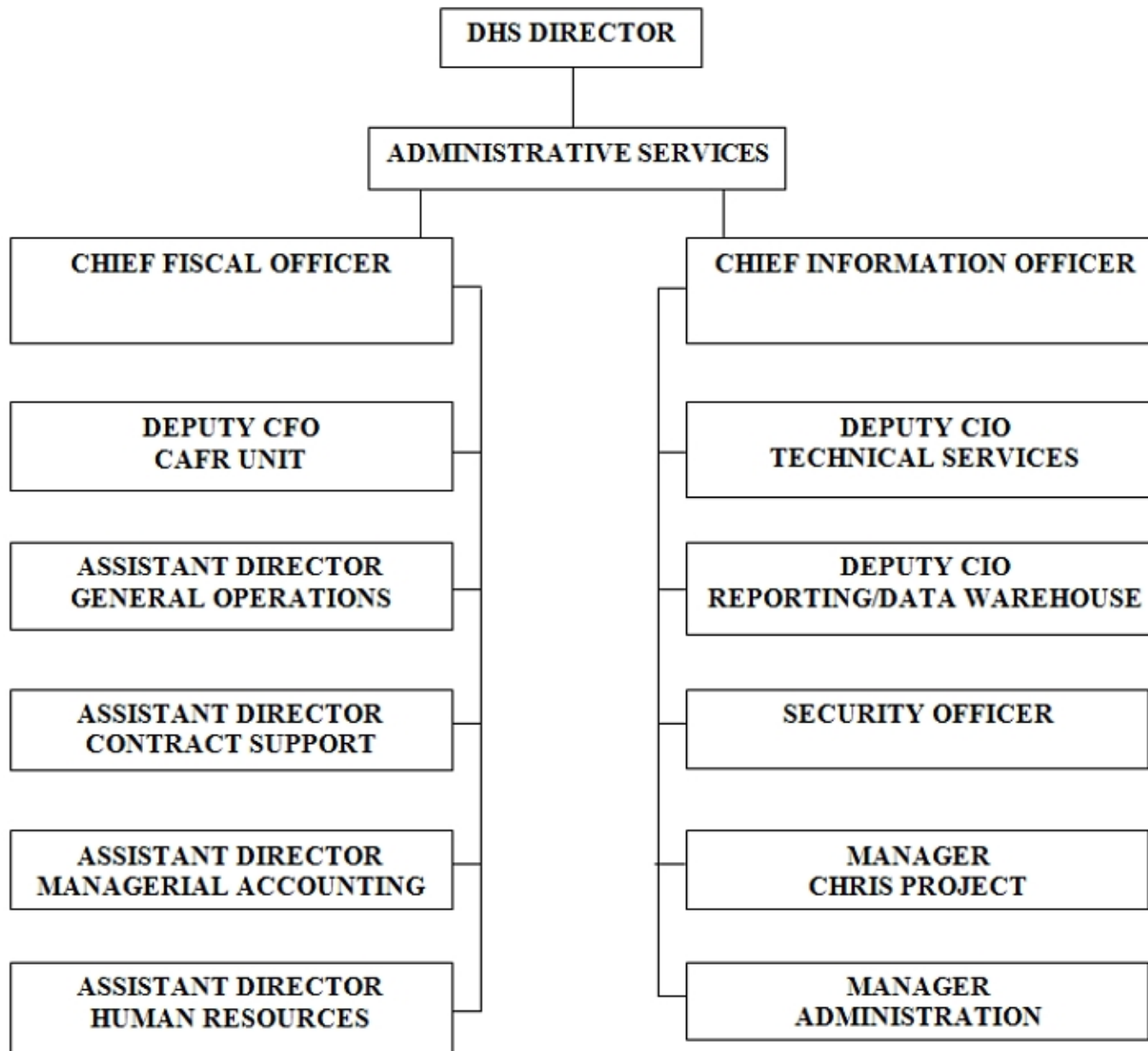
The Chief Information Officer also serves as technical advisor for the program divisions and support offices. Whenever they have a need, problem, or question, this is the person to ask.

The Technical Support section is primarily responsible for keeping the equipment in our facilities outside of Pulaski County updated and operating properly. This small group of technical support specialists maintains almost 6,000 workstations in addition to the servers supporting these facilities. They not only make sure the equipment in their regions are running smoothly but also answer technical questions our employees might have while they are on site.

This section is also responsible for maintenance of the content of the Department's internet and intranet web sites as well as assisting in the setup of new employee network and email accounts. The office has developed a daily monitoring of employee movements/hiring/terminations using extracts from the state personnel files to ensure that network access is quickly removed for employees leaving the department and is quickly created for our new employees.

The CHRIS Project Management Team, created during the development of the Children's Reporting and Information System (CHRIS) application, continues the overall Management of the CHRIS reporting system. This application was developed to comply with the requirements of the federal DHHS/Administration of Children and Families State Automated Child Welfare Information System project (SACWIS). It was a multi-year project, completed in the fall of 2006. Arkansas is one of the states that have met the rigorous requirements of this application.

Reporting and Programming: The final section of OST is the one that supports any reporting assistance needed by any division in extracting meaningful reports from the information contained in their application databases. In addition, this group supports the use of our intranet web site (DHS Share) and the agency imaging application (Edoctus).



Agency Commentary

The Divisions' requests for the 2015-2017 Biennium include the restoration of 29 positions. This request is due to internal needs and also to assist the program divisions when/if there is a need to utilize internal resources available to the Department. The Reallocation of Resources provision of the Administration Appropriation Act allows for the transfer of internal resources between divisions. The request is for unfunded Salary \$725,393 and Fringe \$314,744 appropriation each year.

The Office of System & Technology (OST) is requesting the transfer of one position from Division of County Operations to comply with the Internal Revenue Services (IRS) reporting guidelines. The request is for a C120 with a Salary and fringe along with the transfer of general revenue (\$25,524) and federal matching funds (\$25,524) each year.

The Division requests a \$1M increase in Professional Fees appropriation and general revenue for FY2016 and FY2017 which is predicated on an anticipated increase in the baseline charge for our Information Support Services contract. DHS will be procuring the renewal of this contract this year and the new rates will go into effect on July 1, 2015. Due to the increase in applications to be supported and the type of resources needed, DHS is expecting an increase of at least 15% over the contract negotiated seven years ago.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1200100	\$0	Checking	Not Established

Statutory/Other Restrictions on use:

Purchase of Service-Immediate care, short-term, or emergency services to eligible clients.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Utilized on an emergency basis.

Fund Balance Utilization:

None.

Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Arkansas Department of Human Services (SFY) Statistical Report	Act 414, Section 24 of 1961	Y	Y	15	Law requires. Distribution has decreased from 200 to 15 published copies. Outside requestors will be informed to access the web. Data is used for trending analysis, research and/or studies.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1DE	Various Building Construction	2,195,402	0	7,172,900	0	7,648,900	0	7,172,900	0	9,877,613	0	9,877,613	0	7,172,900	0	9,877,613	0	9,877,613	0
414	Consolidated Cost	709,188	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0
896	Division of Administrative Services	28,314,889	301	29,516,481	285	33,342,898	315	29,665,116	285	31,756,301	315	31,756,301	315	29,676,583	285	31,767,768	315	31,767,768	315
898	Social Srvs Blk Grant-Fed	0	0	129,084	0	139,733	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0
C99	Client Specific Emergency Services-Cash	0	0	111,600	0	120,000	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0
Total		31,219,479	301	37,751,565	285	42,073,031	315	37,900,200	285	42,696,098	315	42,696,098	315	37,911,667	285	42,707,565	315	42,707,565	315

Funding Sources			%		%			%		%		%		%		%		%
Fund Balance	4000005	3,894,726	10.3	6,566,721	14.8		6,566,721	14.8	6,566,721	14.3	6,566,721	14.7	6,566,721	14.8	4,161,986	9.1	4,161,986	9.3
General Revenue	4000010	10,912,609	28.9	10,915,168	24.6		10,970,134	24.7	11,995,658	26.2	10,995,658	24.5	10,974,374	24.7	11,999,898	26.2	10,999,898	24.5
Federal Revenue	4000020	10,258,922	27.1	12,962,071	29.2		13,026,693	29.3	13,052,217	28.5	13,052,217	29.1	13,031,678	29.3	13,057,202	28.5	13,057,202	29.1
Cash Fund	4000045	0	0.0	111,600	0.3		111,600	0.3	111,600	0.2	111,600	0.2	111,600	0.3	111,600	0.2	111,600	0.2
Reimbursement	4000425	4,867,397	12.9	7,172,900	16.2		7,172,900	16.1	7,472,878	16.3	7,472,878	16.7	7,172,900	16.1	9,877,613	21.6	9,877,613	22.0
Various Program Support	4000730	7,852,546	20.8	6,589,826	14.9		6,618,873	14.9	6,618,873	14.4	6,618,873	14.8	6,621,115	14.9	6,621,115	14.4	6,621,115	14.8
Total Funds		37,786,200	100.0	44,318,286	100.0		44,466,921	100.0	45,817,947	100.0	44,817,947	100.0	44,478,388	100.0	45,829,414	100.0	44,829,414	100.0
Excess Appropriation/(Funding)		(6,566,721)		(6,566,721)			(6,566,721)		(3,121,849)		(2,121,849)		(6,566,721)		(3,121,849)		(2,121,849)	
Grand Total		31,219,479		37,751,565			37,900,200		42,696,098		42,696,098		37,911,667		42,707,565		42,707,565	

Variation in fund balance is due to unfunded appropriation in (896) Division of Administrative Services.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
338	276	15	291	47	18.34 %	332	259	31	290	42	21.99 %	315	278	7	285	30	11.75 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

The Various Building Construction appropriation is for the purpose of construction, acquisition, renovation, maintenance, repair and equipping facilities of the Department of Human Services and for paying disallowances cited by the federal government. Facilities are those operated by the Divisions of Developmental Disabilities-Human Development Centers; Behavioral Health-Arkansas State Hospital and Arkansas Health Center; and Youth Services-Youth Services Centers and Wilderness Camps.

Funding for this appropriation is from the Human Services Renovation Fund and is derived from three sources. Federal reimbursement received by the Department. General revenue transferred from these three (3) Divisions with an annual maximum of five million dollars. Other funds may be utilized as determined to be available. At the request of the Director of the Department of Human Services and upon certification of the availability of such funds, the Chief Fiscal Officer of the State shall initiate the necessary transfer documents to reflect the transfer on the books of record of the Treasurer of State, the Auditor of State, the Chief Fiscal Officer of the State and the Department. Arkansas Code Annotated §19-5-1020 was amended by Act 1537 of 1999 to require that transfers into the Renovation Fund must be submitted to and receive approval from the Chief Fiscal Officer of the State, the Governor and the Legislative Council prior to the effective date of the transfer. This appropriation is centralized within the DHS Director's purview in order that the needs of the Department can be prioritized, however, maintained by the Division of Administrative Services. Expenditures for this appropriation are contingent upon available funding provided from within the Department.

The Agency Base Level request for this appropriation is \$7,172,900 each year of the biennium.

The Agency Change Level request is \$2,704,713 each year of the biennium for additional repair and maintenance needs at DBHS and DYS facilities.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Construction	5090005	2,195,402	7,172,900	7,648,900	7,172,900	9,877,613	9,877,613	7,172,900	9,877,613	9,877,613
Total		2,195,402	7,172,900	7,648,900	7,172,900	9,877,613	9,877,613	7,172,900	9,877,613	9,877,613
Funding Sources										
Fund Balance	4000005	3,894,726	6,566,721		6,566,721	6,566,721	6,566,721	6,566,721	4,161,986	4,161,986
Reimbursement	4000425	4,867,397	7,172,900		7,172,900	7,472,878	7,472,878	7,172,900	9,877,613	9,877,613
Total Funding		8,762,123	13,739,621		13,739,621	14,039,599	14,039,599	13,739,621	14,039,599	14,039,599
Excess Appropriation/(Funding)		(6,566,721)	(6,566,721)		(6,566,721)	(4,161,986)	(4,161,986)	(6,566,721)	(4,161,986)	(4,161,986)
Grand Total		2,195,402	7,172,900		7,172,900	9,877,613	9,877,613	7,172,900	9,877,613	9,877,613

Reimbursements are from Other funds that may be utilized as determined to be available.

Change Level by Appropriation

Appropriation: 1DE - Various Building Construction
Funding Sources: DHR - Human Services Renovation Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	472,900	0	472,900	100.0	472,900	0	472,900	100.0
C05	Unfunded Appropriation	2,125,713	0	2,598,613	549.5	2,125,713	0	2,598,613	549.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	472,900	0	472,900	100.0	472,900	0	472,900	100.0
C05	Unfunded Appropriation	2,125,713	0	2,598,613	549.5	2,125,713	0	2,598,613	549.5

Justification

C05	Unfunded appropriation is being requested for needed repairs and maintenance projects at both of the DBHS patient care facilities.
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Change Level by Appropriation

Appropriation: 1DE - Various Building Construction
Funding Sources: DHR - Human Services Renovation Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	200,000	0	200,000	100.0	200,000	0	200,000	100.0
C05	Unfunded Appropriation	579,000	0	779,000	389.5	579,000	0	779,000	389.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	200,000	0	200,000	100.0	200,000	0	200,000	100.0
C05	Unfunded Appropriation	579,000	0	779,000	389.5	579,000	0	779,000	389.5

Justification

C05	The Division is requesting unfunded appropriation for the purpose of construction, acquisition, renovation, maintenance, and repair and equipping DYS facilities.
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Analysis of Budget Request

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

The Division of Administrative Services is responsible for the centralized purchasing of postage, forms printing, and warehouse storage for the Department. Purchases are made through this appropriation with funding transferred from the respective Divisions to the Consolidated Cost Revolving Fund.

Funding for this appropriation, as indicated as various program support, is revenue transferred based on cost allocation derived from the program to which funds are assigned and can be a mix of funding sources such as general revenue, federal revenue, other revenue and/or a combination of each.

The Agency Base Level and total request for this appropriation is \$821,500 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	706,888	821,500	821,500	821,500	821,500	821,500	821,500	821,500	821,500
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
Capital Outlay	5120011	2,300	0	0	0	0	0	0	0	0
Total		709,188	821,500	821,500	821,500	821,500	821,500	821,500	821,500	821,500
Funding Sources										
Various Program Support	4000730	709,188	821,500		821,500	821,500	821,500	821,500	821,500	821,500
Total Funding		709,188	821,500		821,500	821,500	821,500	821,500	821,500	821,500
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		709,188	821,500		821,500	821,500	821,500	821,500	821,500	821,500

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Division of Administrative Services was created by the combining of the Division of Management Services and the Division of Finance in the spring of 1994. The DHS Director merged the two Divisions for the purpose of streamlining administrative functions, reducing the administrative costs, aligning associated functions operating independently and strengthening internal controls. This configuration has provided the program divisions a central point of contact regarding administrative issues. The goal of the merger was improved communications, cooperation and coordination between administrative functions and decreased positions in the Division.

The Division of Administrative Services has two (2) distinct areas of designation: Finance and Administration and Office Systems and Technology from which support services are provided to the other DHS Division staff, consumers and providers.

Office of Finance and Administration

Responsibilities include employee recruitment, applicant testing, classification and compensation, personnel file maintenance and personnel policy development and interpretation. Staff development is provided through this office and offers professional and personal growth and development courses available to all employees. Financial support services encompasses grant development, purchase of services, maintenance and monitoring of contract and grant obligated funds, management of state owned/leased property, construction and maintenance, payroll, accounts payable, budget/banking, cost accounting/research and statistics, reporting and forecasting, funds and grants management and accounts receivable.

Office of Systems and Technology

Technical services, program applications, support services and administrative services related to information/data systems are provided through staff and a contractual arrangement.

Funding for this appropriation includes general revenues (DAS - Department of Human Services Administration Fund Account), federal and other funds. The federal funds are derived from support services allocated through cost allocation and social service block grant funds. Other funding which is indicated as various program support is derived through cost allocation and can also include M&R proceeds.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Base Level request for this appropriation is \$29,665,116 in FY2016 and \$29,676,583 in FY2017 with general revenue funding of \$10,970,134 in FY2016 and \$10,974,374 in FY2017 and 285 budgeted Base Level positions.

The Agency Change Level request is \$2,091,185 each year of the biennium with \$1,000,000 each year in new general revenue and \$25,524 in general revenue transfer, and reflects the following:

- Regular Salaries and Personal Services Matching of \$1,040,137 each year for the restoration of twenty-nine (29) positions that are authorized but not budgeted due to internal needs and to assist program Divisions when there is a need to provide services to individuals.
- Regular Salaries and Personal Services Matching of \$51,048 with \$25,524 in transferred general revenue each year for the transfer of one (1) DHS/DCO Program Manager (C120) from the Division of County Operations to comply with the Internal Revenue Service's reporting guidelines.
- Professional Fees appropriation and new general revenue funding of \$1,000,000 each year due to an anticipated increase in the Information Support Services contract.

The Executive Recommendation provides for the Agency Request with the exception of the \$1,000,000 in Professional Fees which is recommended as appropriation only.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	10,768,363	11,319,820	12,446,388	11,412,675	12,175,400	12,175,400	11,421,975	12,184,700	12,184,700
#Positions		301	285	315	285	315	315	285	315	315
Extra Help	5010001	45,154	64,480	64,480	64,480	64,480	64,480	64,480	64,480	64,480
#Extra Help		7	20	20	20	20	20	20	20	20
Personal Services Matching	5010003	3,971,314	4,040,761	4,448,021	4,096,541	4,425,001	4,425,001	4,098,708	4,427,168	4,427,168
Overtime	5010006	6	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operating Expenses	5020002	2,492,724	2,690,084	3,376,409	2,690,084	2,690,084	2,690,084	2,690,084	2,690,084	2,690,084
Conference & Travel Expenses	5050009	15,028	24,045	30,000	24,045	24,045	24,045	24,045	24,045	24,045
Professional Fees	5060010	8,954,020	9,399,691	11,000,000	9,399,691	10,399,691	10,399,691	9,399,691	10,399,691	10,399,691
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	68,874	0	0	0	0	0	0	0	0
Data Processing Services	5900044	1,999,406	1,967,600	1,967,600	1,967,600	1,967,600	1,967,600	1,967,600	1,967,600	1,967,600
Total		28,314,889	29,516,481	33,342,898	29,665,116	31,756,301	31,756,301	29,676,583	31,767,768	31,767,768
Funding Sources										
General Revenue	4000010	10,912,609	10,915,168		10,970,134	11,995,658	10,995,658	10,974,374	11,999,898	10,999,898
Federal Revenue	4000020	10,258,922	12,832,987		12,897,609	12,923,133	12,923,133	12,902,594	12,928,118	12,928,118
Various Program Support	4000730	7,143,358	5,768,326		5,797,373	5,797,373	5,797,373	5,799,615	5,799,615	5,799,615
Total Funding		28,314,889	29,516,481		29,665,116	30,716,164	29,716,164	29,676,583	30,727,631	29,727,631
Excess Appropriation/(Funding)		0	0		0	1,040,137	2,040,137	0	1,040,137	2,040,137
Grand Total		28,314,889	29,516,481		29,665,116	31,756,301	31,756,301	29,676,583	31,767,768	31,767,768

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	29,665,116	285	29,665,116	100.0	29,676,583	285	29,676,583	100.0
C01	Existing Program	1,000,000	0	30,665,116	103.4	1,000,000	0	30,676,583	103.4
C05	Unfunded Appropriation	1,040,137	29	31,705,253	106.9	1,040,137	29	31,716,720	106.9
C07	Agency Transfer	51,048	1	31,756,301	107.0	51,048	1	31,767,768	107.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	29,665,116	285	29,665,116	100.0	29,676,583	285	29,676,583	100.0
C01	Existing Program	1,000,000	0	30,665,116	103.4	1,000,000	0	30,676,583	103.4
C05	Unfunded Appropriation	1,040,137	29	31,705,253	106.9	1,040,137	29	31,716,720	106.9
C07	Agency Transfer	51,048	1	31,756,301	107.0	51,048	1	31,767,768	107.0

Justification

C01	The Division requests a \$1M increase in Professional Fees for FY2016 and FY2017 is due to an anticipated increase in the baseline charge for our Information Support Services contract. DHS will be procuring the renewal of this contract this year and the new rates will go into effect on July 1, 2015. Due to the increase in applications to be supported and the type of resources needed, DHS is expecting an increase of at least 15% over the contract negotiated seven years ago.
C05	The Divisions' requests for the 2015-2017 Biennium consists of a request for restoration of 29 positions. This request is due to internal needs and also to assist the program divisions when/if there is a need to utilize internal resources available to the Department. The Reallocation of Resources provision of the Administration Appropriation Act allows for the transfer of internal resources between divisions. The request is for unfunded Salary (725,393) and Fringe (314,744) appropriation each year.
C07	The Office of System & Technology (OST) is requesting the transfer of one position from Division of County Operations to comply with the Internal Revenue Services (IRS) reporting guidelines. The request is for a C120 with a Salary and fringe along with the transfer of general revenue and federal matching funds each year.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The Division of Administrative Services administers the social services block grant (SSBG). The Office of Community Services, Administration for Children and Families, U. S. Department of Health and Human Services is responsible for the administration of the grant program at the federal level with grants made directly to the State. Grant amounts are determined by a statutory formula based on individual state population. Up to 10 percent of block grant funds are allowed to be transferred to other block grant programs for support of health services, health promotion and disease prevention campaigns, and low-income home energy assistance.

Under the provisions of the block grant, each state has the authority to determine the most appropriate social services for the state's citizens. Included are services such as assistance to individuals and families to become more independent relative to financial support and personal care, family maintenance and avoidance of institutional care. These services are rendered through contracts with community programs across the state to provide services to people with developmental disabilities, mental illness, the elderly, and children. The agency has elected to allocate the majority of the SSBG funds to various divisions within the Department and other departments in state government - Workforce Education, Rehabilitation Services and Spinal Cord Commission thus eliminating the need for the majority of this appropriation. Each of the DHS divisions and other departments certify the funds in the respective division/department and budget for utilization of these funds.

Funding for this appropriation is 100% federal funds and is provided under Title XX of the Social Security Act (Omnibus Budget Reconciliation Act of 1981 as amended, P.L. 97-35; Jobs Training Bill, P.L. 98-8; P.L. 98-473; Medicaid and Medicare Patient and Program Act of 1987; Omnibus Budget Reconciliation Act of 1987, P.L. 100-203; Family Support Act of 1988, P.L. 100-485; Omnibus Budget Reconciliation Act of 1993, P.L. 103-66; 42 U.S.C. 1397 et seq.).

The Agency Base Level and total request for this appropriation is \$129,084 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	129,084	139,733	129,084	129,084	129,084	129,084	129,084	129,084
Total	0	129,084	139,733	129,084	129,084	129,084	129,084	129,084	129,084
Funding Sources									
Federal Revenue 4000020	0	129,084		129,084	129,084	129,084	129,084	129,084	129,084
Total Funding	0	129,084		129,084	129,084	129,084	129,084	129,084	129,084
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	129,084		129,084	129,084	129,084	129,084	129,084	129,084

Analysis of Budget Request

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

This appropriation is a contingency for immediate, short term and specific client emergencies such as shelter, food or transportation. Federal social services block grant funds would be utilized should payments be necessary. There were no expenditures made under this appropriation in FY2014 and \$111,600 is budgeted in FY2015.

The Agency Base Level and total request for this appropriation is \$111,600 each year of the biennium.

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

Appropriation Summary

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Purchase of Services 5900043	0	111,600	120,000	111,600	111,600	111,600	111,600	111,600	111,600
Total	0	111,600	120,000	111,600	111,600	111,600	111,600	111,600	111,600
Funding Sources									
Cash Fund 4000045	0	111,600		111,600	111,600	111,600	111,600	111,600	111,600
Total Funding	0	111,600		111,600	111,600	111,600	111,600	111,600	111,600
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	111,600		111,600	111,600	111,600	111,600	111,600	111,600

Expenditure of appropriation is contingent upon available funding.

DHS - Community Srvs/Nonprofit Support

Enabling Laws

Act 282 of 2014

A.C.A. §25-10-128

A.C.A. §21-13-101 to §21-13-111 (Act 42 of 1981)

A.C.A. §25-10-102

A.C.A. §25-10-128 (Act 1259 of 1997)

History and Organization

The Department of Human Services Division of Community Service and Nonprofit Support is the oldest state office of volunteerism in the nation. DCSNS promotes and supports volunteering and national service in Arkansas. The vision of the Division of Community Service and Nonprofit Support is guided by the principle that volunteerism, community and national service is a right and responsibility of all citizens and that all people will experience an improved quality of life as a result of this service. DCSNS provides a wide array of trainings and services directed towards building organizational capacity in Arkansas nonprofits.

The Governor's Advisory Council on Volunteerism assists the DHS Division of Community Service and Nonprofit Support staff. The Governor appoints a 16-member Advisory Council to three-year terms (Act 865 of 1977). The Council's responsibilities include setting goals, establishing priority activities and performing an advocacy role. The Council also assists in publicity and recognition/awards programs.

The Governor's Advisory Commission for National and Community Service assists the DHS Division of Community Service and Nonprofit Support's Arkansas Service Commission in efforts related to national service. The Governor appoints 18 Advisory Commissioners to three year terms, with an additional eight ex-officio positions representing related organizations. The Commission's responsibilities include serving as the state's liaison and voice to national and state organizations which support its mission, development of a state service plan, and review and recommendation on state AmeriCorps grant recipients.

Program and Service Descriptions

Nonprofit Development: This program provides training and technical assistance to build long-term capacity in nonprofit programs. DCSNS provides training on completing the application for recognition of exemption and other steps necessary to form and manage a non-profit organization.

Training and Technical Assistance: This program provides training and technical assistance to non-profits and community organizations in program planning, development and management and in board training, grant search and writing, leadership, non-profit risk management, and ethics.

Disaster Response and Preparedness: DCSNS is the lead DHS division for ESF6 (Emergency Support Function 6 - "volunteer and donations management") in preparing local communities to respond during times of a disaster. The DCSNS staff trains local groups to manage unaffiliated volunteers and donations (materials, supplies, clothing etc.) in their community in the event of a disaster.

Arkansas Service Commission (ASC) -AmeriCorps: The Service Commission is a unit of the Division of Community Service and Nonprofit Support and serves as the conduit for federal AmeriCorps funds to Arkansas from the Corporation for National and Community Service. The ASC funds, monitors, and provides training and technical assistance to national service programs in the state. AmeriCorps Arkansas programs provide opportunities for citizens to dedicate up to four years of their lives in service to their communities through the focus areas of health, education, clean energy, veterans and military families, disaster preparedness and economic opportunity. AmeriCorps programs provide a modest living allowance and post service education award to all members who complete their term of service, and child care compensation and health insurance to full time members. As of September, 2014 there are approximately 448 AmeriCorps members serving throughout the state. Total grants near \$2.4 million and impact Arkansans in many ways, including tutoring, teaching literacy to adults, preparing for disasters, providing intervention for at-risk third through fifth graders, mentoring and nurturing youth, preparing preschoolers for school, teaching school aged children healthy lifestyles, engaging in community gardening education, assisting low-income citizens with weatherization, and delivering support to Hispanic families in school settings. There are fourteen AmeriCorps Arkansas programs operating in Arkansas at this time, and each AmeriCorps member recruits traditional volunteers to serve alongside them in delivery of vital programs in their area.

Leadership and Promotion: This program encourages leadership and promotion by providing program development and promotion of volunteerism statewide. DCSNS is a founding partner of the Certified Volunteer Manager Program (CVM) operated through the Arkansas Public Administration Consortium (APAC: a collaborative effort of U of A Fayetteville, U of A Little Rock and Arkansas State University). DCSNS continues to provide technical assistance, curriculum development and trainers for this program. The Division is the primary contact agency for the national **Points of Light Foundation**, one of the world's leading volunteer organizations. DCSNS staff serves on and partners with the **No Kid Hungry Campaign** which is bringing together leaders who have the knowledge, experience and resources to coordinate ongoing efforts, to ensure that we invest public and private funds wisely and make ending childhood hunger a priority.

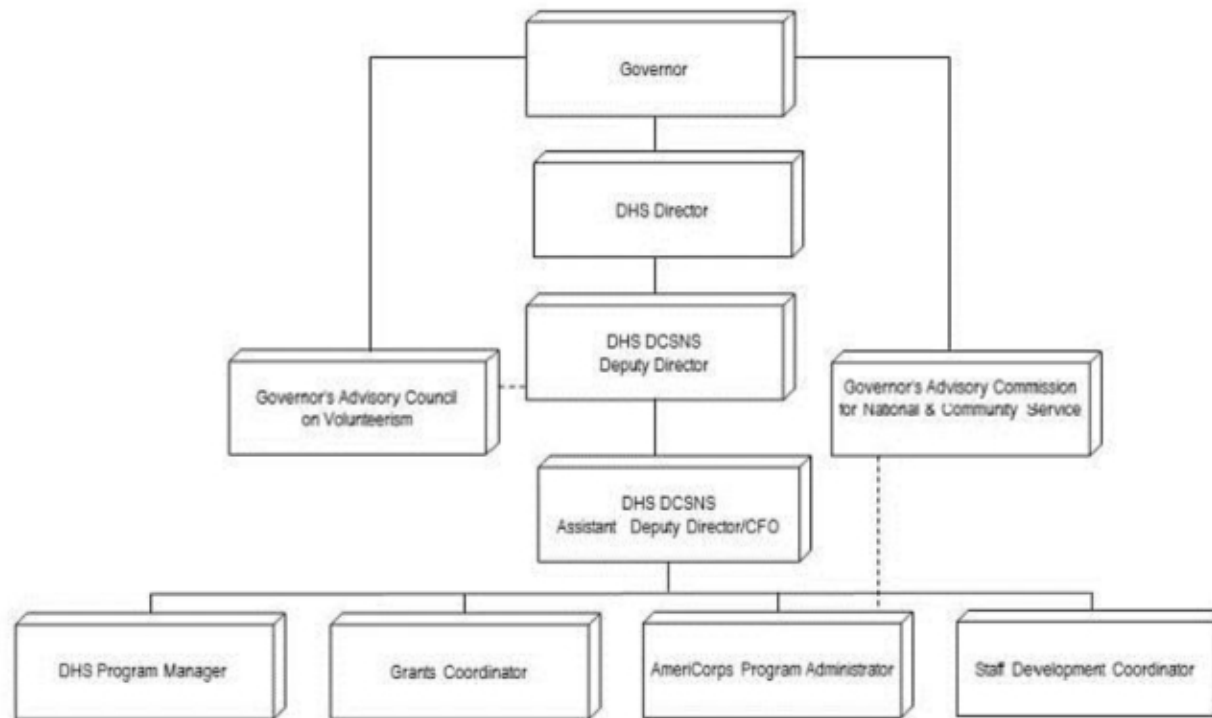
Information Sharing: Local, state and national agencies/organizations are provided with information on volunteer and national service related topics. DCSNS annually publishes the **Economic Impact Study of Arkansas Volunteers**, a statewide survey calculating the economic importance of volunteerism in Arkansas. DCSNS partners with the UALR William H. Bowen School of Law and Williams & Anderson, PLC to publish the **Legal Guide for Arkansas Nonprofit and Volunteer Organizations**. DCSNS's Arkansas Service Commission is the

lead organization in production of the Unified State Service Plan, submitted to the Governor and the federal Corporation for National and Community Service which guides the course of service priorities in the state for a three year period.

DHS Volunteer Clearinghouse and DHS Volunteer Activities Council: The **Clearinghouse** established in 1988 is coordinated from the Division of Community Service and Nonprofit Support. The division embraces the DHS value that government cannot do it alone and provides technical assistance to DHS divisions who are implementing or expanding volunteer programs. DCSNS continues to assist the **Volunteer Activities Council** in promoting volunteerism within DHS.

Volunteer Centers: DCSNS provides volunteer center directors with current information from national sources and facilitates networking between volunteer centers. DCSNS also provides assistance to community leaders in designing new volunteer centers by providing volunteer center start-up manuals, presentations and consultations.

Special Events: The Division collaborates with the Governor's Office and KARK-TV to present the **Arkansas Community Service Awards** to recognize individuals and corporations for outstanding volunteer efforts and with the Governor's Office and the Arkansas Municipal League to present the **Arkansas Volunteer Community of the Year Awards** to communities for outstanding volunteer efforts. In addition, DCSNS sponsors in partnership with the Arkansas Community Foundation and Arkansas Nonprofit Alliance "*Promoting Nonprofit Success*" an annual statewide conference now known as **The Summit: "Where volunteer, philanthropy and nonprofit leaders meet."** The Summit is presented in cooperation with the Arkansas Volunteer Coordinators Association. DCSNS's Arkansas Service Commission hosts an Opening Ceremony for all streams of national service in Arkansas, reinforcing the value of national service. Also, in conjunction with the Governor's Office, DCSNS distributes volunteer recognition certificates and related items.



Agency Commentary

DISASTER PREPAREDNESS AND RESPONSE (ESF 6)

DCSNS is responsible for donation and volunteer management training for local communities. Staff conducts training for community groups who will manage donations and un-affiliated volunteers as part of disaster recovery. No additional general revenue is requested.

REGIONAL SUMMITS

DCSNS will conduct and expand Regional Summits for training in capacity building for nonprofits. The Regional Summit concept is a direct result of requests from various regions of the State's nonprofit sector. However, the Summits will not be limited to the nonprofit sector. The plan is to bring together the public (government), private (corporate) and nonprofit sectors to maximize resources. No additional general revenue is requested.

NONPROFIT EXECUTIVE DIRECTOR ACADEMY

Through a survey DCSNS has identified needed, in-depth training for nonprofit leaders. A pilot Academy will be designed and implemented to strengthen the nonprofit sector in Arkansas. DCSNS is requesting funding and appropriation of \$98,700 each year of the biennium.

ARKANSAS NONPROFIT TRAINING PARTNERSHIP (ANTP)

In the continued spirit of nonprofit capacity building, DCSNS will implement a plan to work collaboratively with four other training entities to maximize resources in Arkansas. This will include training, technical assistance and roundtable events. No additional general revenue is requested.

NATIONAL SERVICE STATE PLAN

The Corporation for National and Community Service requires each state commission to update and submit a three-year State Plan for national service. The DCSNS Arkansas Service Commission unit will submit the federally-required plan after staff conducts listening sessions and public hearings throughout the state. No additional general revenue is requested.

DCSNS STRATEGIC PLAN

DCSNS is continuing to implement its four year outreach strategic plan for the division. No additional general revenue is requested.

AMERICORPS

AmeriCorps Arkansas programs are federally funded by the Corporation for National and Community Service and provide opportunities for citizens to dedicate up to four years of their lives in service to their communities through the focus areas of health, education, clean energy, veterans and military families, disaster preparedness and economic opportunity. An exceptional number of programs were awarded funding in national competition and will exceed the current appropriation. DCSNS is requesting \$100,000 in appropriation each year of the biennium.

VOLUNTEERISM - CASH IN TREASURY

This appropriation provides the Division of Community Service and Nonprofit Support authority for expenditure of fees and donations relating to various efforts established around the State. The funds are for training, volunteer recognition and special volunteer event expenses. These funds are honoraria from speaking engagements and donations. DCSNS is requesting unfunded appropriation of \$5,561 each year of the biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Publications

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

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
896 Community Srvs/Non-Profit Support	1,338,143	23	1,357,594	24	1,483,036	24	1,370,454	24	1,469,154	24	1,370,454	24	1,370,578	24	1,469,278	24	1,370,578	24
898 AmeriCorps Grants	2,273,245	0	2,410,704	0	2,410,704	0	2,410,704	0	2,510,704	0	2,510,704	0	2,410,704	0	2,510,704	0	2,510,704	0
935 Community Srv/Non-Profit Support -- Cash in Tr	10,613	0	6,439	0	12,000	0	6,439	0	12,000	0	12,000	0	6,439	0	12,000	0	12,000	0
Total	3,622,001	23	3,774,737	24	3,905,740	24	3,787,597	24	3,991,858	24	3,893,158	24	3,787,721	24	3,991,982	24	3,893,282	24

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	469,614	13.0	471,293	12.5		475,758	12.6	574,458	14.4	475,758	12.2	475,802	12.6	574,502	14.4	475,802	12.2
Federal Revenue	4000020	2,816,458	77.8	2,997,535	79.4		3,003,094	79.3	3,103,094	77.8	3,103,094	79.8	3,003,147	79.3	3,103,147	77.8	3,103,147	79.8
Cash Fund	4000045	10,613	0.3	6,439	0.2		6,439	0.2	6,439	0.2	6,439	0.2	6,439	0.2	6,439	0.2	6,439	0.2
Various Program Support	4000730	325,316	9.0	299,470	7.9		302,306	8.0	302,306	7.6	302,306	7.8	302,333	8.0	302,333	7.6	302,333	7.8
Total Funds		3,622,001	100.0	3,774,737	100.0		3,787,597	100.0	3,986,297	100.0	3,887,597	100.0	3,787,721	100.0	3,986,421	100.0	3,887,721	100.0
Excess Appropriation/(Funding)		0		0			0		5,561		5,561		0		5,561		5,561	
Grand Total		3,622,001		3,774,737			3,787,597		3,991,858		3,893,158		3,787,721		3,991,982		3,893,282	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
24	17	7	24	0	29.17 %	24	22	2	24	0	8.33 %	24	21	3	24	0	12.50 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Arkansas Office of Volunteerism was created in 1974 by order of the Governor to implement and administer a statewide immunization program. In 1977, the Office was established by Act 865 to assess and recognize the needs of communities throughout Arkansas and recruit, train, and coordinate volunteers and volunteer organizations in meeting those needs, assist in special projects to meet community needs and provide greater public awareness and recognition of volunteer efforts. In 1983, the Office of Volunteer Services transferred from the Office of the Governor to the Department of Human Services. Act 186 of 1989 officially made the agency a Division of DHS. Act 42 of 2011 changed the name from the Division of Volunteerism to the Division of Community Service and Nonprofit Support. The Division of Community Service & Nonprofit Support (DCSNS) strengthens community resources, volunteerism and national service in Arkansas. The Division has been offering training, technical assistance, and information to all Arkansans since 1974 and is the oldest state office of volunteerism in the nation. This is accomplished through various programs and community service activities.

The agency is funded through general revenues (DAS - Department of Human Services Administration Fund Account). Federal funding is comprised of funding based on the Department's cost allocation plan as well as federal funding granted from the Department of Health and Human Services-Corporation for National and Community Service. Other revenues which are indicated as various program support also consists of funding distributed based on the Department's cost allocation plan.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Base Level request for this appropriation is \$1,370,454 in FY2016 and \$1,370,578 in FY2017 with general revenue of \$475,758 in FY2016 and \$475,802 in FY2017 and 24 budgeted Base Level positions.

The Agency's Change Level request totals \$98,700 in appropriation and general revenue funding for a Nonprofit Executive Director Academy designed to build the leadership capacity of the local nonprofit sector. This request is detailed as follows:

- Operating Expenses of \$92,700.
- Conference and Travel Expenses of \$2,000.
- Professional Fees of \$1,000.
- Data Processing Services of \$3,000.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	818,514	895,131	905,896	903,229	903,229	903,229	903,329	903,329	903,329
#Positions		23	24	24	24	24	24	24	24	24
Extra Help	5010001	0	0	0	0	0	0	0	0	0
#Extra Help		0	0	0	0	0	0	0	0	0
Personal Services Matching	5010003	311,255	326,344	328,666	331,106	331,106	331,106	331,130	331,130	331,130
Overtime	5010006	48	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Operating Expenses	5020002	176,681	115,568	202,389	115,568	208,268	115,568	115,568	208,268	115,568
Conference & Travel Expenses	5050009	14,466	10,851	26,885	10,851	12,851	10,851	10,851	12,851	10,851
Professional Fees	5060010	0	500	10,000	500	1,500	500	500	1,500	500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	9,205	0	0	0	0	0	0	0	0
Data Processing Services	5900044	7,974	8,200	8,200	8,200	11,200	8,200	8,200	11,200	8,200
Total		1,338,143	1,357,594	1,483,036	1,370,454	1,469,154	1,370,454	1,370,578	1,469,278	1,370,578
Funding Sources										
General Revenue	4000010	469,614	471,293		475,758	574,458	475,758	475,802	574,502	475,802
Federal Revenue	4000020	543,213	586,831		592,390	592,390	592,390	592,443	592,443	592,443
Various Program Support	4000730	325,316	299,470		302,306	302,306	302,306	302,333	302,333	302,333
Total Funding		1,338,143	1,357,594		1,370,454	1,469,154	1,370,454	1,370,578	1,469,278	1,370,578
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,338,143	1,357,594		1,370,454	1,469,154	1,370,454	1,370,578	1,469,278	1,370,578

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,370,454	24	1,370,454	100.0	1,370,578	24	1,370,578	100.0
C02	New Program	98,700	0	1,469,154	107.2	98,700	0	1,469,278	107.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,370,454	24	1,370,454	100.0	1,370,578	24	1,370,578	100.0
C02	New Program	0	0	1,370,454	100.0	0	0	1,370,578	100.0

Justification

C02	Pilot Arkansas' first Nonprofit Executive Director Academy (NEDA) - a 15 month intensive training series designed to build the leadership capacity of the local nonprofit sector by providing a unique opportunity for executive directors to gain world-class leadership, coaching and mentoring skills. DCSNS is requesting appropriation and funding.								
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Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The Division of Community Service and Nonprofit Support (DCSNS) administers the AmeriCorps grant. The Edward M. Kennedy Serve America Act of 2009 focused AmeriCorps' efforts in six key areas:

- **Disaster Services:** AmeriCorps members respond to disaster from tornadoes and hurricanes to fire and floods.
- **Education:** AmeriCorps programs place tutors and mentors in low performing schools to help students improve academic performance and skills.
- **Environmental stewardships:** AmeriCorps members build trails, restore parks, run recycling programs and promote energy efficiency.
- **Healthy Futures:** AmeriCorps members provide education and outreach for healthier lifestyles. Arkansas' AmeriCorps members focus on healthy living and the programs provide students with opportunities to participate in healthy living activities to reduce obesity.
- **Economic opportunity:** AmeriCorps engages members each year to fight poverty by expanding access to technology, recruiting volunteers to teach literacy, and strengthening antipoverty groups.
- **Veterans and military families:** AmeriCorps supports the military community by engaging veterans in service, helping veterans readjust to civilian life, and providing support to military families.

Funding for this appropriation is federal funds provided from the Department of Health and Human Services to assist States in carrying out a national service program as authorized by the National and Community Service Act of 1990, as amended (42 U.S.C. §12501 et seq.)

The Agency Base Level request for this appropriation is \$2,410,704 each year of the biennium.

The Agency's Change Level request is for \$100,000 to support additional grants to AmeriCorps Arkansas programs due to an exceptional number of programs being awarded funding in national competition.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AmeriCorps Grants	5100004	2,273,245	2,410,704	2,410,704	2,410,704	2,510,704	2,510,704	2,410,704	2,510,704	2,510,704
Total		2,273,245	2,410,704	2,410,704	2,410,704	2,510,704	2,510,704	2,410,704	2,510,704	2,510,704
Funding Sources										
Federal Revenue	4000020	2,273,245	2,410,704		2,410,704	2,510,704	2,510,704	2,410,704	2,510,704	2,510,704
Total Funding		2,273,245	2,410,704		2,410,704	2,510,704	2,510,704	2,410,704	2,510,704	2,510,704
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,273,245	2,410,704		2,410,704	2,510,704	2,510,704	2,410,704	2,510,704	2,510,704

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,410,704	0	2,410,704	100.0	2,410,704	0	2,410,704	100.0
C01	Existing Program	100,000	0	2,510,704	104.1	100,000	0	2,510,704	104.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,410,704	0	2,410,704	100.0	2,410,704	0	2,410,704	100.0
C01	Existing Program	100,000	0	2,510,704	104.1	100,000	0	2,510,704	104.1

Justification

C01	AmeriCorps Arkansas programs are federally funded by the Corporation for National and Community Service and provide opportunities for citizens to dedicate up to four years of their lives in service to their communities. An exceptional number of programs were awarded funding in national competition and will exceed the current appropriation.								
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Analysis of Budget Request

Appropriation: 935 - Community Srv/Non-Profit Support – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

This appropriation provides the Division of Community Service and Nonprofit Support authority for expenditure of fees and donations relating to various efforts established around the State. The funds are for training, volunteer recognition and special volunteer event expenses. These funds are interest income as well as honoraria from speaking engagements and donations.

The Agency Base Level for this appropriation is \$6,439 each year of the biennium.

The Agency Change Level request is for \$5,561 each year of the biennium to maintain current appropriation levels and is broken down as follows:

- Operating Expenses of \$3,811.
- Conference and Travel Expenses of \$1,500.
- Professional Fees of \$250.

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

Appropriation Summary

Appropriation: 935 - Community Srv/Non-Profit Support – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	2,613	3,892	7,703	3,892	7,703	7,703	3,892	7,703	7,703
Conference & Travel Expenses	5050009	0	1,365	2,865	1,365	2,865	2,865	1,365	2,865	2,865
Professional Fees	5060010	0	1,182	1,432	1,182	1,432	1,432	1,182	1,432	1,432
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	8,000	0	0	0	0	0	0	0	0
Total		10,613	6,439	12,000	6,439	12,000	12,000	6,439	12,000	12,000
Funding Sources										
Cash Fund	4000045	10,613	6,439		6,439	6,439	6,439	6,439	6,439	6,439
Total Funding		10,613	6,439		6,439	6,439	6,439	6,439	6,439	6,439
Excess Appropriation/(Funding)		0	0		0	5,561	5,561	0	5,561	5,561
Grand Total		10,613	6,439		6,439	12,000	12,000	6,439	12,000	12,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 935 - Community Srv/Non-Profit Support – Cash in Treasury
Funding Sources: NHS - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	6,439	0	6,439	100.0	6,439	0	6,439	100.0
C05	Unfunded Appropriation	5,561	0	12,000	186.4	5,561	0	12,000	186.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	6,439	0	6,439	100.0	6,439	0	6,439	100.0
C05	Unfunded Appropriation	5,561	0	12,000	186.4	5,561	0	12,000	186.4

Justification

C05	DCSNS is requesting appropriation only to maintain current appropriation level.								
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DHS - Aging & Adult Services

Enabling Laws

Act 270 of 2014
A.C.A. §25-10-102

History and Organization

A growing nationwide awareness of the problems of the elderly and the needs for services and assistance on their behalf led to the passage of the Older Americans Act in 1965. This legislation, which created the Administration on Aging at the federal level, also mandated the establishment of a state unit on aging in each state to administer programs under the Act. Accordingly, the Arkansas Office on Aging was established in 1966 by proclamation of Governor Orville Faubus under the auspices of the Governor's Office.

Since 1965, the Older Americans Act has been amended several times, each time expanding the roles of state units on aging. Arkansas legislation has also changed the name of the state unit on aging, the organizational location, and its authority and funding responsibilities. In 1971, the State Unit was placed within the Department of Social and Rehabilitative Services. The responsibility for Adult Services was assumed in 1972.

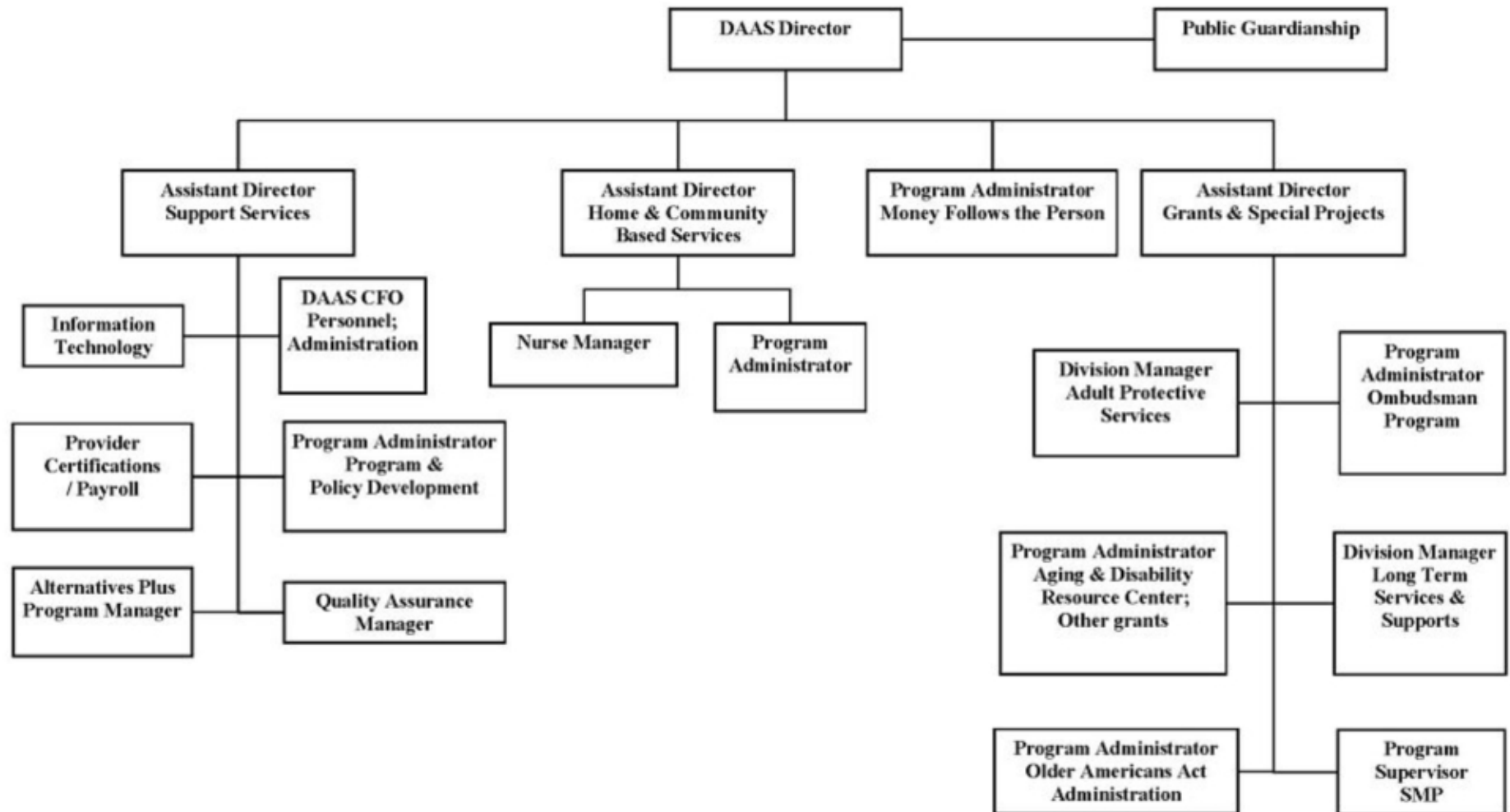
The agency achieved divisional status through Act 228 of 1977, and the responsibility for adult protective services was transferred by the General Assembly in 1979. As a result of Act 348 of 1985, the Division of Aging and Adult Services (DAAS) was created within the reorganized Arkansas Department of Human Services. In 1997 the Division began providing services to adults with physical disabilities.

The Division of Aging and Adult Services is the agency of state government designated by the governor and the state legislature as the focal point in all matters relating to the needs of older adults in Arkansas. The Division's mission is to promote the health, safety and independence of older Arkansans and adults with physical disabilities by working toward two primary goals: (1) to provide services for aging Arkansans and adults with physical disabilities; and (2) to enhance the quality of life for aging Arkansans and adults with physical disabilities. The Division is responsible for planning coordinating, funding, and evaluating programs for older adults and adults with physical disabilities that are authorized by both state and federal governments.

The Division's aim is to see that a comprehensive continuum of services is available so that individuals may select from a variety of services options to identify the programs best suited to their needs. Programs and services available include in-home care, transportation, congregate meals, home-delivered meals, legal services, attendant care, adult day service, case management, education, support groups, health and

wellness activities, employment, information and referral, and volunteer opportunities. The Division also serves as an advocate for residents of nursing homes and provides protective services for individuals 18 years and older who are suffering from abuse, neglect, and/or exploitation.

In 2007 the General Assembly found that many adults lacked the capacity to provide informed consent to necessary health care, have not executed an advance health care directive or a durable power of attorney, and have no friend or family member qualified and willing to consent on their behalf. Act 862 of 2007 created the Office of Public Guardian in the Division of Aging and Adult Services. Funding was secured in 2009, and the first appointee started work in May of 2010.



Agency Commentary

Nationally, it has been estimated that almost 10 million Americans have long-term care needs. Per reports from the Robert Wood Johnson Foundation, an estimated 70 percent of Americans who reach age 65 will need some form of long-term service and support. As the population ages, the number of people experiencing two or more functional limitations will increase from about 10 million in 2000 to about 21 million in 2040. Many of these people will require long-term care in their homes and communities or in institutions. In addition to these demographic changes, disability rates, another important predictor of the need for long-term care services, are higher than the national average for Arkansans. In fact, nearly 50% of Arkansans age 65 or older have at least one disability, compared to 41% of Americans age 65 or older; further, 17% of Arkansans age 18-64 have at least one disability compared to the national average of 11%.

The Division of Aging and Adult Services' (DAAS) mission is to promote the health, safety, and independence of older Arkansans and adults with physical disabilities. State revenues will match Older Americans Act and other federal funds that provide in-home and community-based services such as congregate and home delivered meals. Hunger and food insecurity affect thousands of Arkansans and present special concerns and burdens for the elderly population. Based on information from the U.S. Census Bureau and others studying this issue, Arkansas has one of the highest rates of hunger and food insecurity among seniors in the country. In addition to nutrition, other in-home and community-based services include transportation, health education, socialization/recreation, advocate services, information and referral, case management, chore and homemaker services to the needy elderly in Arkansas.

The following requests support home and community-based care for the adults with physical disabilities, including the elderly, through programs such as ElderChoices, Alternatives for Adults with Physical Disabilities, Assisted Living, and IndependentChoices, a consumer directed state plan personal care program. These programs are either state plan or home and community-based Medicaid waiver programs designed to provide in-home services to a population at risk of institutionalization and are managed by the Division of Aging and Adult Services. During SFY 2014, over 11,942 Arkansans received Long-Term Services and Supports (LTSS) through programs operated by the Division of Aging and Adult Services. There were 6,758 persons provided ElderChoices services, over 2,716 individuals received Alternatives services, over 1,061 received Assisted Living, over 2,878 received services under IndependentChoices, and 200 received services through the Program of All Inclusive Care for the Elderly (PACE). The programs not only save Medicaid dollars, but also enhance the dignity and self-worth of the people served by providing opportunities to live at home in familiar surroundings near family and friends. The Division also administers the Adult Protective Services Program and the Long Term Care Ombudsman Program as well as the Office of Public Guardian.

PERSONNEL REQUESTS

RESTORATION OF POSITIONS - SALARIES & FRINGE (Without Funding) - DAAS requests unfunded appropriation for the restoration of eight (8) positions left unbudgeted due to insufficient state general revenue. Restored positions will be filled as funding is identified and becomes available.

- Two (2) positions are in the Adult Protective Services Unit. Restoring Adult Protective Services positions will allow DAAS to fill positions needed to investigate allegations of adult maltreatment. Without sufficient positions to perform these duties, the State is at risk for failure to protect vulnerable, frail, elderly, and impaired adults.
- Two (2) restored positions will be moved to the Adult Protective Services unit to investigate allegations of adult maltreatment as funding becomes available.
- One (1) restored position will support the personnel area. Responsibilities have grown significantly since the inception of the Mediation/Grievance Policy and the revised Family Medical Leave Act. Considerable time is spent conducting pre-disciplinary consultations with supervisors; regular meetings are conducted with supervisors to counsel on FMLA.
- Two (2) restored positions will be used to provide critical administrative support for DAAS programs in the event funding becomes available.
- One (1) restored position will be used as supervisor for DAAS programs in the event funding becomes available. An additional supervisor level position is necessary to provide oversight, direction, and supervision to employees functioning in various programmatic capacities.

Without restoration, these positions will be eliminated on June 30, 2015. Restoration of these positions allows increased staffing necessary to appropriately respond to current protective service referrals as well as provide supervisory support and direction throughout the division.

RECLASSIFICATION OF POSITION - DAAS requests the reclassification of one (1) Program Eligibility Coordinator (M025C, C118) to an Assistant Personnel Manager (R024C, C118). The Assistant Personnel Manager will supervise the Human Resource Analyst while making hiring recommendations, explain policies and procedures to employees and managers; coordinate with managers and/or time keepers for corrections of discrepancies. The assistant manager will participate in the hiring process by reviewing applications; maintain personnel files; maintain performance evaluations; and assist in preparation of budget proposals.

OPERATING REQUESTS:

FUNDED APPROPRIATION

DAAS requests \$1,000,000 new general revenue and appropriation for its senior Nutrition Program (PWE5200). Several recent studies have examined senior food insecurity across the country. The Meals on Wheels Association of America (MOWAA) and the American Association of Retired Persons (AARP) released reports that used the US Census' Current Population Study to examine the rates of food insecurity among seniors in America. While estimates vary slightly, Arkansas has among the highest senior food insecurity rates in the country. Depending upon which study is referenced and which category of food insecurity is examined, Arkansas is between first and seventh in terms of senior food

insecurity in the United States. About a third of all Arkansans aged 60 or older (more than 160,000 people) are living with food insecurity. This puts Arkansas in the top tier nationally in terms of the proportion of seniors with food insecurity.

http://www.aarp.org/content/dam/aarp/aarp_foundation/pdf_2011/AARPFoundation_HungerReport_2011.pdf,
<http://www.nfesh.org/research/>.

The Division of Aging and Adult Services has seen a steady decline in its share of the Cigarette Tax revenues with a loss of over \$800,000 since 2009. The Division of Aging and Adult Services, through Area Agencies on Aging (AAAs), contracts with providers to feed seniors in need aged 60+. Meals are served at 182 sites administered by the AAA's across the state. In state fiscal year 2013, a total of 1,565,665 congregate meals were served to 24,545 individuals, and 2,161,664 home-delivered meals were served to 14,638 individuals. Over the past five years, more than 19 million meals have been served to Arkansas seniors.

UNFUNDED APPROPRIATION

In previous bienniums, the Division of Aging and Adult Services has received in excess of \$1,000,000 in newly awarded private and federal grants. These grants were awarded through a competitive process that enabled the state to design and implement innovative programs to serve our population more effectively and efficiently and to help modify systems to assure efficient operations that are responsive to the service needs of the clients. In addition to the newly awarded grants, the division continues to be selected to receive numerous existing competitive grants. In an effort to implement these federal programs without unnecessary delay, DAAS is requesting \$500,000 in unfunded appropriation in Operating Expenses and \$500,000 in Professional Fees in Operations (PWP2000) for each year of the biennium.

The State Older Worker Program fosters and promotes useful part-time employment opportunities in community service activities for low income persons who are fifty-five (55) years of age or older and who have poor employment prospects. DAAS is requesting \$500,000 in unfunded appropriation in (PWE1500) for both years of the biennium in the event additional state general revenue should become available for this program.

In preparation for upcoming grant opportunities, DAAS requests unfunded appropriation in the amount of \$2,000,000 in its Project Grants program (PWE2000) for both years of the biennium. This appropriation will allow the Division to implement new federal programs without unnecessary delays.

DAAS requests \$2,000,000 of unfunded appropriation for Nursing Home Care Alternatives (PWE4700) for both years of the biennium. Community services in this program may include case management, care-giver support services, information and assistance, health promotion, congregate and home-delivered meals.

DAAS requests \$90,000 of unfunded appropriation for Assistance Grants and Aid in Community Based Care (PWE5100) for both years of the biennium. Historically, DAAS has provided 10% SGR match to the Area Agencies on Aging for its Title V Senior Community Service Employment Program. Because of federal changes to the Title V program, all AAA's have withdrawn from the program. DAAS has had to procure with a national provider to continue offering these services. DAAS does not provide SGR match to the contracted provider; however, in the event any AAA should decide to re-enter the program, DAAS would still need the necessary appropriation to fund the 10% SGR match. No additional funding is requested at this time.

DAAS is requesting \$1,000,000 of unfunded appropriation for both years of the biennium in the Nutrition Program (PWE5200) to implement nutrition programs for the elderly.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
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Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Publications

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

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
35M	Ms. Senior Pageant	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0
418	Meals on Wheels	2,400,000	0	2,400,000	0	2,700,000	0	2,400,000	0	2,400,000	0	2,400,000	0	2,400,000	0	2,400,000	0	2,400,000	0
896	Division of Aging & Adult Services	14,039,173	196	14,994,820	205	16,899,415	213	15,135,559	205	16,466,703	213	16,466,703	213	15,144,802	205	16,475,946	213	16,475,946	213
898	Community Based Care	0	0	0	0	90,000	0	0	0	90,000	0	90,000	0	0	0	90,000	0	90,000	0
898	Nursing Home Care Alternatives	4,778,662	0	4,787,525	0	7,207,910	0	4,787,525	0	6,787,525	0	6,787,525	0	4,787,525	0	6,787,525	0	6,787,525	0
898	Nutrition Program	8,163,788	0	11,535,285	0	12,021,770	0	11,535,285	0	13,535,285	0	13,535,285	0	11,535,285	0	13,535,285	0	13,535,285	0
898	Older Worker Program Grants	1,052,665	0	1,052,665	0	2,093,645	0	1,052,665	0	1,552,665	0	1,552,665	0	1,052,665	0	1,552,665	0	1,552,665	0
898	Project Grants	9,276,890	0	10,294,305	0	12,420,135	0	10,294,305	0	12,294,305	0	12,294,305	0	10,294,305	0	12,294,305	0	12,294,305	0
898	Retired & Sr Volunteer Program	73,189	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
898	Sr Citizen Centers	4,898,126	0	5,000,000	0	10,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
978	Senior Olympics	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0
Total		44,772,493	196	50,229,600	205	63,597,875	213	50,370,339	205	58,291,483	213	58,291,483	213	50,379,582	205	58,300,726	213	58,300,726	213

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	17,227,008	38.5	17,678,664	35.2		17,738,898	35.2	18,738,898	36.5	17,738,898	35.2	17,742,854	35.2	18,742,854	36.5	17,742,854	35.2
Federal Revenue	4000020	25,154,817	56.2	29,877,018	59.5		29,955,608	59.5	29,955,608	58.3	29,955,608	59.5	29,960,769	59.5	29,960,769	58.3	29,960,769	59.5
Special Revenue	4000030	2,492,475	5.6	2,490,000	5.0		2,490,000	4.9	2,490,000	4.8	2,490,000	4.9	2,490,000	4.9	2,490,000	4.8	2,490,000	4.9
Transfer to Medicaid Match	4000660	(172,582)	(0.4)	(32,582)	(0.1)		(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)
Various Program Support	4000730	70,775	0.2	216,500	0.4		218,415	0.4	218,415	0.4	218,415	0.4	218,541	0.4	218,541	0.4	218,541	0.4
Total Funds		44,772,493	100.0	50,229,600	100.0		50,370,339	100.0	51,370,339	100.0	50,370,339	100.0	50,379,582	100.0	51,379,582	100.0	50,379,582	100.0
Excess Appropriation/(Funding)		0		0			0		6,921,144		7,921,144		0		6,921,144		7,921,144	
Grand Total		44,772,493		50,229,600			50,370,339		58,291,483		58,291,483		50,379,582		58,300,726		58,300,726	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
204	188	10	198	6	7.84 %	208	190	10	200	8	8.65 %	213	192	13	205	8	9.86 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 35M - Ms. Senior Pageant

Funding Sources: DHP - Aging and Adult Services Fund Account

The Ms. Senior Pageant appropriation was established by Act 1278 of 2007 Sec. 6. This appropriation allows the Division of Aging and Adult Services to provide funding to the Ms. Senior Pageant. The funding has allowed the pageant to reach out to every county in Arkansas in an attempt to make it a truly statewide event. The Ms. Senior Arkansas spokesman provides inspiration and encouragement to others by appearing and performing in senior care centers, nursing homes, hospitals and schools. This is in addition to the media appearances and addresses where they can advance the dignity and value of senior citizens around the state.

Funding for this appropriation consists of 100% general revenue funding (DHP - Aging and Adult Services Fund Account).

The Agency Base Level and total request for this appropriation is \$20,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35M - Ms. Senior Pageant

Funding Sources: DHP - Aging and Adult Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Ms. Senior Pageant Expenses 5900046	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Funding Sources									
General Revenue 4000010	20,000	20,000		20,000	20,000	20,000	20,000	20,000	20,000
Total Funding	20,000	20,000		20,000	20,000	20,000	20,000	20,000	20,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	20,000	20,000		20,000	20,000	20,000	20,000	20,000	20,000

Analysis of Budget Request

Appropriation: 418 - Meals on Wheels

Funding Sources: DHP - Aging and Adult Services Fund Account

The Meals on Wheels appropriation is utilized to provide home delivered meals to clients who are homebound and unable to prepare nutritionally adequate meals, and live in an area where the meal can be delivered. These home delivered meals comply with the Dietary Guidelines for Americans and contain 1/3 of the Recommended Dietary Allowance (RDA) of nutrients (2/3 RDA provided if in the same day a second meal is served, and 100% if 3 meals in a day.) Clients must be age 60+ (or spouse or disabled dependent of person age 60+). This service is available through the Area Agencies on Aging (AAAs).

Funding for this appropriation consists of an allotment of an additional one-cent per pack tax levied on cigarettes as authorized by A.C.A. § 26-57-802 (Act 1211 of 1991). Additional funding was provided by a new \$1.25 tax per 1,000 cigarettes levied in 2001 by A.C.A. §26-57-1101 and a privilege tax by A.C.A. §26-57-1102 on tobacco products other than cigarettes on the first sale to wholesalers or retailers within the state at two percent (2%) of the manufacturer's selling price (Act 1698 of 2001). A.C.A §26-57-1103 (Act 2219 of 2005) directed that 50% of 29% of all moneys collected from the added tax would be credited as Special Revenues to be used to assist the Meals on Wheels Program.

The Agency Base Level and total request for this appropriation is \$2,400,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 418 - Meals on Wheels

Funding Sources: DHP - Aging and Adult Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Transportation Services 5900046	2,400,000	2,400,000	2,700,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Total	2,400,000	2,400,000	2,700,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000

Funding Sources									
Special Revenue 4000030	2,400,000	2,400,000		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Total Funding	2,400,000	2,400,000		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,400,000	2,400,000		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides for the operations of the Division of Aging and Adult Services (DAAS) of the Department of Human Services. This Division promotes the health, safety, and independence of older Arkansans and adults with physical disabilities by providing programs and services including in-home care, adult day service, case management, education, support groups, health and wellness activities, employment services, and information and referral. Services are provided primarily through a network of eight Area Agencies on Aging (AAAs), over 100 community providers, and over 200 senior citizen centers.

The Project Grants appropriation provides a main source of federal revenue for support services to be distributed through Area Agencies on Aging and other community providers on a formula or project basis. Project Grants enables seniors to remain in their own homes with high quality of life for as long as possible through the provision of home and community-based services, including supports for family caregivers. Grants awarded to the State through competitive process ensure the rights of older people and prevent abuse, neglect and exploitation. Priority support services are provided through Project Grants as well as Ombudsman and senior part-time employment program for low-income persons age 55 and over who have poor employment prospects.

The Retired and Senior Volunteer Program (RSVP) appropriation is part of the national, non-profit organization sponsored locally by one of eight regional programs. It provides people age 55 and older with an opportunity to use the skills they spent a lifetime acquiring, in meaningful volunteer activities. RSVP also conducts recognition events for members of the program as a means to recognize the people who donate their time and talents to help their Arkansas communities, providing an opportunity for our members to socialize with other active seniors.

The Senior Citizens Centers appropriation provides DAAS with local hubs for administering the many programs offered to the service areas covered by the more than 200 Centers across the state. They serve as resources for information and assistance regarding eligibility and applications, places of congregation, as well as offering RSVP opportunities.

The Older Worker Program appropriation for DAAS provides for low-income persons age 55 and over who have poor employment prospects. Program participants receive assignments at community and government agencies and are paid the Federal or State minimum wage, whichever is higher. Participants may also receive assistance in developing job search skills and in locating a permanent job. Participants are placed in non-profit or public service type host agencies. They receive on-the-job training and work experience. During their training, participants work with their local Employment and Training Coordinator to achieve permanent part time or full time unsubsidized employment either at their host agency or with other employment sources in their area. Some of the benefits participants receive while in the program are: temporary paid work experience; improvement of marketable skills; development of new skills and an opportunity to establish a current work history.

The Community-Based Care and Nursing Home Alternative appropriations of DAAS encompass three programs: Alternatives, Assisted Living, and ElderChoices. All three are Medicaid home and community-based programs that provide services to Arkansas residents of several age ranges.

- Alternatives provides attendant care and environmental modification services to individuals age 21 through 64 who meet the criteria for intermediate nursing home care. The individuals' income should be less than 300% of poverty to meet the resource limits for Medicaid. Those who qualify may also receive regular Medicaid Benefits.
- Assisted Livings waiver program provides 24-hour supervision and supportive services, including limited nursing services in a congregate setting to persons aged 21 and older who have an income of no more than 300% of SSI and limited resources.
- ElderChoices provides in-home services to individuals 64 and over. These services are designed to delay or prevent institutionalization by maintaining, strengthening or restoring an eligible client's functioning in his or her own home, the home of a caregiver or foster facility. Services may include adult day care, adult day healthcare, adult foster care, chore, home delivered meals, homemaker services, personal emergency response system and respite care.

DAAS's Nutrition Programs appropriation is designed to provide meals to clients who are age 60 or older (or spouse or disabled dependent of person 60 or older), homebound, and unable to prepare nutritionally adequate meals, and living in an area where the meal can be delivered.

The funding for this appropriation is comprised of general revenue (DHP - Aging and Adult Services Fund Account), federal revenue, special revenue, and other funding. Federal revenue includes Title III - Older Americans Act, Title V - Federal Older Worker, Title VII - Ombudsman and Elder Abuse, Adult Protective Services, Nutrition Services Incentive Program, USDA Farmers Market, and Social Services Block Grant. DAAS is the successful recipient of several highly competitive and sought after federal grants: Money Follows the Person, Senior Medicare/Medicaid Fraud Patrol Expansion and Capacity Building, Medicare Enrollment Assistance for Area Agencies on Aging, Medicare Enrollment Assistance for Aging and Disability Resource Centers, and Adult Abuse/Violence of Female Victims. Other revenues indicated as various program support includes Adult Protective Service Registry Fees, Ombudsman Fees, and Area Agency on Aging Income Tax Check-Off (A.C.A. §26-51-454). Special revenue is the "In God We Trust License Plate Fund" (A.C.A. §27-15-4904).

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

896 - Administration Paying Account

The Agency Base Level Request for this appropriation is \$15,135,559 in FY2016 and \$15,144,802 in FY2017 with 205 budgeted base level positions.

The Agency Change Level Request for appropriation is \$1,331,144 each year of the biennium for the following:

- Restore Positions (8): Regular Salaries and Personal Services Matching of \$331,144. This request will allow the Division to investigate allegations of adult maltreatment, manage human resource functions, and provide support for DAAS programs.
- Reclassify Position (1): M025C Program Eligibility Coordinator I (C118) to a R024C Assistant Personnel Manager (C118). This position reclassification is needed to manage human resource functions as the responsibilities have grown considerably since the inception of the Mediation/Grievance Policy and the Revised Family Medical Leave Act.
- Operating Expenses of \$500,000 to allow for any increases in grant awards to be used for rent, mileage, office supplies, low value equipment, and other commodities, materials, supplies and services.
- Professional Fees of \$500,000 to allow for any professional and administrative costs that could occur due to any increases in grant awards.

898 - DHS Grants Paying Account

Base Level Request:

- The Agency Base Level request for the Project Grants appropriation is \$10,294,305 each year of the biennium and is funded by federal revenues as well as \$235,753 in general revenue.
- The Agency Base Level and total request for the Retired & Senior Volunteer Program is \$75,000 each year of the biennium and is funded 100% by general revenue.
- The Agency Base Level and total request for the Senior Citizens Centers is \$5,000,000 each year of the biennium and is funded 100% by general revenue.
- The Agency Base Level request for the Older Worker Program is \$1,052,665 each year of the biennium and is funded 100% by general revenue.
- The Agency Base Level request for the Community Based Care is \$0 in both funding and appropriation each year of the biennium due to this line item not being budgeted in FY2015.
- The Agency Base Level request for the Nursing Home Care Alternatives is \$4,787,525 each year of the biennium and is funded by the Area Agency on Aging Income Tax Check-Off as well as \$4,775,025 in general revenue.
- The Agency Base Level request for the Nutrition Program is \$11,535,285 each year of the biennium funded by the "In God We Trust License Plate Fund" and federal revenue.

Change Level Request:

- The Agency Change Level request for the Project Grants appropriation is \$2,000,000 each year of the biennium of appropriation to allow the Division to utilize any unanticipated increases in federal grant awards.
- The Agency Change Level request for the Older Worker Program is \$500,000 each year of the biennium of appropriation to promote part-time employment for low income persons who are fifty-five (55) years of age or older in the event additional state general revenue should become available for this program.

- The Agency Change Level request for the Community Based Care appropriation is \$90,000 each year of the biennium of appropriation that will be utilized if an Area Agency on Aging should decide to re-enter the Title V Senior Community Center Employment Program and will be funded by Title V funding.
- The Agency Change Level request for the Nursing Home Care Alternatives appropriation is \$2,000,000 each year of the biennium of appropriation to allow the Division to utilize any unanticipated increases in grant awards for long-term care services.
- The Agency Change Level request for the Nutrition Program is \$2,000,000 in appropriation, which includes general revenue requests of \$1,000,000 in each year of the biennium. This general revenue request will be used to provide home delivered meals to seniors aged 60 and above. The unfunded appropriation request will allow the Division to utilize increases in federal or private foundation grant awards to implement food programs for the elderly.

896 - Administration Paying Account

The Executive Recommendation provides for the Agency Request.

898 - DHS Grants Paying Account

The Executive Recommendation provides for the Agency Request for the following: The Project Grants appropriation; Retired & Senior Volunteer Program appropriation; Senior Citizens Centers appropriation; Older Worker Program appropriation; Community Based Care appropriation; and Nursing Home Care Alternatives appropriation.

The Executive Recommendation provides for the Agency Request for appropriation with no new general revenue funding for the Nutrition Program appropriation.

Appropriation Summary

Appropriation: 896 - DHS-Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	9,000,143	9,382,477	9,708,285	9,476,715	9,712,696	9,712,696	9,484,215	9,720,196	9,720,196
#Positions		196	205	213	205	213	213	205	213	213
Extra Help	5010001	26,190	120,434	120,434	120,434	120,434	120,434	120,434	120,434	120,434
#Extra Help		5	18	18	18	18	18	18	18	18
Personal Services Matching	5010003	3,103,175	3,199,336	3,350,349	3,245,837	3,341,000	3,341,000	3,247,580	3,342,743	3,342,743
Operating Expenses	5020002	1,805,130	2,090,573	2,842,397	2,090,573	2,590,573	2,590,573	2,090,573	2,590,573	2,590,573
Conference & Travel Expenses	5050009	26,473	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Professional Fees	5060010	78,062	102,000	777,950	102,000	602,000	602,000	102,000	602,000	602,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Project Grants	5100004	9,276,890	10,294,305	12,420,135	10,294,305	12,294,305	12,294,305	10,294,305	12,294,305	12,294,305
Retired & Sr Volunteer Prgm	5100004	73,189	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Sr Citizen Centers	5100004	4,898,126	5,000,000	10,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Older Wkrs Prgm Grant	5100004	1,052,665	1,052,665	2,093,645	1,052,665	1,552,665	1,552,665	1,052,665	1,552,665	1,552,665
Community Based Care	5100004	0	0	90,000	0	90,000	90,000	0	90,000	90,000
Nursing Hm Care Alternatives	5100004	4,778,662	4,787,525	7,207,910	4,787,525	6,787,525	6,787,525	4,787,525	6,787,525	6,787,525
Nutrition Programs	5100004	8,163,788	11,535,285	12,021,770	11,535,285	13,535,285	13,535,285	11,535,285	13,535,285	13,535,285
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		42,282,493	47,739,600	60,807,875	47,880,339	55,801,483	55,801,483	47,889,582	55,810,726	55,810,726
Funding Sources										
General Revenue	4000010	17,137,008	17,588,664		17,648,898	18,648,898	17,648,898	17,652,854	18,652,854	17,652,854
Federal Revenue	4000020	25,154,817	29,877,018		29,955,608	29,955,608	29,955,608	29,960,769	29,960,769	29,960,769
Special Revenue	4000030	92,475	90,000		90,000	90,000	90,000	90,000	90,000	90,000
Transfer to Medicaid Match	4000660	(172,582)	(32,582)		(32,582)	(32,582)	(32,582)	(32,582)	(32,582)	(32,582)
Various Program Support	4000730	70,775	216,500		218,415	218,415	218,415	218,541	218,541	218,541
Total Funding		42,282,493	47,739,600		47,880,339	48,880,339	47,880,339	47,889,582	48,889,582	47,889,582
Excess Appropriation/(Funding)		0	0		0	6,921,144	7,921,144	0	6,921,144	7,921,144
Grand Total		42,282,493	47,739,600		47,880,339	55,801,483	55,801,483	47,889,582	55,810,726	55,810,726

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	15,135,559	205	15,135,559	100.0	15,144,802	205	15,144,802	100.0
C05	Unfunded Appropriation	1,331,144	8	16,466,703	108.8	1,331,144	8	16,475,946	108.8
C10	Reclass	0	0	16,466,703	108.8	0	0	16,475,946	108.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	15,135,559	205	15,135,559	100.0	15,144,802	205	15,144,802	100.0
C05	Unfunded Appropriation	1,331,144	8	16,466,703	108.8	1,331,144	8	16,475,946	108.8
C10	Reclass	0	0	16,466,703	108.8	0	0	16,475,946	108.8

Justification

C05	Division requests the restoration of eight (8) positions, as well as, the corresponding appropriation in Regular Salaries and Personal Services Matching. Restoration of these positions allows increased staffing necessary to appropriately respond to current protective service referrals as well as provide supervisory support and direction throughout the division. The Division is requesting appropriation only in each year of the biennium in Operating Expenses and Professional Fees and Services needed to efficiently utilize any increases in grant awards.
C10	DAAS is requesting to reclassify 1 position from a Program Eligibility Coordinator, M025C, C118 to an Assistant Personnel Manager, R024C, C118 to manage Human Resources functions.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	32,744,780	0	32,744,780	100.0	32,744,780	0	32,744,780	100.0
C01	Existing Program	1,000,000	0	33,744,780	103.1	1,000,000	0	33,744,780	103.1
C05	Unfunded Appropriation	5,590,000	0	39,334,780	120.1	5,590,000	0	39,334,780	120.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	32,744,780	0	32,744,780	100.0	32,744,780	0	32,744,780	100.0
C01	Existing Program	1,000,000	0	33,744,780	103.1	1,000,000	0	33,744,780	103.1
C05	Unfunded Appropriation	5,590,000	0	39,334,780	120.1	5,590,000	0	39,334,780	120.1

Justification

C01	The Division requests \$1,000,000 in general revenue funding and appropriation for the Nutrition Program. This will support DAAS, through Area Agencies on Aging (AAA's), contracts with providers to feed seniors in need.
C05	The Division requests unfunded appropriation for the Older Worker Program, Nutrition Program, Project Grants, and Nursing Home Care Alternatives line items to utilize any unanticipated increases in Federal, State or Private Foundation funding awards. Also, the Division requests unfunded appropriation for the Community Based Care line item to be used if a AAA should decide to re-enter the Title V Senior Community Center Employment Program.

Analysis of Budget Request

Appropriation: 978 - Senior Olympics

Funding Sources: DHP - Aging and Adult Services Fund Account

This appropriation was first authorized in 1995 to provide funding for the Arkansas Senior Olympics. Funds are paid on a two-to-one matching basis to the Senior Arkansas Sports Organization, a non-profit organization that organizes the Arkansas Senior Olympic games. The purpose of the Senior Olympics program is to promote healthy lifestyles for seniors through education, fitness and sports participation.

Arkansas Senior Olympic Games are structured in accordance with rules established by the National Senior Games Association (NSGA). There are ten (10) age divisions that apply to both men and women for individual and doubles events, and seven (7) age divisions for team events. The events include: Archery, Badminton, Bowling, Cycling, Golf, Horseshoes, Race/Walk, Racquetball, Road Race, Shuffleboard, Swimming, Table Tennis, Tennis, Track and Field events and Weightlifting/Bench Press. Other recreational events are also available, including Basketball Shoot, Bean Bag Baseball, Card and Board Games, Eight Ball Pool, Pickle Ball, etc.

Funding for this appropriation consists of 100% general revenue (DHP - Aging and Adult Services Fund Account).

The Agency Base Level and total request for this appropriation is \$70,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 978 - Senior Olympics

Funding Sources: DHP - Aging and Adult Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Total		70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Funding Sources										
General Revenue	4000010	70,000	70,000		70,000	70,000	70,000	70,000	70,000	70,000
Total Funding		70,000	70,000		70,000	70,000	70,000	70,000	70,000	70,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		70,000	70,000		70,000	70,000	70,000	70,000	70,000	70,000

DHS - Children & Family Services

Enabling Laws

Act 243 of 2014
A.C.A. §25-10-102
A.C.A. §9-16-101 et seq.

History and Organization

DCFS is the designated state agency to administer and supervise all child welfare services (Title IV-B and IV-E of the Social Security Act), including child maltreatment investigations, child abuse and neglect prevention, protective services, foster care services, supportive services and adoptive programs. The State's child welfare system investigated 33,353 reports of child maltreatment, 1,302 referrals to Differential Response and managed 7,700 foster care cases, 11,151 protective service cases involving 25,852 children and 503 supportive service cases involving 1,195 children.

In a given month, the agency is responsible for the safety and well-being of approximately 10,000 children. In addition to ensuring the safety of these children, the agency conducts on average 3,700 investigations and 200 Differential Response referrals monthly.

The Division is in compliance with Titles VI and VII of the Civil Rights Act and operates, manages, and delivers services without regard to race, color, religion, sex, age, national origin, mental or physical disability, veteran status, political affiliation or belief.

Our mission is to keep children safe and help families. DCFS will respectfully engage families and youth and use community-based services and support to assist parents in successfully caring for their children. We will focus on the safety, permanency and well-being for all children and youth.

History and Organization

In 1985, the 75th Arkansas General Assembly enacted Act 348 that reorganized the Department of Human Services (DHS). Included in this Act was the provision to create a Division of Children and Family Services (DCFS). This legislative action culminated several years of departmental review and legislative interest in the delivery of services to the children, youth, and families throughout the State of Arkansas.

Specifically, Act 348 combined into DCFS all functions and duties of the Division of Youth Services (DYS) as provided in Act 502 of 1977,

child welfare functions of the Division of Social Services, and residential treatment services for emotionally disturbed youth previously provided by the Division of Mental Health Services (DMHS).

DCFS' target population included children, and when appropriate, families of children who were or may be at risk of being abused, neglected, exploited, dependent, delinquent, or who were experiencing serious emotional problems. In addition, DCFS served unmarried parents, children in need of substitute care, day care or supervision, and youth entering the juvenile justice system.

The service delivery system included two (2) Youth Services Centers for delinquent youth committed by the courts, an office in each county staffed with direct service worker(s), and a network of private providers supplying contracted services to the target population.

In 1993, the 79th General Assembly enacted Act 1296, which authorized the Governor to create a Division of Youth Services (DYS) within DHS. The juvenile justice functions of DCFS were transferred to the newly created DYS.

In 1997, the 81st General Assembly enacted Act 1132 which authorized the creation of the Division of Child Care and Early Childhood Education (DCC) within DHS. The daycare licensing, day care eligibility, and special nutrition functions of DCFS were transferred to the newly created division.

In 1997, the 81st General Assembly also enacted Act 1240, which authorized the formation of a Family Protection Unit within the Arkansas State Police (ASP) to conduct child abuse investigations. The Central Intake and Special Investigation functions of DCFS were transferred to the newly created Family Protection Unit, presently called Crimes Against Children Division of Arkansas State Police.

Act 1014 of 1997 created the Child Welfare Agency Review Board. The Board was given the authority to promulgate rules and regulations to enforce the provisions of this act. The Board was also given authority to identify and implement alternate methods of regulations and enforcement. The Board licenses residential child welfare facilities and child placement agencies including agencies that provide foster care or adoption services.

To accomplish the mandates of ACT 348, DCFS is functionally organized into the following major areas:

- 1) The Office of Director directly supervises the following executive staff and program managers: Assistant Director of Community Services, Chief Fiscal Officer of the Office of Finance and Administrative Support, Assistant Director of Office of Central Operations, Youth Services Manager, Adoption Managers, Planning Manager, Foster Care Manager, Mental Health Manager, and Policy and Professional Development Manager.
- 2) The Office of Community Services is responsible for the direct and purchased services delivery of child welfare services in each of the 75 counties of the state. Each of the ten areas has an Area Director, County Supervisors, Family Services Workers, Social Services Aides II, and other county based staff to provide direct services. Services are also provided through a statewide network of community providers.

In the central office, the Office of Community Services includes a Program Administrator, Program Manager, the Interstate Compact for the Placement of Children (ICPC) staff, and a Client Advocate who assist DCFS consumers.

- 3) The Office of Finance and Administrative Support provides support in the following areas: financial support, budgeting, funds management, accounts payable, contracts management, and personnel.
- 4) The Office of Operations provides support in the following areas: Child Maltreatment Registry, Criminal Background Checks, Eligibility, Investigations and Child Protective Services and Vehicle Safety. This office is also responsible for the management of day-to-day operations for DCFS.
- 5) The Quality Assurance management is contracted with Hornby Zeller Associates Inc., and falls under the direction of the Division Director.

DCFS is dedicated to the establishment of a coordinated and integrated service delivery system based on the following objectives:

- The protection of children
- Safety, permanency and well-being of children and youth
- Development and implementation of a well-defined family-centered model of practice
- Expansion of the family-centered approach to service delivery to help strengthen and maintain families when possible, with children's safety always paramount
- Development and expansion of programs needed to protect children and serve families
- Development, enhancement and expansion of programs to address the root causes for families involvement in the child welfare system
- Continuing development and implementation of integrated administrative/management systems including: a comprehensive management information system, restructuring purchase of service and contracting systems, revising and publishing policy/procedure manuals, refining the quality assurance monitoring system and enhanced training of supervisory and direct service staff.

The Division delivers services directly and purchases services from private and public agencies, universities and individuals, using state and federal funds. Programs and services of other Divisions within the Department of Human Services (DHS) are also available to clients of DCFS. Delivery of services is coordinated with other Divisions administering TEA/TANF, Medicaid, Food Stamps, Social Services Block Grant, and other federal entitlement programs. DCFS continues to work with the state Community-Based Child Abuse Prevention Program (CBCAP) State Lead Agency funded under Title II of CAPTA to develop child abuse prevention programs, in addition to the ones DCFS purchases.

DCFS staff provides child maltreatment investigations, family assessment, case planning, referral, and case management services. If a child cannot be maintained safely in their own home, DCFS will petition the court for custody and place the child in an approved foster home or licensed residential facility.

Child Welfare Services are a broad category of services to children and their families.

In February 2008, the federal Administration for Children and Families in Health and Human Services completed the second round on-site review portion of the Child and Family Service Review (CFSR) of Arkansas child welfare services, as required by Congress. The CFSR is the Federal Government's program for assessing the performance of State child welfare agencies with regard to achieving positive outcomes for children and families. It is essentially the state's report card from the federal government.

The CFSR assesses State performance on 23 items relevant to 7 outcomes and 22 items pertaining to 7 systemic factors. The 7 outcomes cover the areas of safety, permanency and well-being.

The Division received the report in the fall of 2009 which indicated the state did not have substantial compliance in any of the 7 outcomes and was found to be in compliance with 2 of the systemic factors. As a result of the finding, the Division was required to develop the federally mandated Program Improvement Plan (PIP), which is a plan to address issues identified in the CFSR and aide in the transformation of the Arkansas Child Welfare system.

Arkansas implemented the Program Improvement Plan and utilized our Quality Services Peer Review (QSPR) process to monitor our progress. DCFS successfully met the Program Improvement Plan goals and did not receive any financial penalties for not having met the goals. To ensure that we are continuing to improve the AR Child Welfare system, we continue to monitor our progress throughout the year. It is the goal of the Division to continue to increase the state's performance on the federal measures so the children and families we serve have the best outcomes.

The Arkansas child welfare practice model describes all of our efforts to renew our work with families and aligns us more readily with our Division's mission. It reflects our goals and our principles and is embedded in our casework process, our daily interactions and our decisions. It is not spelled out in a large document but instead is increasingly a part of everything we do - every action, every decision and is reflected in every document we develop and implement.

The Practice Model is the way our systems work together to serve children and families. One of the key elements is the focus on how we do the work is as important as the work we do.

Practice Model Goals

Our Practice Model unites our casework process with an approach that values and supports families at every step of a family's encounter with our system. The goals of our Practice Model are:

- Safely keep children with their families.

- Enhance well-being in all of our practice with families.
- Ensure foster care and other placements support goals of permanency.
- Use permanent placement with relatives or other adults, when reunification is not possible, who have a close relationship to the child or children (preferred permanency option).
- Ensure adoptions, when that is the best permanency option, are timely, well-supported and lifelong.
- Ensure youth have access to an array of resources to help achieve successful transition to adulthood.

Principles to Guide Best Practices

Along with our goals, we support the practice model by looking for ways to incorporate the following principles into every encounter we have when working on behalf of families.

We believe...

- Behavior change and the work of change is a part of our daily challenge.
- Safety for children is achieved through positive protective relationships with caring family and community members.
- Meaningful decisions require close family participation in decision making.
- Strengths of families and supporting these strengths contribute to life-long permanent relationship for children.
- Families' success depends on community involvement and shared problem solving.
- Practice with families is interrelated at every step of the casework process.
- Sustainable success with families is the work of a team.
- The entire system must support frontline practice to achieve positive outcomes with families.
- Every staff position, role, and activity of the Division shows continuous effort to build and maintain professionalism.
- Skill based training and consultation forms the foundation for successful practice with families.
- Quality improvement and accountability guide all of our work.
- How we do the work is as important as the work we do.

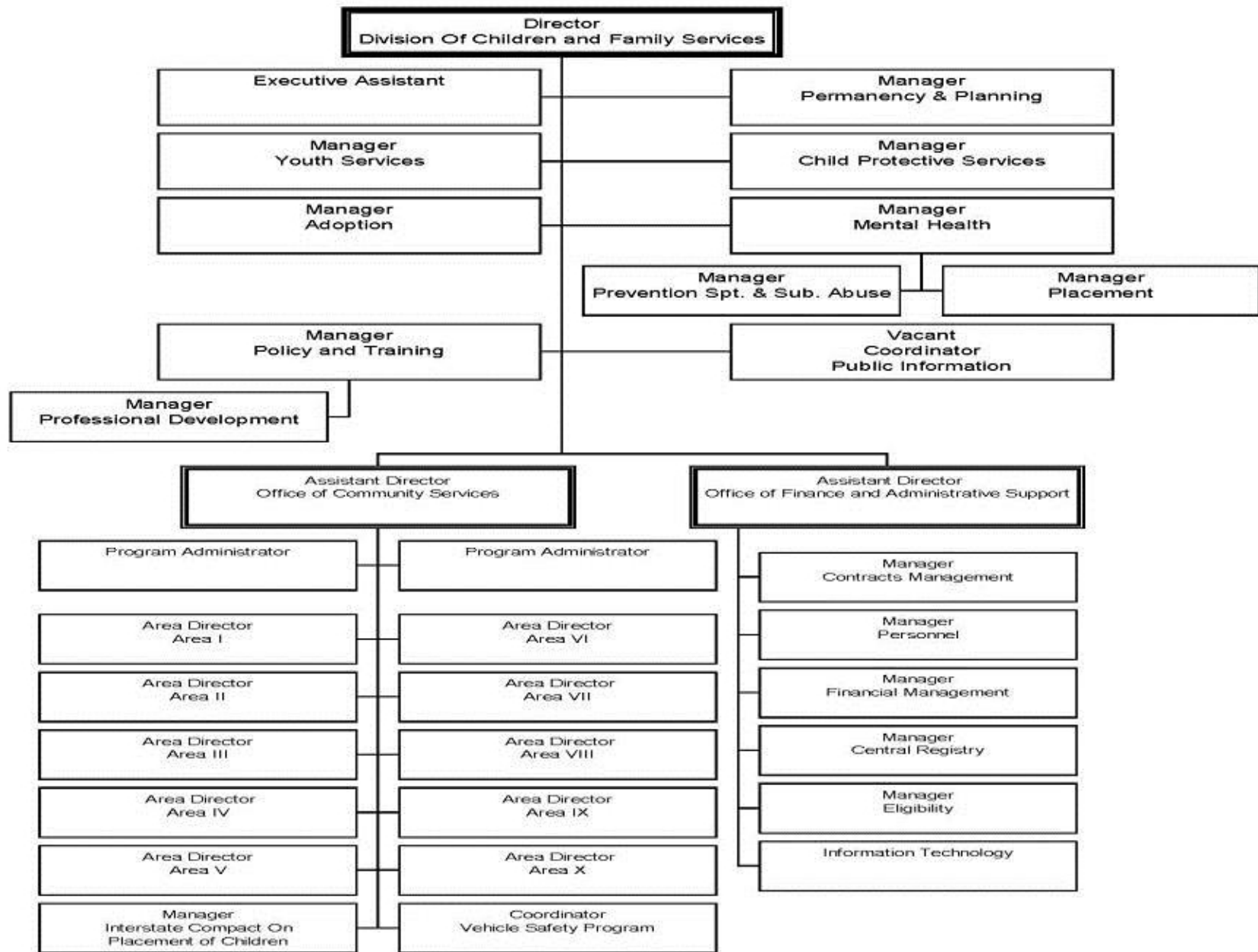
Outcomes will address:

- Safety
- Permanency
- Child and family well-being

The Division's child welfare practice should be:

- Child focused
- Family centered
- Individualized to meet the specific needs of the children and families
- Collaborative

- Enhanced to strengthen parent capacity
- Culturally responsive
- Community based
- Outcome oriented



Agency Commentary

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- Collaborative
- Enhanced to strengthen parent capacity
- Culturally responsive
- Community based
- Outcome oriented

In October 2012, Arkansas was one of 9 states approved to participate in Round One of the Title IV-E Waiver demonstration project. The waiver is for a five year period with a proposed option to renew. During this 5 year time frame, the state will “demonstrate” how we can use the flexibility of funding to achieve the best outcomes for the children and families we serve. The waiver is not “new money”; however, it allows us to shift resources in child welfare to achieve better outcomes for the children and families we serve.

Goals of the IV E Waiver

- **Increase permanency** for all infants, children, and youth by **reducing the time in foster placements** when possible and **promoting a successful transition to adulthood** for older youth
- **Increase positive outcomes** for infants, children, youth and **families in their homes** and communities, including tribal communities, and **improve the safety and well-being** of infants, children and youth
- **Prevent** child abuse and neglect and the **re-entry** of infants, children, and youth into foster care

Arkansas broad plan:

- Continue to improve the child welfare system
- Safely decrease entries into care statewide
- Increase stability of children when they enter foster care
- Children achieve timely permanence from foster care and do not languish/grow up in the foster care system
- Implement evidence based or evidence informed interventions to best meet the needs of the children and families served

REPLACEMENT OF ONE TIME FUNDING:

DCFS is requesting general revenue funding of \$10.1 million in FY2016 and \$7.1 million in FY2017, to replace one time funding during Fiscal Year 2015, of which \$8,158,853 is in the Division's Base Level for each year of the biennium. The amount requested for Fiscal Year 2017 is reduced due to anticipated outcomes from the Title IV-E Waiver interventions. This request for general revenue reflects the following:

- \$1,700,000 of new general revenue for FY2016 will be used to increase the number of Protective Service staff positions. These positions are needed to ensure the safety of those children where an allegation has been found true however through an assessment it is determined the children can safely remain in their home instead of removing them and placing them in foster care. In any given month, there is an average of 6,200 children in protective service cases. The addition of these staff will allow other casework staff to focus working with the additional 4,000 children who are in foster care (removed from their home) on a daily basis, so timely permanency can be obtained and they do not grow up in the foster care system. The reduction in foster care cases along with the reduction of time in care will save the state sufficient funds to support the continuation of these positions in FY2017.
- \$4,200,000 each year of the biennium to replace the reduction in federal funding resulting from revisions to the DCFS Cost Allocation Plan. It was necessary to revise the plan in SFY 2014 in order to bring the plan into compliance with the current Federal Cost Allocation regulations. This revision reduced the amount of DCFS expenditures allocable to federal programs.
- \$900,000 each year of the biennium for payments of the state matching funds to provide Title IV-E daycare for eligible foster children.

Daycare is offered to working foster parents who care for our children and is also offered to many protective service case families. This program is currently paid through the Division of Child Care and Early Childhood Education.

- \$1,000,000 each year of the biennium to provide for the continued growth of the state's obligation for adoption subsidies as a part of the effort in finding permanency for children in the foster care system. Adoption subsidy contracts are legally binding contracts until the child reaches 18 and in some cases may be extended to age 21. Adoption subsidies are a long term debt for the child welfare system.
- \$2,100,000 in FY2016 and \$1,000,000 in FY2017 to provide substance abuse treatment for client's served in the system. Statistics indicate substance abuse misuse is associated in 53% of the reasons for removals from a home. By contracting directly with providers for these services, DCFS will ensure timely and quality care is received for our clients. This will also enable a timelier reunification of children with their families and allowing the children to exit the foster care system.
- \$200,000 in FY2016 to increase the rate paid for home studies that are required to open and approve foster and adoptive homes. The rate increase will allow the Division to be more competitive with the private market. This will allow the division to attract more providers willing to complete quality home studies, which will allow the Division to open more foster and adoptive homes. As a result of more homes being opened, DCFS will be able to reduce the number of foster care children and youth placed in more expensive provider settings. The savings generated will be sufficient to support the continuation of these rates in SFY 2017.

PERSONNEL REQUESTS:

The ultimate goal of DCFS is to provide safety and permanency for children. In order to do this, we must have quality staff, which possesses the necessary skill set, to respond to reports of suspected child maltreatment, provide services to protect children and assure permanency for them. These staff must have training and sufficient resources to do their jobs, including placement and treatment resources, and access to needed support systems.

State law, agency policy, and national standards set forth requirements for best practice. Workers who possess the necessary skill sets, have quality supervisory support and have a clear understanding of their roles and responsibilities are better able to access and make the best decisions needed for children and families.

DCFS is requesting to restore 170 currently authorized positions with unfunded appropriation for both salary and fringe benefits for both 2016 and 2017. These positions are vital to allowing the Division to continue with the transformation efforts already occurring within the system and to ensure more appropriate child to worker staffing ratios.

This request will allow the Division to better meet the needs of our children and families, allow us to meet the goals and outcome measures we have set as a division, and implement changes that are possible with the award of the Title IV-E Waiver. DCFS realizes our workers are the heart in the delivery of our services. The development and retention of a quality child welfare workforce is the key to the transformation of our system.

Information Technology:

The Division is requesting appropriation for Capital Outlay to allow for information technology needs related to the Children’s Information and Reporting System (CHRIS). The computer servers the CHRIS system resides on are the responsibility of DCFS to replace. (Operations-Major Applications tab page 8, IT Plan)

Substance Abuse Treatment Contracts:

The Division is requesting appropriation to meet anticipated needs for contracts related to substance abuse treatment in DCFS. By contracting directly with providers for these services, DCFS will insure timely and quality care is received our clients. This will also enable a timelier reunification of children with their families and allowing the children to exit the foster care system.

Title IV-E Daycare:

The Division is requesting appropriation to bring the Title IV-E daycare into DCFS. This will bring all Title VI-E revenues and expenditures into a single operating division. Daycare is offered to working foster parents who care for our children and is also offered to many protective service case families.

Adoption Subsidy:

The state match rate for Title IV-E adoption subsidies has been in a steady decline for years and causes DCFS to match subsidy payments with more state general revenue each year. Adoption subsidies are awarded until a child turns 18 in most cases, though in some instances may be extended until the age of 21. The Division is requesting appropriation in the TANF/Foster Care Program and in the State Foster Care Program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
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Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Arkansas Child Welfare Report Card	Act 1222 of 1995	N	Y	200	AR Child Welfare Public Accountability Act Mandated	40	384.00
Compliance Outcome Report	COR	N	N	500	Continuation monitoring objectives of Angela R Settlement	10	144.00
Family Preservation	Act 1025 of 1991	N	Y	50	Arkansas Family Preservation Services Program Act	4	10.00
Garrett's Law Report	Act 1176 of 2005	N	Y	50	Mandated	20	108.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Children & Family Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
SERVICE TOWARD ENHANCING	\$360,500	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>1</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$37,712,041</u>
% OF MINORITY CONTRACTS AWARDED	<u>0.19 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation		2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
882	State Residential Treatment	923,888	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0
883	Foster Care	27,586,252	0	30,179,183	0	30,315,859	0	30,179,183	0	31,179,183	0	31,179,183	0	30,179,183	0	31,579,183	0	31,579,183	0
896	Division of Children & Family Services	66,724,384	1,027	73,248,205	956	82,181,981	1,129	73,609,508	956	81,214,159	1,126	81,214,159	1,126	73,644,761	956	81,249,535	1,126	81,249,535	1,126
898	TANF/Foster Care	44,018,794	0	45,801,606	0	43,471,796	0	45,801,606	0	53,801,606	0	53,801,606	0	45,801,606	0	56,101,606	0	56,101,606	0
Total		139,253,318	1,027	150,328,994	956	157,069,636	1,129	150,690,297	956	167,294,948	1,126	167,294,948	1,126	150,725,550	956	170,030,324	1,126	170,030,324	1,126

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	49,467,320	35.5	49,473,578	32.9		61,907,811	41.1	72,007,811	47.2	72,007,811	47.2	61,917,075	41.1	69,017,075	46.1	69,017,075	46.1
Federal Revenue	4000020	72,985,720	52.4	80,969,622	53.9		81,231,997	53.9	77,731,997	50.9	77,731,997	50.9	81,255,512	53.9	77,755,512	52.0	77,755,512	52.0
Reallocation of Resources	4000410	0	0.0	12,356,149	8.2		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Reimbursement	4000425	3,161,395	2.3	3,725,000	2.5		3,725,000	2.5	3,725,000	2.4	3,725,000	2.4	3,725,000	2.5	3,725,000	2.5	3,725,000	2.5
Transfer to State Police	4000675	(1,657,641)	(1.2)	(1,674,208)	(1.1)		(1,674,208)	(1.1)	(1,674,208)	(1.1)	(1,674,208)	(1.1)	(1,674,208)	(1.1)	(1,674,208)	(1.1)	(1,674,208)	(1.1)
Various Program Support	4000730	15,296,524	11.0	5,478,853	3.6		5,499,697	3.6	840,844	0.6	840,844	0.6	5,502,171	3.7	843,318	0.6	843,318	0.6
Total Funds		139,253,318	100.0	150,328,994	100.0		150,690,297	100.0	152,631,444	100.0	152,631,444	100.0	150,725,550	100.0	149,666,697	100.0	149,666,697	100.0
Excess Appropriation/(Funding)		0		0			0		14,663,504		14,663,504		0		20,363,627		20,363,627	
Grand Total		139,253,318		150,328,994			150,690,297		167,294,948		167,294,948		150,725,550		170,030,324		170,030,324	

FY15 Budget exceeds Authorized in (898) TANF/Foster Care by authority of Reallocation of Resources.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
1,166	929	3	932	234	20.33 %	1,131	934	0	934	197	17.42 %	1,129	946	10	956	173	16.21 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 882 - State Residential Treatment

Funding Sources: DCF - Children and Family Services Fund Account

This appropriation provides residential treatment services to children in need of placement and treatment. These services are purchased through private provider contracts and Medicaid Eligible service providers. The services are targeted for children who have been diagnosed as having serious emotional and/or behavioral problems and are in need of placement and treatment.

Funding for this appropriation is general revenue (DCF - Children and Family Services Fund Account) and refunds that consist of contract reimbursements for spent general revenue.

The Agency Base Level and total request for this appropriation is \$1,100,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 882 - State Residential Treatment

Funding Sources: DCF - Children and Family Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	923,888	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total		923,888	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Funding Sources										
General Revenue	4000010	902,000	1,075,000		1,075,000	1,075,000	1,075,000	1,075,000	1,075,000	1,075,000
Reimbursement	4000425	21,888	25,000		25,000	25,000	25,000	25,000	25,000	25,000
Total Funding		923,888	1,100,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		923,888	1,100,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000

Analysis of Budget Request

Appropriation: 883 - Foster Care

Funding Sources: DCF - Children and Family Services Fund Account

The Division of Children and Family Services (DCFS) provides selective placement for children in the custody of the Department of Human Services in approved foster homes or licensed facilities for a planned period of time when separation from a birth parent or legal guardian necessitates such separation. Foster Care is an integral part of the service delivery system of the Division of Children and Family Services.

Funding for this appropriation consists of general revenue (DCF-Children and Family Services Fund Account), refunds that consist of board reimbursements for spent general revenue and other funding which is indicated as various program support can also include sources such as federal awards, fees, and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

The Agency Base Level request for this appropriation is \$30,179,183 each year of the biennium.

The Agency Change Level request for appropriation is \$1,000,000 in FY2016 and \$1,400,000 in FY2017, with new general revenue of \$1,000,000 each year of the biennium, and reflects the following:

- \$1,000,000 of new general revenue each year of the biennium for adoption subsidies. This is to off-set one-time funding received in FY2015.
- \$1,000,000 in FY2016 and \$1,400,000 in FY2017 to meet anticipated needs for increases in board rates and contract payments if additional funding becomes available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 883 - Foster Care

Funding Sources: DCF - Children and Family Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	27,586,252	30,179,183	30,315,859	30,179,183	31,179,183	31,179,183	30,179,183	31,579,183	31,579,183
Total		27,586,252	30,179,183	30,315,859	30,179,183	31,179,183	31,179,183	30,179,183	31,579,183	31,579,183
Funding Sources										
General Revenue	4000010	12,204,658	14,123,034		26,479,183	27,479,183	27,479,183	26,479,183	27,479,183	27,479,183
Reallocation of Resources	4000410	0	12,356,149		0	0	0	0	0	0
Reimbursement	4000425	3,139,507	3,700,000		3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Various Program Support	4000730	12,242,087	0		0	0	0	0	0	0
Total Funding		27,586,252	30,179,183		30,179,183	31,179,183	31,179,183	30,179,183	31,179,183	31,179,183
Excess Appropriation/(Funding)		0	0		0	0	0	0	400,000	400,000
Grand Total		27,586,252	30,179,183		30,179,183	31,179,183	31,179,183	30,179,183	31,579,183	31,579,183

FY15 Budget does not reflect the receipt of one-time funding.

Change Level by Appropriation

Appropriation: 883 - Foster Care
Funding Sources: DCF - Children and Family Services Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	30,179,183	0	30,179,183	100.0	30,179,183	0	30,179,183	100.0
C05	Unfunded Appropriation	1,000,000	0	31,179,183	103.3	1,400,000	0	31,579,183	104.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	30,179,183	0	30,179,183	100.0	30,179,183	0	30,179,183	100.0
C05	Unfunded Appropriation	1,000,000	0	31,179,183	103.3	1,400,000	0	31,579,183	104.6

Justification

C05	Unfunded appropriation requested to meet the anticipated needs for state adoption subsidies.
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Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Children and Family Services (DCFS). This Division is responsible for the protection of children, the continuation of the family-centered approach to service delivery to help strengthen and maintain natural families when possible, the expansion of programs such as therapeutic services, foster care prevention, management information systems and quality assurance and monitoring.

DCFS provides family supports to keep children at home, assist families when the families temporarily can't provide the necessary care for their children and help eliminate child maltreatment. DCFS attempts to keep families together and only separates children from their families as a last alternative. Specific services provided by the Division are: Support Services, Foster Care, Adoption Services and Protective Services.

The Division was operating under a Child Welfare Reform Federal Consent Decree until December, 2001. The original lawsuit (commonly known as "Angela R") was filed in 1991, alleging gross abuse and neglect of children of this State and the State's failure to protect those children. The consent decree was approved in 1994 and extended in 1999 and again in October 2001. In December 2001, the decree ended when the plaintiffs to the original lawsuit did not challenge DCFS compliance with the federal consent decree.

Funding for this appropriation includes general revenue (DCF-Children and Family Services Fund Account), federal revenues and other revenues, which is identified as various program support. The federal funds are derived from Title IV-E, Title IV-B, TANF, Child Abuse Prevention Treatment Act (CAPTA), Social Service Block Grant, Emergency Assessment funding, and Safe and Stable Families Act funding. Other revenues which are indicated as various program support are derived from many sources including federal awards, fees, third party reimbursements, maximization of federal claiming and one-time Governor's set-aside funding. These other revenues are considered to be non-federal and technically can be expended for any program or service within the Department.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Base Level request for this appropriation is \$73,609,508 in FY2016 and \$73,644,761 in FY2017 with 956 budgeted base level positions.

The Agency Change level request for appropriation is \$7,604,651 in FY2016 and \$7,604,774 in FY2017 with new general revenue funding of \$6,100,000 in FY2016 and \$4,200,000 in FY2017 for the Title IV-E Waiver demonstration project, and reflects the following:

- \$1,700,000 of new general revenue in FY2016 to increase the number of Protective Service staff positions. These positions will assist the agency in achieving its goals of increased permanency, reduction of time in foster placement, increase positive outcomes, and improve safety and well-being. This is to off-set one-time funding received in FY2015.
- \$200,000 of new general revenue in FY2016 to increase the rate paid for home studies required to open and approve foster and adoptive homes. This is to off-set one-time funding received in FY2015.
- \$4,200,000 of new general revenue each year of the biennium due to revisions to the DCFS Cost Allocation Plan. This is to off-set one-time funding received in FY2015.
- Restore Positions (170): Regular Salaries and Personal Services Matching of \$7,504,651 in FY2016 and \$7,504,774 in FY2017 to provide direct service or provide direct support to field staff.
- Capital Outlay of \$100,000 each year of the biennium to meet anticipated technology needs related to the CHRIS system. This can be found under the Division's IT Plan.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	34,610,318	33,827,662	40,272,436	34,108,890	39,503,116	39,503,116	34,137,490	39,531,816	39,531,816
#Positions		1,027	956	1,129	956	1,126	1,126	956	1,126	1,126
Extra Help	5010001	82,382	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
#Extra Help		9	65	65	65	65	65	65	65	65
Personal Services Matching	5010003	12,418,807	12,580,044	15,064,046	12,760,119	14,870,544	14,870,544	12,766,772	14,877,220	14,877,220
Overtime	5010006	2,315	0	5,000	0	0	0	0	0	0
Operating Expenses	5020002	8,946,350	12,145,347	12,145,347	12,145,347	12,145,347	12,145,347	12,145,347	12,145,347	12,145,347
Conference & Travel Expenses	5050009	20,478	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Professional Fees	5060010	10,515,780	14,390,152	14,390,152	14,390,152	14,390,152	14,390,152	14,390,152	14,390,152	14,390,152
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	127,954	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Total		66,724,384	73,248,205	82,181,981	73,609,508	81,214,159	81,214,159	73,644,761	81,249,535	81,249,535

Funding Sources										
General Revenue	4000010	22,735,913	20,924,602		21,002,686	27,102,686	27,102,686	21,011,950	25,211,950	25,211,950
Federal Revenue	4000020	44,541,288	48,858,958		49,121,333	47,680,186	47,680,186	49,144,848	47,703,701	47,703,701
Transfer to State Police	4000675	(1,657,641)	(1,674,208)		(1,674,208)	(1,674,208)	(1,674,208)	(1,674,208)	(1,674,208)	(1,674,208)
Various Program Support	4000730	1,104,824	5,138,853		5,159,697	500,844	500,844	5,162,171	503,318	503,318
Total Funding		66,724,384	73,248,205		73,609,508	73,609,508	73,609,508	73,644,761	71,744,761	71,744,761
Excess Appropriation/(Funding)		0	0		0	7,604,651	7,604,651	0	9,504,774	9,504,774
Grand Total		66,724,384	73,248,205		73,609,508	81,214,159	81,214,159	73,644,761	81,249,535	81,249,535

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	73,609,508	956	73,609,508	100.0	73,644,761	956	73,644,761	100.0
C05	Unfunded Appropriation	7,504,651	170	81,114,159	110.2	7,504,774	170	81,149,535	110.2
C08	Technology	100,000	0	81,214,159	110.3	100,000	0	81,249,535	110.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	73,609,508	956	73,609,508	100.0	73,644,761	956	73,644,761	100.0
C05	Unfunded Appropriation	7,504,651	170	81,114,159	110.2	7,504,774	170	81,149,535	110.2
C08	Technology	100,000	0	81,214,159	110.3	100,000	0	81,249,535	110.3

Justification

C05	DCFS is requesting the restoration of 170 positions that are direct service or provide direct support to field staff.
C08	The Division is also requesting unfunded appropriation for Capital Outlay in the amount of \$100,000 to meet the needs of the CHRIS system. (Operations - Major Applications Page 8, IT Plan)

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The TANF/Foster Care Program is used to assist with the costs of foster care maintenance for eligible children; administrative costs to manage the program; and training for staff and foster parents. The primary purpose of this program is to fund proper care for children who need placement outside their homes. This appropriation is also used to assist States in paying maintenance costs for adopted children with special needs, such as children who are older or who have disabilities. The primary purpose of this program is to advance the permanency of hard to place children in adoptive homes and avoid inappropriate and excessive numbers of foster care placements.

This appropriation also provides for Independent Living services for foster children age 16 and older. This service is intended to provide a transition to independent living by providing encouragement and assistance in obtaining a high school diploma or vocational skill training, as well as training in daily living skills.

Funding for this appropriation includes general revenue (DCF - Children and Family Services Fund Account), federal revenues, and other revenues, which are identified as various program support. Federal revenues include Title IV-E Adoption Subsidies, Title IV-B Family Preservation Funding, SSBG, and TANF. Other revenues which are indicated as various program support and consists of match out of board reimbursements.

The Agency Base Level request for this appropriation is \$45,801,606 each year of the biennium.

The Agency Change Level request for appropriation is \$8,000,000 in FY2016 and \$10,300,000 in FY2017, with new general revenue request of \$3,000,000 in FY2016 and \$1,900,000 in FY2017, and reflects the following:

- \$900,000 of general revenue each year to provide payments for Title IV-E Daycare for eligible foster children. This is currently being performed by the Division of Child Care and Early Childhood Education. This is to off-set one-time funding received in FY2015.
- \$2,100,000 in FY2016 and \$1,000,000 in FY2017 of general revenue to provide substance abuse treatment for clients served in the system. This is to off-set one-time funding received in FY2015.
- \$3,000,000 each year to bring Title IV-E Daycare in DCFS. Daycare is offered to working foster parents and protective service case families.
- \$3,000,000 each year for anticipated needs related to the Substance Abuse Treatment program to provide substance abuse treatment for client's served in the system.
- \$2,000,000 in FY2016 and \$4,300,000 in FY2017 for Title IV-E adoption subsidies.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	44,018,794	45,801,606	43,471,796	45,801,606	53,801,606	53,801,606	45,801,606	56,101,606	56,101,606
Total		44,018,794	45,801,606	43,471,796	45,801,606	53,801,606	53,801,606	45,801,606	56,101,606	56,101,606
Funding Sources										
General Revenue	4000010	13,624,749	13,350,942		13,350,942	16,350,942	16,350,942	13,350,942	15,250,942	15,250,942
Federal Revenue	4000020	28,444,432	32,110,664		32,110,664	30,051,811	30,051,811	32,110,664	30,051,811	30,051,811
Various Program Support	4000730	1,949,613	340,000		340,000	340,000	340,000	340,000	340,000	340,000
Total Funding		44,018,794	45,801,606		45,801,606	46,742,753	46,742,753	45,801,606	45,642,753	45,642,753
Excess Appropriation/(Funding)		0	0		0	7,058,853	7,058,853	0	10,458,853	10,458,853
Grand Total		44,018,794	45,801,606		45,801,606	53,801,606	53,801,606	45,801,606	56,101,606	56,101,606

FY15 Budget exceeds Authorized by authority of Reallocation of Resources.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	45,801,606	0	45,801,606	100.0	45,801,606	0	45,801,606	100.0
C05	Unfunded Appropriation	8,000,000	0	53,801,606	117.5	10,300,000	0	56,101,606	122.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	45,801,606	0	45,801,606	100.0	45,801,606	0	45,801,606	100.0
C05	Unfunded Appropriation	8,000,000	0	53,801,606	117.5	10,300,000	0	56,101,606	122.5

Justification

C05	Unfunded appropriation requested to meet the anticipated needs of federal adoption subsidies and for the inclusion of Title IV-E daycare. Unfunded appropriation requested to provided for the inclusion of substance abuse treatment contracts.
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DHS - Child Care/Early Childhood Education

Enabling Laws

Act 244 of 2014

A.C.A. §19-5-306 et seq.

A.C.A. §19-6-465 et seq.

A.C.A. §20-76-105 et seq.

A.C.A. §20-78-219 et seq.

A.C.A. §20-78-222 et seq.

A.C.A. §20-78-222 et seq.

A.C.A. §20-78-201 et seq.

A.C.A. §20-78-224 et seq.

A.C.A. §20-78-602 et seq.

A.C.A. §20-78-501 et seq.

A.C.A. §20-78-503 et seq.

A.C.A. §20-78-504 et seq.

A.C.A. §25-10-102 et seq.

A.C.A. §6-45-101 et seq.

A.C.A. §3-7-201 et seq.

History and Organization

The purpose of the Division of Child Care and Early Childhood Education is to improve the quality and enhance the coordination of child care and early childhood education programs within the State.

The creation of the Division consolidated three (3) existing boards into one. These review boards were consolidated into a new Arkansas Early Childhood Commission that advises the Division and has regulatory approval for all minimum licensing standards.

The Division working with the Arkansas Early Childhood Commission, adopted the following mission statement: "As good stewards of the public trust, we will support and advise the Division by ensuring that all Arkansas children and families have access to a safe, high-quality developmentally appropriate (nurturing learning) environment (and) by educating and assisting parents, child care providers, and communities to prepare our children for future success."

The Division is comprised of six sections: one regulatory, one compliance, three programmatic and one administrative. The Division currently has 203 budgeted positions in addition to 13 extra help positions. The name of the sections and a brief description of their functions follow:

Arkansas Better Chance Program

The Arkansas Better Chance Program (ABC) provides administration and oversight of all state funded pre-k programs (3 and 4 year old children at or below 200% of Federal Poverty Level) throughout the state. Approximately 30,615 children are enrolled in ABC programs. Agencies participating in ABC include school districts, educational cooperatives, non-profit agencies, Head Start agencies, community based providers, private providers, and family child care homes. ABC specialists monitor these agencies and provide technical assistance for programmatic, financial and data related issues.

Child Care Licensing and Quality Accreditation

Licensing is responsible for performing on-site reviews of child care centers, in addition to licensed and registered homes, as well as conducting complaint investigations in these facilities. This unit is also responsible for maintaining the Criminal Records Check Systems (Act 1198 of 1997) in conjunction with the Arkansas State Police. This system checks the police record of all workers in child care centers, as well as licensed and registered homes.

The Placement and Residential Licensing Unit is responsible for licensing and monitoring youth residential facilities, child placement agencies, and adoption agencies and for investigating complaints involving those licensees. This Unit reports monthly to the Child Welfare Agency Review Board, a Governor appointed board which has final authority over licensure actions recommended by this Unit.

Better Beginnings, a quality rating improvement system for Arkansas, is a voluntary multi-step accreditation system that has established standards of quality for child care providers. This system is designed to assist facilities through a process to assess, improve, and communicate the level of quality to parents and the general public. When child care providers successfully complete the certification process, their facility earns a one, two, or three star rating. The ratings are posted on the Better Beginnings website for parents and others to review.

Child Care Development

The Child Care Development Fund has two primary functions: providing support to qualifying families who need child care assistance and improving the quantity and quality of child care services within the state. The Family Support Unit is responsible for determining eligibility and authorizing child care assistance. Child Care Assistance is provided to 10,683 families and 18,229 children. Child Care Eligibility Specialists are located regionally across the state.

The Program Development Unit is responsible for all quality funds within the Child Care Development Fund and provides major outreach to improving the quantity and quality of child care in the State through numerous services to early care and education providers and to parents of young children.

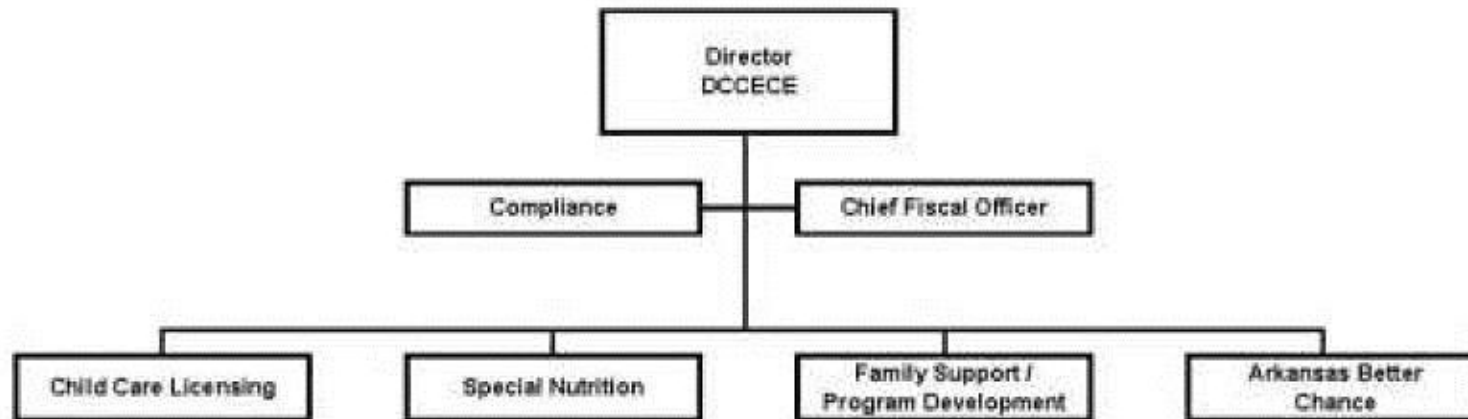
Compliance

This section works with the programmatic units of the Division and other appropriate Divisions within the Department to coordinate and track issues dealing with provider fraud, over-payments and audits. Compliance conducts on-site reviews of providers and provides technical assistance as well as reviewing active case files and providing feedback if discrepancies are identified. The section performs the Federal Improper Payment Review every 3 years. Additionally, the section is responsible for coordinating the release of information requested under FOIA.

Health and Nutrition

The Health and Nutrition Unit provides oversight for a large federally funded program within the Division. The Health and Nutrition Unit is comprised of five programs, four of the programs are federally funded by the United States Department of Agriculture (USDA) and one is funded by Department of Health and Human Services and is administered by the State. The USDA programs reimburse centers, private schools and sponsors for nutritional meals and snacks served. The programs are Child and Adult Care Food Program (CACFP), the National School Lunch Program (NSLP), the Special Milk Program (SMP) and the Summer Food Service Program (SFSP). The Department of Health and Human Services, Arkansas Early Childhood Comprehensive System Initiative objective is to carry out special maternal and child health (MCH) projects of regional and national significance; to conduct training and research; to conduct genetic disease testing, counseling and information development and dissemination programs; for grants relating to hemophilia without regard to age and for the screening of newborns for sickle cell anemia and other genetic disorders.

Arkansas DHHS
Division of Child Care and Early Childhood Education



Agency Commentary

The Division of Child Care and Early Childhood Education requests the following adjustments for 2015-2017 Biennium:

SFY2016

Appropriation 320 - \$3,000,000 in funded federal appropriation

Appropriation 890 - \$30,000,000 in funded federal appropriation

Appropriation 896 - \$520,882 in funded federal appropriation
Appropriation 898 - \$3,000,000 in funded federal appropriation
Appropriation 898 - \$500,000 in funded other appropriation

SFY2017

Appropriation 320 - \$3,000,000 in funded federal appropriation
Appropriation 890 - \$30,000,000 in funded federal appropriation
Appropriation 896 - \$520,882 in funded federal appropriation
Appropriation 898 - \$3,000,000 in funded federal appropriation
Appropriation 898 - \$500,000 in funded other appropriation

Appropriation 320 - Child Care Development

The Division of Child Care and Early Childhood Education requests federally funded appropriation to accommodate the anticipated growth in this federal program which provides child care services for working families and continues to improve the quality of child care for all Arkansas children in each year of the biennium;

	<u>SFY2016</u>	<u>SFY2017</u>
Funded Appropriation	\$3,000,000	\$3,000,000
Grants, Assistance and Aids		
Commitment Item: 510:00:04		

Appropriation 890 - Child Care Food Program

The Division of Child Care and Early Childhood Education requests funded appropriation for the USDA Health and Nutrition Program. This will match appropriation to the anticipated level of the FFY2016 and FFY2017 federal letters of credit for this continuously growing, 100% federal, uncapped program.

Funded Appropriation
Grants, Assistance and Aids
Commitment Item: 510:00:04

	<u>SFY2016</u>	<u>SFY2017</u>
Child Care Adult and Food Program	\$25,296,000	\$25,296,000
Summer Food Services Program	\$3,534,000	\$3,534,000
National School Lunch Program	\$1,170,000	\$1,170,000

Appropriation 896 - Operations

The Division is requesting to restore nine (9) positions received through a Miscellaneous Federal Grant (MFG) to meet the needs of the continuously growing USDA Food and Nutrition program. The division is therefore requesting federally funded appropriation for salary and fringe.

The division requests the reclassification of one (1) Agency Fiscal Manager to a DCCECE Education Manager. The DCCECE Education Manager will provide training and professional development to providers, as well as, recruit experienced individuals in the field of early childhood education.

The division is requesting federally funded appropriation in Operating Expenses for completing criminal background checks to absorb the steady increase of cost and the number of annually completed background checks. These checks must be processed for all licensed facilities personnel to ensure the health and safety of children in the State of Arkansas.

The division is also requesting federally funded appropriation in Conference and Travel. This is to accommodate USDA mandated training and conferences for the Special Nutrition Program staff.

	<u>SFY2016</u>	<u>SFY2017</u>
Maintenance and Operations		
Commitment Item: 501:00:00 - Regular Salaries	\$339,192	\$339,192
Commitment Item: 501:00:03 - Personal Services Matching	\$124,190	\$124,190
Commitment Item: 502:00:02 - Operating Expenses	\$ 50,000	\$ 50,000
Commitment Item: 505:00:09 - Conference and Travel	\$ 7,500	\$ 7,500

Appropriation 898 - Child Care Grants

The Division of Child Care and Early Childhood Education requests federally funded appropriation to accommodate the growth in the federal voucher program. The division is also requesting additional other funded appropriation of \$500,000 for FY2016, and \$500,000 for FY2017. The division has received a grant from the Kellogg Foundation and will be acting as a pass through agency. Services will be provided by the Headstart Collaboration.

	<u>SFY2016</u>	<u>SFY2017</u>
Funded Appropriation		
Grants, Assistance and Aids		
Commitment Item: 510:00:04		
Temporary Employment Assistance and Extended Support Services	\$3,000,000	\$3,000,000
Headstart Grant Pass-Through	\$500,000	\$500,000

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual evaluation of the Arkansas Better Chance (ABC) For School Success Program	Act 49 of the Second Extraordinary Session of 2003	N	Y	1	The report will be an evaluation of the ABC Programs and is needed to ensure that the program goals and intended child outcomes are being achieved.	0	0.00
Annual Status report on the Arkansas Child Care Facilities Loan Guarantee Trust Fund	A.C.A. 20-78-505	N	Y	1	The division believes the reporting adds accountability to the Division's management of these monies. The fund is unique in that it allows the Division to place the monies in interest bearing CD's across the state to support start-up or expansion loans to child care facilities.	0	0.00

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Family Support Unit Policy Manual	n/a	N	N	1	Designed as the lead agency to administer federal funds available to Arkansas through the Child Care Development Fund (CCDF). The manual is utilized as a source guide for the Division staff that administers eligibility criteria for clients who are seeking services funded through the CCDF.	0	0.00
Getting Children Ready for Kindergarten	Act 825	N	Y	1	Division provides copies of the list to licensed child care facilities. Licensed child care facilities shall distribute the list to parents of each three-year old attending the child care facilities.	0	0.00
Minimum Licensing Requirements for Child Care Centers	A.C.A. 20-78-210-220	N	Y	1	The Child Care Facility Licensing act is the legal authority under which the Division prescribes minimum standards for a variety of child care facilities under the Act. The publication lists the licensing requirements for the Child Care Centers.	0	0.00
Minimum Licensing Requirements for Child Care Family Homes	A.C.A. 20-78-210 - 220	N	Y	1	The Child Care Facility Learning Act is the legal authority under which the Division prescribes minimum standards for a variety of child care facilities under the Act. The publication lists the licensing requirements for the Child Care Family Home.	0	0.00

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Minimum Licensing Requirements for Registered Child Care Family Homes	A.C.A. 20-78-210	N	Y	1	The Child Care Facility Licensing Act is the legal authority under which the Division prescribes minimum standards for a variety of child care facilities under the Act. The publication lists the licensing requirements for the Registered Child Care Family Home.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
320	Child Care Development-Discretionary	25,678,650	0	25,469,372	0	25,469,372	0	25,469,372	0	28,469,372	0	28,469,372	0	25,469,372	0	28,469,372	0	28,469,372	0
890	Food Program	78,939,552	0	64,291,250	0	64,291,250	0	64,291,250	0	94,291,250	0	94,291,250	0	64,291,250	0	94,291,250	0	94,291,250	0
896	Division of Child Care/Early Childhood	17,569,210	197	23,686,421	203	23,389,321	194	23,320,516	194	23,841,398	203	23,841,398	203	23,329,760	194	23,850,642	203	23,850,642	203
898	Child Care Grant/Aids	24,750,156	0	29,630,656	0	29,630,656	0	29,630,656	0	33,130,656	0	33,130,656	0	29,630,656	0	33,130,656	0	33,130,656	0
929	Child Care-Treasury Paying	0	0	120,863	0	187,537	0	120,863	0	120,863	0	120,863	0	120,863	0	120,863	0	120,863	0
Total		146,937,568	197	143,198,562	203	142,968,136	194	142,832,657	194	179,853,539	203	179,853,539	203	142,841,901	194	179,862,783	203	179,862,783	203

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	7,440,432	5.1	7,440,880	5.2		7,445,647	5.2	7,445,647	4.1	7,445,647	4.1	7,446,106	5.2	7,446,106	4.1	7,446,106	4.1
Federal Revenue	4000020	136,857,491	93.1	133,190,153	93.0		132,809,698	93.0	169,330,580	94.1	169,330,580	94.1	132,817,541	93.0	169,338,423	94.1	169,338,423	94.1
Special Revenue	4000030	185,375	0.1	514,258	0.4		514,258	0.4	514,258	0.3	514,258	0.3	514,258	0.4	514,258	0.3	514,258	0.3
Cash Fund	4000045	0	0.0	120,863	0.1		120,863	0.1	120,863	0.1	120,863	0.1	120,863	0.1	120,863	0.1	120,863	0.1
Transfer to Medicaid Match	4000660	(45,820)	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support	4000730	2,500,090	1.7	1,932,408	1.3		1,942,191	1.4	2,442,191	1.4	2,442,191	1.4	1,943,133	1.4	2,443,133	1.4	2,443,133	1.4
Total Funds		146,937,568	100.0	143,198,562	100.0		142,832,657	100.0	179,853,539	100.0	179,853,539	100.0	142,841,901	100.0	179,862,783	100.0	179,862,783	100.0
Excess Appropriation/(Funding)		0		0			0		0		0		0		0		0	
Grand Total		146,937,568		143,198,562			142,832,657		179,853,539		179,853,539		142,841,901		179,862,783		179,862,783	

FY15 Budget and Positions exceed Authorized in (896) Child Care and Early Childhood Education due to a transfer from the Miscellaneous Federal Grant Holding Account.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
171	177	10	187	-16	-3.51 %	192	175	17	192	0	8.85 %	194	170	33	203	-9	12.37 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 320 - Child Care Development-Discretionary

Funding Sources: FWF - DHS Federal

The Child Care and Development Block Grant (CCDF) consolidates childcare assistance programs and requires states to develop an integrated service delivery system to meet the needs of low income families. This appropriation is for the Discretionary category of funds. Specifically, these funds are targeted for low income working families and those transitioning from the Temporary Assistance for Needy Families program (TANF) Program to obtain child care; thereby allowing parents to work or obtain the training necessary to obtain employment or attend educational programs that will lead to employment.

Funding for this appropriation includes 100% federal revenue consisting of Discretionary Child Care Development Block Grant funding.

The Agency Base Level request for this appropriation is \$25,469,372 each year of the biennium.

The Agency Change Level request is \$3,000,000 each year of the biennium for growth in the federal voucher program which provides childcare services for working families.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 320 - Child Care Development-Discretionary

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	25,678,650	25,469,372	25,469,372	25,469,372	28,469,372	28,469,372	25,469,372	28,469,372	28,469,372
Total		25,678,650	25,469,372	25,469,372	25,469,372	28,469,372	28,469,372	25,469,372	28,469,372	28,469,372

Funding Sources										
Federal Revenue	4000020	25,678,650	25,469,372		25,469,372	28,469,372	28,469,372	25,469,372	28,469,372	28,469,372
Total Funding		25,678,650	25,469,372		25,469,372	28,469,372	28,469,372	25,469,372	28,469,372	28,469,372
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		25,678,650	25,469,372		25,469,372	28,469,372	28,469,372	25,469,372	28,469,372	28,469,372

Change Level by Appropriation

Appropriation: 320 - Child Care Development-Discretionary
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,469,372	0	25,469,372	100.0	25,469,372	0	25,469,372	100.0
C01	Existing Program	3,000,000	0	28,469,372	111.8	3,000,000	0	28,469,372	111.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,469,372	0	25,469,372	100.0	25,469,372	0	25,469,372	100.0
C01	Existing Program	3,000,000	0	28,469,372	111.8	3,000,000	0	28,469,372	111.8

Justification

C01	The division is requesting funded appropriation for growth in the federal voucher program which provides childcare services for working families and continues to improve the quality of child care for all Arkansas children.								
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Analysis of Budget Request

Appropriation: 890 - Food Program

Funding Sources: FWF - DHS Federal

The Child and Adult Care Food Program (CACFP) provides nutritious meals in public and non-profit licensed child care centers, adult day care centers, day care homes and outside school hours centers. Private for profit organizations may qualify if they receive payments under Title XX of the Social Security Act for at least 25% of their clients. Residential programs are not eligible for participation in this food program. The CACFP assists with initiating, maintaining, and expanding nonprofit food service programs for children or adult participants in nonresidential institutions which provide care. The program is intended to enable such institutions to integrate a nutritious food service with organized care services for enrolled participants. The National School Lunch Program provides reimbursement to schools, licensed child care institutions, juvenile detention centers and hospitals serving lunches to eligible children. Participating schools and other institutions will serve lunches that are nutritionally adequate and ensure that participating children gain a full understanding of the relationship between proper eating and good health. The Special Milk Program provides reimbursement to schools and non-profit child care institutions for serving milk to eligible children. The Summer Food Service Program reimburses organizations for providing nutritious meals and snacks to children during the summer months. The program generally operates during the months of May through September at site locations where regularly scheduled food services are provided for children. Sites may also participate in the program from September through May if the school is closed because of an emergency situation. Service institutions operating food programs for children on school vacation under a continuous year-round calendar may apply for participation in other months.

Funding for this appropriation includes 100% federal revenue consisting of federal reimbursements from the U.S. Department of Agriculture.

The Agency Base Level request for this appropriation is \$64,291,250 each year of the biennium.

The Agency Change Level request is \$30,000,000 each year of the biennium. The increase will be used for the Special Nutrition Program with the goal of increasing meals to children in Arkansas each fiscal year in the uncapped federally funded program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 890 - Food Program

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	78,939,552	64,291,250	64,291,250	64,291,250	94,291,250	94,291,250	64,291,250	94,291,250	94,291,250
Total		78,939,552	64,291,250	64,291,250	64,291,250	94,291,250	94,291,250	64,291,250	94,291,250	94,291,250

Funding Sources										
Federal Revenue	4000020	78,939,552	64,291,250		64,291,250	94,291,250	94,291,250	64,291,250	94,291,250	94,291,250
Total Funding		78,939,552	64,291,250		64,291,250	94,291,250	94,291,250	64,291,250	94,291,250	94,291,250
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		78,939,552	64,291,250		64,291,250	94,291,250	94,291,250	64,291,250	94,291,250	94,291,250

Change Level by Appropriation

Appropriation: 890 - Food Program
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	64,291,250	0	64,291,250	100.0	64,291,250	0	64,291,250	100.0
C01	Existing Program	30,000,000	0	94,291,250	146.7	30,000,000	0	94,291,250	146.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	64,291,250	0	64,291,250	100.0	64,291,250	0	64,291,250	100.0
C01	Existing Program	30,000,000	0	94,291,250	146.7	30,000,000	0	94,291,250	146.7

Justification

C01	The division is requesting additional appropriation to match the anticipated level of the 2016 and 2017 federal letters of credit for this continuously growing, 100% federal uncapped program.								
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Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Child Care and Early Childhood Education (DCCECE). The purpose of DCCECE is to enhance the coordination of child care and early childhood education programs within Arkansas. The Division was created to accommodate the transfer of the Early Childhood Commission and the administrative component of the Arkansas Better Chance (ABC) Program from the Department of Education.

Funding for this appropriation consists of general revenue (DCC - Childcare and Early Childhood Education Fund Account), federal revenue, special revenue and other revenues. Federal revenue primarily includes funding from the Department of Health and Human Services Child Care Development Block Grant, Title IV-E Foster Care, and USDA Child Nutrition. Special revenue is comprised of Child Care Provider License Fees. Other revenue which is indicated as various program support is funding from the Arkansas Better Chance Program.

Base Level Regular Salaries and Personal Services Matching includes continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Base Level request for this appropriation is \$23,320,516 in FY2016 and \$23,329,760 in FY2017 with 194 budgeted base level positions.

The Agency Change Level request is \$520,882 each year of the biennium for the following:

- Restore MFG Positions (9): Regular Salaries and Personal Services Matching of \$463,382. These positions were established through Miscellaneous Federal Grant. This request is due to the federal increases in meal rates, inclusion of additional meals, monitoring components by USDA, and increases in sponsor participation in the Health and Nutrition Program.
- Reclassify Position (1): A050C Agency Fiscal Manager (C121) to a 168X DCCECE Education Manager (C121). This position will be responsible for providing training and professional development to providers, as well as, recruit experienced individuals in the field of early childhood education.
- Conference and Travel of \$50,000 for staff to participate in mandated training and conferences for USDA Nutrition Programs.
- Professional Fees of \$7,500 due to costs associated with the increasing number of background checks completed annually for all licensed childcare facilities personnel.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	6,409,349	7,327,003	7,122,386	7,047,142	7,386,334	7,386,334	7,054,642	7,393,834	7,393,834
#Positions		197	203	194	194	203	203	194	203	203
Extra Help	5010001	98,983	153,795	153,795	153,795	153,795	153,795	153,795	153,795	153,795
#Extra Help		9	13	13	13	13	13	13	13	13
Personal Services Matching	5010003	2,473,066	2,715,788	2,623,303	2,629,744	2,753,934	2,753,934	2,631,488	2,755,678	2,755,678
Overtime	5010006	29	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,028,138	4,517,990	4,517,990	4,517,990	4,567,990	4,567,990	4,517,990	4,567,990	4,567,990
Conference & Travel Expenses	5050009	63,099	65,000	65,000	65,000	72,500	72,500	65,000	72,500	72,500
Professional Fees	5060010	5,496,546	8,901,845	8,901,847	8,901,845	8,901,845	8,901,845	8,901,845	8,901,845	8,901,845
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		17,569,210	23,686,421	23,389,321	23,320,516	23,841,398	23,841,398	23,329,760	23,850,642	23,850,642

Funding Sources										
General Revenue	4000010	1,175,434	1,175,882		1,180,649	1,180,649	1,180,649	1,181,108	1,181,108	1,181,108
Federal Revenue	4000020	14,248,412	20,097,147		19,716,692	20,237,574	20,237,574	19,724,535	20,245,417	20,245,417
Special Revenue	4000030	185,375	480,984		480,984	480,984	480,984	480,984	480,984	480,984
Transfer to Medicaid Match	4000660	(45,820)	0		0	0	0	0	0	0
Various Program Support	4000730	2,005,809	1,932,408		1,942,191	1,942,191	1,942,191	1,943,133	1,943,133	1,943,133
Total Funding		17,569,210	23,686,421		23,320,516	23,841,398	23,841,398	23,329,760	23,850,642	23,850,642
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		17,569,210	23,686,421		23,320,516	23,841,398	23,841,398	23,329,760	23,850,642	23,850,642

FY15 Budget amounts in Regular Salaries, Number of Positions and Personal Services Matching exceed Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	23,320,516	194	23,320,516	100.0	23,329,760	194	23,329,760	100.0
C01	Existing Program	57,500	0	23,378,016	100.2	57,500	0	23,387,260	100.2
C06	Restore Position/Approp	463,382	9	23,841,398	102.2	463,382	9	23,850,642	102.2
C10	Reclass	0	0	23,841,398	102.2	0	0	23,850,642	102.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	23,320,516	194	23,320,516	100.0	23,329,760	194	23,329,760	100.0
C01	Existing Program	57,500	0	23,378,016	100.2	57,500	0	23,387,260	100.2
C06	Restore Position/Approp	463,382	9	23,841,398	102.2	463,382	9	23,850,642	102.2
C10	Reclass	0	0	23,841,398	102.2	0	0	23,850,642	102.2

Justification

C01	The division is requesting federally funded appropriation to absorb the steady increase of cost and number of annually completed background checks. These checks must be processed for all licensed childcare facilities personnel to ensure the health and safety of children in the state of Arkansas. The division is also requesting federally funded appropriation to allow the staff to attend mandated trainings and conferences for the USDA nutrition programs.
C06	The division is requesting to restore nine positions that were received through a MFG to meet the needs of the continuously growing USDA Food and Nutrition program as requested by the Governor.
C10	The Division requests the reclassification of one (1) Agency Fiscal Manager to DCCECE Education Manager to recruit individuals in the early childhood/child and family development field.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The passage of the Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193 established the Child Care Development Fund (CCDF). This fund allows maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within the State of Arkansas; promotes parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; encourages States to provide consumer education information to help parents make informed choices about child care; assists States to provide child care to parents trying to achieve independence from public assistance; and assist States in implementing the health, safety, licensing and registration standards established in State regulations. A minimum of four percent (4%) of CCDF funds must be used to improve the quality of childcare. Quality activities include training, grants and loans to providers, and health and safety improvements.

In the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, specific funding is designated for Child Care. Funding received under the Child Care Development Fund by states is in three categories:

- Mandatory: Base allocations for states
- Matching: Additional available funds if states spend base allocations and provide state match above Maintenance of Effort
- Discretionary: Funding designated as the Child Care Development Block Grant

Funding for this appropriation consists of general revenue (DGF - Department of Human Services Grants Fund Account), federal revenue, other revenue and special revenue. Federal revenues include Child Care Development Block Grant funding. Other revenue which is indicated as various program support consists of reimbursements. Special revenue was derived from Beer Tax collections due to the State before the sunset of the funding source.

The Agency Base Level request for this appropriation is \$29,630,656 each year of the biennium.

The Agency Change Level request is \$3,500,000 each year of the biennium. \$3,000,000 of this request is for growth in the federal voucher program while \$500,000 is due to the Division being a recipient of a grant from the Kellogg Foundation.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	24,750,156	29,630,656	29,630,656	29,630,656	33,130,656	33,130,656	29,630,656	33,130,656	33,130,656
Total		24,750,156	29,630,656	29,630,656	29,630,656	33,130,656	33,130,656	29,630,656	33,130,656	33,130,656
Funding Sources										
General Revenue	4000010	6,264,998	6,264,998		6,264,998	6,264,998	6,264,998	6,264,998	6,264,998	6,264,998
Federal Revenue	4000020	17,990,877	23,332,384		23,332,384	26,332,384	26,332,384	23,332,384	26,332,384	26,332,384
Special Revenue	4000030	0	33,274		33,274	33,274	33,274	33,274	33,274	33,274
Various Program Support	4000730	494,281	0		0	500,000	500,000	0	500,000	500,000
Total Funding		24,750,156	29,630,656		29,630,656	33,130,656	33,130,656	29,630,656	33,130,656	33,130,656
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		24,750,156	29,630,656		29,630,656	33,130,656	33,130,656	29,630,656	33,130,656	33,130,656

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	29,630,656	0	29,630,656	100.0	29,630,656	0	29,630,656	100.0
C01	Existing Program	3,500,000	0	33,130,656	111.8	3,500,000	0	33,130,656	111.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	29,630,656	0	29,630,656	100.0	29,630,656	0	29,630,656	100.0
C01	Existing Program	3,500,000	0	33,130,656	111.8	3,500,000	0	33,130,656	111.8

Justification

C01	The division is requesting funded appropriation to accommodate growth in the federal voucher program and due to grant received from the Kellogg Foundation.
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Analysis of Budget Request

Appropriation: 929 - Child Care-Treasury Paying

Funding Sources: NHS - Cash in Treasury

The Arkansas Child Care Facilities Loan Guarantee Fund was created to provide loan guarantees to assist with the development of new or to expand existing day care facilities with target areas specifically in low income, rural areas of the State that show demonstrated need for child care. Arkansas Code Annotated §20-78-503 created the Arkansas Child Care Facilities Loan Guarantee Trust Fund with initial funds derived from interest income on the investment of state funds. Funds are authorized in \$100,000 annual increments up to a balance of \$350,000. The State Treasurer can replenish the fund when the balance reaches or falls below \$100,000.

The Division of Child Care and Early Childhood Education is authorized to develop and implement necessary rules and regulations to receive, review, and approve applications for loan deficiency guarantee assistance. Revision of a loan guarantee may be approved when it becomes necessary to ensure adequate child care financing is available. Loan guarantees should be given the following considerations: geographic distribution, community need, community income, with priority given to those communities with the lowest median family income, proof of viable administrative and financial management, and intended licensure of the facility. The Division is required to report the status of the Loan Guarantee Fund to the Legislative Council each October.

Arkansas Code Annotated §20-78-503 designates the Arkansas Child Care Facilities Loan Guarantee Fund as a Cash Fund Account. The Agency is authorized to accept moneys for the Fund from any source in addition to the allocations from the State Treasurer. The fund is a continuing fund and not subject to fiscal year limitations. Interest that has accrued during a fiscal year that is not required to cover loan defaults occurring that fiscal year is made available for non-refundable grants to child care facilities for start-up, development, training scholarships, or expansion.

The Agency Base Level and total request for this appropriation is \$120,863 each year of the biennium.

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

Appropriation Summary

Appropriation: 929 - Child Care-Treasury Paying

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loan Guarantee/Grants	5900046	0	120,863	187,537	120,863	120,863	120,863	120,863	120,863	120,863
Total		0	120,863	187,537	120,863	120,863	120,863	120,863	120,863	120,863
Funding Sources										
Cash Fund	4000045	0	120,863		120,863	120,863	120,863	120,863	120,863	120,863
Total Funding		0	120,863		120,863	120,863	120,863	120,863	120,863	120,863
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	120,863		120,863	120,863	120,863	120,863	120,863	120,863

Expenditure of appropriation is contingent upon available funding.

DHS - Behavioral Health Services

Enabling Laws

Act 261 of 2014

A.C.A §20-46-101 et seq.

A.C.A §25-10-102 et seq.

History and Organization

Act 383 of 1977 called for the renaming of the Department of Social and Rehabilitative Services to the "Department of Human Services". Reorganization of the Department of Human Services, brought about through the provisions of Act 348 of 1985, resulted in the transfer of operations of the two State operated Community Mental Health Centers (CMHCs) and responsibility of providing CMHCs statewide to the Department of Human Services. The authority and responsibility for operating the institutional programs remained with the State Hospital Board. Act 1162 of 1995 abolished the State Hospital Board, and Arkansas Youth Services Board, and created the DHS State Institutional System Board to provide oversight for State operated facilities of Behavioral Health and Youth Services. Unlike other State Agencies regulated by various Boards and Commissions, the State Institutional Systems Board has limited authority in terms of budgeting, purchasing, personnel, policies, or other matters ascribed to the Department of Human Services Director.

Act 1717 of 2003 created the Division of Behavioral Health Services within the Department of Human Services and transferred the Alcohol and Drug Abuse Prevention Program from the Department of Health to the new Division of Behavioral Health Services.

The Division of Behavioral Health Services' mission is to fulfill legislative mandate and administrative intent to provide leadership and devote its resources to facilitate effective prevention, quality treatment, and meaningful recovery. The goal of the Division of Behavioral Health Services is to facilitate services that are:

- Trauma informed
- Gender sensitive
- Recovery based
- Age informed
- Culturally and linguistically competent
- Client centered
- Family driven
- Evidence based/informed

- Cost effective
- Performance and outcome driven

The Division of Behavioral Health Services is organized into three functional components. Those components are as follows:

- **CENTRAL ADMINISTRATION.** The Division of Behavioral Health Services (DBHS) is Arkansas' Single State Agency for Behavioral Health services including both public mental health services and public alcohol and drug abuse prevention and treatment services. The Division of Behavioral Health Services fulfills its responsibility for the provision of public mental health services by operating the 230 bed Arkansas State Hospital (ASH) and the 310 bed Arkansas Health Center (AHC) skilled nursing facility, by contracting with thirteen local, private, nonprofit Community Mental Health Centers (CMHCs), and certifying two private, nonprofit specialty Community Mental Health Clinics. Priority populations to be served by the public mental health system are: adjudicated individuals found not guilty by reason of mental disease or defect; individuals assessed as potentially violent; other forensic clients; adults with serious mental illness (SMI) and children/adolescents with serious emotional disturbance (SED). Additionally, to the extent that funds are available, others with mental health problems are eligible for the services of the public mental health system. DBHS is responsible for administering a comprehensive and coordinated program for the prevention and treatment of alcohol and drug abuse in Arkansas. DBHS contracts with substance abuse treatment providers across the state to provide substance use disorder prevention, treatment, and recovery services throughout the State. Substance abuse treatment services span a continuum that includes detoxification, residential treatment, outpatient treatment, and education. Current specialized programs include those for methadone maintenance and treatment for women with children. In addition to substance abuse treatment, the Division of Behavioral Health Services is responsible for the statewide substance abuse prevention system.
- **ARKANSAS STATE HOSPITAL.** The Hospital provides four types of services: a 36-bed adolescent inpatient treatment program for persons age 13 to 18; a 88-bed forensic program that offers assistance to Circuit Courts throughout the State; a 90-bed acute psychiatric inpatient treatment program for adults who have been prescreened for admission by the 13 CMHCs within the State; and a 20-bed program for adolescent sex offenders. Services are available to residents of Arkansas, regardless of ability to pay, providing each individual meets criteria for admission as set forth in State law.
- **ARKANSAS HEALTH CENTER.** This program, licensed as a skilled nursing facility, serves the needs of the elderly and persons with disabilities who require special services or programs that are not generally available through other nursing facilities. The program emphasizes the provision of services to special needs groups and individuals with cognitive dysfunctions. Services are available to all residents of Arkansas, provided individuals meet admission criteria.

The Division of Behavioral Health Services Central Administration focuses on the following programmatic areas:

- **Substance Abuse Treatment.** DBHS is responsible for administering a comprehensive and coordinated program for the prevention and treatment of alcohol and drug abuse in Arkansas. As the Single State Authority, DBHS distributes federal funds from the Substance Abuse

Prevention and Treatment (SAPT) Block Grant. DBHS operates with a policy and philosophy that the most effective services are community-based and community-supported. In support of that, DBHS contracts with local programs to provide services for residents in all 75 counties in Arkansas.

DBHS also funds and oversees the Drug and Alcohol Safety Education Program (DASEP), which regulates the screening, assessment, and treatment of those who have received a Driving While Intoxicated (DWI) charge. A total of 14 providers conduct assessment and treatment referral services within the 75 counties in Arkansas. Approximately 23,000 individuals are screened each year, with 4,000 receiving education or placed into treatment programs.

DBHS in concert with the Arkansas Department of Health (ADH) has been given a mandate from the Arkansas State Legislature to implement a statewide call center to address problem gambling. As written within a memorandum of understanding (MOU) between the Arkansas Lottery Commission, ADH, and DBHS, a problem gambling help-line and related services are needed to be accessible statewide. The MOU was developed to address a clause within Act 605 of 2009 (the Arkansas Scholarship Lottery Act) which dedicates a portion of funding for the treatment of compulsive gambling disorders. Problem gambling help-line services are included within the treatment for gambling disorders.

- **Substance Abuse Prevention.** The Arkansas Prevention System currently consists of Regional Prevention Providers. The system serves as a statewide infrastructure for providing resource support necessary to promote capacity development at the local level. The RPP represents the Division of Behavioral Health Services in forming a statewide infrastructure to develop knowledge, skills and abilities within communities to address behavioral health prevention needs. The RPP representatives must make progress towards the accomplishment of the state prevention plan and support the requirements of the federal funding source. The capacity will be built through raising community awareness and promoting media campaigns, conducting public presentations, information dissemination, prevention education/training, alternative activities, community-based process, environmental approaches, problem identification and referral, and the use of the Strategic Prevention Framework 5 step planning process.
- **Mental Health Treatment.** There are thirteen Community Mental Health Centers (CMHCs) covering the state of Arkansas. The CMHCs are responsible for providing behavioral health services to indigent individuals in their respective catchment area. The CMHCs also serve as the Single Point of Entry (SPOE) for adults in to the public mental health system. Created by Act 861 of 1989, each CMHC has a contractual obligation to perform initial SPOE screenings for individuals who live in their respective catchment areas to determine if the individual meets the criteria for admission to inpatient programs of the State Mental Health System, to determine if appropriate alternatives to inpatient treatment are clinically appropriate and available, and arrange for the provision of alternative outpatient services if inpatient or crisis residential services are not recommended.

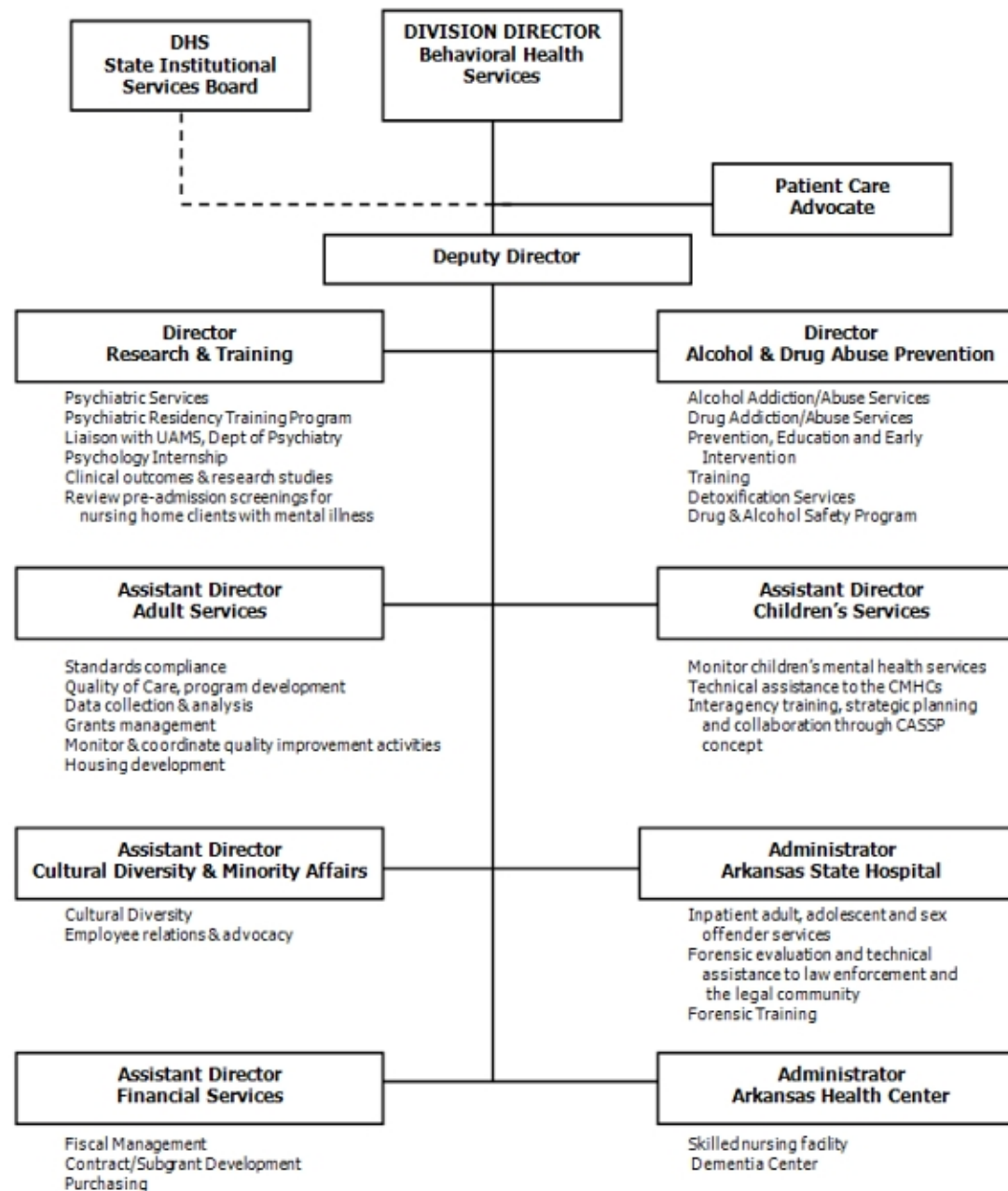
DBHS provides funding for the purchase of local acute care (psychiatric) beds for Arkansas adults who have no other funding source to pay for a psychiatric crisis situation. The funds are distributed through the community mental health centers and are based on population data.

Community mental health centers utilize clinical criteria to determine the least restrictive safe alternative available and refer to inpatient psychiatric hospitals when needed. This funding allows individuals to be treated in local communities rather than in a centralized location.

The Projects for Assistance in Transition from Homelessness (PATH) program is a grant created under the McKinney Act. It provides funding for Community Mental Health Centers to deliver services to individuals that are seriously mentally ill or seriously mentally ill with co-occurring substance abuse disorders, and who are homeless or at imminent risk of becoming homeless. There are currently three CMHCs providing PATH services.

DBHS also ensures mental and behavioral health care is available to children and youth throughout the state. Outpatient mental health services are available through certified community providers and as such, must comply with State requirements that meet nationally accepted standards for delivering services. DBHS recognizes that in order to successfully treat children and youth, family and community involvement is key. To support this belief, the Department of Human Services (DHS) has increased department wide efforts to create and build a System of Care (SOC) that is a coordinated network providing an array of services, of which mental health is a part.

The Child and Adolescent Service System Program (CASSP) was established in Arkansas by Act 964 of 1991 and in 2001 through Act 1517. CASSP is based on the concept developed by the National Institute of Mental Health that focuses on the need for interagency collaboration and coordination across systems in delivering multiple services to seriously emotionally disturbed children. CASSP service teams are available throughout the state to develop multi-agency plans and wraparound plans of care for individual children and adolescents with serious emotional disturbance when the current system is not adequately meeting their needs.



Agency Commentary

The Division of Behavioral Health Services (DBHS) provides an integrated system of public mental health care and alcohol, tobacco, and other drug prevention and treatment services to Arkansas residents. Behavioral health services provided by DBHS include acute psychiatric care for adults; forensic psychiatric services; skilled nursing home services; adolescent inpatient services; outpatient substance abuse services; outpatient mental health services; specialized women's services for women and women with children; substance abuse prevention; and detoxification services. Funding for DBHS programs consists of a combination of general revenue, federal grants, Medicaid, Medicare, patient collections, and various miscellaneous funding sources. These services are provided by contracted substance abuse treatment providers, Community Mental Health Centers, and Prevention Resource Providers.

DBHS is requesting the restoration of 98 positions, with associated salary and fringe, within the Division. The majority of these positions are needed to meet our established staffing patterns at the Division's two 24/7 patient care facilities. Patient care services at the Arkansas State Hospital include, but are not limited to, the administration of medications, patient education groups, crisis intervention, on-going assessments, and treatment planning. Many of the residents of the Arkansas Health Center are ventilator dependent, tracheotomy patients, require wound care, require tube feedings, suction, insulin injections, etc. Staffing shortages in any unit at either facility cause patient care to suffer and could result in the loss of Medicaid certification funding. The request to restore these positions is an unfunded appropriation request.

DBHS is requesting unfunded appropriation each year of the biennium in Capital Outlay for unexpected equipment expenditures.

The Division is requesting \$3,887,200 in appropriation and general revenue funding in FY2016, and \$3,642,600 in appropriation and general revenue funding for FY2017 to establish a comprehensive behavioral health crisis system to address the high utilization of hospitals and jails serving individuals with behavioral health issues. This system would serve as a diversion from more expensive and less effective levels of care, and from the criminal justice system. In states where these systems have been established, states have documented savings to law enforcement, community corrections, and hospital systems. These services are not covered by private insurance, the private option, or the Single Point of Entry services.

Components of this comprehensive behavioral health crisis system are as follows:

- Crisis support line
- Mobile crisis services
- Law enforcement training

The crisis support line would ensure ease of access for individuals in need of crisis services and coordination of services. CMHCs are the single point of entry to access Local Acute Care funds and to the state hospital; however a gap exists, and will continue to exist, for individuals in crisis needing access to the system. To support this system, the Division is also requesting specific training for law enforcement officers who have expressed concern and requested support for officers who are currently not trained to handle behavioral health crisis. The objective of the training is to divert individuals from jails and hospitals by educating law enforcement on how to enhance safety of officers and individuals, de-escalate situations, and identify appropriate treatment.

DBHS is requesting unfunded appropriation each year of the biennium in the Grants / Patient Services line item to be used in the event that additional funding becomes available.

DBHS is requesting unfunded appropriation each year of the biennium in the Community Mental Health Centers appropriation, to restore appropriation to the previous authorized level, to be used in the event that additional funding becomes available.

DBHS is requesting unfunded appropriation each year of the biennium in the Grants & Aid line item of the Community Alcohol Safety Operations appropriation to be used in the event that future funding becomes available.

DBHS is requesting unfunded appropriation each year of the biennium in the Alcohol and Drug Abuse Prevention appropriation, in anticipation of future grants and other funding increases.

DBHS is requesting a name change of the Mental Health Block Grant appropriation to the Mental Health Grants appropriation and changing to a paying account. This will allow for appropriation for new grants received for mental health services from federal and other sources. The Division is requesting additional unfunded appropriation in anticipation of future funding increases from various grants and awards.

DBHS is requesting unfunded appropriation each year of the biennium in the Acute Mental Health Services appropriation, to restore appropriation to the previous authorized level, to be used in the event that future funding becomes available.

DBHS is requesting appropriation each year of the biennium in Operating Expenses in the Canteens appropriation, in anticipation of future funding increases.

DBHS is requesting unfunded appropriation each year of the biennium in the Juvenile Drug Courts appropriation, to restore appropriation to the previous authorized level, to be used in the event that future funding becomes available.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
ADAP Rules of Practice and Procedure	ACA 20-64-601	N	Y	1,000	Provides regulations and operational procedures for programs funded by Alcohol and Drug Abuse Prevention as well as applicants for funding	0	0.00
Licensure Standards for Alcohol/Drug Treatment Programs	ACA 20-64-601	N	Y	1,000	Rules for licensure for Alcohol/Drug Treatment programs	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Behavioral Health Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
BETTER COMMUNITY DEVELOPMENT INC	\$223,396	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>1</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$59,134,731</u>
% OF MINORITY CONTRACTS AWARDED	<u>0.15 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
193	State Operations	18,895,320	0	20,229,418	0	28,702,341	0	20,229,418	0	27,311,513	0	27,311,513	0	20,229,418	0	27,066,913	0	27,066,913	0
196	Community Mental Health Centers	8,160,556	0	7,005,603	0	8,780,603	0	7,005,603	0	8,780,603	0	8,780,603	0	7,005,603	0	8,780,603	0	8,780,603	0
1EN	Community Alcohol Safety	2,747,753	1	2,963,795	1	4,094,047	1	2,963,915	1	4,094,167	1	4,094,167	1	2,963,915	1	4,094,167	1	4,094,167	1
1ET	Alcohol & Drug Abuse Prevention	16,751,626	0	18,726,884	0	21,775,777	0	18,726,884	0	21,775,000	0	21,775,000	0	18,726,884	0	21,775,000	0	21,775,000	0
2MN	Mental Health Grants*	5,271,263	0	5,927,065	0	6,551,312	0	5,927,065	0	9,427,065	0	9,427,065	0	5,927,065	0	9,427,065	0	9,427,065	0
655	Acute Mental Health Services–Per Capita	5,309,387	0	503,188	0	5,633,293	0	503,188	0	5,633,293	0	5,633,293	0	503,188	0	5,633,293	0	5,633,293	0
896	Division of Behavioral Health Services	91,567,706	1,130	96,062,885	1,069	104,682,447	1,167	96,648,519	1,069	103,053,097	1,167	103,053,097	1,167	96,685,063	1,069	103,089,763	1,167	103,089,763	1,167
937	Canteen – Cash in Treasury	161,027	0	174,048	0	174,048	0	174,048	0	349,048	0	349,048	0	174,048	0	349,048	0	349,048	0
938	Patient Benefits–Cash in Treasury	24,817	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
F71	DBH Juv. Drug Courts	0	0	0	0	500,000	0	0	0	500,000	0	500,000	0	0	0	500,000	0	500,000	0
Total		148,889,455	1,131	151,667,886	1,070	180,968,868	1,168	152,253,640	1,070	180,998,786	1,168	180,998,786	1,168	152,290,184	1,070	180,790,852	1,168	180,790,852	1,168

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	80,818,991	54.3	75,924,095	50.1		79,725,584	52.4	83,612,784	53.5	79,725,584	52.3	79,744,397	52.4	83,386,997	53.4	79,744,397	52.3
Federal Revenue	4000020	20,383,049	13.7	23,188,557	15.3		23,199,991	15.2	23,199,991	14.8	23,199,991	15.2	23,200,705	15.2	23,200,705	14.9	23,200,705	15.2
Special Revenue	4000030	1,625,337	1.1	1,639,000	1.1		1,639,120	1.1	1,639,120	1.0	1,639,120	1.1	1,639,120	1.1	1,639,120	1.0	1,639,120	1.1
Cash Fund	4000045	185,844	0.1	249,048	0.2		249,048	0.2	424,048	0.3	424,048	0.3	249,048	0.2	424,048	0.3	424,048	0.3
Reallocation of Resources	4000410	0	0.0	3,500,000	2.3		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
State Administration of Justice	4000470	1,676,510	1.1	1,978,795	1.3		1,978,795	1.3	1,978,795	1.3	1,978,795	1.3	1,978,795	1.3	1,978,795	1.3	1,978,795	1.3
Transfer to Medicaid Match	4000660	(502,646)	(0.3)	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support	4000730	44,702,370	30.0	45,188,391	29.8		45,461,102	29.9	45,461,102	29.1	45,461,102	29.8	45,478,119	29.9	45,478,119	29.1	45,478,119	29.8
Total Funds		148,889,455	100.0	151,667,886	100.0		152,253,640	100.0	156,315,840	100.0	152,428,640	100.0	152,290,184	100.0	156,107,784	100.0	152,465,184	100.0
Excess Appropriation/(Funding)		0		0		0		24,682,946		28,570,146		0		24,683,068		28,325,668		
Grand Total		148,889,455		151,667,886		152,253,640		180,998,786		180,998,786		152,290,184		180,790,852		180,790,852		

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
1,158	1050	14	1064	94	9.33 %	1,172	1018	51	1069	103	13.14 %	1,168	1022	48	1070	98	12.50 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 196 - Community Mental Health Centers

Funding Sources: DBA - Mental Health Services Fund Account

This appropriation for State Assistance to Community Mental Health Centers provides the per capita funding of core services at the private non-profit Community Mental Health Centers (CMHCs). Special Language contained in Section 15 of Act 261 of 2014 sets the apportionment of funds on the basis of three dollars and six cents (\$3.06) per capita for the current biennium. Section 12 provides Allocation Restrictions for the maximum allocation of funds per CMHC. Section 13 provides a methodology for changing the Allocation Restrictions maximum allocation in the event that unforeseen circumstances occur. Section 14 in this Act established that every Mental Health Center eligible to receive any of the funds appropriated, as a condition of receiving any such funds, be subject to an annual audit of the overall operations of the CMHCs by the Division of Legislative Audit and submit a budget and go through the budget procedures process in the same manner as State Departments and Agencies. Section 16 sets the conditions for receiving funds under this appropriation to only locally-operated Centers and Clinics licensed or certified by the Division of Behavioral Health Services and 1) meet minimum standards of performance in the delivery of Mental Health Services as defined by the Department of Human Services, Behavioral Health Services Division; 2) supply statistical data to DHS-Division of Behavioral Health Services; 3) establish and maintain a sound financial management system in accordance with guidelines as set forth by DHS-Division of Behavioral Health Services; 4) establish and maintain community support programs as defined; 5) and the Board of Directors of each Center or Clinic shall adopt and submit an annual plan for the delivery of community support services for persons with long-term, severe mental illness as defined.

Funding for this appropriation is general revenue (DBA - Behavioral Health Services Fund Account) and other revenues which are indicated as various program support that become available, such as funding certified under the 45 day rule.

The Agency Base Level request for this appropriation is \$7,005,603 each year of the biennium.

The Agency Change Level request is \$1,775,000 each year of the biennium to restore appropriation to the previous authorized amount, should additional funding become available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 196 - Community Mental Health Centers
Funding Sources: DBA - Mental Health Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	8,160,556	7,005,603	8,780,603	7,005,603	8,780,603	8,780,603	7,005,603	8,780,603	8,780,603
Total		8,160,556	7,005,603	8,780,603	7,005,603	8,780,603	8,780,603	7,005,603	8,780,603	8,780,603
Funding Sources										
General Revenue	4000010	8,010,714	7,005,603		7,005,603	7,005,603	7,005,603	7,005,603	7,005,603	7,005,603
Various Program Support	4000730	149,842	0		0	0	0	0	0	0
Total Funding		8,160,556	7,005,603		7,005,603	7,005,603	7,005,603	7,005,603	7,005,603	7,005,603
Excess Appropriation/(Funding)		0	0		0	1,775,000	1,775,000	0	1,775,000	1,775,000
Grand Total		8,160,556	7,005,603		7,005,603	8,780,603	8,780,603	7,005,603	8,780,603	8,780,603

Change Level by Appropriation

Appropriation: 196 - Community Mental Health Centers
Funding Sources: DBA - Mental Health Services Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	7,005,603	0	7,005,603	100.0	7,005,603	0	7,005,603	100.0
C05	Unfunded Appropriation	1,775,000	0	8,780,603	125.3	1,775,000	0	8,780,603	125.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	7,005,603	0	7,005,603	100.0	7,005,603	0	7,005,603	100.0
C05	Unfunded Appropriation	1,775,000	0	8,780,603	125.3	1,775,000	0	8,780,603	125.3

Justification

C05	DBHS requests \$1,775,000 unfunded appropriation each year of the biennium, in the Grants & Aid line item, to restore appropriation to the previous authorized level, to be used in the event that future funding becomes available.								
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Analysis of Budget Request

Appropriation: 1EN - Community Alcohol Safety

Funding Sources: MHS - Highway Safety Special Fund

Act 1219 of 1999 transferred the Community Alcohol Safety Program from the State Highway and Transportation Department to the Arkansas Department of Health effective July 1, 1999. Act 1717 of 2003 transferred this appropriation from the Department of Health by a Type 1 transfer as provided for in Arkansas Code Annotated §25-2-104 to the Department of Human Services, Division of Behavioral Health Services.

The Community Alcohol Safety program addresses offenders arrested for DWI. Individuals arrested are evaluated by the Alcohol Safety Education Program (ASEP). The ASEP consists of 14 different sub-grantees throughout the State that provide counselors, conduct pre-sentence investigation, and provide information to the public related to DWI issues.

Funding for this appropriation includes the State Administration of Justice Fund and Special Revenues. The Special Revenue received is derived from the Drug and Alcohol Safety Education Program. Funding associated with this appropriation is allowed to be counted against the Maintenance of Effort requirement for the Substance Abuse Prevention and Treatment (SAPT) Federal Block Grant that is payable out of the Alcohol and Drug Abuse Prevention appropriation.

The Agency Base Level request for this appropriation is \$2,963,915 each year of the biennium with 1 budgeted base level position.

The Agency Change level request is \$1,130,252 each year of the biennium in the Community Alcohol Safety Grants and Aid line item in anticipation of future funding increases.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1EN - Community Alcohol Safety

Funding Sources: MHS - Highway Safety Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	18,988	20,788	69,201	20,788	20,788	20,788	20,788	20,788	20,788
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	6,829	9,750	25,908	9,870	9,870	9,870	9,870	9,870	9,870
Operating Expenses	5020002	1,136	2,000	95,195	2,000	2,000	2,000	2,000	2,000	2,000
Conference & Travel Expenses	5050009	0	0	8,298	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	2,720,800	2,931,257	3,895,445	2,931,257	4,061,509	4,061,509	2,931,257	4,061,509	4,061,509
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		2,747,753	2,963,795	4,094,047	2,963,915	4,094,167	4,094,167	2,963,915	4,094,167	4,094,167
Funding Sources										
Special Revenue	4000030	1,625,337	1,639,000		1,639,120	1,639,120	1,639,120	1,639,120	1,639,120	1,639,120
State Administration of Justice	4000470	1,122,416	1,324,795		1,324,795	1,324,795	1,324,795	1,324,795	1,324,795	1,324,795
Total Funding		2,747,753	2,963,795		2,963,915	2,963,915	2,963,915	2,963,915	2,963,915	2,963,915
Excess Appropriation/(Funding)		0	0		0	1,130,252	1,130,252	0	1,130,252	1,130,252
Grand Total		2,747,753	2,963,795		2,963,915	4,094,167	4,094,167	2,963,915	4,094,167	4,094,167

Change Level by Appropriation

Appropriation: 1EN - Community Alcohol Safety
Funding Sources: MHS - Highway Safety Special Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,963,915	1	2,963,915	100.0	2,963,915	1	2,963,915	100.0
C05	Unfunded Appropriation	1,130,252	0	4,094,167	138.1	1,130,252	0	4,094,167	138.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,963,915	1	2,963,915	100.0	2,963,915	1	2,963,915	100.0
C05	Unfunded Appropriation	1,130,252	0	4,094,167	138.1	1,130,252	0	4,094,167	138.1

Justification

C05	DBHS requests \$1,130,252 unfunded appropriation each year of the biennium, in the Grants & Aid line item, to be used in the event that future funding becomes available.								
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Analysis of Budget Request

Appropriation: 1ET - Alcohol & Drug Abuse Prevention

Funding Sources: MDA - Drug Abuse Prevention and Treatment Fund

Act 1717 of 2003 transferred this appropriation from the Department of Health by a Type 1 transfer as provided for in Arkansas Code Annotated §25-2-104 to the Department of Human Services, Division of Behavioral Health Services. This program provides funding for alcohol and drug services which include detoxification, residential treatment, outpatient treatment, methadone maintenance treatment and Special Women's Services.

Funding for this appropriation is derived from a mix of sources that includes general revenue (DBA - Behavioral Health Services Fund Account), federal, Administration of Justice funds and other revenue. Federal revenue is comprised of Substance Abuse Prevention and Treatment Block Grant, Social Service Block Grant, U. S. Department of Education, and State Incentive Grant. Other funding which is indicated as various program support can include sources such as, City of Little Rock funds, Robert Wood Johnson funds, court costs and fees.

The Agency Base Level request for this appropriation is \$18,726,884 each year of the biennium.

The Agency Change Level request is \$3,048,116 each year of the biennium to be used should additional funding become available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1ET - Alcohol & Drug Abuse Prevention

Funding Sources: MDA - Drug Abuse Prevention and Treatment Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	16,751,626	18,726,884	21,775,777	18,726,884	21,775,000	21,775,000	18,726,884	21,775,000	21,775,000
Total		16,751,626	18,726,884	21,775,777	18,726,884	21,775,000	21,775,000	18,726,884	21,775,000	21,775,000
Funding Sources										
General Revenue	4000010	1,849,128	2,231,943		2,231,943	2,231,943	2,231,943	2,231,943	2,231,943	2,231,943
Federal Revenue	4000020	13,982,113	15,385,941		15,385,941	15,385,941	15,385,941	15,385,941	15,385,941	15,385,941
State Administration of Justice	4000470	554,094	654,000		654,000	654,000	654,000	654,000	654,000	654,000
Various Program Support	4000730	366,291	455,000		455,000	455,000	455,000	455,000	455,000	455,000
Total Funding		16,751,626	18,726,884		18,726,884	18,726,884	18,726,884	18,726,884	18,726,884	18,726,884
Excess Appropriation/(Funding)		0	0		0	3,048,116	3,048,116	0	3,048,116	3,048,116
Grand Total		16,751,626	18,726,884		18,726,884	21,775,000	21,775,000	18,726,884	21,775,000	21,775,000

Change Level by Appropriation

Appropriation: 1ET - Alcohol & Drug Abuse Prevention
Funding Sources: MDA - Drug Abuse Prevention and Treatment Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	18,726,884	0	18,726,884	100.0	18,726,884	0	18,726,884	100.0
C05	Unfunded Appropriation	3,048,116	0	21,775,000	116.3	3,048,116	0	21,775,000	116.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	18,726,884	0	18,726,884	100.0	18,726,884	0	18,726,884	100.0
C05	Unfunded Appropriation	3,048,116	0	21,775,000	116.3	3,048,116	0	21,775,000	116.3

Justification

C05	DBHS requests \$3,048,116 unfunded appropriation each year of the biennium, in the Grants & Aid line item, in anticipation of future grants and other funding increases.
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Analysis of Budget Request

Appropriation: 2MN - Mental Health Grants*

Funding Sources: PWE - Grants Paying*

This appropriation provides authority for the Mental Health Block Grant, the Mental Health Homeless Grant, Child Mental Health Incentive - ACTION grant and other miscellaneous federal grants. Grants/Aids are used primarily for support of the private non-profit Community Mental Health Centers.

Funding for this appropriation is comprised 100% from federal sources.

The Agency Base Level request for this appropriation is \$5,927,065 each year of the biennium.

The Agency is requesting to change the name of the Mental Health Block Grant appropriation to Mental Health Grants, as well as changing to a paying account. This request will allow for new grants received for mental health services from non-federal sources to be paid from this appropriation.

The Agency Change Level request is \$3,500,000 each year of the biennium in anticipation of future funding increases from various grants and awards.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2MN - Mental Health Grants*

Funding Sources: PWE - Grants Paying*

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	5,271,263	5,927,065	6,551,312	5,927,065	9,427,065	9,427,065	5,927,065	9,427,065	9,427,065
Total		5,271,263	5,927,065	6,551,312	5,927,065	9,427,065	9,427,065	5,927,065	9,427,065	9,427,065

Funding Sources										
Federal Revenue	4000020	5,271,263	5,927,065		5,927,065	5,927,065	5,927,065	5,927,065	5,927,065	5,927,065
Total Funding		5,271,263	5,927,065		5,927,065	5,927,065	5,927,065	5,927,065	5,927,065	5,927,065
Excess Appropriation/(Funding)		0	0		0	3,500,000	3,500,000	0	3,500,000	3,500,000
Grand Total		5,271,263	5,927,065		5,927,065	9,427,065	9,427,065	5,927,065	9,427,065	9,427,065

*The Division is requesting to change the name of the Mental Health Block Grant appropriation to the Mental Health Grants appropriation and change to a paying account.

Change Level by Appropriation

Appropriation: 2MN - Mental Health Grants*
Funding Sources: PWE - Grants Paying*

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	5,927,065	0	5,927,065	100.0	5,927,065	0	5,927,065	100.0
C05	Unfunded Appropriation	3,500,000	0	9,427,065	159.1	3,500,000	0	9,427,065	159.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	5,927,065	0	5,927,065	100.0	5,927,065	0	5,927,065	100.0
C05	Unfunded Appropriation	3,500,000	0	9,427,065	159.1	3,500,000	0	9,427,065	159.1

Justification

C05	DBHS is requesting a name change for the Mental Health Block Grant fund, and changing to a paying account, to allow for appropriation for new grants received for mental health services from federal and other sources. The Division is requesting additional \$3,500,000 unfunded appropriation in anticipation of future funding increases from various grants and awards.								
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*The Division is requesting to change the name of the Mental Health Block Grant appropriation to the Mental Health Grants appropriation and change to a paying account.

Analysis of Budget Request

Appropriation: 655 - Acute Mental Health Services–Per Capita

Funding Sources: DBA - Mental Health Services Fund Account

This appropriation provides a per capita funding amount for private non-profit Community Mental Health Centers (CMHCs) as first established in Act 1589 of 2001. The amount of available funds for this appropriation shall be determined by the Director of the Department of Human Services and apportioned on a per capita basis up to a maximum of \$3.48 per capita each fiscal year of the biennium as set out in section 24 of Act 261 of 2014. Section 25 requires the Division of Behavioral Health Services to develop an evaluation and monitoring program to ensure all expenditures are made consistent with the intent of this appropriation and sets, as a condition of receiving funds, requirements for quarterly reporting from the CMHCs. Section 26 of this Act describes the Legislative findings and intent of this appropriation.

This appropriation is a 100% general revenue payable appropriation (DBA - Behavioral Health Services Fund Account).

The Agency Base Level request for this appropriation is \$503,188 each year of the biennium.

The Agency Change Level request is \$5,130,105 each year of the biennium in appropriation only to restore appropriation to the previous authorized amount. This request is due to a reduction of state general revenue received in FY2015 due to implementation of the Health Care Independence Act of 2013.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 655 - Acute Mental Health Services--Per Capita

Funding Sources: DBA - Mental Health Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	5,309,387	503,188	5,633,293	503,188	5,633,293	5,633,293	503,188	5,633,293	5,633,293
Total		5,309,387	503,188	5,633,293	503,188	5,633,293	5,633,293	503,188	5,633,293	5,633,293
Funding Sources										
General Revenue	4000010	5,309,387	503,188		503,188	503,188	503,188	503,188	503,188	503,188
Total Funding		5,309,387	503,188		503,188	503,188	503,188	503,188	503,188	503,188
Excess Appropriation/(Funding)		0	0		0	5,130,105	5,130,105	0	5,130,105	5,130,105
Grand Total		5,309,387	503,188		503,188	5,633,293	5,633,293	503,188	5,633,293	5,633,293

FY15 Budget reflects the 13-15 Biennium reduction of State General Revenue due to implementation of the Health Care Independence Act of 2013.

Change Level by Appropriation

Appropriation: 655 - Acute Mental Health Services–Per Capita
Funding Sources: DBA - Mental Health Services Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	503,188	0	503,188	100.0	503,188	0	503,188	100.0
C05	Unfunded Appropriation	5,130,105	0	5,633,293	1,119.5	5,130,105	0	5,633,293	1,119.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	503,188	0	503,188	100.0	503,188	0	503,188	100.0
C05	Unfunded Appropriation	5,130,105	0	5,633,293	1,119.5	5,130,105	0	5,633,293	1,119.5

Justification

C05	DBHS requests \$5,130,105 unfunded appropriation each year of the biennium, in the Grants & Aid line item, to restore appropriation to the previous authorized level, to be used in the event that future funding becomes available.								
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Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

Reorganization of the Department of Human Services in 1985 by Act 348 created the Division of Mental Health Services (DMHS) and included responsibility for the Arkansas State Hospital and two other state operated Community Mental Health Centers (CMHC) located in Little Rock and Jonesboro as well as the Arkansas Health Center (formally known as the Benton Services Center). Since the reorganization, initiatives have focused on development of an integrated, client-centered community-based public mental health system that prioritizes adults with serious and persistent mental illness and children and adolescents with serious emotional disturbance. The responsibility, accountability and authority for the provision of services are placed at the community level, since most individuals serviced by the public mental health system reside in the community rather than institutions. Included in these initiatives was conversion of the two state-operated CMHCs to private non-profit status, the Little Rock CMHC on July 1 of 1993 and then the Jonesboro CMHC on July 1 of 1997.

Act 1717 of 2003 created the Division of Behavioral Health Services (DBHS), which placed under its responsibility all current programs of DMHS and, in addition, under Arkansas Code Annotated §25-2-104 transferred to DBHS by Type 1 transfer the Bureau of Alcohol and Drug Abuse Prevention from the Department of Health.

The Division of Behavioral Health Services is organized into three functional components. Those components are Central Administration, Arkansas State Hospital, and Arkansas Health Center.

The Division of Behavioral Health Services is responsible for ensuring the provision of mental health services throughout the State of Arkansas. Community-based services are provided statewide through contractual arrangements with fifteen private, non-profit Community Mental Health Centers (CMHCs), their affiliates, and three mental health clinics. There are 15 catchment areas in which the CMHCs have service sites in 69 of the 75 counties. Services are provided from 135 sites throughout the State of Arkansas.

The Division of Behavioral Health Services is responsible for the oversight and operation of the Arkansas State Hospital (ASH), a psychiatric inpatient treatment facility for those with mental or emotional disorders. The Arkansas State Hospital includes a 90-bed acute inpatient unit, a 88-bed forensic unit, a 36-bed adolescent unit, and a 20-bed adolescent sex offenders unit.

The Division also operates the Arkansas Health Center (AHC), a 310-bed long-term care psychiatric nursing facility which serves the needs of elderly Arkansans with disabilities who require specialized services and programs not generally available through community nursing homes. The program emphasizes the provision of services to special needs groups and individuals with cognitive dysfunctions. Services are available to all residents of Arkansas, provided individuals meet admission criteria.

Funding for this appropriation includes general revenue (DBA - Behavioral Health Services Fund Account), federal and other revenues. Federal revenue includes sources such as Mental Health Block grant, Access to Recovery grant, and Substance Abuse Prevention and Treatment (SAPT) Block grant. Other revenue which is indicated as various program support includes sources such as Medicaid and Medicare reimbursements, refunds, patient collections and rent.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

896 - Administration Paying Account

Base Level:

The Agency Base Level Request for this appropriation is \$96,648,519 in FY2016 and \$96,685,063 in FY2017 with 1,069 budgeted base level positions.

Change Level:

The Agency Change Level Request is \$6,404,578 in FY2016 and \$6,404,700 in FY2017, and reflects the following:

- Restore Positions (98): Regular Salaries and Personal Services Matching of \$3,404,578 in FY2016 and \$3,404,700 in FY2017. These positions are needed to meet the Divisions staffing patterns at the Arkansas State Hospital and Arkansas Health Center.
- Capital Outlay of \$3,000,000 each year of the biennium for unexpected equipment expenditures.

193 - DHS State Operations

Base Level:

The Agency Base Level Request for the Grants/Patient Services line item is \$17,630,036 each year of the biennium.

The Agency Base Level and total request for the Mental Health Center Transfer line item is \$2,599,382 each year of the biennium.

Change Level:

The Agency Change Level Request for appropriation in the Grants/Patient Services line item is \$7,082,095 in FY2016 and \$6,837,495 in FY2017, with new general revenue of \$3,887,200 and \$3,642,600 respectively, and reflects the following:

- \$3,887,200 in FY2016 and \$3,642,600 in FY2017 of new general revenue and appropriation to implement a new Crisis Services System to address the utilization of hospitals and jails serving individuals with behavioral health issues by establishing Mobile Crisis Services and a Crisis Access Hotline.
- \$3,194,895 each year of the biennium to be used in the event that future funding becomes available.

896 - Administration Paying Account

The Executive Recommendation provides for the Agency Request.

193 - DHS State Operations

The Executive Recommendation provides for the Agency Request for appropriation with no new general revenue funding for the Grants/Patient Services line item.

The Executive Recommendation provides for the Agency Request in the Mental Health Center Transfer line item.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	38,277,352	38,012,078	41,420,730	38,380,675	40,742,449	40,742,449	38,408,675	40,770,549	40,770,549
#Positions		1,130	1,069	1,167	1,069	1,167	1,167	1,069	1,167	1,167
Extra Help	5010001	5,749,816	6,032,518	6,627,619	6,032,518	6,032,518	6,032,518	6,032,518	6,032,518	6,032,518
#Extra Help		327	336	336	336	336	336	336	336	336
Personal Services Matching	5010003	16,404,831	15,571,151	16,921,074	15,788,188	16,830,992	16,830,992	15,796,732	16,839,558	16,839,558
Overtime	5010006	3,738,018	4,212,006	4,227,283	4,212,006	4,212,006	4,212,006	4,212,006	4,212,006	4,212,006
Operating Expenses	5020002	20,122,765	22,192,877	22,327,916	22,192,877	22,192,877	22,192,877	22,192,877	22,192,877	22,192,877
Conference & Travel Expenses	5050009	41,100	67,373	67,515	67,373	67,373	67,373	67,373	67,373	67,373
Professional Fees	5060010	6,980,105	9,974,882	10,090,310	9,974,882	9,974,882	9,974,882	9,974,882	9,974,882	9,974,882
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants/Patient Services	5100004	16,589,141	17,630,036	26,102,959	17,630,036	24,712,131	24,712,131	17,630,036	24,467,531	24,467,531
Grants and Aid	5100004	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	253,719	0	3,000,000	0	3,000,000	3,000,000	0	3,000,000	3,000,000
Mental Hlth Center Transfer	5900046	2,306,179	2,599,382	2,599,382	2,599,382	2,599,382	2,599,382	2,599,382	2,599,382	2,599,382
Total		110,463,026	116,292,303	133,384,788	116,877,937	130,364,610	130,364,610	116,914,481	130,156,676	130,156,676
Funding Sources										
General Revenue	4000010	65,649,762	66,183,361		69,984,850	73,872,050	69,984,850	70,003,663	73,646,263	70,003,663
Federal Revenue	4000020	1,129,673	1,875,551		1,886,985	1,886,985	1,886,985	1,887,699	1,887,699	1,887,699
Reallocation of Resources	4000410	0	3,500,000		0	0	0	0	0	0
Transfer to Medicaid Match	4000660	(502,646)	0		0	0	0	0	0	0
Various Program Support	4000730	44,186,237	44,733,391		45,006,102	45,006,102	45,006,102	45,023,119	45,023,119	45,023,119
Total Funding		110,463,026	116,292,303		116,877,937	120,765,137	116,877,937	116,914,481	120,557,081	116,914,481
Excess Appropriation/(Funding)		0	0		0	9,599,473	13,486,673	0	9,599,595	13,242,195
Grand Total		110,463,026	116,292,303		116,877,937	130,364,610	130,364,610	116,914,481	130,156,676	130,156,676

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	96,648,519	1,069	96,648,519	100.0	96,685,063	1,069	96,685,063	100.0
C05	Unfunded Appropriation	6,404,578	98	103,053,097	106.6	6,404,700	98	103,089,763	106.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	96,648,519	1,069	96,648,519	100.0	96,685,063	1,069	96,685,063	100.0
C05	Unfunded Appropriation	6,404,578	98	103,053,097	106.6	6,404,700	98	103,089,763	106.6

Justification

C05	DBHS is requesting the restoration of 98 positions within the Division. The majority of these positions are needed to meet our established staffing patterns at the Division's two 24/7 patient care facilities. Patient care services at the Arkansas State Hospital include, but are not limited to, the administration of medications, patient education groups, crisis intervention, on-going assessments, and treatment planning. Many of the residents of the Arkansas Health Center are ventilator dependent, tracheotomy patients, require wound care, require tube feedings, suction, insulin injections, etc. Staffing shortages in any unit at either facility cause patient care to suffer and could result in the loss of Medicaid certification funding. The request to restore these positions is an unfunded appropriation request. DBHS is requesting \$3,000,000 unfunded appropriation each year of the biennium in Capital Outlay for unexpected equipment expenditures.								
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Change Level by Appropriation

Appropriation: 193 - State Operations

Funding Sources: DBA - Mental Health Services Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	20,229,418	0	20,229,418	100.0	20,229,418	0	20,229,418	100.0
C02	New Program	3,887,200	0	24,116,618	119.2	3,642,600	0	23,872,018	118.0
C05	Unfunded Appropriation	3,194,895	0	27,311,513	135.0	3,194,895	0	27,066,913	133.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	20,229,418	0	20,229,418	100.0	20,229,418	0	20,229,418	100.0
C02	New Program	3,887,200	0	24,116,618	119.2	3,642,600	0	23,872,018	118.0
C05	Unfunded Appropriation	3,194,895	0	27,311,513	135.0	3,194,895	0	27,066,913	133.8

Justification

C02	Requesting funding and appropriation to establish a comprehensive behavioral health crisis system to address the high utilization of hospitals and jails serving individuals with behavioral health issues. This system would serve as a diversion from more expensive and less effective levels of care, and from the criminal justice system. In states where these systems have been established, states have documented savings to law enforcement, community corrections, and hospital systems. These services are NOT covered by private insurance, the private option, or the Single Point of Entry services. The crisis support line would ensure ease of access for individuals in need of crisis services and coordination of services. CMHCs are the single point of entry to access Local Acute Care funds and to the state hospital, however a gap exists, and will continue to exist, for individuals in crisis needing access to the system. To support the system, the Division is also requesting specific training for law enforcement officers who have expressed concern and requested support for officers who are currently not trained to handle behavioral health crisis. The objective of the training is to divert individuals from jails and hospitals by educating law enforcement on how to enhance safety of officers and individuals, deescalate situations, and identify appropriate treatment. The initial year of funding will require some start-up costs for the system, therefore the request for the second year of the biennium is less than in the first year.
C05	DBHS requests \$3,194,895 unfunded appropriation for the Grants / Patient Services line item each year of the biennium to be used in the event that future funding becomes available.

Analysis of Budget Request

Appropriation: 937 - Canteen – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

This cash funded appropriation is for the operation of the canteen located at the Arkansas State Hospital. The canteen is stocked with food items and beverages, with the purchases made by visitors providing the funding for this appropriation.

The Agency Base Level request for this appropriation is \$174,048.

The Agency Change Level request for Operating Expenses is \$175,000 each year of the biennium. This request is due to the terms of a new food service contract that increases the number of meals served per day, as well as the number of days the canteen operates per week.

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

Appropriation Summary

Appropriation: 937 - Canteen – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	161,027	174,048	174,048	174,048	349,048	349,048	174,048	349,048	349,048
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		161,027	174,048	174,048	174,048	349,048	349,048	174,048	349,048	349,048
Funding Sources										
Cash Fund	4000045	161,027	174,048		174,048	349,048	349,048	174,048	349,048	349,048
Total Funding		161,027	174,048		174,048	349,048	349,048	174,048	349,048	349,048
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		161,027	174,048		174,048	349,048	349,048	174,048	349,048	349,048

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 937 - Canteen – Cash in Treasury
Funding Sources: NHS - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	174,048	0	174,048	100.0	174,048	0	174,048	100.0
C01	Existing Program	175,000	0	349,048	200.5	175,000	0	349,048	200.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	174,048	0	174,048	100.0	174,048	0	174,048	100.0
C01	Existing Program	175,000	0	349,048	200.5	175,000	0	349,048	200.5

Justification

C01	DBHS requests appropriation each year of the biennium in Operating Expenses due to an anticipation of future funding increases.								
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Analysis of Budget Request

Appropriation: 938 - Patient Benefits—Cash in Treasury

Funding Sources: NHS - Cash in Treasury

The Patient Benefits appropriation provides funds on a cash basis to meet patient needs such as recreational activities and personal items. Cash funds are derived from proceeds from parking meters, interest and private donations.

The Agency Base Level and total request for this appropriation is \$75,000 each year of the biennium.

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

Appropriation Summary

Appropriation: 938 - Patient Benefits—Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Patient Benefit Fund	5900046	24,817	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total		24,817	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000

Funding Sources										
Cash Fund	4000045	24,817	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Total Funding		24,817	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		24,817	75,000		75,000	75,000	75,000	75,000	75,000	75,000

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: F71 - DBH Juv. Drug Courts

Funding Sources: DBA - Mental Health Services Fund Account

The Juvenile Drug Courts appropriation was established by Act 1308 of 2013, Section 11. From their inception, drug courts have focused on stopping the illicit use and abuse of all addictive substances and curtailing related criminal activity for adults. Understanding the success that adult drug courts had yielded, juvenile courts have begun and have drawn on the experience of the adult models. A juvenile drug court is a separate docket within a juvenile court that handles selected delinquency cases and status offenders that have been identified as having problems with alcohol or other drugs. When considering programs for youth populations in court settings, individualized and appropriate treatments may vary depending on the geographical location of the court. Juvenile drug courts in Arkansas are somewhat new and in many instances, they are developmental. Therefore, these courts operate by using a team approach specific to the needs of its area. The team generally comprises of members to include representatives from substance abuse treatment, juvenile justice, social services, school and vocational training entities, law enforcement, probation, the prosecution, the defense and other support services to the juvenile and his or her family. The judge typically leads and serves as a member of the team. The team draws on the perspectives and expertise of all members. Participants are rewarded for positive behavior and immediately sanctioned for failure to abide by the program guidelines.

This appropriation is a 100% general revenue payable appropriation (DBA - Behavioral Health Services Fund Account).

The Agency Base Level for the Juvenile Drug Treatment program is \$0 in both funding and appropriation each year of the biennium due to this line item not being budgeted in FY2015.

The Agency Change Level request is \$500,000 each year of the biennium to restore appropriation to the previous authorized amount, should additional funding become available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F71 - DBH Juv. Drug Courts

Funding Sources: DBA - Mental Health Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Juvenile Drug Treatment	5900046	0	0	500,000	0	500,000	500,000	0	500,000	500,000
Total		0	0	500,000	0	500,000	500,000	0	500,000	500,000
Funding Sources										
General Revenue	4000010	0	0		0	0	0	0	0	0
Total Funding		0	0		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		0	500,000	500,000	0	500,000	500,000
Grand Total		0	0		0	500,000	500,000	0	500,000	500,000

Change Level by Appropriation

Appropriation: F71 - DBH Juv. Drug Courts
Funding Sources: DBA - Mental Health Services Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	500,000	0	500,000	100.0	500,000	0	500,000	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	500,000	0	500,000	100.0	500,000	0	500,000	100.0

Justification

C05	DBHS requests unfunded appropriation to restore appropriation to the previous authorized level, to be used in the event that future funding becomes available.
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BIENNIAL BUDGET SUMMARY				
OZARK GUIDANCE CENTER, INC.				
(Name of CMHC)				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 15,675,903.00	\$ 15,743,483.00	\$ 16,215,787.49	\$ 16,702,261.11
Fringe Benefits	\$ 3,828,416.00	\$ 3,768,753.00	\$ 3,881,816.00	\$ 3,998,270.00
Total Personal Services	\$ 19,504,319.00	\$ 19,512,236.00	\$ 20,097,603.49	\$ 20,700,531.11
Maintenance & Operation:				
Operating Expense	\$ 2,996,788.00	\$ 2,978,513.00	\$ 3,067,868.39	\$ 3,159,904.44
Conference Fees & Travel	\$ 51,784.00	\$ 51,125.00	\$ 52,658.75	\$ 54,238.51
Professional Fees	\$ 2,391,398.00	\$ 2,039,726.00	\$ 2,100,917.78	\$ 2,163,945.31
Capital Outlay	\$ 344,090.00	\$ 303,094.00	\$ 409,474.64	\$ 466,046.70
Total Maint. & Operation	\$ 5,784,060.00	\$ 5,372,458.00	\$ 5,630,919.56	\$ 5,844,134.97
TOTAL EXPENSES	\$ 25,288,379.00	\$ 24,884,694.00	\$ 25,728,523.05	\$ 26,544,666.08
Funding Sources:				
Fund Balances				
General Revenues	\$ 3,988,040.00	\$ 3,106,260.00	\$ 3,106,260.00	\$ 3,106,260.00
Federal Revenues	\$ 17,547,608.00	\$ 18,679,849.00	\$ 19,382,450.36	\$ 20,113,155.77
Fees for Service	\$ 709,104.00	\$ 1,580,797.00	\$ 1,644,028.88	\$ 1,709,790.04
Other Contracts	\$ 594,210.00	\$ 620,320.00	\$ 645,132.80	\$ 670,938.11
Other Revenues	\$ 1,532,746.00	\$ 1,120,408.00	\$ 1,165,224.00	\$ 1,165,224.00
TOTAL FUNDING	\$ 24,371,708.00	\$ 25,107,634.00	\$ 25,943,096.04	\$ 26,765,367.92

FUNDING SOURCES DETAIL
OZARK GUIDANCE CENTER, INC.

(Name of CMHC)

FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 631,652	\$ 658,936	\$ 658,936	\$ 658,936
CSP Part B	\$ 212,725	\$ 240,044	\$ 240,044	\$ 240,044
Per Capita	\$ 1,284,517	\$ 1,123,344	\$ 1,123,344	\$ 1,123,344
State Match	\$ -	\$ -	\$ -	\$ -
Forensic Evaluations	\$ -	\$ -	\$ -	\$ -
CASSP	\$ 90,702	\$ 90,623	\$ 90,623	\$ 90,623
CASSP (TXX)	\$ 45,294	\$ 51,421	\$ 51,421	\$ 51,421
Youth Services Contracts	\$ -	\$ -	\$ -	\$ -
Other General Revenue	\$ 1,723,150	\$ 941,892	\$ 941,892	\$ 941,892
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 570,508	\$ 580,524	\$ 580,524	\$ 580,524
Medicaid	\$ 16,178,643	\$ 17,210,104	\$ 17,898,508	\$ 18,614,448
Medicare	\$ 274,320	\$ 354,930	\$ 369,127	\$ 383,892
Title XX	\$ 46,105	\$ 57,329	\$ 57,329	\$ 57,329
AR Kids				
PATH Grant - Homeless				
HUD				
USDA				
Title III				
FEMA				
RSVP & VA				
Food Program	\$ 44,984	\$ 45,024	\$ 45,024	\$ 45,024
Transitional Housing				
Other Federal Revenue	\$ 433,048	\$ 431,938	\$ 431,938	\$ 431,938
FEES FOR SERVICE:				
Private Insurance	\$ 332,427	\$ 1,069,028	\$ 1,111,789	\$ 1,156,261
Self Pay	\$ 297,010	\$ 472,472	\$ 491,371	\$ 511,026
Other	\$ 79,667	\$ 39,297	\$ 40,869	\$ 42,504
OTHER CONTRACTS:				
Various	\$ 594,210	\$ 620,320	\$ 645,133	\$ 670,938
OTHER REVENUES:				
	\$ 1,532,746	\$ 1,120,408	\$ 1,165,224	\$ 1,165,224
TOTAL FUNDING:	\$ 24,371,708	\$ 25,107,634	\$ 25,943,096	\$ 26,765,368

BIENNIAL BUDGET SUMMARY
Health Resource of Arkansas

LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate
Personal Services:			
Regular Salaries	\$ 9,330,361	\$ 9,796,879	\$ 10,286,723
Fringe Benefits	\$ 2,360,374	\$ 2,478,392	\$ 2,602,312
Total Personal Services	\$ 11,690,735	\$ 12,275,271	\$ 12,889,035
Maintenance & Operation:			
Operating Expense	\$ 3,793,450	\$ 3,733,392	\$ 3,920,062
Conference Fees & Travel	\$ 303,919	\$ 380,000	\$ 399,000
Professional Fees	\$ 1,841,905	\$ 1,952,022	\$ 2,049,623
Capital Outlay	\$ 866,461	\$ 2,300,000	\$ 1,340,000
Total Maint. & Operation	\$ 6,805,735	\$ 8,365,414	\$ 7,708,685
TOTAL EXPENSES	\$ 18,496,470	\$ 20,640,685	\$ 20,597,720
Funding Sources:			
Fund Balances			
General Revenues	\$ 4,747,034	\$ 5,221,737	\$ 5,743,911
Federal Revenues	\$ 9,087,099	\$ 9,995,809	\$ 10,995,390
Fees for Service	\$ 1,620,643	\$ 1,782,707	\$ 1,960,978
Other Contracts	\$ 3,000,000	\$ 3,300,000	\$ 3,630,000
Other Revenues	\$ 1,178,193	\$ 1,296,012	\$ 1,425,614
TOTAL FUNDING	\$ 19,632,969	\$ 21,596,266	\$ 23,755,892

FUNDING SOURCES DETAIL
AO - Health Resource of Arkansas

FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 860,793	\$ 946,872	\$ 1,041,560	1,093,638
CSP Part B	\$ 259,740	\$ 285,714	\$ 314,285	330,000
Per Capita	\$ 959,990	\$ 1,055,989	\$ 1,161,588	1,219,667
State Match	\$ 50,000	\$ 55,000	\$ 60,500	63,525
Forensic Evaluations	\$ 32,500	\$ 35,750	\$ 39,325	41,291
CASSP	\$ 159,202	\$ 175,122	\$ 192,634	202,266
Youth Services Contracts	\$ 1,174,809	\$ 1,292,290	\$ 1,421,519	1,492,595
Other General Revenue	\$ 1,250,000	\$ 1,375,000	\$ 1,512,500	1,588,125
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 410,280	\$ 451,308	\$ 496,439	521,261
Medicaid	\$ 7,421,682	\$ 8,163,850	\$ 8,980,235	9,429,247
Medicare	\$ 143,753	\$ 158,128	\$ 173,941	182,638
Title XX	\$ 120,000	\$ 132,000	\$ 145,200	152,460
AR Kids				
Homeless Grant				
HUD	\$ 450,000	\$ 495,000	\$ 544,500	571,725
USDA				
Title III				
FEMA				
RSVP & VA	\$ 52,550	\$ 57,805	\$ 63,586	66,765
Food Program				
Transitional Housing	\$ 88,834	\$ 97,717	\$ 107,489	112,864
Other Federal Revenue	\$ 400,000	\$ 440,000	\$ 484,000	508,200
FEES FOR SERVICE:				
Private Insurance	\$ 300,000	\$ 330,000	\$ 363,000	381,150
Self Pay	\$ 1,320,643	\$ 1,452,707	\$ 1,597,978	1,677,877
Other				
OTHER CONTRACTS:				
	\$ 3,000,000	\$ 3,300,000	\$ 3,630,000	3,811,500
OTHER REVENUES:				
Interest	\$ 2,310	\$ 2,541	\$ 2,795	2,935
Rent and Subdy	\$ 1,100,000	\$ 1,210,000	\$ 1,331,000	1,397,550
Misc	\$ 75,883	\$ 83,471	\$ 91,818	96,409
TOTAL FUNDING:	\$ 19,632,969	\$ 21,596,266	\$ 23,755,892	24,943,687

BIENNIAL BUDGET SUMMARY Delta Counseling Associates, Inc. (Name of CMHC)				
LINE ITEM TITLE	2014	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 3,263,334.09	\$ 3,331,524.00	\$ 3,331,524.00	\$ 3,331,524.00
Fringe Benefits	\$ 745,109.00	\$ 766,250.00	\$ 766,250.00	\$ 766,250.00
Total Personal Services	\$ 4,008,443.09	\$ 4,097,774.00	\$ 4,097,774.00	\$ 4,097,774.00
Maintenance & Operation:				
Operating Expense	\$ 1,258,907.00	\$ 1,142,709.00	\$ 1,140,923.00	\$ 1,214,292.00
Conference Fees & Travel	\$ 176,013.00	\$ 180,000.00	\$ 197,200.00	\$ 202,500.00
Professional Fees	\$ 480,247.00	\$ 489,717.00	\$ 504,217.00	\$ 518,217.00
Capital Outlay	\$ 184,715.00	\$ 180,000.00	\$ 185,000.00	\$ 180,000.00
Total Maint. & Operation	\$ 2,099,882.00	\$ 1,992,426.00	\$ 2,027,340.00	\$ 2,115,009.00
TOTAL EXPENSES	\$ 6,108,325.09	\$ 6,090,200.00	\$ 6,125,114.00	\$ 6,212,783.00
Funding Sources:				
Fund Balances				
General Revenues	\$ 1,219,409.00	\$ 1,324,273.00	\$ 1,206,773.00	\$ 1,206,773.00
Federal Revenues	\$ 4,257,582.00	\$ 4,246,768.00	\$ 4,399,624.00	\$ 4,469,293.00
Fees for Service	\$ 359,741.00	\$ 352,442.00	\$ 352,000.00	\$ 370,000.00
Other Contracts	\$ 276,894.00	\$ 156,717.00	\$ 156,717.00	\$ 156,717.00
Other Revenues	\$ 31,916.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
TOTAL FUNDING	\$ 6,145,542.00	\$ 6,090,200.00	\$ 6,125,114.00	\$ 6,212,783.00

FUNDING SOURCES DETAIL				
Delta Counseling Associates, Inc.				
Delta Counseling Associates, Inc.				
FUNDING SOURCES	2014	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 390,402	\$ 407,264	\$ 407,264	\$ 407,264
CSP Part B	\$ 71,395	\$ 80,564	\$ 80,564	\$ 80,564
Per Capita	\$ 210,652	\$ 184,222	\$ 184,222	\$ 184,222
State Match				
Forensic Evaluations				
CASSP	\$ 90,622	\$ 90,623	\$ 90,623	\$ 90,623
Youth Services Contracts	\$ 134,202	\$ 130,000	\$ 135,000	\$ 135,000
Other General Revenue (DASEP)	\$ 155,636	\$ 309,100	\$ 309,100	\$ 309,100
System of Care Funds	\$ 166,500	\$ 122,500		
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 91,888	\$ 165,888	\$ 165,888	\$ 165,888
Medicaid	\$ 2,423,434	\$ 2,253,312	\$ 2,298,378	\$ 2,336,000
Medicare	\$ 244,404	\$ 255,000	\$ 230,000	\$ 230,000
Title XX	\$ 33,001	\$ 33,001	\$ 33,001	\$ 33,001
AR Kids	\$ 1,374,234	\$ 1,456,688	\$ 1,602,357	\$ 1,634,404
Homeless Grant				
HUD				
USDA				
Title III				
FEMA				
RSVP & VA				
Food Program	\$ 77,832	\$ 70,000	\$ 70,000	\$ 70,000
Transitional Housing				
Other Federal Revenue(SSBG)	\$ 12,789	\$ 12,879		
FEES FOR SERVICE:				
Private Insurance	\$ 190,500	\$ 204,442	\$ 210,000	\$ 220,000
Self Pay	\$ 169,241	\$ 148,000	\$ 142,000	\$ 150,000
Other				
OTHER CONTRACTS:				
Local Acute Care Funds	\$ 276,894	\$ 156,717	\$ 156,717	\$ 156,717
	\$ -			
OTHER REVENUES:				
Miscellaneous	\$ 31,916	\$ 10,000	\$ 10,000	\$ 10,000
TOTAL FUNDING:	\$ 6,145,542	\$ 6,090,200	\$ 6,125,114	\$ 6,212,783

BIENNIAL BUDGET SUMMARY				
South Arkansas Regional Health Center, Inc.				
LINE ITEM TITLE	FY14 Actual	FY15 Allocation	FY16 Estimate	FY17 Estimate
Personal Services:				
Regular Salaries	\$ 3,470,203.53	\$ 3,313,839.00	\$ 3,479,530.95	\$ 3,653,507.50
Fringe Benefits	\$ 1,165,936.67	\$ 1,203,181.04	\$ 1,323,499.14	\$ 1,455,849.06
Total Personal Services	\$ 4,636,140.20	\$ 4,517,020.04	\$ 4,803,030.09	\$ 5,109,356.56
Maintenance & Operation:				
Operating Expense	\$ 1,099,571.98	\$ 1,014,825.31	\$ 1,024,973.56	\$ 1,035,223.30
Conference Fees & Travel	\$ 18,828.21	\$ 30,800.00	\$ 31,108.00	\$ 31,419.08
Professional Fees	\$ 386,974.70	\$ 288,230.00	\$ 291,112.30	\$ 294,023.42
Capital Outlay	\$ 322,940.77	\$ 434,773.90	\$ 439,121.64	\$ 443,512.86
Total Maint. & Operation	\$ 1,828,315.66	\$ 1,768,629.21	\$ 1,786,315.50	\$ 1,804,178.66
TOTAL EXPENSES	\$ 6,464,455.86	\$ 6,285,649.25	\$ 6,589,345.60	\$ 6,913,535.21
Funding Sources:				
Fund Balances				
General Revenues	\$ 1,525,449.90	\$ 1,383,630.55	\$ 1,383,630.55	\$ 1,383,630.55
Federal Revenues	\$ 3,613,102.74	\$ 3,745,414.72	\$ 3,780,535.45	\$ 3,780,535.45
Fees for Service	\$ 612,043.40	\$ 415,000.00	\$ 419,150.00	\$ 419,150.00
Other Contracts	\$ -	\$ -	\$ -	\$ -
Other Revenues	\$ 786,147.84	\$ 780,281.54	\$ 788,084.36	\$ 788,084.36
TOTAL FUNDING	\$ 6,536,743.88	\$ 6,324,326.81	\$ 6,371,400.36	\$ 6,371,400.36

FUNDING SOURCES DETAIL					
South Arkansas Regional Health Center, Inc.					
FUNDING SOURCES	FY14 Actual	FY15 Allocation	FY16 Estimate	FY17 Estimate	
GENERAL REVENUES:					
CSP Part A	\$ 511,178	\$ 533,256	\$ 533,256	\$ 533,256	
CSP Part B	\$ 180,321	\$ 203,479	\$ 203,479	\$ 203,479	
Per Capita	\$ 315,361	\$ 275,792	\$ 275,792	\$ 275,792	
State Match	\$ 14,109	\$ 16,000	\$ 16,000	\$ 16,000	
Forensic Evaluations	\$ 18,000	\$ 50,000	\$ 50,000	\$ 50,000	
CASSP	\$ 68,578	\$ 68,578	\$ 68,578	\$ 68,578	
Youth Services Contracts					
Other General Revenue	\$ 417,903	\$ 236,525	\$ 236,525	\$ 236,525	
FEDERAL REVENUES:					
Mental Health Block Grant	\$ 136,886	\$ 186,886	\$ 186,886	\$ 186,886	
Medicaid	\$ 3,069,485	\$ 3,100,000	\$ 3,131,000	\$ 3,131,000	
Medicare	\$ 106,111	\$ 150,000	\$ 151,500	\$ 151,500	
Title XX	\$ 55,105	\$ 46,456	\$ 46,456	\$ 46,456	
AR Kids					
Homeless Grant					
HUD					
USDA					
Title III					
FEMA					
RSVP & VA	\$ 181,442	\$ 200,029	\$ 202,029	\$ 202,029	
Food Program	\$ 64,075	\$ 62,044	\$ 62,665	\$ 62,665	
Transitional Housing					
Other Federal Revenue					
FEES FOR SERVICE:					
Private Insurance	\$ 229,037	\$ 25,000	\$ 25,250	\$ 25,250	
Self Pay	\$ 154,616	\$ 160,000	\$ 161,600	\$ 161,600	
Other	\$ 228,391	\$ 230,000	\$ 232,300	\$ 232,300	
OTHER CONTRACTS:					
OTHER REVENUES:					
	\$ 786,148	\$ 780,282	\$ 788,084	\$ 788,084	
TOTAL FUNDING:	\$ 6,536,744	\$ 6,324,327	\$ 6,371,400	\$ 6,371,400	

BIENNIAL BUDGET SUMMARY Southeast AR Behavioral Healthcare System, Inc. (Name of CMHC)				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 4,335,705.00	\$ 4,301,358.00	\$ 4,301,358.00	\$ 4,301,358.00
Fringe Benefits	\$ 809,840.00	\$ 844,890.00	\$ 844,890.00	\$ 844,890.00
Total Personal Services	\$ 5,145,545.00	\$ 5,146,248.00	\$ 5,146,248.00	\$ 5,146,248.00
Maintenance & Operation:				
Operating Expense	\$ 987,523.00	\$ 1,020,752.00	\$ 1,020,752.00	\$ 1,020,752.00
Conference Fees & Travel	\$ 9,750.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Professional Fees	\$ 331,480.00	\$ 223,000.00	\$ 223,000.00	\$ 223,000.00
Capital Outlay	\$ 166,198.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Total Maint. & Operation	\$ 1,494,951.00	\$ 1,453,752.00	\$ 1,453,752.00	\$ 1,453,752.00
TOTAL EXPENSES	\$ 6,640,496.00	\$ 6,600,000.00	\$ 6,600,000.00	\$ 6,600,000.00
Funding Sources:				
Fund Balances				
General Revenues	\$ 1,080,972.00	\$ 1,073,167.00	\$ 1,073,167.00	\$ 1,073,167.00
Federal Revenues	\$ 4,374,997.00	\$ 4,372,938.00	\$ 4,372,938.00	\$ 4,372,938.00
Fees for Service	\$ 605,616.00	\$ 558,000.00	\$ 558,000.00	\$ 558,000.00
Other Contracts	\$ 639,341.00	\$ 395,395.00	\$ 395,395.00	\$ 395,395.00
Other Revenues	\$ 321,477.00	\$ 200,500.00	\$ 200,500.00	\$ 200,500.00
TOTAL FUNDING	\$ 7,022,403.00	\$ 6,600,000.00	\$ 6,600,000.00	\$ 6,600,000.00

FUNDING SOURCES DETAIL				
Southeast AR Behavioral Healthcare System, Inc.				
(Name of CMHC)				
FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 493,795	\$ 515,123	\$ 515,123	\$ 515,123
CSP Part B	\$ 121,413	\$ 137,005	\$ 137,005	\$ 137,005
Per Capita	\$ 376,729	\$ 329,460	\$ 329,460	\$ 329,460
State Match		\$ -	\$ -	\$ -
Forensic Evaluations	\$ 26,500	\$ 23,000	\$ 23,000	\$ 23,000
CASSP	\$ 62,535	\$ 68,579	\$ 68,579	\$ 68,579
Youth Services Contracts				
Other General Revenue				
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 163,401	\$ 193,402	\$ 193,402	\$ 193,402
Medicaid	\$ 3,903,491	\$ 3,871,054	\$ 3,871,054	\$ 3,871,054
Medicare	\$ 221,044	\$ 210,000	\$ 210,000	\$ 210,000
Title XX	\$ 19,682	\$ 31,372	\$ 31,372	\$ 31,372
CASSP SSBG	\$ 17,641	\$ 21,110	\$ 21,110	\$ 21,110
AR Kids				
Homeless Grant				
HUD				
USDA	\$ 49,738	\$ 46,000	\$ 46,000	\$ 46,000
Title III				
FEMA				
RSVP & VA				
Food Program				
Transitional Housing				
Other Federal Revenue				
FEES FOR SERVICE:				
Private Insurance	\$ 411,794	\$ 396,000	\$ 396,000	\$ 396,000
Self Pay	\$ 181,177	\$ 150,000	\$ 150,000	\$ 150,000
Other	\$ 12,645	\$ 12,000	\$ 12,000	\$ 12,000
OTHER CONTRACTS:				
Acute Inpatient Admin Fee	\$ 15,124	\$ 6,067	\$ 6,067	\$ 6,067
Drug Contract	\$ 6,521	\$ -	\$ -	\$ -
Adolescent Substance Abuse	\$ 4,190	\$ 5,000	\$ 5,000	\$ 5,000
Acute Inpatient Revenue	\$ 485,238	\$ 276,828	\$ 276,828	\$ 276,828
System of Care	\$ 128,268	\$ 107,500	\$ 107,500	\$ 107,500
OTHER REVENUES:				
United Way	\$ 77,038	\$ 77,500	\$ 77,500	\$ 77,500
Misc.	\$ 244,439	\$ 123,000	\$ 123,000	\$ 123,000
TOTAL FUNDING:	\$ 7,022,403	\$ 6,600,000	\$ 6,600,000	\$ 6,600,000

<p align="center">BIENNIAL BUDGET SUMMARY Southwest Arkansas Counseling & Mental Health Center, Inc</p>				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 6,534,346.00	\$ 6,730,376.38	\$ 6,932,287.67	\$ 7,140,256.30
Fringe Benefits	\$ 1,343,850.00	\$ 1,384,165.50	\$ 1,425,690.47	\$ 1,468,461.18
Total Personal Services	\$ 7,878,196.00	\$ 8,114,541.88	\$ 8,357,978.14	\$ 8,608,717.48
Maintenance & Operation:				
Operating Expense	\$ 1,749,808.00	\$ 1,837,298.40	\$ 1,929,163.32	\$ 2,025,621.49
Conference Fees & Travel	\$ 232,347.00	\$ 243,964.35	\$ 256,162.57	\$ 268,970.70
Professional Fees	\$ 1,019,201.00	\$ 1,070,161.05	\$ 1,123,669.10	\$ 1,179,852.56
Capital Outlay	\$ 340,582.00	\$ 357,611.10	\$ 375,491.66	\$ 394,266.24
Total Maint. & Operation	\$ 3,341,938.00	\$ 3,509,034.90	\$ 3,684,486.65	\$ 3,868,710.98
TOTAL EXPENSES	\$ 11,220,134.00	\$ 11,623,576.78	\$ 12,042,464.78	\$ 12,477,428.46
Funding Sources:				
Fund Balances				
General Revenues	\$ 1,844,809.00	\$ 1,830,181.00	\$ 1,951,950.06	\$ 2,082,242.95
Federal Revenues	\$ 6,267,276.00	\$ 6,766,054.00	\$ 7,223,462.07	\$ 7,712,888.70
Fees for Service	\$ 788,510.00	\$ 855,555.00	\$ 915,443.85	\$ 979,524.92
Other Contracts	\$ 1,484,303.00	\$ 1,699,673.00	\$ 1,625,000.00	\$ 1,675,000.00
Other Revenues	\$ 353,761.00	\$ 249,826.00	\$ 255,000.00	\$ 265,000.00
TOTAL FUNDING	\$ 10,738,659.00	\$ 11,401,289.00	\$ 11,970,855.98	\$ 12,714,656.58

FUNDING SOURCES DETAIL				
Southwest Arkansas Counseling & Mental Health Center, Inc				
FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 317,504	\$ 331,210	\$ 354,395	\$ 379,202
CSP Part B	\$ 93,950	\$ 106,014	\$ 113,435	\$ 121,375
Per Capita	\$ 323,442	\$ 282,859	\$ 302,659	\$ 323,845
State Match	\$ -	\$ -	\$ -	\$ -
Forensic Evaluations	\$ 32,500	\$ 33,000	\$ 35,310	\$ 37,782
CASSP	\$ 90,623	\$ 90,623	\$ 90,623	\$ 90,623
Youth Services Contracts	\$ 986,790	\$ 986,475	\$ 1,055,528	\$ 1,129,415
Other General Revenue				
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 142,654	\$ 192,653	\$ 192,653	\$ 192,653
Medicaid	\$ 5,217,071	\$ 5,604,564	\$ 5,996,883	\$ 6,416,665
Medicare	\$ 175,192	\$ 165,837	\$ 177,446	\$ 189,867
Title XX	\$ 2,939	\$ 39,000	\$ 39,000	\$ 39,000
AR Kids	\$ 729,420	\$ 764,000	\$ 817,480	\$ 874,704
Homeless Grant				
HUD				
USDA				
Title III				
FEMA				
RSVP & VA				
Food Program				
Transitional Housing				
Other Federal Revenue				
FEES FOR SERVICE:				
Private Insurance	\$ 127,924	\$ 133,613	\$ 142,966	\$ 152,974
Self Pay	\$ 160,272	\$ 200,109	\$ 214,117	\$ 229,105
Other	\$ 500,314	\$ 521,833	\$ 558,361	\$ 597,447
OTHER CONTRACTS:				
	\$ 1,484,303	\$ 1,699,673	\$ 1,625,000	\$ 1,675,000
OTHER REVENUES:				
	\$ 353,761	\$ 249,826	\$ 255,000	\$ 265,000
TOTAL FUNDING:	\$ 10,738,659	\$ 11,401,289	\$ 11,970,856	\$ 12,714,657

BIENNIAL BUDGET SUMMARY Ouachita Regional - Community Counseling (Name of CMHC)				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 7,621,314.31	\$ 8,322,949.15	\$ 8,489,408.13	\$ 8,574,302.21
Fringe Benefits	\$ 1,523,405.28	\$ 1,711,434.91	\$ 1,745,663.61	\$ 1,763,120.24
Total Personal Services	\$ 9,144,719.59	\$ 10,034,384.06	\$ 10,235,071.74	\$ 10,337,422.46
Maintenance & Operation:				
Operating Expense	\$ 2,035,793.36	\$ 1,900,081.03	\$ 2,014,085.89	\$ 2,044,297.18
Conference Fees & Travel	\$ 16,317.64	\$ 14,691.50	\$ 14,911.87	\$ 15,135.55
Professional Fees	\$ 1,617,002.58	\$ 1,584,976.57	\$ 1,758,943.86	\$ 1,785,328.02
Capital Outlay	\$ 574,518.09	\$ 830,569.63	\$ 843,028.17	\$ 855,673.60
Total Maint. & Operation	\$ 4,243,631.67	\$ 4,330,318.73	\$ 4,630,969.80	\$ 4,700,434.34
TOTAL EXPENSES	\$ 13,388,351.26	\$ 14,364,702.79	\$ 14,866,041.54	\$ 15,037,856.80
Funding Sources:				
Fund Balances				
General Revenues	\$ 1,926,597.73	\$ 1,615,102.11	\$ 1,615,102.11	\$ 1,615,102.11
Federal Revenues	\$ 10,262,936.28	\$ 10,945,826.42	\$ 10,945,826.42	\$ 10,945,826.42
Fees for Service	\$ 495,905.48	\$ 695,436.91	\$ 595,671.20	\$ 645,554.05
Other Contracts	\$ 26,620.00	\$ 27,623.22	\$ 2,240.00	\$ 2,240.00
Other Revenues	\$ 80,767.56	\$ 333,982.64	\$ -	\$ -
TOTAL FUNDING	\$ 12,792,827.05	\$ 13,617,971.30	\$ 13,158,839.73	\$ 13,208,722.58

FUNDING SOURCES DETAIL				
Ouachita Regional - Community Counseling				
(Name of CMHC)				
FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 452,462	\$ 472,004	\$ 472,004	\$ 472,004
CSP Part B	\$ 125,613	\$ 141,745	\$ 141,745	\$ 141,745
Per Capita	\$ 474,503	\$ 414,966	\$ 414,966	\$ 414,966
State Match	\$ -	\$ -	\$ -	\$ -
Forensic Evaluations	\$ -	\$ -	\$ -	\$ -
CASSP	\$ 68,579	\$ 68,579	\$ 68,579	\$ 68,579
Youth Services Contracts	\$ -	\$ -	\$ -	\$ -
Other General Revenue	\$ 805,441	\$ 517,808	\$ 517,808	\$ 517,808
			\$ -	\$ -
FEDERAL REVENUES:			\$ -	\$ -
Mental Health Block Grant	\$ 202,621	\$ 262,622	\$ 262,622	\$ 262,622
Medicaid	\$ 8,766,497	\$ 9,045,694	\$ 9,045,694	\$ 9,045,694
Medicare	\$ 332,669	\$ 456,671	\$ 456,671	\$ 456,671
Title XX	\$ 47,606	\$ 47,606	\$ 47,606	\$ 47,606
AR Kids	\$ 751,252	\$ 909,648	\$ 909,648	\$ 909,648
Homeless Grant	\$ -	\$ -	\$ -	\$ -
HUD	\$ -	\$ -	\$ -	\$ -
USDA	\$ 11,804	\$ 11,886	\$ 11,886	\$ 11,886
Title III	\$ -	\$ -	\$ -	\$ -
FEMA	\$ -	\$ -	\$ -	\$ -
RSVP & VA	\$ -	\$ -	\$ -	\$ -
Food Program	\$ 129,710	\$ 135,517	\$ 135,517	\$ 135,517
Transitional Housing	\$ -	\$ -	\$ -	\$ -
Other Federal Revenue	\$ 20,778	\$ 76,183	\$ 76,183	\$ 76,183
FEES FOR SERVICE:				
Private Insurance	\$ 330,647	\$ 456,811	\$ 393,729	\$ 425,270
Self Pay	\$ 165,258	\$ 238,626	\$ 201,942	\$ 220,284
Other	\$ -			
OTHER CONTRACTS:				
City of HS	\$ 1,120	\$ 2,240	\$ 2,240	\$ 2,240
EHR Incentives	\$ 25,500	\$ 25,383	\$ -	\$ -
OTHER REVENUES:				
	\$ 80,768	\$ 333,983		
TOTAL FUNDING:	\$ 12,792,827	\$ 13,617,971	\$ 13,158,840	\$ 13,208,723

BIENNIAL BUDGET SUMMARY Western Arkansas Counseling & Guidance Center, Inc. (Name of CMHC)				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 6,740,076.00	\$ 6,812,365.00	\$ 7,158,897.00	\$ 7,633,790.00
Fringe Benefits	\$ 1,462,589.00	\$ 1,349,797.00	\$ 1,400,353.00	\$ 1,368,819.00
Total Personal Services	\$ 8,202,665.00	\$ 8,162,162.00	\$ 8,559,250.00	\$ 9,002,609.00
Maintenance & Operation:				
Operating Expense	\$ 2,286,602.00	\$ 1,780,535.00	\$ 1,579,818.00	\$ 1,598,350.00
Conference Fees & Travel	\$ 10,874.00	\$ 34,921.00	\$ 38,926.00	\$ 40,000.00
Professional Fees	\$ 1,485,382.00	\$ 1,451,007.00	\$ 1,520,487.00	\$ 1,540,000.00
Capital Outlay	\$ 307,132.00	\$ 334,109.00	\$ 311,474.00	\$ 325,000.00
Total Maint. & Operation	\$ 4,089,990.00	\$ 3,600,572.00	\$ 3,450,705.00	\$ 3,503,350.00
TOTAL EXPENSES	\$ 12,292,655.00	\$ 11,762,734.00	\$ 12,009,955.00	\$ 12,505,959.00
Funding Sources:				
Fund Balances				
General Revenues	\$ 2,551,684.00	\$ 2,810,978.00	\$ 2,643,300.00	\$ 2,643,300.00
Federal Revenues	\$ 7,137,139.00	\$ 6,547,859.00	\$ 6,473,725.00	\$ 6,242,005.00
Fees for Service	\$ 1,524,804.00	\$ 1,150,015.00	\$ 1,219,943.00	\$ 1,272,000.00
Other Contracts	\$ 1,008,152.00	\$ 1,277,946.00	\$ 1,394,654.00	\$ 1,493,256.00
Other Revenues	\$ 111,700.00	\$ 29,850.00	\$ 44,322.00	\$ 45,975.00
TOTAL FUNDING	\$ 12,333,479.00	\$ 11,816,648.00	\$ 11,775,944.00	\$ 11,696,536.00

FUNDING SOURCES DETAIL				
Western Arkansas Counseling & Guidance Center, Inc.				
(Name of CMHC)				
FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 477,306	\$ 497,922	\$ 497,922	\$ 497,922
CSP Part B	\$ 176,303	\$ 198,945	\$ 198,945	\$ 198,945
Per Capita	\$ 714,460	\$ 767,230	\$ 767,230	\$ 767,230
State Match	\$ -	\$ -	\$ -	\$ -
Forensic Evaluations				
CASSP	\$ 79,702	\$ 90,623	\$ 90,623	\$ 90,623
TFC	\$ 254,258	\$ 408,758	\$ 241,080	\$ 241,080
Other General Revenue	\$ 842,155	\$ 840,000	\$ 840,000	\$ 840,000
RSVP State Aid	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 314,780	\$ 288,562	\$ 344,809	\$ 344,809
Medicaid	\$ 6,406,480	\$ 5,900,345	\$ 5,695,470	\$ 5,390,000
Medicare	\$ 153,165	\$ 208,126	\$ 243,090	\$ 243,090
Title XX	\$ 66,606	\$ 35,326	\$ 66,606	\$ 66,606
AR Kids				
Homeless Grant				
HUD				
USDA				
Title III				
FEMA				
RSVP & VA	\$ 196,108	\$ 115,500	\$ 123,750	\$ 197,500
Food Program				
Transitional Housing				
Other Federal Revenue				
FEES FOR SERVICE:				
Private Insurance	\$ 324,173	\$ 331,782	\$ 401,465	\$ 465,000
Self Pay	\$ 505,180	\$ 431,594	\$ 303,369	\$ 292,000
Other	\$ 695,451	\$ 386,639	\$ 515,109	\$ 515,000
OTHER CONTRACTS:				
ADAP and DASEP	\$ 888,509	\$ 1,155,311	\$ 1,253,898	\$ 1,350,000
UAFS Clinic Ops	\$ 113,643	\$ 114,385	\$ 135,756	\$ 135,756
City of Ft Smith CBIG	\$ 6,000	\$ 8,250	\$ 5,000	\$ 7,500
OTHER REVENUES:				
Donations	\$ 83,058	\$ 1,650	\$ 15,825	\$ 15,000
Investment and Sales	\$ 24,842	\$ 25,000	\$ 25,022	\$ 27,500
Rentals	\$ 3,800	\$ 3,200	\$ 3,475	\$ 3,475
TOTAL FUNDING:	\$ 12,333,479	\$ 11,816,648	\$ 11,775,944	\$ 11,696,536

BIENNIAL BUDGET SUMMARY Counseling Associates, Inc. (Name of CMHC)				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 6,096,678.00	\$ 6,350,298.00	\$ 6,477,304.00	\$ 6,542,077.00
Fringe Benefits	\$ 995,118.00	\$ 1,051,601.00	\$ 1,072,633.00	\$ 1,083,359.00
Total Personal Services	\$ 7,091,796.00	\$ 7,401,899.00	\$ 7,549,937.00	\$ 7,625,436.00
Maintenance & Operation:				
Operating Expense	\$ 1,562,180.00	\$ 1,545,050.00	\$ 1,444,400.00	\$ 1,456,800.00
Conference Fees & Travel	\$ 191,599.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Professional Fees	\$ 1,954,758.00	\$ 1,789,665.00	\$ 1,819,395.00	\$ 1,849,395.00
Capital Outlay	\$ 181,948.00	\$ 183,340.00	\$ 183,000.00	\$ 183,000.00
Total Maint. & Operation	\$ 3,890,485.00	\$ 3,718,055.00	\$ 3,646,795.00	\$ 3,689,195.00
TOTAL EXPENSES	\$ 10,982,281.00	\$ 11,119,954.00	\$ 11,196,732.00	\$ 11,314,631.00
Funding Sources:				
Fund Balances				
General Revenues	\$ 2,995,439.00	\$ 2,567,132.00	\$ 2,567,132.00	\$ 2,567,132.00
Federal Revenues	\$ 6,645,489.00	\$ 7,012,944.00	\$ 7,073,944.00	\$ 7,133,944.00
Fees for Service	\$ 1,050,562.00	\$ 1,292,960.00	\$ 1,313,000.00	\$ 1,327,000.00
Other Contracts	\$ 134,168.00	\$ 118,123.00	\$ 118,000.00	\$ 118,000.00
Other Revenues	\$ 188,044.00	\$ 152,000.00	\$ 152,000.00	\$ 152,000.00
TOTAL FUNDING	\$ 11,013,702.00	\$ 11,143,159.00	\$ 11,224,076.00	\$ 11,298,076.00

FUNDING SOURCES DETAIL				
Counseling Associates, Inc.				
(Name of CMHC)				
FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 385,993	\$ 402,664	\$ 402,664	\$ 402,664
CSP Part B	\$ 146,974	\$ 165,849	\$ 165,849	\$ 165,849
Per Capita	\$ 698,990	\$ 611,287	\$ 611,287	\$ 611,287
State Match				
Forensic Evaluations	\$ 38,000	\$ 37,000	\$ 37,000	\$ 37,000
CASSP	\$ 90,623	\$ 90,623	\$ 90,623	\$ 90,623
Youth Services Contracts				
Other General Revenue	\$ 1,634,859	\$ 1,259,709	\$ 1,259,709	\$ 1,259,709
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 305,280	\$ 315,280	\$ 315,280	\$ 315,280
Medicaid	\$ 5,139,831	\$ 5,568,350	\$ 5,625,000	\$ 5,680,000
Medicare	\$ 283,286	\$ 290,650	\$ 295,000	\$ 300,000
Title XX	\$ 48,265	\$ 50,434	\$ 50,434	\$ 50,434
AR Kids				
Homeless Grant	\$ 16,199	\$ 16,200	\$ 16,200	\$ 16,200
HUD				
USDA	\$ 33,723	\$ 33,000	\$ 33,000	\$ 33,000
Title III				
FEMA				
RSVP & VA				
Food Program				
Transitional Housing				
Other Federal Revenue	\$ 818,905	\$ 739,030	\$ 739,030	\$ 739,030
FEES FOR SERVICE:				
Private Insurance	\$ 620,801	\$ 855,200	\$ 870,000	\$ 880,000
Self Pay	\$ 400,029	\$ 413,400	\$ 418,000	\$ 422,000
Other	\$ 29,732	\$ 24,360	\$ 25,000	\$ 25,000
OTHER CONTRACTS:				
School case management				
Miscellaneous	\$ 134,168	\$ 118,123	\$ 118,000	\$ 118,000
OTHER REVENUES:				
Miscellaneous	\$ 105,269	\$ 60,500	\$ 60,500	\$ 60,500
Contributions	\$ 82,775	\$ 91,500	\$ 91,500	\$ 91,500
TOTAL FUNDING:	\$ 11,013,702	\$ 11,143,159	\$ 11,224,076	\$ 11,298,076

BIENNIAL BUDGET SUMMARY Counseling Clinic, Inc.				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 4,450,650.00	\$ 4,592,840.00	\$ 4,686,514.84	\$ 4,686,514.84
Fringe Benefits	\$ 1,184,254.00	\$ 1,236,208.00	\$ 1,260,932.16	\$ 1,260,932.16
Total Personal Services	\$ 5,634,904.00	\$ 5,829,048.00	\$ 5,947,447.00	\$ 5,947,447.00
Maintenance & Operation:				
Operating Expense	\$ 1,090,400.00	\$ 825,995.00	\$ 834,254.95	\$ 842,597.50
Conference Fees & Travel	\$ 39,853.00	\$ 41,613.00	\$ 33,500.00	\$ 34,000.00
Professional Fees	\$ 1,299,217.00	\$ 1,043,391.00	\$ 977,451.84	\$ 986,120.88
Capital Outlay	\$ 186,599.00	\$ 221,283.00	\$ 275,000.00	\$ 275,000.00
Total Maint. & Operation	\$ 2,616,069.00	\$ 2,132,282.00	\$ 2,120,206.79	\$ 2,137,718.38
TOTAL EXPENSES	\$ 8,250,973.00	\$ 7,961,330.00	\$ 8,067,653.79	\$ 8,085,165.38
Funding Sources:				
Fund Balances				
General Revenues	\$ 1,660,352.58	\$ 1,640,748.00	\$ 1,640,748.00	\$ 1,640,748.00
Federal Revenues	\$ 4,174,288.00	\$ 4,327,978.00	\$ 4,335,900.00	\$ 4,346,100.00
Fees for Service	\$ 234,310.00	\$ 354,119.00	\$ 376,000.00	\$ 375,000.00
Other Contracts	\$ 669,000.00	\$ 669,000.00	\$ 669,000.00	\$ 669,000.00
Other Revenues	\$ 1,586,637.00	\$ 1,048,190.00	\$ 1,049,000.00	\$ 1,060,000.00
TOTAL FUNDING	\$ 8,324,587.58	\$ 8,040,035.00	\$ 8,070,648.00	\$ 8,090,848.00
	\$ 73,614.58	\$ 78,705.00	\$ 2,994.21	\$ 5,682.62

FUNDING SOURCES DETAIL				
Counseling Clinic, Inc.				
FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 196,245	\$ 204,721	\$ 204,721	\$ 204,721
CSP Part B	\$ 54,736	\$ 61,765	\$ 61,765	\$ 61,765
Per Capita	\$ 294,122	\$ 257,355	\$ 257,355	\$ 257,355
State Match				
Forensic Evaluations	\$ 29,500	\$ 29,500	\$ 29,500	\$ 29,500
CASSP	\$ 186,122	\$ 187,750	\$ 187,750	\$ 187,750
Youth Services Contracts	\$ 843,757	\$ 843,757	\$ 843,757	\$ 843,757
Other General Revenue	\$ 55,871	\$ 55,900	\$ 55,900	\$ 55,900
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 128,684	\$ 188,684	\$ 188,684	\$ 188,684
Medicaid	\$ 3,839,002	\$ 3,942,395	\$ 3,950,000	\$ 3,960,000
Medicare	\$ 113,908	\$ 110,638	\$ 111,000	\$ 111,200
Title XX	\$ 18,216	\$ 18,216	\$ 18,216	\$ 18,216
AR Kids				
Homeless Grant				
HUD				
USDA				
Title III				
FEMA				
RSVP & VA				
Food Program	\$ 74,478	\$ 68,045	\$ 68,000	\$ 68,000
Transitional Housing				
Other Federal Revenue				
FEES FOR SERVICE:				
Private Insurance	\$ 67,905	\$ 198,544	\$ 210,000	\$ 210,000
Self Pay	\$ 166,405	\$ 155,575	\$ 166,000	\$ 165,000
Other				
OTHER CONTRACTS:				
Saline Memorial Hospital Generations	\$ 669,000	\$ 669,000	\$ 669,000	\$ 669,000
OTHER REVENUES:				
Other	\$ 1,290,701	\$ 709,490	\$ 710,000	\$ 720,000
Community Housing	\$ 141,739	\$ 183,700	\$ 184,000	\$ 185,000
RCF Revenue	\$ 154,197	\$ 155,000	\$ 155,000	\$ 155,000
TOTAL FUNDING:	\$ 8,324,588	\$ 8,040,035	\$ 8,070,648	\$ 8,090,848

BIENNIAL BUDGET SUMMARY Professional Counseling Associates (Name of CMHC)				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 2,784,698.96	\$ 3,012,860.48	\$ 3,103,246.29	\$ 3,196,343.68
Fringe Benefits	\$ 706,031.00	\$ 746,023.00	\$ 868,908.96	\$ 894,976.23
Total Personal Services	\$ 3,490,729.96	\$ 3,758,883.48	\$ 3,972,155.26	\$ 4,091,319.91
Maintenance & Operation:				
Operating Expense	\$ 1,083,260.72	\$ 987,344.00	\$ 1,001,514.32	\$ 1,031,559.75
Conference Fees & Travel	\$ 66,401.14	\$ 99,088.00	\$ 102,060.64	\$ 105,122.46
Professional Fees	\$ 238,051.96	\$ 182,284.00	\$ 167,752.52	\$ 172,785.10
Capital Outlay	\$ 229,796.00	\$ 238,726.00	\$ 245,887.78	\$ 253,264.41
Total Maint. & Operation	\$ 1,617,509.82	\$ 1,507,442.00	\$ 1,517,215.26	\$ 1,562,731.72
TOTAL EXPENSES	\$ 5,108,239.78	\$ 5,266,325.48	\$ 5,489,370.52	\$ 5,654,051.63
Funding Sources:				
Fund Balances				
General Revenues	\$ 3,077,002.58	\$ 2,685,051.00	\$ 2,685,051.00	\$ 2,685,051.00
Federal Revenues	\$ 1,922,797.00	\$ 2,440,633.00	\$ 2,440,633.00	\$ 2,440,633.00
Fees for Service	\$ 197,882.00	\$ 224,805.00	\$ 224,805.00	\$ 224,805.00
Other Contracts	\$ -	\$ -	\$ -	\$ -
Other Revenues	\$ 10,289.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
TOTAL FUNDING	\$ 5,207,970.58	\$ 5,360,489.00	\$ 5,360,489.00	\$ 5,360,489.00
Net Increase (Decrease)	\$ 99,730.80	\$ 94,163.52	\$ (128,881.52)	\$ (293,562.63)

FUNDING SOURCES DETAIL				
Professional Counseling Associates				
(Name of CMHC)				
FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 532,721	\$ 555,730	\$ 555,730	\$ 555,730
CSP Part B	\$ 192,070	\$ 216,737	\$ 216,737	\$ 216,737
Per Capita	\$ 737,481	\$ 644,948	\$ 644,948	\$ 644,948
State Match			\$ -	\$ -
Forensic Evaluations	\$ 79,000	\$ 60,000	\$ 60,000	\$ 60,000
CASSP	\$ 90,623	\$ 90,623	\$ 90,623	\$ 90,623
Youth Services Contracts	\$ 415,594	\$ 372,078	\$ 372,078	\$ 372,078
Other General Revenue	\$ 1,029,513	\$ 744,935	\$ 744,935	\$ 744,935
			\$ -	\$ -
FEDERAL REVENUES:			\$ -	\$ -
Mental Health Block Grant	\$ 323,730	\$ 333,729	\$ 333,729	\$ 333,729
Medicaid/Medicare (combined)	\$ 1,528,978	\$ 2,036,815	\$ 2,036,815	\$ 2,036,815
Medicare			\$ -	\$ -
Title XX	\$ 70,089	\$ 70,089	\$ 70,089	\$ 70,089
AR Kids			\$ -	\$ -
Homeless Grant			\$ -	\$ -
HUD			\$ -	\$ -
USDA			\$ -	\$ -
Title III			\$ -	\$ -
FEMA			\$ -	\$ -
RSVP & VA			\$ -	\$ -
Food Program			\$ -	\$ -
Transitional Housing			\$ -	\$ -
Other Federal Revenue			\$ -	\$ -
			\$ -	\$ -
FEES FOR SERVICE:			\$ -	\$ -
Private Insurance			\$ -	\$ -
Self Pay			\$ -	\$ -
Other	\$ 197,882	\$ 224,805	\$ 224,805	\$ 224,805
			\$ -	\$ -
OTHER CONTRACTS:			\$ -	\$ -
Headstart			\$ -	\$ -
Misc Contracts			\$ -	\$ -
Gambling			\$ -	\$ -
DCFS Foster Parenting			\$ -	\$ -
			\$ -	\$ -
OTHER REVENUES:			\$ -	\$ -
Interest Income	\$ 10,289	\$ 10,000	\$ 10,000	\$ 10,000
Donations(cash & inkind)			\$ -	\$ -
			\$ -	\$ -
TOTAL FUNDING:	\$ 5,207,971	\$ 5,360,489	\$ 5,360,489	\$ 5,360,489

BIENNIAL BUDGET SUMMARY Little Rock Community Mental Health Center, Inc. (Name of CMHC)				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 3,199,517.13	\$ 2,517,669.47	\$ 2,619,809.46	\$ 2,620,172.21
Fringe Benefits	\$ 511,883.87	\$ 407,027.12	\$ 424,859.50	\$ 424,827.55
Total Personal Services	\$ 3,711,401.00	\$ 2,924,696.59	\$ 3,044,668.96	\$ 3,044,999.76
Maintenance & Operation:				
Operating Expense	\$ 4,270,127.25	\$ 4,041,187.57	\$ 4,014,745.40	\$ 4,031,950.00
Conference Fees & Travel	\$ 68,828.16	\$ 69,000.00	\$ 70,000.00	\$ 70,000.00
Professional Fees	\$ 3,668,323.46	\$ 3,386,841.23	\$ 3,137,385.83	\$ 3,137,385.83
Capital Outlay	\$ 128,048.73	\$ 178,000.00	\$ 67,000.00	\$ 63,000.00
Total Maint. & Operation	\$ 8,135,327.60	\$ 7,675,028.80	\$ 7,289,131.23	\$ 7,302,335.83
TOTAL EXPENSES	\$ 11,846,728.60	\$ 10,599,725.39	\$ 10,333,800.19	\$ 10,347,335.59
Funding Sources:				
Fund Balances				
General Revenues	\$ 3,116,562.83	\$ 2,163,935.34	\$ 1,913,935.00	\$ 1,913,935.00
Federal Revenues	\$ 8,066,784.73	\$ 8,050,928.90	\$ 8,216,929.00	\$ 8,372,929.00
Fees for Service	\$ 208,833.27	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00
Other Contracts	\$ -	\$ -	\$ -	\$ -
Other Revenues	\$ 228,662.09	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00
TOTAL FUNDING	\$ 11,620,842.92	\$ 10,489,864.24	\$ 10,405,864.00	\$ 10,561,864.00

FUNDING SOURCES DETAIL				
Little Rock Community Mental Health Center, Inc.				
(Name of CMHC)				
FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 568,486	\$ 593,040	\$ 593,040	\$ 593,040
CSP Part B	\$ 247,315	\$ 279,076	\$ 279,076	\$ 279,076
Per Capita	\$ 525,749	\$ 459,783	\$ 459,783	\$ 459,783
State Match	\$ -	\$ -	\$ -	\$ -
Forensic Evaluations	\$ 42,500	\$ 50,000	\$ 50,000	\$ 50,000
CASSP	\$ 64,208	\$ 65,264	\$ 65,264	\$ 65,264
Youth Services Contracts	\$ -	\$ -	\$ -	\$ -
Other General Revenue	\$ 1,668,304	\$ 716,772	\$ 466,772	\$ 466,772
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 229,323	\$ 289,333	\$ 289,333	\$ 289,333
Medicaid	\$ 2,360,582	\$ 2,528,000	\$ 2,684,000	\$ 2,840,000
Medicare	\$ 2,569,729	\$ 2,600,000	\$ 2,610,000	\$ 2,610,000
Title XX	\$ 111,775	\$ 111,775	\$ 111,775	\$ 111,775
AR Kids	\$ -	\$ -	\$ -	\$ -
Homeless Grant	\$ 136,308	\$ 142,510	\$ 142,510	\$ 142,510
HUD	\$ 2,327,150	\$ 2,349,311	\$ 2,349,311	\$ 2,349,311
USDA	\$ -	\$ -	\$ -	\$ -
Title III	\$ -	\$ -	\$ -	\$ -
FEMA	\$ -	\$ -	\$ -	\$ -
RSVP & VA	\$ -	\$ -	\$ -	\$ -
Food Program	\$ 21,517	\$ 30,000	\$ 30,000	\$ 30,000
Transitional Housing	\$ 22,114	\$ -	\$ -	\$ -
Other Federal Revenue	\$ 288,288	\$ -	\$ -	\$ -
FEES FOR SERVICE:				
Private Insurance	\$ 50,129	\$ 55,000	\$ 55,000	\$ 55,000
Self Pay	\$ 158,705	\$ 165,000	\$ 165,000	\$ 165,000
Other	\$ -	\$ -	\$ -	\$ -
OTHER CONTRACTS:				
OTHER REVENUES:				
Rental Income	\$ 57,874	\$ 55,000	\$ 55,000	\$ 55,000
Miscellaneous Other	\$ 170,788	\$ -	\$ -	\$ -
TOTAL FUNDING:	\$ 11,620,843	\$ 10,489,864	\$ 10,405,864	\$ 10,561,864

BIENNIAL BUDGET SUMMARY Northeast Arkansas Community Mental Health Center, Inc dba/Mid-South Health Systems, Inc (Name of CMHC)				
LINE ITEM TITLE	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
Personal Services:				
Regular Salaries	\$ 17,814,073.00	\$ 17,934,250.00	\$ 18,000,000.00	\$ 18,260,000.00
Fringe Benefits	\$ 4,390,389.00	\$ 4,486,930.57	\$ 4,500,000.00	\$ 4,562,500.00
Total Personal Services	\$ 22,204,462.00	\$ 22,421,180.57	\$ 22,500,000.00	\$ 22,822,500.00
Maintenance & Operation:				
Operating Expense	\$ 10,204,782.00	\$ 10,446,550.98	\$ 10,986,000.00	\$ 11,263,000.00
Conference Fees & Travel	\$ 519,775.00	\$ 646,049.00	\$ 650,000.00	\$ 710,000.00
Professional Fees	\$ 2,976,576.00	\$ 2,719,536.00	\$ 2,800,000.00	\$ 2,800,000.00
Capital Outlay	\$ 664,053.00	\$ 706,396.00	\$ 725,000.00	\$ 725,000.00
Total Maint. & Operation	\$ 14,365,186.00	\$ 14,518,531.98	\$ 15,161,000.00	\$ 15,498,000.00
TOTAL EXPENSES	\$ 36,569,648.00	\$ 36,939,712.55	\$ 37,661,000.00	\$ 38,320,500.00
Funding Sources:				
Fund Balances				
General Revenues	\$ 7,745,766.00	\$ 6,871,768.54	\$ 7,363,868.00	\$ 7,463,868.00
Federal Revenues	\$ 24,519,818.00	\$ 25,418,259.36	\$ 25,555,856.00	\$ 26,065,856.00
Fees for Service	\$ 3,173,720.00	\$ 3,174,000.00	\$ 3,255,000.00	\$ 3,310,000.00
Other Contracts	\$ 698,199.00	\$ 936,873.43	\$ 956,000.00	\$ 961,000.00
Other Revenues	\$ 857,812.00	\$ 544,000.00	\$ 540,000.00	\$ 545,000.00
TOTAL FUNDING	\$ 36,995,315.00	\$ 36,944,901.33	\$ 37,670,724.00	\$ 38,345,724.00

FUNDING SOURCES DETAIL				
Northeast Arkansas Community Mental Health Center, Inc dba/Mid-South Health Systems, Inc				
(Name of CMHC)				
FUNDING SOURCES	2014 Actual	2015 Allocation	2016 Estimate	2017 Estimate
GENERAL REVENUES:				
CSP Part A	\$ 1,030,877	\$ 1,075,402	\$ 1,075,402	\$ 1,075,402.00
CSP Part B	\$ 420,995	\$ 475,061	\$ 475,061	\$ 475,061.00
Per Capita	\$ 1,094,561	\$ 957,226	\$ 1,175,405	\$ 1,175,405.00
State Match	\$ -		\$ -	\$ -
Forensic Evaluations	\$ 41,500	\$ 45,000	\$ 50,000	\$ 50,000.00
CASSP	\$ 482,937	\$ 487,936	\$ 488,000	\$ 488,000.00
Youth Services Contracts	\$ 2,428,234	\$ 2,323,661	\$ 2,400,000	\$ 2,400,000.00
Other General Revenue	\$ 834,798	\$ 708,394	\$ 850,000	\$ 850,000.00
Local Acute Care Funds	\$ 1,411,864	\$ 799,089	\$ 850,000	\$ 950,000.00
FEDERAL REVENUES:				
Mental Health Block Grant	\$ 482,856	\$ 492,856	\$ 492,856	\$ 492,856.00
Medicaid	\$ 22,875,480	\$ 22,665,361	\$ 23,000,000	\$ 23,500,000.00
Medicare	\$ 470,378	\$ 465,000	\$ 475,000	\$ 475,000.00
Title XX	\$ 111,793	\$ 127,706	\$ 128,000	\$ 128,000.00
AR Kids				
Homeless Grant	\$ 109,577	\$ 113,500	\$ 115,000	\$ 115,000.00
HUD				
USDA				
Title III				
FEMA				
RSVP & VA	\$ 47,560	\$ 45,000	\$ 50,000	\$ 50,000.00
Food Program	\$ 348,997	\$ 340,000	\$ 345,000	\$ 355,000.00
Transitional Housing	\$ 17,948	\$ -	\$ -	\$ -
Other Federal Revenue	\$ 55,229	\$ 1,168,836	\$ 950,000	\$ 950,000.00
FEES FOR SERVICE:				
Private Insurance	\$ 438,090	\$ 462,000	\$ 475,000	\$ 480,000.00
Self Pay	\$ 2,367,382	\$ 2,640,000	\$ 2,700,000	\$ 2,750,000.00
Other	\$ 368,248	\$ 72,000	\$ 80,000	\$ 80,000.00
OTHER CONTRACTS:				
Rental Income	\$ 422,455	\$ 451,220	\$ 465,000	\$ 465,000.00
Project Reach	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000.00
Emergency Screenings	\$ 73,200	\$ 110,000	\$ 115,000	\$ 120,000.00
Local Contracts	\$ 166,544	\$ 339,653	\$ 340,000	\$ 340,000.00
OTHER REVENUES:				
Retirement Forfeiture	\$ 220,396	\$ 210,000	\$ 200,000	\$ 200,000.00
Other Misc Income	\$ 637,416	\$ 334,000	\$ 340,000	\$ 345,000.00
TOTAL FUNDING:	\$ 36,995,315	\$ 36,944,901	\$ 37,670,724	\$ 38,345,724

DHS - County Operations

Enabling Laws

Act 271 of 2014
Act 254 of 2014

Administration (Central Office Operations)

- A.C.A. §25-10-102

Economic and Medical Services Enrollment for the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program), Medicaid and TEA Programs.

- A.C.A. §25-102-102
- Food Stamp/SNAP - Food Stamp Act of 1977 renamed the Food and Nutrition Act of 2008 and reauthorized by the Agricultural Act of 2014
- Medicaid - Titles XIX and XXI of Social Security Act/Section 7 of Act 280 of 1939 and Act 416 of 1977; Act 849 of 1999 and Act 747 of 2001 (ARKids First Program)
- Medicaid Expansion (Tobacco Settlement) - Act 1574 of 2001
- TEA Program (Cash Assistance) - Title IV-A of the Social Security Act; Act 1058 of 1997; Act 1264 of 2001; Act 1306 of 2003 and Act 1705 of 2005

County Operations Assistance - Community Services (Funding for the provision of services and activities designed to reduce poverty and hunger, revitalize low-income communities and increase self-sufficiency.)

- Commodity Distribution and Emergency Food - Emergency Food Assistance Act of 1983
- Food Stamp Employment and Training - Food Stamp Act of 1977, renamed the Food and Nutrition Act of 2008
- Refugee Resettlement Program - Title IV of the Immigration and Nationality Act
- Community Services Block Grant - Public Law 97-35 Federal Omnibus Reconciliation Act of 1981; Public Law 105-285 Coats Human Services Reauthorization Act of 1998

- Homeless Assistance - Emergency Solutions Grant and Continuum of Care Program (Shelter Plus Care) - Public Law 97-35 Federal Omnibus Reconciliation Act of 1981; McKinney-Vento Homeless Assistance Act of 1987, Title IV as amended; the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 consolidated three homeless assistance programs administered by HUD under the McKinney-Vento Homeless Assistance Act into a single grant program, and revised the Emergency Shelter Grants program and renamed it the Emergency Solutions Grants Program.
- Aid to the Aged, Blind and Disabled - Title XVI of the Social Security Act; P.L. 93-66 and P.L. 93-233
- Low-Income Home Energy Assistance-Public Law 97-35 Federal Omnibus Reconciliation Act of 1981

History and Organization

Mission: The mission of the Division of County Operations is to ensure the delivery of quality human services that strengthen the health and well being of Arkansas's children, families and adults.

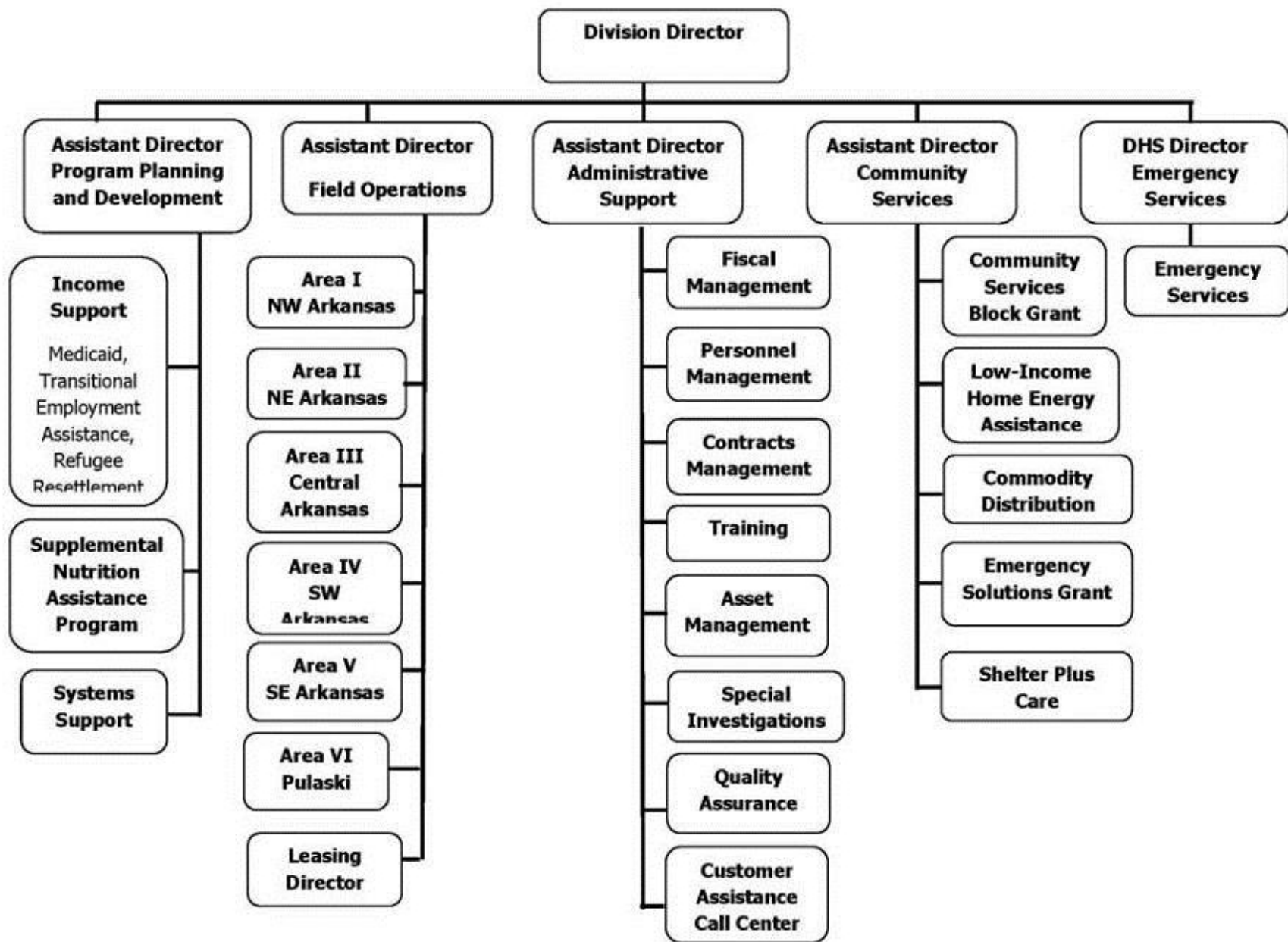
History: The Arkansas Department of Public Welfare was created in 1935 to give public assistance to dependent children, the aged, and the blind. There have been several changes and significant growth in services since that time. Child Welfare was added in 1936. In 1937, Aid to Families with Dependent Children (AFDC), General Relief, and Commodity Distribution were added along with medical care for the indigent. The Food Stamp Program began in 1962. In 1971, the Department of Public Welfare was transferred to the Department of Social and Rehabilitative Services and was renamed the Division of Social Services. Later, the Prescription Drug, optional Medicaid and the Child Support programs were added. Act 348 of 1985 mandated a change in the name of the agency to the Division of Economic and Medical Services in the Department of Human Services. The Child Support Enforcement Unit was transferred to the Revenue Division of the Department of Finance and Administration effective July 1, 1993. Act 1198 of 1995 dissolved the Division of Economic and Medical Services and created a new Division of Medical Services, while the Economic Services component merged with the Division of County Operations. The reorganized Division of County Operations has responsibility for 83 county offices and one processing center in the 75 counties and is also responsible for administering several programs, including: Transitional Employment Assistance (TEA) and Work Pays eligibility, Supplemental Nutrition Assistance Program (Food Stamps), Medicaid eligibility, Private Option eligibility, ARKids First, Commodity Distribution, Community Services and Emergency Services.

On August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act was signed into law. This Act initiated the most significant reform of public welfare programs in sixty years by placing time limits on the receipt of cash assistance benefits and requiring non-exempt adults to move into the workforce. Act 1058 of 1997, the Arkansas Personal Responsibility and Public Assistance Reform Act, created the Transitional Employment Assistance Program on July 1, 1997 replacing the former AFDC and AFDC Jobs programs. This Act also established the TEA Advisory Council to advise and assist all state agencies with the implementation and evaluation of the new TEA Program. In September 1997, Arkansas implemented the ARKids First Program designed to provide medical care to thousands of children of working parents whose income is not high enough to provide health insurance.

Act 1567 of 1999 amended the Arkansas Personal Responsibility and Public Assistance Reform Act by establishing the Arkansas Transitional Employment Board and enacted other provisions to strengthen the Arkansas TEA Program. The original Act was amended by Act 1264 of 2001 giving additional authority to the Transitional Employment Board to oversee funding to child care programs provided for current and former TEA recipients as well as low-income working families. The original Act was amended again by Act 1306 of 2003 to add several new targets and outcomes for the TEA Program.

Act 1705 of 2005 transferred overall responsibility for the administration of the TEA program to the Department of Workforce Services (DWS) with specific responsibility to provide case management services. The DHS Division of County Operations continues to provide eligibility determinations, benefit issuance and other support functions for this program.

Act 1498 of 2013 established the Health Care Independence Program on January 1, 2014. This program is also known as the "Private Option". The Act allows individuals age 19-64 with low income (equal to or less than 138% of the Federal Poverty Level) to enroll in a private health care plan. Medicaid funds are used to pay the monthly premium for eligible individuals so that they can enroll in one of the Qualified Health Plans offered through the Federally Facilitated Health Insurance Market Place.



Agency Commentary

ADMINISTRATION - Appropriation 896

ADMINISTRATION (PWP4500)- The mission of the Division of County Operations (DCO) is "To ensure the delivery of quality human services that strengthen the health and well being of Arkansas's children, families and adults." To accomplish this mission, the central and county offices work together to ensure compliance with a host of State and Federal laws and regulations. Central Office support provided to the County Offices includes: information systems development and operations, inventory control, policy development and distribution, contract and grant development, personnel services, financial services, program and provider monitoring, quality assurance, fraud investigations, Americans with Disabilities Act compliance and training for staff and providers.

There has been significant growth in the number of Arkansans applying for public assistance benefits. Additionally, new Federal requirements have increased the workload and complexity for determining eligibility for services. To meet these growing needs, the Division of County Operations is currently completing a comprehensive transformation of the public assistance eligibility system in Arkansas through a higher level of IT modernization. Accomplishments include document imaging, electronic records, automated workflows, on-line applications, processing center technology and the development of a new eligibility system for the 1.5 million Arkansans that receive public assistance benefits.

POSITION TRANSFERS - The Division is requesting the transfer of four Program Eligibility Specialists to the Division of Developmental Disabilities Services who will be used to conduct financial eligibility screenings for Intermediate Care Facilities (ICF) and annual redeterminations. In addition, the Division requests the transfer of one DHS/DCO Program Manager to the DHS Division of Administrative Services - Office of Systems Technology. This position will be used to ensure the Agency complies with rigorous Internal Revenue Service security requirements and new information technology security standards established by the National Institute of Standards and Technology.

The associated appropriation, State General Revenue of \$106,753 and Federal Funds of \$106,752 will be transferred in 2016 and 2017 for salary and fringe costs related to the position transfers.

OPERATING EXPENSES INCREASES (Funded Appropriation) - The Division of County Operations is requesting additional funded appropriation in each year of the biennium for the following:

- State General Revenue (SGR) of \$100,000 each year of the biennium for increases related to the increased cost of postage and mailing costs for client notices for the Supplemental Nutrition Assistance Program (SNAP), Medicaid and Transitional Employment Assistance (TEA). Funding is 50% State and 50% Federal. The total appropriation request is \$200,000 each year.

- State General Revenue (SGR) of \$66,673 each year to allow for a 3% increase in lease costs for 52 county offices that have not had a lease increase in five years. Funding is 50% State and 50% Federal. The total appropriation request is \$133,346 each year.
- State General Revenue (SGR) of \$71,722 in 2016 and \$16,722 in 2017 for the relocation of the DHS Polk County Office. The current office is located in an old nursing home that has many problems including a leaking roof, faulty heating, air and plumbing, inadequate security and has poor conditions for staff and clients. Funding is 50% State and 50% Federal. The total appropriation request is \$143,443 in 2016 and \$33,443 in 2017.
- State General Revenue (SGR) of \$415,906 in 2016 and \$125,906 in 2017 for the relocation of the DHS Jefferson County Office. DHS has occupied this building since 1981 (33 years). A recent building assessment recommended that the facility be gutted. Problems include sewer backup, inadequate heat and air and faulty plumbing. Funding is 50% State and 50% Federal. The total appropriation request is \$831,812 in 2016 and \$251,812 in 2017.
- State General Revenue (SGR) of \$68,800 in 2016 and \$18,000 in 2017 for the relocation of the DHS Jackson County Office. The current office is located in an old hospital building with multiple issues such as narrow doorways, heat, air, plumbing and security problems. The ceiling has collapsed twice recently. This office has very poor conditions for staff and clients. Funding is 50% State and 50% Federal. The total appropriation request is \$137,600 in 2016 and \$36,000 in 2017.

PROFESSIONAL FEES AND SERVICES (Federal Appropriation) - The Division is requesting Federal appropriation in 2016 and in 2017 for increased costs associated with contracts for client services in the Supplemental Nutrition Assistance Program (SNAP). No State General Revenue is requested. These services include:

- Nutrition Education services are provided on a Statewide basis to SNAP recipients and other low-income individuals and families. This Federally required program provides information in schools, community events, the local DHS County Offices, and other sites about nutrition, food purchases and meal preparation. The Agency requests Federal appropriation of \$38,735 in 2016 and \$39,510 in 2016 to support the expenditure of 100% Federal funds for these contracts.
- Employment and Training (E & T) activities are provided through local schools, Adult Education Centers and non-profit agencies to SNAP participants who are classified as an ABAWD (able-bodied adult without dependent children) and who live in one of the counties where an E&T Program is operational. Services include independent job search, job search training, education, work experience and vocational training. The Agency requests Federal appropriation of \$16,245 in 2016 and \$16,570 in 2017 to support the expenditure of 100% Federal funds for these contracts.

INFORMATION TECHNOLOGY (Funded State and Federal Appropriation) - The Division of County Operations requests State General Revenue (SGR) of \$618,210 in 2016 and \$679,125 in 2017 for various Information Technology initiatives including fraud detection software, document imaging activities, data warehouse operations, email services and electronic data storage. Also included are costs related to the Electronic Benefit Transfer process and with the SNAP portion of the new Eligibility and Enrollment Framework. These ongoing IT costs are expected to increase in the biennium and are critical to the continuing operation of the Agency. Funding is 50% State and 50% Federal. The

total appropriation request is \$1,236,420 in 2016 and \$1,358,250 in 2017. These requests are reflected in DCO's IT Plan. The summary below provides additional details about the Agency IT requests:

- Employment Verification Data Match - This technical service agreement, "The Work Number" provides real time employment information and is used by caseworkers, investigators and quality assurance staff to identify potential fraud. The agreement is being rebid and the Agency expects the cost to increase by 5% each fiscal year. The request is for State General Revenue of \$16,410 in 2016 and \$17,230 in 2017. Funding is 50% State and 50% Federal. The total appropriation request is \$32,820 in 2016 and \$34,460 in 2017. This request is reflected on pages 25 - 26 of the DCO IT Plan.
- Electronic Benefits Transfer (EBT) Contract- This contract is used to issue SNAP benefits electronically to eligible clients. Benefits are loaded to a debit card that is used at a point-of-sale device at USDA approved food retailers. The current contract ends on April 31, 2016. This request will provide funds for one-time conversion costs in addition to monthly contract costs that are expected to increase as a result of the contract re-procurement. The Agency requests \$100,000 in State General Revenue in 2016 and \$152,595 in 2017 to pay for these cost growths. Funding is 50% State and 50% Federal. The total appropriation request in 2016 is \$200,000 and \$305,190 in 2017. This request is reflected on pages 23 - 24 of the DCO IT Plan.
- Eligibility Enrollment Framework - This increase is for ongoing costs related to the replacement of the current system used to establish eligibility for 1.5 million Arkansans that receive public assistance benefits. The current system is outdated and inefficient, which makes it costly to run and labor intensive to change. The replacement of the current system will allow the Agency to handle growing caseloads and workloads by using new technologies including off-the-shelf software products and data matches from other agencies to automatically populate and verify information used to determine eligibility. Funding is 50% State and 50% Federal. The Agency requests State General Revenue of \$422,500 in 2016 and \$430,000 in 2017. The total appropriation request is \$845,000 in 2016 and \$860,000 in 2017. This request is reflected on pages 33 - 36 of the DCO IT Plan.
- Various Information Technology (IT) Initiatives - The Agency requests State General Revenue of \$79,300 each year for various IT initiatives. This includes software recommended by the DHS Security Officer for use by 22 staff in the Special Investigations Unit that provides real time information regarding addresses, property, income, etc. The request also includes costs for email, storage and business objects which are expected to increase by 50% in the biennium. In addition, the request includes costs for the Agency's Data Warehouse and Document Imaging. These costs are expected to increase by 10% due to the re-procurement of the contractor that supports these services. Funding is 50% State and 50% Federal. The total appropriation request is \$158,600 each year. These requests are reflected in pages 27 - 33 of the DCO IT Plan.

CAPITAL OUTLAY (Funded Appropriation) - The Office of Community Services is requesting approval to replace two existing vehicles (one in each year of the biennium), to be paid for with 100% Federal funds. These vehicles are utilized by grant analysts to monitor sub-grantees for compliance with program regulations in the Low-Income Home Energy Assistance (LIHEAP) and Community Services Block Grant (CSBG) Programs. The Agency is requesting appropriation of \$20,000 in 2016 and \$20,000 in 2017 to pay for the vehicle and associated sales tax.

No State General Revenue is being requested for these capital outlay requests.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) ADMINISTRATION - Appropriation 896

The Food and Nutrition Act of 2008 authorizes the Supplemental Nutrition Assistance Program (SNAP) to increase the limited food purchasing power of low-income households to alleviate hunger and malnutrition. The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) pays 100% of the cost of the food benefits and 50% of all administrative costs. National benefit levels are established by FNS annually. More than \$735 Million in SNAP benefits were issued to 696,343 Arkansans in State Fiscal Year 2013. The Division issues SNAP benefits through a Statewide Electronic Benefits Transfer (EBT) System. According to USDA, every \$5.00 in new SNAP benefits generates \$9.00 in total community spending. Because the majority of SNAP benefits are redeemed the month they are issued, SNAP acts as an immediate economic stimulus to struggling local economies. New SNAP benefits also generate additional economic activity as families are able to increase their overall food purchasing power. The SNAP Program is an integral part of the Division's efforts to strengthen the health and well-being of children, families and adults. The Agency is conducting additional program outreach, especially to the elderly, and is improving access to services through online applications and other web-based service applications.

DCO caseworkers located in the DHS county offices throughout the State determine eligibility for the Supplemental Nutrition Assistance Program. This eligibility is based on household size, monthly family income and resources.

The Division works with the University of Arkansas at Pine Bluff and the University of Arkansas Cooperative Extension Service to provide Nutrition Education services to SNAP recipients. The USDA Food and Nutrition Service provides 100% Federal funds for these educational activities.

The Division contracts directly with local schools, Adult Education Centers and non-profits to provide Employment and Training activities to SNAP recipients in as many counties as possible. The contracts are paid with 100% Federal funds.

MEDICAID ELIGIBILITY - Appropriation 896

Medicaid is a federally supported and State administered assistance program that provides medical services for certain low-income individuals and families. The program is financed jointly with State and Federal funds. The State administers the program within broad Federal requirements and guidelines. The Federal requirements allow some discretion in determining income and resource criteria for the eligibility and categories of assistance. The services provided under the Medicaid program assist the division with our mission to strengthen the health and well-being of Arkansas's children, families and adults. In SFY 2013, the Agency spent more than \$ 4.65 Billion in Medicaid services providing for 829,512 Arkansans.

Medical Services are provided to eligible individuals who are Aged (65 or older), Blind, Disabled, a child under age 18 or 19 (depending on the category), pregnant, or caretaker relatives of deprived children (children with an absent, disabled, or unemployed parent). Individuals who are eligible to receive cash assistance under the Supplemental Security Income (SSI) Program automatically receive Medicaid services.

The State provides for an optional "Medically Needy" group, which includes persons whose incomes are above the income levels for the other categories of Medicaid, but who have medical expenses greater than their excess income. Individuals must meet income and resource tests to qualify for these categories of Medicaid.

The ARKids First Program, established in September 1997, provides health insurance to children of low-income working families who do not have health insurance coverage offered through their employer. ARKids is one of the most successful children's health care programs in the nation. In August 2000, the program name was changed to ARKids B when the regular Medicaid program for children with family incomes below 100% of the Federal poverty level was brought under the ARKids First umbrella as ARKids A. DCO determines eligibility for both the ARKids A and the ARKids B Programs. In SFY 2013, there were 419,870 children who received ARKids Medicaid.

Act 1498 of 2013 established the Health Care Independence Program on January 1, 2014. This program is also known as the "Private Option". The Act allows individuals age 19-64 with low income (equal to or less than 138% of the Federal Poverty Level) to enroll in a private health care plan. Medicaid funds are used to pay the monthly premium for eligible individuals so that they can enroll in one of the Qualified Health Plans offered through the Federally Facilitated Health Insurance Marketplace.

TOBACCO SETTLEMENT - MEDICAID EXPANSION - Appropriation 642

The goal of the Medicaid Expansion program is to create a separate and distinct component of the Arkansas Medicaid Program that improves the health of Arkansans by expanding health care coverage and benefits to specific populations. The Tobacco Settlement Funds are utilized to expand Medicaid coverage to the following eligibility groups:

- Pregnant Women Expansion - Increased the income eligibility limit from 133% to 200% of the Federal poverty level.
- Hospital Benefit Coverage - Increased the number of benefit days from 20 to 24 and decreased the co-pay on the first day of hospitalization from 22% to 10%.
- 65 and Over Expansion (AR Senior) - Increased coverage to the 65 and over population for persons at 80% of the Qualified Medicare Beneficiary (QMB) Level effective January 1, 2003.

TRANSITIONAL EMPLOYMENT ASSISTANCE (TEA) - Appropriation 897

TRANSITIONAL EMPLOYMENT ASSISTANCE (TEA) PROGRAM (PWD7600 - TEA Cash Assistance and PWD7500 - TEA Employment Services)
- The Transitional Employment Assistance (TEA) Program was implemented on July 1, 1997, in accordance with Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and Arkansas Act 1058, the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997. The TEA Program replaced the Aid to Families with Dependent Children (AFDC) Program as the focal point of the State's welfare reform effort and plays a critical role in the Division's mission to strengthen the well-being of children, families and adults. 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 remains with the Division of County Operations (DCO), while DWS is responsible for the provision of case management services and overall administration of the program. Act 1705 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 Work Pays with eligibility determination and benefit delivery remaining with DCO. Both Programs are funded with State General Revenue and the Federal Temporary Assistance for Needy Families (TANF) Block Grant.

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 parents must also 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.

State General Revenue (SGR) funds are transferred each year of the biennium from the Department of Workforce Services to the DHS Grants Fund to support the payment of services provided to TEA clients. This will be authorized through Special Language in each Agency's appropriation act that allows the transfer of SGR to the DHS Grants Fund if needed. Unfunded appropriation of \$3,640,650 is requested by DCO each year of the biennium for this transfer.

STATE SUPPLEMENTARY PAYMENTS FOR THE AGED, BLIND AND DISABLED (AABD) - Appropriation 396

This program provides supplementary payments to individuals residing in Arkansas who are, or would be except for their income, eligible for basic Federal Supplemental Security Income (SSI) payments. These payments are made in accordance with Section 1616 of the Social Security Act and Section 212 of Public Law 93-66.

In the early 1970s, an amendment to the Medicaid State Plan allowed individuals in the Aged, Blind and Disabled (AABD) categories that were not eligible under SSI criteria, but meet the State Medicaid eligibility criteria, to receive SSI benefits.

Through an agreement entered into between the Social Security Administration (SSA) and the Department of Human Services, SSA makes these payments to individuals determined eligible by SSA. The State has budgeted \$4,000 per fiscal year to be paid to the Social Security Administration for the purpose of making the payments to eligible individuals and for administrative fees for determining eligibility.

COMMUNITY SERVICES/SOCIAL SERVICES BLOCK GRANT - Appropriation 898

COMMUNITY SERVICES/SOCIAL SERVICES BLOCK GRANT PROGRAM (PWE9700) - The Community Services Block Grant helps low-income persons become more independent by providing a range of services through the local Community Action Agencies. These services help persons in need become more employable, better educated, better trained to handle their finances and improve their housing, and make use of available social services. It also helps them become more involved in improving their community. The Agency is requesting Federal Appropriation of \$461,676 in 2016 and \$484,760 in 2017 to provide for 5% in additional Federal appropriation each year of the biennium for the Community Services Block Grant Program.

Social Services Block Grant (SSBG) funds are used to provide supportive services to help low-income children and families achieve and maintain self-sufficiency. These services include case management, employment services, nutrition, emergency assistance, and other social services to address the needs of families in crisis. SSBG funds also provide special services and supportive activities for the disabled through job placement, employment counseling, and referrals to community resources and opportunities.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) - Appropriation 898

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (PWE9400) - The purpose of the SNAP Employment and Training (E & T) Program (formerly the Food Stamp Employment and Training Program) is to provide Employment and Training activities which promote long term self sufficiency to SNAP recipients classified as an ABAWD (able-bodied adult without dependent children) and who live in one of the counties where an E & T Program is operational. Services include independent job search, job search training, education, work experience and vocational training. Client reimbursements for expenses associated with participation in the E & T Program, such as travel reimbursements, are funded with 50% State General Revenue and 50% Federal funds.

HOMELESS ASSISTANCE/EMERGENCY SOLUTIONS PROGRAM - Appropriation 426

HOMELESS ASSISTANCE/EMERGENCY SOLUTIONS (FWF2100) - The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), enacted into law on May 20, 2009, consolidated three of the separate homeless assistance programs administered by the U.S. Department of Housing and Urban Development (HUD) under the McKinney-Vento Homeless Assistance Act into a single grant program, and revised the Emergency Shelter Grants program and renamed it as the Emergency Solutions Grants (ESG) program. The ESG program is designed to be the first step in a continuum of assistance to help clients quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. The Homeless Assistance Program also provides Federal funds to local communities to

renovate, rehabilitate or convert small buildings for emergency shelters for the homeless. Funds can be used for the provision of essential services and the payment of maintenance, operation, insurance, utilities, and furnishings of these facilities. Funds can also be used to address the needs of homeless people in emergency or transitional shelters to quickly assist people to regain stability in permanent housing after experiencing a housing crisis and/or homelessness. These funds are distributed each year on a competitive basis. The Agency is requesting Federal appropriation of \$125,325 in 2016 and \$131,591 in 2017 to provide for 5% in additional Federal appropriation each year of the biennium for the Homeless Assistance/Emergency Solutions Grant Program. These are 100% Federal funds.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM - Appropriation 411

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) (FWF3400) - This program provides Federal funds to assist low-income households with their home energy expenses. Through grants to local Community Action Agencies, a one-time winter/summer assistance payment or a crisis intervention energy payment is made directly to an energy supplier for eligible households. The Agency is requesting Federal appropriation of \$1,400,000 in 2016 and \$1,470,000 in 2017 to provide for 5% in additional Federal appropriation each year of the biennium for the Low-Income Home Energy Assistance Program (LIHEAP). The funding is 100% Federal funds.

SHELTER PLUS CARE - APPROPRIATION 1DK

SHELTER PLUS CARE PROGRAM (FWF0400) - The Shelter Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities. This program is designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities (primarily those with serious mental illnesses), chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are homeless or in emergency shelters. Funding is offered through competitive grants submitted by the Office of Community Services to the Federal Department of Housing and Urban Development. The Agency is requesting Federal appropriation of \$95,430 in 2016 and \$100,202 in 2017 to provide for 5% in additional Federal appropriation each year of the biennium for the Shelter Plus Care Program. The funding is 100% Federal funds.

REFUGEE RESETTLEMENT PROGRAM - Appropriation 412

REFUGEE RESETTLEMENT PROGRAM (FWF4400) - The Refugee Resettlement Program (RRP) serves refugee residents for the first five (5) years of their residency in the United States that have been admitted for humanitarian reasons. Cash and medical assistance are available to the refugee for the first eight (8) months following entry with social services available for the full five year period. The Division of County Operations administers the cash and medical assistance programs for eligible participants. The Federal Office of Refugee Resettlement contracts directly with an Agency outside of the Department of Human Services for the social services aspects of the program. Participation in this program has recently increased. The Agency is requesting Federal appropriation of \$12,000 in each year. The funding is 100% Federal funds.

EMERGENCY FOOD PROGRAM - Appropriation 410

THE EMERGENCY FOOD ASSISTANCE PROGRAM/COMMODITY SUPPLEMENTAL FOOD PROGRAM (FWF2900) - The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP) utilize surplus U. S. Department of Agriculture commodities to supplement low-income food programs in Arkansas. Agencies such as Food Banks and Community Action Agencies have sub-grant agreements with the Division of County Operations Commodity Distribution Unit to provide food to soup kitchens, food pantries and mass food distribution sites. The purpose of the Commodity Supplemental Food Program (CSFP) is to improve the health of low-income pregnant and breastfeeding women, other new mothers up to one year postpartum, infants, children up to age six, and, elderly people at least 60 years of age by supplementing their diets with nutritious USDA commodity foods. It provides administrative funds to States for the cost of distributing USDA foods to these groups.

The Agency is requesting Federal appropriation of \$34,646 in 2016 and \$36,378 in 2017 to provide for 5% in additional Federal appropriation each year of the biennium for the TEFAP and CSFP programs. The funding is 100% Federal funds.

SALVAGE AND CONTAINER FUND - APPROPRIATION 930

SALVAGE AND CONTAINER (SAC) FUND (NHS0201) - The Commodity Distribution Program receives U. S. Department of Agriculture (USDA) donated foods for distribution to school districts, food banks, soup kitchens and food pantries. The donated foods are distributed through a contract with a local warehouse. In the event that the donated food is damaged or destroyed from improper storage, care or handling, it is classified as a "food loss" claim. Compensation of the value of the donated food is provided by the contractor to the distributing Agency (Division of County Operations - Commodity Distribution Program) and deposited in the Salvage and Container (SAC) Fund. Upon approval by the USDA, these funds may be used for training, equipment and vehicle purchases utilized by the Commodity Distribution Program for enhancements to the program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Semi-Annual report to the Arkansas Legislature on Voter Registration	Act 964 of 1995 (Voter Registration Act)	N	Y	1	A semi-annual report on the status of implementation of the National Voter Registration Act of 1993 is provided to the Arkansas Legislative Council at six month intervals.	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - County Operations

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Arkansas Spanish Interpreters	\$525,039		X				
LARR ENTERPRIZE INC	\$536,561	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>2</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$13,467,630</u>
% OF MINORITY CONTRACTS AWARDED	<u>1.52 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1DK	Cty-Shelter Plus Care Program	1,486,268	0	1,908,598	0	1,908,598	0	1,908,598	0	2,004,028	0	2,004,028	0	1,908,598	0	2,008,800	0	2,008,800	0
396	Cty-Aid To Aged, Blind, Disabled	0	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0
410	Cty-Emergency Food Program	738,339	0	692,917	0	819,219	0	692,917	0	727,563	0	727,563	0	692,917	0	729,295	0	729,295	0
411	Cty-Low Income Energy Assistance Prgm	20,701,241	0	28,000,000	0	29,480,110	0	28,000,000	0	29,400,000	0	29,400,000	0	28,000,000	0	29,470,000	0	29,470,000	0
412	Cty-Refugee Resettlement Program	11,259	0	12,000	0	12,000	0	12,000	0	24,000	0	24,000	0	12,000	0	24,000	0	24,000	0
426	Cty-Homeless Assistance Grant	2,400,301	0	2,506,500	0	2,846,487	0	2,506,500	0	2,631,825	0	2,631,825	0	2,506,500	0	2,638,091	0	2,638,091	0
59H	Hunger Coalition	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0
642	Medicaid Expansion-County Ops	2,135,078	51	2,861,716	60	2,872,788	60	2,884,501	60	2,884,501	60	2,884,501	60	2,885,980	60	2,885,980	60	2,885,980	60
896	Division of County Operations	116,116,047	1,871	123,503,656	1,876	125,233,442	1,876	124,309,706	1,876	126,853,802	1,871	126,853,802	1,871	124,381,796	1,876	126,257,222	1,871	126,257,222	1,871
897	TANF Block Grant	13,535,934	0	14,637,000	0	21,818,070	0	14,637,000	0	18,277,650	0	18,277,650	0	14,637,000	0	18,277,650	0	18,277,650	0
898	Community Svrs. Block Grant	8,451,714	0	9,298,386	0	9,137,390	0	9,298,386	0	9,760,062	0	9,760,062	0	9,298,386	0	9,783,146	0	9,783,146	0
898	Supplemental Nutrition Assist(SNAP)	175,529	0	343,235	0	343,235	0	343,235	0	343,235	0	343,235	0	343,235	0	343,235	0	343,235	0
930	Cty-Commodity Distrib & Salvage Container	18,387	0	291,300	0	175,000	0	291,300	0	291,300	0	291,300	0	291,300	0	291,300	0	291,300	0
Total		166,765,210	1,922	185,054,421	1,936	195,645,452	1,936	185,883,256	1,936	194,197,079	1,931	194,197,079	1,931	185,956,825	1,936	193,707,832	1,931	193,707,832	1,931

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	48,670,718	29.2	48,992,734	26.5		49,304,965	26.5	50,539,523	26.5	49,198,212	26.1	49,332,889	26.5	50,232,562	26.4	49,226,136	26.1
Federal Revenue	4000020	109,205,069	65.5	122,058,054	66.0		122,483,111	65.9	125,921,726	66.1	125,303,516	66.4	122,520,847	65.9	125,731,531	66.2	125,052,406	66.4
Cash Fund	4000045	18,387	0.0	291,300	0.2		291,300	0.2	291,300	0.2	291,300	0.2	291,300	0.2	291,300	0.2	291,300	0.2
Tobacco Settlement	4000495	1,067,539	0.6	1,430,858	0.8		1,442,250	0.8	1,442,250	0.8	1,442,250	0.8	1,442,990	0.8	1,442,990	0.8	1,442,990	0.8
Transfer From DWS	4000527	549,800	0.3	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to Medicaid Match	4000660	(66,238)	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support	4000730	7,319,935	4.4	12,281,475	6.6		12,361,630	6.7	12,361,630	6.5	12,361,630	6.6	12,368,799	6.7	12,368,799	6.5	12,368,799	6.6
Total Funds		166,765,210	100.0	185,054,421	100.0		185,883,256	100.0	190,556,429	100.0	188,596,908	100.0	185,956,825	100.0	190,067,182	100.0	188,381,631	100.0
Excess Appropriation/(Funding)		0		0			0		3,640,650		5,600,171		0		3,640,650		5,326,201	
Grand Total		166,765,210		185,054,421			185,883,256		194,197,079		194,197,079		185,956,825		193,707,832		193,707,832	

Budget exceeds Authorized in (898) Community Svcs. Block Grant and (930) Cty-Commodity Distrib & Salvage Container by authority of Reallocation of Resources.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
1,942	1849	29	1878	64	4.79 %	1,941	1855	86	1941	0	4.43 %	1,936	1831	105	1936	0	5.42 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 1DK - Cty-Shelter Plus Care Program

Funding Sources: FWF - DHS Federal

The Shelter Plus Care Program initially began in 1995 through a grant from the U. S. Department of Housing and Urban Development, Office of Community Planning and Development. The program provides rental assistance to hard-to-serve homeless persons (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are homeless or in emergency shelters. The Department of Human Services is the grantee for one (1) sub-grantee that has a total of four (4) grants. There are two components to the program, Tenant-Based Rental Assistance and Sponsor-Based Rental Assistance. The Tenant-Based program allows for applicants to request funds to provide rental assistance on behalf of program participants who choose their own housing. Under the Sponsor-Based program, an applicant may request funds through a contract with a non-profit organization for rental of housing owned by the non-profit organization. The program provides outreach, support and coordination of housing and services and monitoring.

Funding for this appropriation is 100% funded from federal sources such as the federal Department of Housing and Urban Development.

The Agency Base Level request for this appropriation is \$1,908,598 each year of the biennium.

The Agency Change Level request is for \$95,430 in FY2016 and \$100,202 in FY2017 to allow for projected increases in federal funding granted as a result of increased housing costs.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1DK - Cty-Shelter Plus Care Program

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,486,268	1,908,598	1,908,598	1,908,598	2,004,028	2,004,028	1,908,598	2,008,800	2,008,800
Total		1,486,268	1,908,598	1,908,598	1,908,598	2,004,028	2,004,028	1,908,598	2,008,800	2,008,800
Funding Sources										
Federal Revenue	4000020	1,486,268	1,908,598		1,908,598	2,004,028	2,004,028	1,908,598	2,008,800	2,008,800
Total Funding		1,486,268	1,908,598		1,908,598	2,004,028	2,004,028	1,908,598	2,008,800	2,008,800
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,486,268	1,908,598		1,908,598	2,004,028	2,004,028	1,908,598	2,008,800	2,008,800

Change Level by Appropriation

Appropriation: 1DK - Cty-Shelter Plus Care Program
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,908,598	0	1,908,598	100.0	1,908,598	0	1,908,598	100.0
C01	Existing Program	95,430	0	2,004,028	105.0	100,202	0	2,008,800	105.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,908,598	0	1,908,598	100.0	1,908,598	0	1,908,598	100.0
C01	Existing Program	95,430	0	2,004,028	105.0	100,202	0	2,008,800	105.3

Justification

C01	The Agency requests \$95,430 in federal appropriation in 2016 and \$100,202 in Federal appropriation in 2017 for the Shelter Plus Care Program. This program provides rental assistance for hard-to-serve homeless persons with disabilities. No State General Revenue funds are being requested.								
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Analysis of Budget Request

Appropriation: 396 - Cty-Aid To Aged, Blind, Disabled

Funding Sources: DGF - DHS Grants Fund

In 1974, the Aid to Aged, Blind and Disabled (AABD) program was converted to the Supplemental Security Income (SSI) Program through an amendment to the Medicaid State Plan. This amendment allowed individuals in the AABD categories that were not eligible under SSI criteria, but meet the State Medicaid eligibility criteria to receive SSI benefits. The Aid to Aged, Blind and Disabled appropriation provides cash assistance to individuals residing in Arkansas to supplement their SSI payments. These payments are made in accordance with section 1616 of the Social Security Act and section 212 of P. L. 93-66.

Through an agreement entered into between the Social Security Administration (SSA) and the Department of Human Services, the Social Security Administration makes these payments to individuals determined eligible by SSA. The State pays Social Security Administration for making the payments to eligible individuals and for administrative fees for determining eligibility.

Funding for this appropriation is from general revenues through the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306(10)(A)(iii).

The Agency Base Level and total request for this appropriation is \$4,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 396 - Cty-Aid To Aged, Blind, Disabled

Funding Sources: DGF - DHS Grants Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total		0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Funding Sources										
General Revenue	4000010	0	4,000		4,000	4,000	4,000	4,000	4,000	4,000
Total Funding		0	4,000		4,000	4,000	4,000	4,000	4,000	4,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	4,000		4,000	4,000	4,000	4,000	4,000	4,000

Analysis of Budget Request

Appropriation: 410 - Cty-Emergency Food Program

Funding Sources: FWF - DHS Federal

The Emergency Food Program provides food on an emergency basis for families in need and the homeless. Donated food is also made available for Disaster Assistance. Additionally, Division of County Operations (DCO) utilizes surplus USDA commodities to supplement low-income food programs in Arkansas. Agencies such as Food Banks and Community Program Action Agencies have agreements with DCO to provide food through soup kitchens, food pantries and mass distribution to households.

This appropriation also includes the Commodity Supplemental Food Program which provides food to seniors in need on a monthly basis. The caseload level can be adjusted each Federal Fiscal year based on availability of food products and administrative funding. Community Action Agencies throughout the State have agreements with DCO to distribute food to this client base.

Funding for this appropriation is 100% federal from the U. S. Department of Agriculture, Food and Consumer Services.

The Agency Base Level request for this appropriation is \$692,917 each year of the biennium.

The Agency Change Level request is for \$34,646 in FY2016 and \$36,378 in FY2017 to allow for additional federal funds for the Emergency Food Program and the Commodity Supplemental Food Program due to expected caseload increases during the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 410 - Cty-Emergency Food Program

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	738,339	692,917	819,219	692,917	727,563	727,563	692,917	729,295	729,295
Total		738,339	692,917	819,219	692,917	727,563	727,563	692,917	729,295	729,295
Funding Sources										
Federal Revenue	4000020	738,339	692,917		692,917	727,563	727,563	692,917	729,295	729,295
Total Funding		738,339	692,917		692,917	727,563	727,563	692,917	729,295	729,295
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		738,339	692,917		692,917	727,563	727,563	692,917	729,295	729,295

Change Level by Appropriation

Appropriation: 410 - Cty-Emergency Food Program
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	692,917	0	692,917	100.0	692,917	0	692,917	100.0
C01	Existing Program	34,646	0	727,563	105.0	36,378	0	729,295	105.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	692,917	0	692,917	100.0	692,917	0	692,917	100.0
C01	Existing Program	34,646	0	727,563	105.0	36,378	0	729,295	105.2

Justification

C01	The Agency requests \$34,646 in Federal appropriation in 2016 and \$36,378 in Federal appropriation in 2017 for the Emergency Food and Commodity Supplemental Food programs. The Emergency Food Program provides food on an emergency basis for families in need and the homeless. The Commodity Supplemental Food Program provides food to seniors in need on a monthly basis. No State General Revenue funds are being requested.								
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Analysis of Budget Request

Appropriation: 411 - Cty-Low Income Energy Assistance Prgm

Funding Sources: FWF - DHS Federal

The Low Income Home Energy Assistance (LIHEAP) program provides federal funds to assist low-income households with the cost of their home energy expenses such as gas, electricity, propane, etc. The agency administers the Winter/Summer Assistance Program and Crisis Intervention Program. Assistance is provided in the form of a one-time per year payment to the energy supplier of an eligible household, or in some cases, directly to the applicant. The Crisis Intervention Program provides assistance to eligible households in energy related emergencies. Eligibility is based on 150% of current Office of Management and Budget (OMB) income poverty guidelines for all households.

Funding for this appropriation is 100% federal from the U. S. Department of Health and Human Services, Administration for Children and Families.

The Agency Base Level request for this appropriation is \$28,000,000 each year of the biennium.

The Agency Change Level request is for \$1,400,000 in FY2016 and \$1,470,000 in FY2017 to allow for additional federal funds for the program in the event of higher energy costs during the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 411 - Cty-Low Income Energy Assistance Prgm

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,701,241	28,000,000	29,480,110	28,000,000	29,400,000	29,400,000	28,000,000	29,470,000	29,470,000
Total		20,701,241	28,000,000	29,480,110	28,000,000	29,400,000	29,400,000	28,000,000	29,470,000	29,470,000

Funding Sources										
Federal Revenue	4000020	20,701,241	28,000,000		28,000,000	29,400,000	29,400,000	28,000,000	29,470,000	29,470,000
Total Funding		20,701,241	28,000,000		28,000,000	29,400,000	29,400,000	28,000,000	29,470,000	29,470,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		20,701,241	28,000,000		28,000,000	29,400,000	29,400,000	28,000,000	29,470,000	29,470,000

Change Level by Appropriation

Appropriation: 411 - Cty-Low Income Energy Assistance Prgm
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	28,000,000	0	28,000,000	100.0	28,000,000	0	28,000,000	100.0
C01	Existing Program	1,400,000	0	29,400,000	105.0	1,470,000	0	29,470,000	105.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	28,000,000	0	28,000,000	100.0	28,000,000	0	28,000,000	100.0
C01	Existing Program	1,400,000	0	29,400,000	105.0	1,470,000	0	29,470,000	105.3

Justification

C01	The Agency requests \$1,400,000 in Federal appropriation in 2016 and \$1,470,000 in Federal appropriation in 2017 for the Low Income Home Energy Assistance Program (LIHEAP). This program provides Federal funds to assist low-income households with the cost of their home energy expenses such as gas, electricity and propane. No State General Revenue funds are being requested.								
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Analysis of Budget Request

Appropriation: 412 - Cty-Refugee Resettlement Program

Funding Sources: FWF - DHS Federal

The Refugee Resettlement Program provides temporary assistance to refugees and entrants to the state to help in becoming self-sufficient and self-reliant. This program was established by the 1980 Immigration and Nationality Act and authorizes cash assistance and medical assistance for up to eight months following entry. Social services may be provided to refugees for up to five years. Refugees may apply for cash, medical and the supplemental nutrition assistance program (SNAP) assistance at Department of Human Services offices in their county of residence.

Due to the steady decline in eligibles, Arkansas chose to discontinue the optional Social Services component of the program effective October 1, 2002. Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) will continue to be available through the county offices to any new arrivals entering the state in the future. The federal Office of Refugee Resettlement contracts directly with an agency outside of DHS for the social services aspects of the program.

Funding for this appropriation is 100% federal from the U. S. Department of Health and Human Services, Administration for Children and Families and is available to states as well as non-profit organizations to help offset costs related to resettlement efforts.

The Agency Base Level request for this appropriation is \$12,000 each year of the biennium.

The Agency Change Level request is for \$12,000 each year due to increasing caseloads within the State.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 412 - Cty-Refugee Resettlement Program

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	11,259	12,000	12,000	12,000	24,000	24,000	12,000	24,000	24,000
Total		11,259	12,000	12,000	12,000	24,000	24,000	12,000	24,000	24,000
Funding Sources										
Federal Revenue	4000020	11,259	12,000		12,000	24,000	24,000	12,000	24,000	24,000
Total Funding		11,259	12,000		12,000	24,000	24,000	12,000	24,000	24,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		11,259	12,000		12,000	24,000	24,000	12,000	24,000	24,000

Change Level by Appropriation

Appropriation: 412 - Cty-Refugee Resettlement Program
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	12,000	0	12,000	100.0	12,000	0	12,000	100.0
C01	Existing Program	12,000	0	24,000	200.0	12,000	0	24,000	200.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	12,000	0	12,000	100.0	12,000	0	12,000	100.0
C01	Existing Program	12,000	0	24,000	200.0	12,000	0	24,000	200.0

Justification

C01	The Agency requests \$12,000 in Federal appropriation in each year of the biennium for the Refugee Resettlement Program due to increasing caseloads in the State. This program provides temporary assistance to refugees and entrants to the State to help them become self-sufficient and self-reliant. No State General Revenue funds are being requested.								
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Analysis of Budget Request

Appropriation: 426 - Cty-Homeless Assistance Grant

Funding Sources: FWF - DHS Federal

The Homeless Assistance Grant is a federal program through the U. S. Department of Housing and Urban Development. This program is designed to assist local communities in helping to improve the quality of life for the homeless by providing grants for renovation, rehabilitation or conversion of buildings to be used as emergency shelters. Funds can be used for paying for operations, maintenance, insurance, utilities, and furnishings, essential social services that are connected with the shelters and for prevention efforts. The estimated homeless count in the State of Arkansas for 2011 is 19,135. Funding for this appropriation is 100% federal.

The Agency Base Level request for this appropriation is \$2,506,500 each year of the biennium.

The Agency Change Level request is for \$125,325 in FY2016 and \$131,591 in FY2017 for projected increases in federal funding during the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 426 - Cty-Homeless Assistance Grant

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	2,400,301	2,506,500	2,846,487	2,506,500	2,631,825	2,631,825	2,506,500	2,638,091	2,638,091
Total		2,400,301	2,506,500	2,846,487	2,506,500	2,631,825	2,631,825	2,506,500	2,638,091	2,638,091
Funding Sources										
Federal Revenue	4000020	2,400,301	2,506,500		2,506,500	2,631,825	2,631,825	2,506,500	2,638,091	2,638,091
Total Funding		2,400,301	2,506,500		2,506,500	2,631,825	2,631,825	2,506,500	2,638,091	2,638,091
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,400,301	2,506,500		2,506,500	2,631,825	2,631,825	2,506,500	2,638,091	2,638,091

Change Level by Appropriation

Appropriation: 426 - Cty-Homeless Assistance Grant
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,506,500	0	2,506,500	100.0	2,506,500	0	2,506,500	100.0
C01	Existing Program	125,325	0	2,631,825	105.0	131,591	0	2,638,091	105.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,506,500	0	2,506,500	100.0	2,506,500	0	2,506,500	100.0
C01	Existing Program	125,325	0	2,631,825	105.0	131,591	0	2,638,091	105.2

Justification

C01	The Agency requests \$125,325 in 2016 and \$131,591 in 2017 in Federal appropriation for the Homeless Assistance Program, also called the Emergency Solutions Grants (ESG) Program. This program provides Federal funds for homeless shelters and can also be used to assist people in regaining stability in permanent housing after experiencing a housing crisis and/or homelessness. No State General Revenue funds are being requested.								
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Analysis of Budget Request

Appropriation: 59H - Hunger Coalition

Funding Sources: DCO - County Operations Account

This appropriation was originally authorized by Act 1385 of 2009. Arkansas food banks have reported an increase in utilization which is attributed to poor economic conditions and local disasters coupled with the increased cost of food storage and transportation. To address this need, the State Food Purchasing Program was created and funded with state general revenues generated from an increase in the tax on cigarettes and other tobacco products provided in Act 180 of 2009. The Division of County Operations grants these funds to the Arkansas Hunger Relief Alliance for distribution to the local food distribution networks for the purpose of purchasing Arkansas products through the State Food Purchasing Program.

Funding for this appropriation is 100% general revenue (DCO - County Operations Fund Account).

The Agency Base Level and total request for this appropriation is \$995,113 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59H - Hunger Coalition

Funding Sources: DCO - County Operations Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	995,113	995,113	995,113	995,113	995,113	995,113	995,113	995,113	995,113
Total		995,113	995,113	995,113	995,113	995,113	995,113	995,113	995,113	995,113
Funding Sources										
General Revenue	4000010	995,113	995,113		995,113	995,113	995,113	995,113	995,113	995,113
Total Funding		995,113	995,113		995,113	995,113	995,113	995,113	995,113	995,113
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		995,113	995,113		995,113	995,113	995,113	995,113	995,113	995,113

Analysis of Budget Request

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

This appropriation is for the additional administrative costs to the Division of County Operations associated with the Medicaid Expansion Programs established by Initiated Act 1 of 2000. The expanded Medicaid programs are as follows:

1. Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001);
2. Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001);
3. Expansion of non-institutional coverage and benefits to adults aged 65 and over. Referred to as ARSeniors, this program extends full Medicaid benefits to adults age 65 and over who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002); and

Funding for this appropriation is derived from tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries do not include appropriation for Merit Pay Increases.

The Agency Base Level and total request for this appropriation is \$2,884,501 in FY2016 and \$2,885,980 in FY2017 with 60 budgeted Base Level positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 642 - DHS Medicaid Expansion Program
Funding Sources: PTA - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,424,329	1,801,942	1,811,220	1,814,589	1,814,589	1,814,589	1,815,789	1,815,789	1,815,789
#Positions		51	60	60	60	60	60	60	60	60
Personal Services Matching	5010003	628,267	713,979	715,773	724,117	724,117	724,117	724,396	724,396	724,396
Operating Expenses	5020002	82,482	295,795	295,795	295,795	295,795	295,795	295,795	295,795	295,795
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
Data Processing Services	5900044	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total		2,135,078	2,861,716	2,872,788	2,884,501	2,884,501	2,884,501	2,885,980	2,885,980	2,885,980

Funding Sources										
Federal Revenue	4000020	1,067,539	1,430,858		1,442,251	1,442,251	1,442,251	1,442,990	1,442,990	1,442,990
Tobacco Settlement	4000495	1,067,539	1,430,858		1,442,250	1,442,250	1,442,250	1,442,990	1,442,990	1,442,990
Total Funding		2,135,078	2,861,716		2,884,501	2,884,501	2,884,501	2,885,980	2,885,980	2,885,980
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,135,078	2,861,716		2,884,501	2,884,501	2,884,501	2,885,980	2,885,980	2,885,980

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Division of County Operations was established originally in Act 348 of 1985 in the reorganization of the Department of Human Services under the title of Program Operations. Act 164 of 1995 amended Arkansas Code Annotated §25-10-102 and created the Division of Medical Services, renamed the Division of Program Operations to County Operations and transferred functions that were a part of the Division of Economic and Medical Services to County Operations. Functions transferred to the Division of County Operations were Aid to Families with Dependent Children, Food Stamp Program (now called Supplemental Nutrition Assistance Program - SNAP), Project Success and the Community Services Block Grant.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, eliminated the open-ended federal entitlement program of Aid to Families with Dependent Children (AFDC) and created a federal block grant program for states to provide cash assistance to families on a time-limited basis under the Temporary Assistance to Needy Families (TANF) program. The Arkansas Personal Responsibility and Public Assistance Reform Act, Act 1058 of 1997 was enacted during the 81st General Assembly and signed by the Governor on April 3, 1997, thereby establishing the Transitional Employment Assistance (TEA) program. With the enactment of these laws, the AFDC and Project Success programs were eliminated and replaced by the TEA program. Enacted during the 85th General Assembly and signed by the Governor, Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS) and also created the Work Pays program, which is an extension of the TEA program for former TEA recipients who are working. Pursuant to this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remains with the Division of County Operations while DWS is responsible for the provision of case management services and overall administration of the program.

The Division of County Operations has the primary responsibility for providing the leadership and support in each of the eighty-three (83) county offices in the 75 counties, a new Access Arkansas Center is being constructed in Batesville and will process approximately 28,000 applications and reevaluations each month, many of which are being filed online. The Division of County Operations is responsible for administering the SNAP, TEA, Medicaid and ARKids Programs to citizens across Arkansas. Additional programs administered at the county level through local organizations include the Community Services Block Grant; Energy and Weatherization Assistance for low income elderly, people with disabilities and families with children; Homeless and Housing Assistance; and Commodity Distribution. The Division is responsible for the physical office space in each of the counties including rent, utilities, telephone charges, janitorial services and other items needed at the local level. The Division coordinates the services of the various DHS Divisions at the local level and provides clerical support. The Division currently has four (4) distinct areas of operation: Field Operations, Program Planning and Development, Community Services and Administrative Support.

Funding for this appropriation is derived from a mix of sources that includes general revenue (DCO - County Operations Fund Account), federal and other revenues. Federal funding sources include revenues derived from administrative costs for TEA, SNAP, Community Services Block Grant, Refugee Resettlement, Emergency Shelter, Commodities, Child Health Insurance (CHIP) and Medicaid (Regular and Enhanced)

programs. Other funding which is indicated as various program support can also include sources such as Title XIX match, miscellaneous collections, federal awards, fees, third party reimbursements and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries do not include appropriation for Merit Pay Increases.

The Agency Base Level request for this appropriation is \$124,309,706 in FY2016 and \$124,381,796 in FY2017 with general revenue of \$48,152,413 in FY2016 and \$48,180,337 in FY2017 and 1,876 budgeted Base Level positions.

The Agency Change Level request for this appropriation is \$2,544,096 in FY2016 and \$1,875,426 in FY2017, which includes general revenue requests above Base Level of \$1,234,558 in FY2016 and \$899,673 in FY2017. The following delineates the agency request:

- Regular Salaries and Personal Services Matching of (\$213,505) each year for the transfer of five (5) positions to other DHS Divisions to improve DHS security and delivery of services. (\$106,753) of this transfer each year is general revenue.
- Operating Expenses of \$1,479,021 in FY2016 and \$689,061 in FY2017 for increases in postage, mailing, county office leases, increasing information technology costs, and the relocation of county offices in Polk, Jackson and Jefferson counties. Of this request, \$739,511 in FY2016 and \$344,531 in FY2017 is new general revenue. This request can be found in the Agency's Information Technology Plan.
- Professional Fees of \$254,980 in FY2016 and \$361,270 in FY2017 to cover increased costs of contracts for SNAP client services and the EBT system which issues benefits for SNAP and TEA in Arkansas. \$100,000 in FY2016 and \$152,595 in FY2017 of this request is for new general revenue. This request can be found in the Agency's Information Technology Plan.
- Capital Outlay of \$20,000 each year of the biennium for the replacement of one (1) vehicle each year.
- Data Processing Services of \$1,003,600 in FY2016 and \$1,018,600 in FY2017 for costs associated with the SNAP portion of the new Eligibility and Enrollment System and for increasing information technology costs. \$501,800 in FY2016 and \$509,300 in FY2017 of this request is for new general revenue. This request can be found in the Agency's Information Technology Plan.

The Executive Recommendation provides for the Agency Request, to include the position and general revenue transfers to other DHS Divisions, with no new general revenue funding. The Executive Recommendation provides for the Agency Request for Capital Outlay to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	60,086,188	61,558,689	63,108,743	62,169,786	62,016,991	62,016,991	62,228,286	62,075,491	62,075,491
#Positions		1,871	1,876	1,876	1,876	1,871	1,871	1,876	1,871	1,871
Extra Help	5010001	266,740	390,052	390,052	390,052	390,052	390,052	390,052	390,052	390,052
#Extra Help		31	37	37	37	37	37	37	37	37
Personal Services Matching	5010003	23,327,958	23,575,083	23,924,815	23,942,436	23,881,726	23,881,726	23,956,026	23,895,316	23,895,316
Overtime	5010006	1,176	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	21,889,618	23,402,003	23,402,003	23,402,003	24,881,024	24,881,024	23,402,003	24,091,064	24,091,064
Conference & Travel Expenses	5050009	102,540	172,081	172,081	172,081	172,081	172,081	172,081	172,081	172,081
Professional Fees	5060010	5,176,097	6,138,465	6,138,465	6,138,465	6,393,445	6,393,445	6,138,465	6,499,735	6,499,735
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	34,411	172,400	2,400	0	20,000	20,000	0	20,000	20,000
Data Processing Services	5900044	5,231,319	8,069,883	8,069,883	8,069,883	9,073,483	9,073,483	8,069,883	9,088,483	9,088,483
Total		116,116,047	123,503,656	125,233,442	124,309,706	126,853,802	126,853,802	124,381,796	126,257,222	126,257,222

Funding Sources										
General Revenue	4000010	47,584,407	47,840,182		48,152,413	49,386,971	48,045,660	48,180,337	49,080,010	48,073,584
Federal Revenue	4000020	61,323,852	63,381,999		63,795,663	65,105,201	64,486,991	63,832,660	64,808,413	64,129,288
Transfer to Medicaid Match	4000660	(66,238)	0		0	0	0	0	0	0
Various Program Support	4000730	7,274,026	12,281,475		12,361,630	12,361,630	12,361,630	12,368,799	12,368,799	12,368,799
Total Funding		116,116,047	123,503,656		124,309,706	126,853,802	124,894,281	124,381,796	126,257,222	124,571,671
Excess Appropriation/(Funding)		0	0		0	0	1,959,521	0	0	1,685,551
Grand Total		116,116,047	123,503,656		124,309,706	126,853,802	126,853,802	124,381,796	126,257,222	126,257,222

FY15 Budget in Capital Outlay exceeds Authorized by authority of Reallocation of Resources.

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	124,309,706	1,876	124,309,706	100.0	124,381,796	1,876	124,381,796	100.0
C01	Existing Program	1,521,181	0	125,830,887	101.2	730,681	0	125,112,477	100.6
C07	Agency Transfer	(213,505)	(5)	125,617,382	101.1	(213,505)	(5)	124,898,972	100.4
C08	Technology	1,236,420	0	126,853,802	102.0	1,358,250	0	126,257,222	101.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	124,309,706	1,876	124,309,706	100.0	124,381,796	1,876	124,381,796	100.0
C01	Existing Program	1,521,181	0	125,830,887	101.2	730,681	0	125,112,477	100.6
C07	Agency Transfer	(213,505)	(5)	125,617,382	101.1	(213,505)	(5)	124,898,972	100.4
C08	Technology	1,236,420	0	126,853,802	102.0	1,358,250	0	126,257,222	101.5

Justification

C01	The Agency requests State General Revenue of \$100,000 in each year of the Biennium to cover increased postage and mailing costs for client notices in the SNAP, Medicaid and TANF programs. Federal funds of the same amounts will be used to match these State funds. State General Revenue funds totaling \$66,673 are being requested in each year of the Biennium to allow for a 3% increase in lease costs for 52 DHS county offices that have not had increases in the last five years. Federal funds of the same amounts will be used to match these State funds. The Agency is also requesting State General Revenue funds to relocate the DHS county offices in Polk, Jackson and Jefferson counties. These offices are in poor condition with major problems such as leaking roofs, falling ceilings, inadequate heating and air conditioning, faulty plumbing and inadequate security. A total of \$556,428 in State General Revenue funds is needed in 2016 and \$160,628 is needed in 2017 to support these relocation costs. Federal funds in these same amounts will be used to match the State funds. The Agency requests Federal appropriation of \$54,980 in 2016 and \$56,080 in 2017 for increased costs associated with professional services contracts for client services in the Supplemental Nutrition Assistance Program (SNAP). The services provided are Employment and Training and Nutrition Education. All of these services are funded with 100% Federal funds. The Office of Community Services is requesting federally funded appropriation of \$20,000 in 2016 and \$20,000 in 2017 for the replacement of two vehicles (one each year of the biennium). These vehicles are used to monitor sub-grantee agencies that receive CSBG and LIHEAP funds. These vehicles will be purchased with 100% Federal funds.
C07	The Division of County Operations requests to transfer five positions along with \$213,505 in funded appropriation (\$106,753 State General Revenue and \$106,752 Federal funds) in each year of the Biennium to other DHS Divisions to improve DHS security and delivery of services. A DHS/DCO Program Manager position will be transferred to the DHS Office of Systems Technology to help meet new information technology security standards established by the IRS and the National Institute of Standards and Technology. Four Program Eligibility Specialist positions will be transferred to the Division of Developmental Disabilities Services (DDS) for the purpose of conducting financial eligibility screenings for Intermediate Care Facilities (ICF) and annual redeterminations.
C08	The Division of County Operations requests State General Revenue of \$618,210 in 2016 and \$679,125 in 2017 for increases in the Information Technology Budget. Federal funds in the same amounts will be used to match these State funds for total appropriation requests of \$1,236,420 in 2016 and \$1,358,250 in 2017. This request includes \$200,000 (\$100,000 State and \$100,000 Federal) in 2016 and \$305,190 (\$152,595 State and \$152,595 Federal) in 2017 for increases in costs for the Electronic Benefits Transfer (EBT) system which issues benefits for the Supplemental Nutrition Assistance Program (SNAP) and the Transitional Employment Assistance (TEA) in Arkansas. The current EBT contract ends April 31, 2016. These additional funds and appropriation will cover one-time conversion costs and a 15% projected increase in new contract costs. This request also includes funded appropriation totaling \$1,036,420 (\$518,210 State and \$518,210 Federal) in 2016 and \$1,053,060 (\$526,530 State and \$526,530 Federal) in 2017 to address increasing Information Technology costs including on-line verification systems to detect fraud, document imaging activities, data warehouse operations, email services and electronic data storage. Included in these requests are \$845,000 in 2016 and \$860,000 in 2017 for costs associated with the SNAP portion of the new Eligibility and Enrollment System.

Analysis of Budget Request

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants 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 federal block grant funding to states. The Arkansas program is entitled Transitional Employment Assistance (TEA). The Arkansas 81st General Assembly passed Act 1058 of 1997 declaring 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 remains with the Division of County Operations (DCO) while DWS is responsible for the provision of case management services and overall administration of the program. 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 ongoing 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 Temporary Assistance for Needy Families (TANF) block grant and general revenue from the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306 (10)(A)(iv) and general revenue fund transfers from the Department of Workforce Services as authorized in Section 9 of Act 271 of 2014 for FY2015. Other funding which is indicated as various program support can also include sources such as the payback of the federal share of overpayment collections on AFDC and interest on TEA cash assistance.

The Agency Base Level request for this appropriation is \$14,637,000 each year of the biennium.

The Agency Change Level request is for \$3,640,650 each year of the biennium to allow for general revenue transfers from the Department of Workforce Services.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
TANF Block Grant	5100004	13,535,934	14,637,000	21,818,070	14,637,000	18,277,650	18,277,650	14,637,000	18,277,650	18,277,650
Total		13,535,934	14,637,000	21,818,070	14,637,000	18,277,650	18,277,650	14,637,000	18,277,650	18,277,650
Funding Sources										
Federal Revenue	4000020	12,940,225	14,637,000		14,637,000	14,637,000	14,637,000	14,637,000	14,637,000	14,637,000
Transfer From DWS	4000527	549,800	0		0	0	0	0	0	0
Various Program Support	4000730	45,909	0		0	0	0	0	0	0
Total Funding		13,535,934	14,637,000		14,637,000	14,637,000	14,637,000	14,637,000	14,637,000	14,637,000
Excess Appropriation/(Funding)		0	0		0	3,640,650	3,640,650	0	3,640,650	3,640,650
Grand Total		13,535,934	14,637,000		14,637,000	18,277,650	18,277,650	14,637,000	18,277,650	18,277,650

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	14,637,000	0	14,637,000	100.0	14,637,000	0	14,637,000	100.0
C05	Unfunded Appropriation	3,640,650	0	18,277,650	124.9	3,640,650	0	18,277,650	124.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	14,637,000	0	14,637,000	100.0	14,637,000	0	14,637,000	100.0
C05	Unfunded Appropriation	3,640,650	0	18,277,650	124.9	3,640,650	0	18,277,650	124.9

Justification

C05	The Agency requests \$3,640,650 in unfunded appropriation in both years of the biennium for services provided to Transitional Employment Assistance (TEA) Program participants. This additional appropriation will support State General Revenue funds that will be transferred from the Department of Workforce Services (DWS) to the Department of Human Services (DHS) to pay these client services. No State General Revenue funds are being requested.								
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Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The Community Services Block Grant program helps low-income persons become more independent by providing a range of services through local Community Action Agencies. The services are designed to impact the causes of poverty and assist low-income persons gain the skills necessary for employment, offer better educational and training activities to handle finances, improve housing, make use of social services available to them and become involved in community activities. Additionally, the program provides funds for involvement of low-income persons in community development activities, essential services to homeless persons and development of innovative approaches, at both the local and state level, to meet the nutritional needs of low-income persons. Eligibility is based on current OMB poverty income guidelines.

Social Services Block Grant (SSBG) funds are used to provide supportive services to help low-income children and families achieve and maintain self-sufficiency. These services include case management, employment services, nutrition, emergency assistance, and other social services to address the needs of families in crisis. SSBG funds also provide special services and supportive activities for the disabled through job placement, employment counseling, and referrals to community resources and opportunities.

Supplemental Nutrition Assistance Program (SNAP) - The Employment and Training (E & T) Program (formerly the Food Stamp Employment and Training Program) provides Employment and Training activities which promote long term self sufficiency to SNAP recipients classified as an ABAWD (able-bodied adult without dependent children) and who live in one of the counties where an E & T Program is operational. Services include independent job search, job search training, education, work experience and vocational training. Client reimbursements for expenses associated with participation in the E & T Program, such as travel reimbursements, are funded with 50% State General Revenue and 50% Federal funds.

Supplemental Nutrition Assistance Program (SNAP) - The Farmers Market Program has been established by U.S. Department of Agriculture (USDA) to allow consumers to have access to locally grown farm fresh produce, enable farmers the opportunity to expand their customer base, and cultivate consumer loyalty with the farmers who grow the produce. In order to participate in the Electronic Benefits Transfer (EBT) Farmers Market Program, each market must be authorized by the USDA Food and Nutrition Service (FNS) to accept Supplemental Nutrition Assistance Program (SNAP) benefits. The USDA provides funds for the purchase of Point of Sale devices and monthly wireless fees so fruits and vegetables can be purchased by SNAP recipients with their Electronic Benefits Transfer card. The grants are paid with 100% Federal funds.

Funding for this appropriation is derived from the federal Community Services Block Grant, U. S. Department of Health and Human Services, Administration for Children and Families, federal Social Services Block Grant (SSBG) funds, federal USDA funds and general revenue from the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306(10)(A)(ii) and §19-5-306(10)(A)(xi).

The Agency Base Level and total request for the Supplemental Nutrition Assistance Program line item is \$343,235 each year of the biennium with general revenue of \$150,000 each year.

The Agency Base Level request for the Community Services Block Grant line item is \$9,298,386 each year of the biennium with general revenue of \$3,439 each year.

The Agency Change Level request for the Community Services Block Grant line item is \$461,676 in FY2016 and \$484,760 in FY2017 in appropriation only to provide for a 5% increase in grants for services to low-income persons to help them become more independent.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Suppl Nutrition Assist(SNAP)	5100004	175,529	343,235	343,235	343,235	343,235	343,235	343,235	343,235	343,235
Community Srvs. Block Grant	5100004	8,451,714	9,298,386	9,137,390	9,298,386	9,760,062	9,760,062	9,298,386	9,783,146	9,783,146
Total		8,627,243	9,641,621	9,480,625	9,641,621	10,103,297	10,103,297	9,641,621	10,126,381	10,126,381
Funding Sources										
General Revenue	4000010	91,198	153,439		153,439	153,439	153,439	153,439	153,439	153,439
Federal Revenue	4000020	8,536,045	9,488,182		9,488,182	9,949,858	9,949,858	9,488,182	9,972,942	9,972,942
Total Funding		8,627,243	9,641,621		9,641,621	10,103,297	10,103,297	9,641,621	10,126,381	10,126,381
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		8,627,243	9,641,621		9,641,621	10,103,297	10,103,297	9,641,621	10,126,381	10,126,381

FY15 Budget in Community Srvs. Block Grant exceeds Authorized by authority of Reallocation of Resources.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	9,298,386	0	9,298,386	100.0	9,298,386	0	9,298,386	100.0
C01	Existing Program	461,676	0	9,760,062	105.0	484,760	0	9,783,146	105.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	9,298,386	0	9,298,386	100.0	9,298,386	0	9,298,386	100.0
C01	Existing Program	461,676	0	9,760,062	105.0	484,760	0	9,783,146	105.2

Justification

C01	The Agency requests \$461,676 in Federal appropriation in 2016 and \$484,760 in Federal appropriation in 2017 for the Community Services Block Grant Program (CSBG). This program provides Federal funds to local Community Action Agencies to provide services to low-income persons to help them become more independent. No State General Revenue funds are being requested.								
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Analysis of Budget Request

Appropriation: 930 - Cty-Commodity Distrib & Salvage Container

Funding Sources: NHS - Cash in Treasury

The Commodity Distribution and Salvage Container Program receives United States Department of Agriculture (USDA) donated foods for distribution to school districts, food banks, soup kitchens and food pantries, etc. The donated foods are distributed through a contract with a local warehouse. In the event, that the donated food is damaged or destroyed from improper storage, care or handling, it is classified as a "food loss" claim. Compensation of the value of the donated food is provided by the contractor and/or recipient agency, to the distributing agency (Division of County Operations Commodity Distribution Program). Compensation is deposited in the Salvage and Container Cash Fund. Upon approval by USDA, these funds may be used for training, equipment and vehicle purchases utilized by the Commodity Distribution Program for enhancements to the program.

The Agency Base Level and total request for this appropriation is \$291,300 each year of the biennium.

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

Appropriation Summary

Appropriation: 930 - Cty-Commodity Distrib & Salvage Container

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	12,742	281,810	165,510	281,810	281,810	281,810	281,810	281,810	281,810
Conference & Travel Expenses	5050009	5,645	9,490	9,490	9,490	9,490	9,490	9,490	9,490	9,490
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		18,387	291,300	175,000	291,300	291,300	291,300	291,300	291,300	291,300
Funding Sources										
Cash Fund	4000045	18,387	291,300		291,300	291,300	291,300	291,300	291,300	291,300
Total Funding		18,387	291,300		291,300	291,300	291,300	291,300	291,300	291,300
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		18,387	291,300		291,300	291,300	291,300	291,300	291,300	291,300

FY15 Budget in Operating Expenses exceeds Authorized by authority of Reallocation of Resources.

Expenditure of appropriation is contingent upon available funding.

DHS - Developmental Disabilities Services

Enabling Laws

Act 295 of 2014

A.C.A. §20-14-501 et seq.

A.C.A. §20-48-101 et seq.

A.C.A. §20-48-201 et seq.

A.C.A. §20-48-401 et seq.

A.C.A. §25-10-102

History and Organization

DIRECTOR'S OFFICE

DDS Director's Office is responsible for the overall coordination of services for people with developmental disabilities in the state. The DDS Director's Office is the primary point of contact between the agency and the public. Responsibilities include the goals, the philosophical framework, and strategic plan within which the agency operates. The DDS Director's Office is also responsible for working with the DDS Board in carrying out the Board's directives related to the Human Development Centers; is responsible for coordinating efforts of multiple groups such as the Governor's Developmental Disabilities Council, Advocacy Services, Arkansas Waiver Association, Human Development Centers Statewide Parent Group, Early Intervention Inter-agency Coordinating Council and any other interested groups whose primary interest is services and service needs of people with disabilities.

Information Systems Support is responsible for coordination of information and data processing resources. This unit ensures compliance with standards for data content, networking and information exchange by maintaining the DDS Information Systems Plan and providing technical assistance and tracking information supports.

FISCAL OPERATIONS

The Fiscal Operations section is inclusive of the following areas: Contract Support; Financial and Personnel/Payroll Coordination; Facilities Management; Risk Assessment Management and Procurement.

Contract Support coordinates the provision of services through Community Programs. This area is responsible for Community Program funding authorization service approvals and expenditure monitoring of contracts. Technical assistance and planning is provided to ninety (90) community programs and providers as well as ninety-five (95) Early Intervention voucher providers.

Financial Coordination is responsible for development, monitoring input, and balancing the agency's annual operation and biennial budget. This area is also responsible for developing and maintaining forecasting reports; coordinating resolution to fiscal questions and problems; ensuring expenditures are within budgeted amounts; processing budget amendments; requests for deferment and release of deferment to ensure the total budget is not exceeded; Financial Coordination also provides HDC/Administration support.

Personnel and Payroll provides coordination of the personnel and payroll functions for the division to include acquisition, retention, improvement of human resources and payroll posting and processing. Personnel and Payroll also provides technical assistance to the division in matters involving human resources.

Facilities Management assists the five (5) Human Development Centers' in planning capital and maintenance projects; serves as liaison with Arkansas Building Authority architects and engineers; assists with the development of operating and capital improvement budgets.

Risk Assessment is responsible for the development, maintenance, revision and monitoring of the Division's risk assessment plan in accordance with established rules and regulations; and serves as the Division's liaison with the department level risk assessment coordination unit.

Procurement insures purchases are made in accordance with established rules and regulations. Procurement also provides problem resolution assistance to the five (5) Human Development Centers as necessary.

CHILDREN'S SERVICES

The Children's Services Section is responsible for intake, eligibility determination, individualized service plan development, referrals for services, and program and administrative oversight for five (5) programs: Part C Early Intervention; Part B Early Childhood; DDS Special Needs; Integrated Support Services; and Arkansas' Title V program for children with special health care needs. Thirty-four (34) DDS Specialists throughout the state coordinate service activities for approximately 8,000 person's age 0 through 22. DDS Specialists serves as the intake point for the DDS Waiver for individuals with developmental disabilities that are under age 22 and still in school. The Service Specialists are responsible for processing requests for program assistance, obtaining evaluation information, determining eligibility for services, providing case management, making referrals for appropriate services and providing support to families.

Children's Services (CS) is Arkansas' Title V program for Children with Special Health Care Needs (CSHCN). Children's Services serves approximately 12,500 children and youth by providing referral and resource information and payment for medical services for eligible individuals. Of those, over 2,900 are children with Medicaid coverage that have requested Children's Services as their case manager; some are children with ARKids First B that have medical needs which may not be met by that program; and about 1,000 are children that may have private insurance, but no Medicaid coverage and have asked for financial assistance in paying for medical care.

Part C of IDEA- Early Intervention (E.I.) was originally enacted by Congress in 1975 to ensure that children with disabilities have the opportunity to receive a free appropriate public education. The most recent amendments were passed by Congress in December 2004, with Part C final regulations published in September 2011. DDS serves as the Lead Agency in the Department of Human Services for Part C Early Intervention. The EI program serves infants and toddlers, birth to two (2) years of age, with a developmental delay. The Lead Agency assures access to appropriate services. 12 Program Coordinators provide coordination activities for eligible children and families throughout the state.

Part B Early Childhood is responsible for monitoring compliance with federal and contractual regulations and requirements relative to education and related services for children 3 to 5. This area provides consultations and technical assistance in DDS licensed community programs and Individualized Education Plan (IEP) completed by an interdisciplinary team that serves as the guide for services.

Integrated Services provides services to DDS eligible individuals who have multi-agency and multiple-service needs. Individually identified wrap-around services are provided in the community and allow the individual to remain in the community without institutionalization.

DDS Special Needs program provides limited assistance to eligible families in need of services not available through other programs. Eligible services may include respite, purchase of equipment, purchase of services required for integration into the community. Eligibility requirements exist.

WAIVER SERVICES

Waiver Services Section has primary responsibility for the Alternative Community Services (ACS) Home and Community Based Medicaid Waiver Service program/service delivery inclusive of ages zero to death. This program provides for diversion and de-institutionalization for persons who request or need a change. Maximum Waiver capacity is 4,143 individuals served at any given time with approximately 4,000 unduplicated persons served on a fiscal year basis. Within the 4,143 capitation, there are 95 Human Development Center/Arkansas State Hospital (HDC/ACS) and 60 Division of Children and Family Services (DCFS) reserved capacity.

This Section is organized into four (4) Units: Administration, Waiver Applications/Technical Support inclusive of staff and programmatic training, Waiver Program/Technical Support and Policy and Procedure/Technical Support specifically in the areas of information technology and reporting. All Units provide technical assistance and support to individuals, families, providers and other persons as requested or needed.

The Administration Unit is responsible to oversee all Section operations and activities, assure business functions, serve as the final DDS appeals body for all Waiver issues and coordinate and assure effective cross Sectional and Divisional communications.

The Applications Unit has primary responsibility for processing new and priority applications, maintaining a list of persons requesting services and releasing individuals from the wait list when vacant positions in the Waiver occur. Processing includes tracking and trending through the issuance of the initial plans of care. Training development needs are met across all Unit levels.

The Program Unit has primary responsibility to implement and coordinate the activities specific to service delivery, inclusive of approval of all plans of care initially and annually thereafter, or as needs may change and choice options are exercised. It is responsible for tracking, trending, discovery and remediation of the Division of Medical Services audit outcomes.

The Policy/Procedure Unit has primary responsibility for the development of waiver renewals and revisions; researching and answering waiver inquiries; revision of the ACS Provider Manual; maintenance of a comprehensive Waiver database and tracking, trending, discovery and remediation of Centers for Medicaid and Medicare Services Quality Assurance framework compliance.

QUALITY ASSURANCE

The Quality Assurance section includes the intake, outreach, eligibility, and regulatory units for DDS. The Quality Assurance section also participates in various quality improvement activities, such as the State's Payment Improvement Initiative and DD Assessment Project.

The DDS Certification and Licensure Unit performs licensure and certification of DDS Providers, licensure of Center-based Services and certification of Waiver Providers who serve individuals with developmental disabilities. Staff conducts monitoring activities for Developmental Day Treatment Clinic Services (DDTCS) and ACS Waiver.

The DDS Adult Intake and Referral unit in QA is responsible for intake and referral for all adults seeking DDS services and assists individuals and families with respite and other service needs. The QA Medicaid Income Eligibility Unit reviews thousands of files for financial eligibility each year.

The Outreach Unit conducts interviews with a sample of persons served by the ACS Waiver and Intermediate Care Facilities for Persons with Intellectual and Developmental Disabilities, using the National Core Indicators (NCI) survey tool, to determine satisfaction with their services.

Units in QA also include psychological eligibility determination, investigation of service concerns, incident reporting, policy development, and technical assistance for provider organizations.

POLICY AND PLANNING

The Policy and Planning section develops strategic policy priority and provides policy counsel to the leadership of DDS. Specifically, the Office of Policy and Planning works with the Division's leadership by: developing strategic policy priorities; planning and coordinating the implementation of policy initiatives that support these priorities; engaging Divisions within the Department of Human Services to ensure coordination and integration of policy initiatives with other Divisional and Departmental initiatives; leading cross Divisional initiatives and supporting the implementation of Division policy initiatives; conducting stake holder outreach activities and synthesizing input and ideas from the stake holders to inform the Divisions policy formulation process and oversees independent assessment process and contract.

CONWAY HUMAN DEVELOPMENT CENTER

Before Special Education services were available, Conway Human Development Center (CHDC) opened September 1, 1959, resultant of Arkansans seeking learning opportunities for children with developmental disabilities. CHDC was the first of six Human Development Centers in Arkansas. CHDC's mission is to provide services and support to people with developmental disabilities by helping them maximize their capabilities and achieve the best possible quality of life. The comprehensive services include medical services, special education, domestic skill development, personal skill development, habilitation training, workshop opportunities, employment training, and recreational opportunities. CHDC offers medical services to include: physicians, nursing, physical therapy, occupational therapy, speech therapy, dental, orthotics, audiology services, physician peer review, psychology peer review, infection control and comprehensive dysphasia screening and bone density screening. CHDC also provides chapel services and a specialized library. Today, CHDC provides these comprehensive services to children who are school age with behavioral and medical needs and to adults (including seniors) with habilitation/employment needs and/or significant health care needs. With the present licensed capacity of five hundred eighteen (518), CHDC provides these services in a residential home-like setting, including special residential settings for children with intense behavioral needs.

ARKADELPHIA HUMAN DEVELOPMENT CENTER

The Arkadelphia Human Development Center opened in October of 1968. The facility currently serves an adult population and offers a primary emphasis on adult enrichment, vocational training and transitional placement for people who wish to live in community settings. The Center also serves as a "safety net" for people in the community who are experiencing challenges and need a temporary respite or step back to a structured setting. The facility's capacity is one hundred thirty-five (135) and residential options are: three (3) male residences that house adults with multiple disabilities; two (2) residences for adult males and two (2) for adult females who are diagnosed with mental illness/mental retardation and whose conduct has placed them or others in jeopardy in the community; and one (1) group home for older adult females. Since 2003 the Center has partnered with Rainbow of Challenges to help create community housing and job opportunities for all people with developmental disabilities. In 2008 the Center partnered with the Volunteer Council, the City of Arkadelphia, Arkansas, Department of Environmental Quality, West Central Waste District, Arkadelphia Public Schools and private businesses to create the Clark County Recycling Cooperative which operates from the Center's campus and provides job opportunities for people served by the Center.

In 2011, the Center entered into a contract with Arkansas Parks and Tourism to create information packets to be sent out about the State and various opportunities around Arkansas. This provides our clients with the training and normalization as they earn pay for work performed.

JONESBORO HUMAN DEVELOPMENT CENTER

The Jonesboro Human Development Center opened in November of 1974 on property purchased by residents of Northeast Arkansas and donated to the state for purposes of constructing the facility. JHDC provides services to a maximum of one hundred twenty-eight (128) adults who have developmental challenges. Living arrangements include nine (9) homes which range from 16-person houses with private, semi-private, and multi-bed bedrooms to a seven (7) - person home offering private bedroom space. Services offered at the facility are designed to focus on the individual needs of the people who reside there and include medical, psychological/psychiatric, vocational and recreational services. The center operates an on-campus employment center which contracts with local industry to provide job opportunities for those living at the center. The focus of the JHDC is to (1) assist people in gaining skills to help them transition to the most appropriate, least

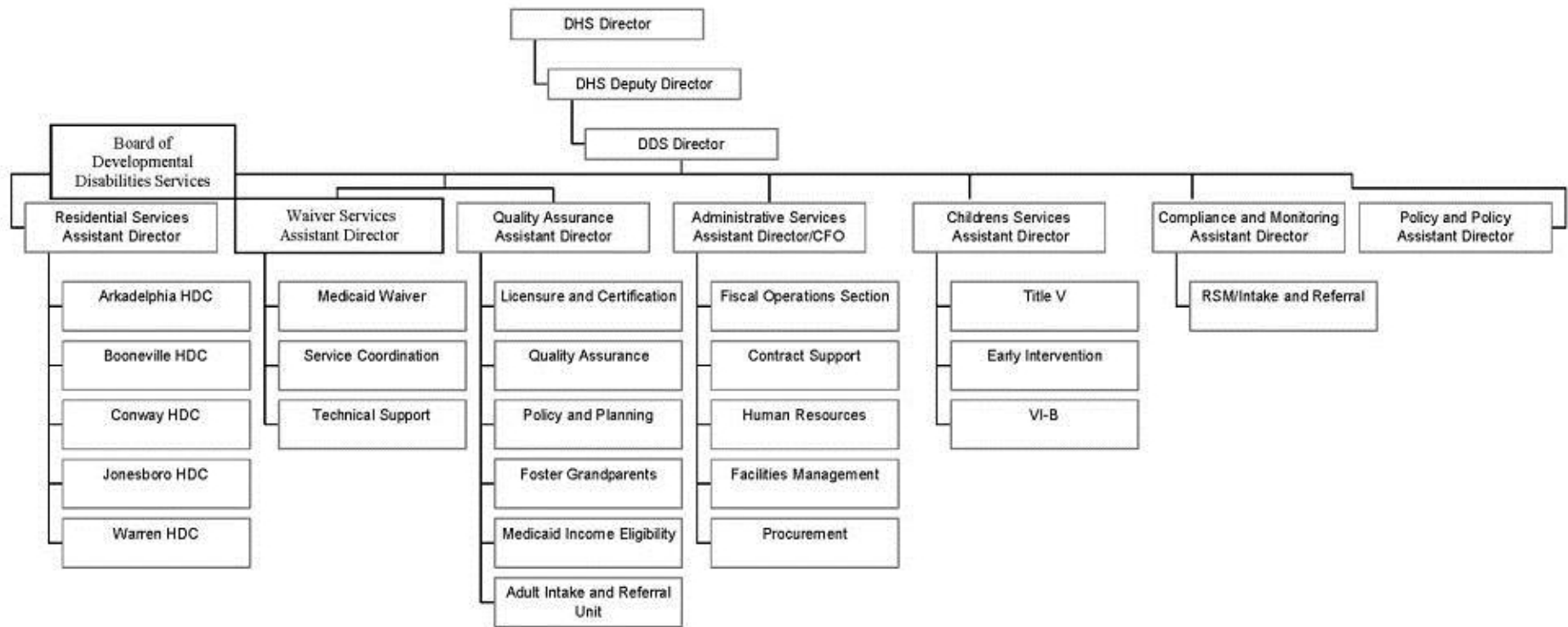
restrictive setting possible and (2) assist people in maintaining skills as they enter the retirement years of their lives. The facility provides twenty-four (24) hour residential services in a manner to give those who live there respect, dignity, training, and support.

BOONEVILLE HUMAN DEVELOPMENT CENTER

The Booneville Human Development Center (BHDC) opened in July of 1973. BHDC provides services to a maximum of one hundred thirty-eight (138) adults with developmental disabilities, age nineteen (19) or older. This facility provides an array of training programs and living options for individuals. It serves people who are ambulatory and have no severe medical needs but, who may need intensive psychiatric, psychological and other behavioral services due to the presence of a mental illness. People live in the least restrictive setting for their needs, from semi-independent group houses to dormitories with extensive supervision. The Center's pre-vocational program includes rug weaving, an art project, recycling and jobs in food service.

SOUTHEAST ARKANSAS HUMAN DEVELOPMENT CENTER

Southeast Arkansas Human Development Center (SEAHDC), the last of the six human development centers to be constructed by the state, is built on 179 acres of land donated by the citizens of Bradley County. The Center, a part of the Bradley County community since 1978, provides services to ninety-three (93) persons of varying disabilities and ages. Services are provided for adult males and females who need behavioral supports, a Special Treatment Unit for adult females requiring more intensive supervision due to their behaviors, adult transitioning services to prepare them for a less restrictive environment and an adult enrichment program. SEAHDC is a nationally accredited organization with a strong commitment to persons it serves and the surrounding community. It has been called one of the nation's "elite" organizations. SEAHDC has now extended its community outreach to include a training and meeting center. Through this program, training opportunities and meeting space will be provided to community programs and the community as a whole.



Agency Commentary

The Division of Developmental Disabilities Services (DDS) is submitting a change level request for both years of the 2015-2017 Biennium.

Unfunded Regular Salaries and Personal Services Matching appropriations to restore two hundred twenty-seven (227) positions that are critical to provide flexibility in the provision of quality and continuity of care, and ensure the health and safety of the residents at the five (5) Human Development Centers (HDC) and those recipients of service living in the community.

Reclassify eleven (11) DHS Program Specialist (G210C, C115) positions to Social Service Workers (M054C, C115). Currently, the duties of the Program Specialists are inconsistent with the services provided by the positions in Conway Human Development Center's Social Services Unit. The CHDC Social Services Unit positions work directly with the residents, families and provide other community services whereas the Program Specialist positions are responsible for analyzing, monitoring, and evaluating human service programs. This request will provide consistency with current OPM job descriptions and DHS hiring procedures. This request does not involve a change in pay.

Transfer in four (4) Program Eligibility Specialists from the Division of County Operations with associated salary and fringe appropriation for the purpose of conducting eligibility screenings for Intermediate Care Facilities (ICF) and annual redeterminations. Screenings will be done for eligibility purposes for all private ICF's, the Human Development Centers and the ACS Waiver. DCO will also transfer general revenue of \$81,229 and matching federal revenues to support these positions.

Unfunded extra help and overtime appropriation is requested to ensure coverage at the HDC's due to turnover rates.

Unfunded appropriation is requested in Operating Expenses. This request is due to expected inflation in costs associated with care of the clients in the HDC's. In addition, travel and supply costs continue to increase for staff as well as due to increased cost to the agency in purchasing food and medical supplies, household supplies and to replace worn items in the living units of the clients.

Unfunded appropriation in Conference and Travel is requested to ensure continued availability of training opportunities to keep staff abreast of current service delivery options.

Funded appropriation is requested in Professional Fees. This request includes new general revenue of \$87,360 each year. This request will cover the implementation cost of moving currently used mainframe based applications to more efficient web-based applications, and pay for the introduction of comprehensive electronic health records and to support infrastructure contracts to meet national performance measures. This can be found in the Division's IT Plan.

Funded appropriation is requested in Capital Outlay. This request includes new general revenue of \$200,018 in FY16 and \$176,722 in FY17. This request is to replace worn items that are no longer cost effective to repair and to reduce equipment down time due to breakdowns.

Funded appropriation is requested in Data Processing. This request includes new general revenue of \$29,120 each year. This request is due to the expected increased costs to maintain the newly implemented web-based applications, the electronic health record infrastructure and national performance measures. This can be found in the Division's IT Plan.

Funded federal appropriation is requested in the Grants/Patient Services line item for potential growth in the federal programs.

Unfunded appropriation in the Vocational Trainees line item is requested to provide for an increase in vocational training opportunities for individuals.

Funded federal appropriation is requested for the Children's Medical Services appropriation to allow for increases in federally funded grant programs to include the Children's Medical Services program.

Discontinue the Volunteer and Leadership Development Grant. Funding for this appropriation was provided on a one-time basis from the Attorney General Funded Volunteer and Leadership Development Grant funds.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Publications

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

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
147	Special Olympics	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0
397	Children's Medical Services	1,715,625	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0
408	Children's Medical Services-Federal	390,343	0	1,144,083	0	1,446,205	0	1,144,083	0	1,446,205	0	1,446,205	0	1,144,083	0	1,446,205	0	1,446,205	0
59J	Autism Treat/Coord	0	0	273,974	0	1,492,500	0	273,974	0	273,974	0	273,974	0	273,974	0	273,974	0	273,974	0
653	DDS-State Operations	5,798,581	0	5,354,325	0	7,219,242	0	5,354,325	0	7,119,242	0	7,119,242	0	5,354,325	0	7,119,242	0	7,119,242	0
657	Community Programs	33,651	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
658	Grants to Community Providers	15,734,421	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0
896	Division of Developmental Disabilities Srvs	134,541,661	2,648	144,579,400	2,482	157,854,290	2,709	145,127,575	2,482	156,887,627	2,713	156,887,627	2,713	145,211,048	2,482	156,892,986	2,713	156,892,986	2,713
982	Inter-Divisional Programs	86,746	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0
M75	Volunteer & Leadership Development Grant	0	0	100,000	0	100,000	0	100,000	0	0	0	0	0	100,000	0	0	0	0	0
Total		158,479,796	2,648	169,410,518	2,482	186,070,973	2,709	169,958,693	2,482	183,685,784	2,713	183,685,784	2,713	170,042,166	2,482	183,691,143	2,713	183,691,143	2,713

Funding Sources			%		%			%		%		%		%		%		%	
General Revenue	4000010	67,917,434	42.9	68,105,507	40.2			68,244,327	40.2	68,642,054	39.6	68,325,556	39.7	68,265,701	40.1	68,640,132	39.6	68,346,930	39.7
Federal Revenue	4000020	15,623,733	9.9	23,323,899	13.8			23,388,189	13.8	25,871,897	14.9	25,536,457	14.8	23,397,942	13.8	25,881,650	14.9	25,546,210	14.8
Special Revenue	4000030	33,651	0.0	50,000	0.0			50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0
Transfer to Medicaid Match	4000660	(13,639,782)	(8.6)	(12,836,261)	(7.6)			(12,836,261)	(7.6)	(12,836,261)	(7.4)	(12,836,261)	(7.5)	(12,836,261)	(7.5)	(12,836,261)	(7.4)	(12,836,261)	(7.5)
Various Program Support	4000730	88,544,760	55.9	90,767,373	53.6			91,112,438	53.6	91,643,500	52.9	91,012,438	52.9	91,164,784	53.6	91,639,142	52.9	91,064,784	52.9
Total Funds		158,479,796	100.0	169,410,518	100.0			169,958,693	100.0	173,371,190	100.0	172,088,190	100.0	170,042,166	100.0	173,374,663	100.0	172,171,663	100.0
Excess Appropriation/(Funding)		0		0				0		10,314,594		11,597,594		0		10,316,480		11,519,480	
Grand Total		158,479,796		169,410,518				169,958,693		183,685,784		183,685,784		170,042,166		183,691,143		183,691,143	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
2,725	2438	17	2455	270	10.53 %	2,711	2425	62	2487	224	10.55 %	2,709	2409	73	2482	227	11.07 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 147 - Special Olympics

Funding Sources: DEA - Developmental Disabilities Services Fund

This appropriation is for a grant to the Arkansas Special Olympics, Inc. This program provides sports training and competitive opportunities throughout the year for athletes who are developmentally challenged.

Funding for this appropriation is 100% general revenue (DEA-Developmental Disabilities Services Fund Account).

The Agency Base Level and total request for this appropriation is \$178,768 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 147 - Special Olympics

Funding Sources: DEA - Developmental Disabilities Services Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	178,768	178,768	178,768	178,768	178,768	178,768	178,768	178,768	178,768
Total		178,768	178,768	178,768	178,768	178,768	178,768	178,768	178,768	178,768
Funding Sources										
General Revenue	4000010	178,768	178,768		178,768	178,768	178,768	178,768	178,768	178,768
Total Funding		178,768	178,768		178,768	178,768	178,768	178,768	178,768	178,768
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		178,768	178,768		178,768	178,768	178,768	178,768	178,768	178,768

Analysis of Budget Request

Appropriation: 397 - Children's Medical Services

Funding Sources: DGF - DHS Grants Fund

The State Children's Medical Services (CMS) program provides services to children with special health care needs. CMS assists in the provision of services through service teams, satellite offices and parent support groups. In addition to the children with special health care needs, CMS also assists children with special needs on the Tax Equity and Fiscal Responsibility Act (TEFRA) program. TEFRA considers just the child and the child's income for eligibility and is broader in scope than Medicaid. A medical condition must be present to be eligible.

CMS programs are community based with staff at the local level making decisions on behalf of the families receiving services. CMS staff members assist families by coordinating care in areas such as assessments, arranging medical appointments, determining additional needed services, payment authorization, coordinating parent support groups, arranging respite care and transportation, and coordinating the TEFRA program.

Funding for this appropriation is 100% general revenue (DGF - Department of Human Services Grants Fund Account).

The Agency Base Level and total request for this appropriation is \$1,729,279 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 397 - Children's Medical Services

Funding Sources: DGF - DHS Grants Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,715,625	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279
Total		1,715,625	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279

Funding Sources										
General Revenue	4000010	1,715,625	1,729,279		1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279
Total Funding		1,715,625	1,729,279		1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,715,625	1,729,279		1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279

Analysis of Budget Request

Appropriation: 408 - Children's Medical Services-Federal

Funding Sources: FWF - DHS Federal

The Federal Children's Medical Services (CMS) appropriation is a companion to the State Children's Medical Services appropriation 397 and provides for community based services for children with special health care needs, including chronic illnesses and physical disabilities. Examples of services include therapies, medications, transportation, medical treatments and equipment. The community based offices allow for more rapid responses to the needs of the children and their families. This appropriation supports the programs and services detailed in the State CMS program appropriation.

Funding for this appropriation is 100% federal revenue consisting of Title V funding.

The Agency Change Level request is \$302,122 each year of the biennium to support an increase in the federal funded program, in accordance with the grant award guidelines.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 408 - Children's Medical Services-Federal

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	390,343	1,144,083	1,446,205	1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205
Total		390,343	1,144,083	1,446,205	1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205
Funding Sources										
Federal Revenue	4000020	390,343	1,144,083		1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205
Total Funding		390,343	1,144,083		1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		390,343	1,144,083		1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205

Change Level by Appropriation

Appropriation: 408 - Children's Medical Services-Federal
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,144,083	0	1,144,083	100.0	1,144,083	0	1,144,083	100.0
C01	Existing Program	302,122	0	1,446,205	126.4	302,122	0	1,446,205	126.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,144,083	0	1,144,083	100.0	1,144,083	0	1,144,083	100.0
C01	Existing Program	302,122	0	1,446,205	126.4	302,122	0	1,446,205	126.4

Justification

C01	Grants & Aid appropriation to support the increase in the federal funded program, in accordance with the grant award guidelines.
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Analysis of Budget Request

Appropriation: 59J - Autism Treat/Coord

Funding Sources: DEA - Developmental Disabilities Services Fund Account

An increasing number of Arkansans are being diagnosed with Autism Spectrum Disorders. Children and adults with Autism Spectrum Disorders require specialized treatment. To address this need, state general revenues generated from an increase in the tax on cigarettes and other tobacco products as a result of Act 180 of 2009 were provided to the Division of Developmental Disabilities Services.

The Division of Developmental Disabilities Services is working closely with the Legislative Task Force on Autism to identify and prioritize needed services to this population.

Funding is 100% general revenue (DEA - Developmental Disabilities Services Fund Account).

The Agency Base Level and total request for this appropriation is \$273,974 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59J - Autism Treat/Coord

Funding Sources: DEA - Developmental Disabilities Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	273,974	1,492,500	273,974	273,974	273,974	273,974	273,974	273,974
Total	0	273,974	1,492,500	273,974	273,974	273,974	273,974	273,974	273,974
Funding Sources									
General Revenue 4000010	0	273,974		273,974	273,974	273,974	273,974	273,974	273,974
Total Funding	0	273,974		273,974	273,974	273,974	273,974	273,974	273,974
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	273,974		273,974	273,974	273,974	273,974	273,974	273,974

Analysis of Budget Request

Appropriation: 657 - Community Programs

Funding Sources: SDT - DDS Dog Track Special Revenue Fund

The Community Programs appropriation is utilized to provide services for eligible individuals through licensed community providers. Pursuant to Arkansas Code Annotated §23-111-503, this appropriation is funded by fees generated from proceeds of the Southland Greyhound Park. Generally, this appropriation is used to supplement contracts with community providers for a wide range of services provided to individuals with developmental disabilities.

Funding for this appropriation includes 100% special revenue consisting of two-thirds (2/3) of the net proceeds derived from the three (3) additional days of racing authorized by the Arkansas Racing Commission for any dog racing meet, and is to be used for the sole benefit for Community Programs of the Division of Developmental Disabilities Services.

The Agency Base Level and total request for this appropriation is \$50,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 657 - Community Programs

Funding Sources: SDT - DDS Dog Track Special Revenue Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Community Programs	5900046	33,651	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total		33,651	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Funding Sources										
Special Revenue	4000030	33,651	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding		33,651	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		33,651	50,000		50,000	50,000	50,000	50,000	50,000	50,000

Analysis of Budget Request

Appropriation: 658 - Grants to Community Providers

Funding Sources: DEA - Developmental Disabilities Services Fund Account

The Grants to Community Providers appropriation provides for community based services through private non-profit service providers throughout the state for individuals who do not meet Medicaid eligibility criteria for services such as speech, occupational and physical therapy, adult development and preschool services. In addition to grants to community providers for contracted services, this appropriation provides Medicaid Match paid by warrant for Developmental Day Treatment Clinic Services (5 day week clinics that provide work training for adults and preschool training for children), Therapy, Personal Care and Case Management.

Funding for this appropriation is 100% general revenue (DEA - Developmental Disabilities Services Fund Account).

The Agency Base Level and total request for this appropriation is \$15,892,045 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 658 - Grants to Community Providers

Funding Sources: DEA - Developmental Disabilities Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	15,734,421	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045
Total		15,734,421	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045

Funding Sources										
General Revenue	4000010	15,734,421	15,892,045		15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045
Total Funding		15,734,421	15,892,045		15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		15,734,421	15,892,045		15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Developmental Disabilities (DDS). This Division administers state programs and services for people with developmental disabilities. Arkansas Statutes define a developmental disability as impairment generally attributable to mental retardation, cerebral palsy, epilepsy or autism. Services through DDS are available for persons diagnosed as having a disability occurring prior to age 22.

In addition to the coordination of community programs and services for individuals with disabilities, DDS is responsible for the management and operation of five (5) state-owned and controlled Human Development Centers (HDCs). These institutional facilities provide 24-hour residential services, habilitation, medical services, therapies and education at the following:

Conway HDC: Provides comprehensive services including a skilled nursing facility for children and adults. Primary emphasis is on medical services, special education, domestic and personal skill development, habilitation training, workshop opportunities, employment training, recreation opportunities and development.

Arkadelphia HDC: Provides comprehensive services for adults of all functioning levels except for those with severe medical needs. Primary emphasis is on adult enrichment, vocational training and transitional placement.

Jonesboro HDC: Provides comprehensive services for adults of all functioning levels except those with severe medical needs. Primary emphasis is on serving individuals with a primary diagnosis of mental retardation.

Booneville HDC: Provides varied services for adults who are ambulatory with no severe medical needs. Primary emphasis is training programs and living options for those that do not require extensive medical care, but may need behavioral services due to mental illness.

Southeast Arkansas (Warren) HDC: Provides both institutional and group home services for adults. Primary emphasis includes functional training for daily living skills and vocational training.

Funding for this appropriation consists of general revenue (DEA - Developmental Disabilities Services Fund Account), federal revenue and other revenue. Federal revenue primarily includes Title XIX, Title V, Early Intervention, Foster Grandparent and Social Service Block Grant funding. Other funding, which is indicated as various program support can also include sources such as the Special Education Fund, Target Case Management, and Medicaid reimbursements.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly

contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

896 - Administration Paying Account

Base Level:

The Agency Base Level Request for this appropriation is \$145,127,575 in FY2016 and \$145,211,048 in FY2017 with 2,482 budgeted base level positions.

Change Level:

The Agency Change Level Request for appropriation is \$11,760,052 in FY2016 and \$11,681,938 in FY2017 with new general revenue of \$397,727 in FY2016 and \$374,431 in FY2017, and reflects the following:

- Restore Positions (227): Regular Salaries and Personal Services Matching of \$8,382,195 in FY2016 and \$8,384,081 in FY2017. These positions will provide flexibility in the provision of quality and continuity of care, to increase staff coverage to meet staffing ratios and to ensure the health and safety of both the HDC residents and service recipients residing in the community.
- Reclassify Positions (11): This reclassification is for eleven (11) G210C DHS Program Specialist (C115) to be reclassified to M054C Social Service Worker (C115) for the Conway Human Development Centers Social Services Unit. These positions will work directly with residents, families, and provide other community services.
- Transfer Positions (4): Regular Salaries and Personal Services Matching of \$162,457 along with \$81,229 in general revenue and the corresponding matching federal revenues, to support the transfer of four (4) Program Eligibility Specialist (C114) from the Division of County Operations. These positions will be responsible for conducting financial eligibility screenings for Intermedicate Care Facilities (ICF) and annual redetermination. Screenings will be done for eligibility purposes for all private ICF's, the Human Development Centers and the ACS Waiver.
- Extra Help with associated Personal Services Matching of \$413,802 each year of the biennium to insure coverage at the HDC's due to turnover rates and hard to fill positions.
- Overtime with associated Personal Services Matching of \$277,370 each year of the biennium to insure nursing coverage at the Human Development Centers.
- Operating Expenses of \$1,195,878 each year of the biennium due to an expected increase of costs associated with care of the clients in the HDC's.
- Conference and Travel of \$4,350 each year of the biennium to ensure continued availability of training opportunities to keep staff abreast of current service delivery options.
- Professional Fees appropriation of \$400,000 with new general revenue of \$87,360 each year of the biennium for costs associated with the implementation of moving mainframe based applications to web-based applications, electronic health records and support infrastructure contracts to meet national performance measures. This can be found under the Division's IT Plan.

- Capital Outlay appropriation of \$783,000 in FY2016 and \$703,000 in FY2017 with new general revenue of \$200,018 in FY2016 and \$176,722 in FY2017 to replace worn items that are no longer cost effective to repair.
- Data Processing Services appropriation of \$100,000 with new general revenue of \$29,120 each year of the biennium for increased costs due to the implementation of new web-based applications. This can be found under the Division's IT Plan.
- Vocational Trainees of \$41,000 each year of the biennium to provide an increase in training opportunities for individuals

653 - DHS State Operations

Base Level:

The Agency Base Level request for the Grants/Patient Services line item is \$4,987,134.

The Agency Base Level and total request for the Foster Grandparents Stipend line item is \$300,000 and for the Children and Adolescent Services line item is \$67,191 each year of the biennium.

Change Level:

The Agency Change Level request for the Grants/Patient Services line item is \$1,764,917 to allow for increases in this federally funded program.

896 - Administration Paying Account

The Executive Recommendation provides for the Agency Request for appropriation, positions, and the general revenue transfer from the Division of County Operations.

653 - DHS State Operations

The Executive Recommendation provides for the Agency Request for the Grants/Patient Services, Foster Grandparents Stipend, and Children and Adolescent Services line items.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	73,367,829	72,803,847	81,171,839	73,507,340	79,497,145	79,497,145	73,573,440	79,564,445	79,564,445
#Positions		2,648	2,482	2,709	2,482	2,713	2,713	2,482	2,713	2,713
Extra Help	5010001	1,286,090	1,508,100	1,889,553	1,508,100	1,889,553	1,889,553	1,508,100	1,889,553	1,889,553
#Extra Help		173	200	200	200	200	200	200	200	200
Personal Services Matching	5010003	29,894,106	29,739,158	32,900,394	30,203,140	32,842,642	32,842,642	30,220,513	32,860,701	32,860,701
Overtime	5010006	800,004	2,084,936	2,310,000	2,084,936	2,310,000	2,310,000	2,084,936	2,310,000	2,310,000
Extra Salaries	5010008	0	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Operating Expenses	5020002	23,076,088	29,200,130	30,396,008	29,200,130	30,396,008	30,396,008	29,200,130	30,396,008	30,396,008
Conference & Travel Expenses	5050009	38,946	98,903	103,253	98,903	103,253	103,253	98,903	103,253	103,253
Professional Fees	5060010	707,885	918,147	918,147	918,147	1,318,147	1,318,147	918,147	1,318,147	1,318,147
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants/Patient Services	5100004	5,443,540	4,987,134	6,852,051	4,987,134	6,752,051	6,752,051	4,987,134	6,752,051	6,752,051
Capital Outlay	5120011	196,176	619,300	394,300	0	783,000	783,000	0	703,000	703,000
Foster Grandparent Stipends	5900038	295,776	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Data Processing Services	5900044	557,391	500,000	550,000	500,000	600,000	600,000	500,000	600,000	600,000
Vocational Trainees	5900046	130,140	198,000	239,000	198,000	239,000	239,000	198,000	239,000	239,000
Purchase of Services	5900047	4,487,006	6,881,879	6,954,796	6,881,879	6,881,879	6,881,879	6,881,879	6,881,879	6,881,879
Children & Adolescent Svcs	5900047	59,265	67,191	67,191	67,191	67,191	67,191	67,191	67,191	67,191
Total		140,340,242	149,933,725	165,073,532	150,481,900	164,006,869	164,006,869	150,565,373	164,012,228	164,012,228
Funding Sources										
General Revenue	4000010	50,201,874	49,922,797		50,061,617	50,459,344	50,142,846	50,082,991	50,457,422	50,164,220
Federal Revenue	4000020	15,233,390	22,179,816		22,244,106	24,425,692	24,090,252	22,253,859	24,435,445	24,100,005
Transfer to Medicaid Match	4000660	(13,639,782)	(12,836,261)		(12,836,261)	(12,836,261)	(12,836,261)	(12,836,261)	(12,836,261)	(12,836,261)
Various Program Support	4000730	88,544,760	90,667,373		91,012,438	91,643,500	91,012,438	91,064,784	91,639,142	91,064,784
Total Funding		140,340,242	149,933,725		150,481,900	153,692,275	152,409,275	150,565,373	153,695,748	152,492,748
Excess Appropriation/(Funding)		0	0		0	10,314,594	11,597,594	0	10,316,480	11,519,480
Grand Total		140,340,242	149,933,725		150,481,900	164,006,869	164,006,869	150,565,373	164,012,228	164,012,228

FY15 Budget in Capital Outlay exceeds Authorized by authority of Reallocation of Resources.

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	145,127,575	2,482	145,127,575	100.0	145,211,048	2,482	145,211,048	100.0
C01	Existing Program	783,000	0	145,910,575	100.5	703,000	0	145,914,048	100.5
C05	Unfunded Appropriation	10,314,595	227	156,225,170	107.6	10,316,481	227	156,230,529	107.6
C07	Agency Transfer	162,457	4	156,387,627	107.8	162,457	4	156,392,986	107.7
C08	Technology	500,000	0	156,887,627	108.1	500,000	0	156,892,986	108.0
C10	Reclass	0	0	156,887,627	108.1	0	0	156,892,986	108.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	145,127,575	2,482	145,127,575	100.0	145,211,048	2,482	145,211,048	100.0
C01	Existing Program	783,000	0	145,910,575	100.5	703,000	0	145,914,048	100.5
C05	Unfunded Appropriation	10,314,595	227	156,225,170	107.6	10,316,481	227	156,230,529	107.6
C07	Agency Transfer	162,457	4	156,387,627	107.8	162,457	4	156,392,986	107.7
C08	Technology	500,000	0	156,887,627	108.1	500,000	0	156,892,986	108.0
C10	Reclass	0	0	156,887,627	108.1	0	0	156,892,986	108.0

Justification

C01	The Division requests Capital Outlay funded appropriation of \$783,000 (\$200,018 General, \$164,560 Federal and \$418,422 Other revenues) in FY16 and \$703,000 (\$176,722 General, \$164,560 Federal and \$361,718 Other revenues) in FY17 to replace worn items that are no longer cost effective to repair.
C05	Request for unfunded salary and fringe appropriation to restore 227 position that are critical to provide flexibility in the provision of quality and continuity of care, and insure the health and safety of the residents at the five (5) Human Development Centers (HDC) and those recipients of services living in the community. The Division is requesting unfunded extra help and overtime appropriation to ensure coverage at the HDC's due to turnover rates. Unfunded Operating Expenses appropriation due to expected inflation in costs associated with care of the clients in the HDC's. The Division requests unfunded Conference and Travel appropriation to keep staff abreast of current service delivery options. The Division requests unfunded Vocational Trainees appropriation to provide for an increase in training opportunities for individuals.
C07	Transfer in of four (4) Program Eligibility Specialists from DCO for the purpose of conducting financial eligibility screenings for Intermediate Care Facilities (ICF) and annual redeterminations. Screenings will be done for eligibility purposes for all private ICF's, the Human Development Centers and the ACS Waiver. DDS is receiving the associated general revenue and federal funds from DCO to support these positions.
C08	The Division is requesting the following: \$400,000 (\$87,360 General, \$100,000 Federal and \$212,640 Other revenues) of funded appropriation for both years in Professional Fees to cover the implementation cost of moving currently used mainframe based applications to more efficient web-based applications, pay for the introduction of comprehensive electronic health records and to support infrastructure contracts to meet national performance measures which can be found in the Division's IT Plan; \$100,000 (\$29,120 General and \$70,880 Federal revenues) of funded appropriation for both years in Data Processing to cover increased costs due to the new web-based applications being implemented by DIS which can be found in the Division's IT Plan.
C10	This request is to change eleven (11) DHS Program Specialist (G210C, C115) positions to Social Service Workers (M054C, C115).

Change Level by Appropriation

Appropriation: 653 - DDS-State Operations
Funding Sources: PWP - Administrative Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	5,354,325	0	5,354,325	100.0	5,354,325	0	5,354,325	100.0
C01	Existing Program	1,764,917	0	7,119,242	133.0	1,764,917	0	7,119,242	133.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	5,354,325	0	5,354,325	100.0	5,354,325	0	5,354,325	100.0
C01	Existing Program	1,764,917	0	7,119,242	133.0	1,764,917	0	7,119,242	133.0

Justification

C01	Grants & Aid appropriation for potential growth in the Grants/Patient Services line item.
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Analysis of Budget Request

Appropriation: 982 - Inter-Divisional Programs

Funding Sources: DEA - Developmental Disabilities Services Fund Account

The DHS Inter-Divisional Program appropriation provides integrated services and programs for individuals with complex needs requiring the combined efforts of multiple DHS Divisions. The programs/services are for individualized “wrap around” services (e.g. respite care, in-home assistance, out of home support, etc.) to supplement and enhance available program options. These individualized services are alternatives to out-of-state placements and in-state residential options that allow the individual to remain in the community. The Division of Developmental Disabilities (DDS) staff coordinates the provision of services to ensure that those individuals with special needs that cross divisional lines receive needed services.

Funding for this appropriation is 100% general revenue (DEA - Developmental Disabilities Services Fund Account).

The Agency Base Level and total request for this appropriation is \$108,644 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 982 - Inter-Divisional Programs

Funding Sources: DEA - Developmental Disabilities Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	86,746	108,644	108,644	108,644	108,644	108,644	108,644	108,644	108,644
Total		86,746	108,644	108,644	108,644	108,644	108,644	108,644	108,644	108,644
Funding Sources										
General Revenue	4000010	86,746	108,644		108,644	108,644	108,644	108,644	108,644	108,644
Total Funding		86,746	108,644		108,644	108,644	108,644	108,644	108,644	108,644
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		86,746	108,644		108,644	108,644	108,644	108,644	108,644	108,644

Analysis of Budget Request

Appropriation: M75 - Volunteer & Leadership Development Grant

Funding Sources: PWE - Grants Paying

The Volunteer and Leadership Development Grant appropriation was established by Act 295 of 2014, Section 11. These grants will offer participants employment and leadership development opportunities, as well as job placement assistance, thereby providing the necessary tools for people with intellectual and developmental disabilities to become more independent and more included in the community.

Funding for this appropriation is provided through the Attorney General Funded Volunteer and Leadership Development Grant funds. These funds were provided on a one-time basis.

THE AGENCY REQUEST IS TO DISCONTINUE THIS APPROPRIATION.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M75 - Volunteer & Leadership Development Grant

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	100,000	100,000	100,000	0	0	100,000	0	0
Total		0	100,000	100,000	100,000	0	0	100,000	0	0
Funding Sources										
Various Program Support	4000730	0	100,000		100,000	0	0	100,000	0	0
Total Funding		0	100,000		100,000	0	0	100,000	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	100,000		100,000	0	0	100,000	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM.

Change Level by Appropriation

Appropriation: M75 - Volunteer & Leadership Development Grant
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C03	Discontinue Program	(100,000)	0	0	0.0	(100,000)	0	0	0.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C03	Discontinue Program	(100,000)	0	0	0.0	(100,000)	0	0	0.0

Justification

C03	This appropriation is not requested for the 2015-2017 biennium.
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DHS - Medical Services

Enabling Laws

Act 257 of 2014
Act 254 of 2014
A.C.A. §25-10-102
A.C.A. §20-77-All subsections

History and Organization

MEDICAID PROGRAM OVERVIEW

Medicaid is a joint federal-state program of medical assistance for eligible individuals based on financial need and/or health status.

LEGAL STRUCTURE AND HISTORY

Title XIX of the Social Security Act created grant programs popularly called “Medicaid” in 1965. Medicaid furnishes medical assistance to those who have insufficient incomes and resources to meet the costs of necessary medical services. Medicaid provides rehabilitation and other services to help families and individuals become or remain independent and able to care for themselves.

Each state has some type of Medicaid program to meet the federal mandates and requirements as laid out in Title XIX. Arkansas, however, established a medical care program 26 years before passage of the federal laws requiring health care for the needy: Section 7 of Act 280 of 1939 and Act 416 of 1977 authorized the State of Arkansas to establish and maintain a medical care program for the indigent and vested responsibility for regulating and administering the program in the Department of Human Services (DHS). This program receives federal grants under Title XIX. Thus Arkansas Medicaid is a joint federal and state program that pays for necessary medical services to eligible persons who are not able to pay for such services. The Medicaid program was implemented in Arkansas January 1, 1970. DHS administers the Medicaid program through its Division of Medical Services (DMS).

ADMINISTRATION & FUNDING

Arkansas’s Medicaid program is detailed in the Arkansas Medicaid State Plan and in Provider Manuals. The Centers for Medicare and Medicaid Services (CMS) administers the Medicaid Program for the U.S. Department of Health and Human Services. CMS authorizes federal funding levels and approves each state’s Medicaid State Plan, ensuring compliance with human services federal regulations.

Funding is shared between the federal government and the states, with the federal government matching the state share at an authorized rate between 50 and 90 percent, depending on the state, program and nature of the expenditure. The federal participation rate is adjusted each year to compensate for changes in the per capita income of each state relative to the nation as a whole.

Arkansas funds approximately 30% of Arkansas Medicaid program-related costs; the federal government funds approximately 70%. State funds are drawn directly from appropriated state general revenues, license fees, drug rebates, recoveries and, if necessary, the Medicaid Trust Fund.

Administrative costs for Arkansas Medicaid are generally funded 50% by Arkansas and 50% by the federal government, with some specialized activities funded 75% or 90% by the federal government.

ELIGIBILITY

Individuals are certified as eligible for Medicaid services through the state's county Human Services Offices or District Social Security Offices. The Social Security Administration automatically sends SSI recipient information to DHS. Eligibility depends on age, income, and assets. Most people who can get Medicaid are in one of these groups:

- Age 65 and older
- Under age 19
- Blind
- Disabled
- Pregnant
- The parent or the relative who is the caretaker of a child with an absent, disabled, or unemployed parent
- Live in a nursing home
- Under age 21 and in foster care
- In medical need of certain home- and community-based services
- Have breast or cervical cancer
- Disabled, including working disabled

SERVICES

Medicaid pays for a wide range of medical services. Limits, if applicable, may be daily, weekly, monthly, or annually. There are also services that have an overall dollar amount limit per time period. Some services require a referral from the beneficiaries' PCPs, and/or prior

authorization. Services may be rendered by both private and public providers. All services, by definition or regulation, fall into one of the following groups:

- **Mandatory Services** are specific services required by the federal government. They include such things as child health services, family planning, home health, in-patient and out-patient hospital services, physician services, and early and periodic screening, diagnosis, and treatment (EPSDT) for children under age 21.
- **Optional Services** are services beyond the mandatory services which the state has elected to provide. Many of these optional services enable recipients to receive care in less costly home- or community-based settings. The Arkansas Medicaid program's optional services are approved in advance by CMS. Optional services are federally funded at the same level as mandatory services.
- **Waiver and Demonstration Services** are CMS approved services that, by design, waive one or more of the basic tenets of the federal Medicaid program, such as the requirement that benefits must be uniform throughout all geographic areas of the state or must be comparable in amount, duration, and scope for all population groups. Waiver and demonstration services allow states to provide services in different or more creative ways. Arkansas has approximately ten active waiver or demonstration programs including such programs as AR Kids First, Independent Choices, and Women's Health.

MEDICAID PROVIDERS

Arkansas Medicaid has approximately 11,790 actively PARTICIPATING providers, meaning these providers have performed services to Medicaid members and submitted claims to Arkansas Medicaid in the last year. Arkansas Medicaid processes over forty million claims annually, with an average processing time of 3.1 days. All Medicaid claims are processed through the Medicaid Management Information System (MMIS), an automated system certified by CMS. DMS receives federal matching funds at 50%, 75%, and 90% for MMIS functions.

ORGANIZATION

The DHS - Division of Medical Services houses two major programs under one administration:

Medicaid

DHS is the single state agency authorized and responsible for regulating and administering the Medicaid program. DHS administers the Medicaid Program through DMS. The Centers for Medicare and Medicaid Services (CMS) administers the Medicaid Program for the U.S. Department of Health and Human Services. CMS authorizes federal funding levels and approves each state's State Plan, ensuring compliance with federal regulations. Individuals are certified as eligible for Medicaid services by DHS field staff located in DHS County Offices or by District Social Security Offices.

Long Term Care

Each year, more than 25,000 Arkansans who have chronic, long-term medical needs require services in long-term care facilities. These individuals live in 227 nursing facilities, 40 intermediate care facilities for persons with developmental disabilities, 73 assisted living facilities, 65 residential care facilities, and two post-acute head injury retraining residential facilities that are licensed to provide long-term care services in Arkansas. Arkansas Medicaid's Office of Long Term Care (OLTC) also surveys 39 Adult Day Care and Adult Day Health Care facilities and 10 Alzheimer's Special Care Units which make up the long-term care facilities regulated and licensed by the OLTC.

Improving the quality of life for residents and protecting their health and safety through enforcing state and federal standards are primary goals of the OLTC. Using qualified health care professionals, the OLTC inspects all facilities to ensure residents receive the care they need in a clean, safe environment and are treated with dignity and respect.

In addition to surveying facilities, the OLTC administers the Nursing Home Administrator Licensure program, Criminal Background program, Certified Nursing Assistant registry and training program, processes Medical Needs Determinations for Nursing Home and Waivers and operates a Complaints Unit.

The DMS administers its two major programs through a total of seven administrative and program areas:

- Long Term Care
- Program and Administrative Support
- Programs and Provider Management
- Pharmacy
- Policy, Program & Contract Oversight
- Medicaid Information Management
- Health Care Innovation

DMS operations are administered by approximately 326 employees--151 long-term care employees and 175 employees working in the remaining six areas. Each of the seven program areas provides a variety of informational resources concerning the delivery of program services, and monitors program performance to ensure that resources are utilized in the most cost effective and efficient manner.

PROGRAM ACHIEVEMENTS

DMS Medicaid Pharmacy Program

The Pharmacy Program continues to implement clinical edits and audits on medications which serve to assure appropriate utilization and patient safety, and prevent waste and abuse which ultimately results in cost containment. With the creation of an additional analyst position in

the Pharmacy unit in 2009, Arkansas Medicaid has been better able to identify brand name drugs for which a generic equivalent is available. Once identified, an upper limit payment per unit is applied on the generic and its brand equivalent, thus shifting utilization to the generic and containing costs in the program. Currently, there are occurring drug shortages and limited generic availability causing the removal or increase in upper limit prices that have been previously applied by the Pharmacy program.

In addition to the numerous edits and audits applied using the Point of Sale Prior Authorization (POS PA) system, manual review is placed on medications whose standards are outside of POS and other table driven edits. For example there may be required testing or certain lab values that must be met prior to these drugs being given. Patient profiles are reviewed by the Pharmacy unit to assure these values are met prior to the drug being dispensed. The state has been successful in placing criteria on many new specialty drugs that have been introduced preventing spending on these very expensive medications. The program has also been successful in implementing quantity edits and other criteria on opiates to curb the abuse of these highly addictive and abused medications. Criteria have also been placed on a number of psychotropic medications for children thus reducing the quantities and numbers of prescriptions.

The need for federally mandatory drugs will increase the expenditures in the Pharmacy program by at least 8.5%. New Hepatitis-C drugs which could conservatively add \$1.3 million to SFY15 expenses. Oral chemotherapy drugs are federally mandated as well and expected to cost millions (current estimates \$10,000 PMPM). Further increases include the rising cost of insulin along with reduced state share of drug rebates for ARKids B benefits being absorbed by 100% FMAP Private Option.

Contract Monitoring Unit

The Contract Monitoring Unit's primary responsibility is to monitor DMS contracts for quality and compliance. As part of the review, the Unit works with contractors and DMS contract administrators to ensure the contract continues to meet the needs of the parties and that the contracts reflect the work being performed. The Unit also reviews RFP's and contracts prior to implementation for completeness and measurability.

Program Budgeting and Analysis Unit

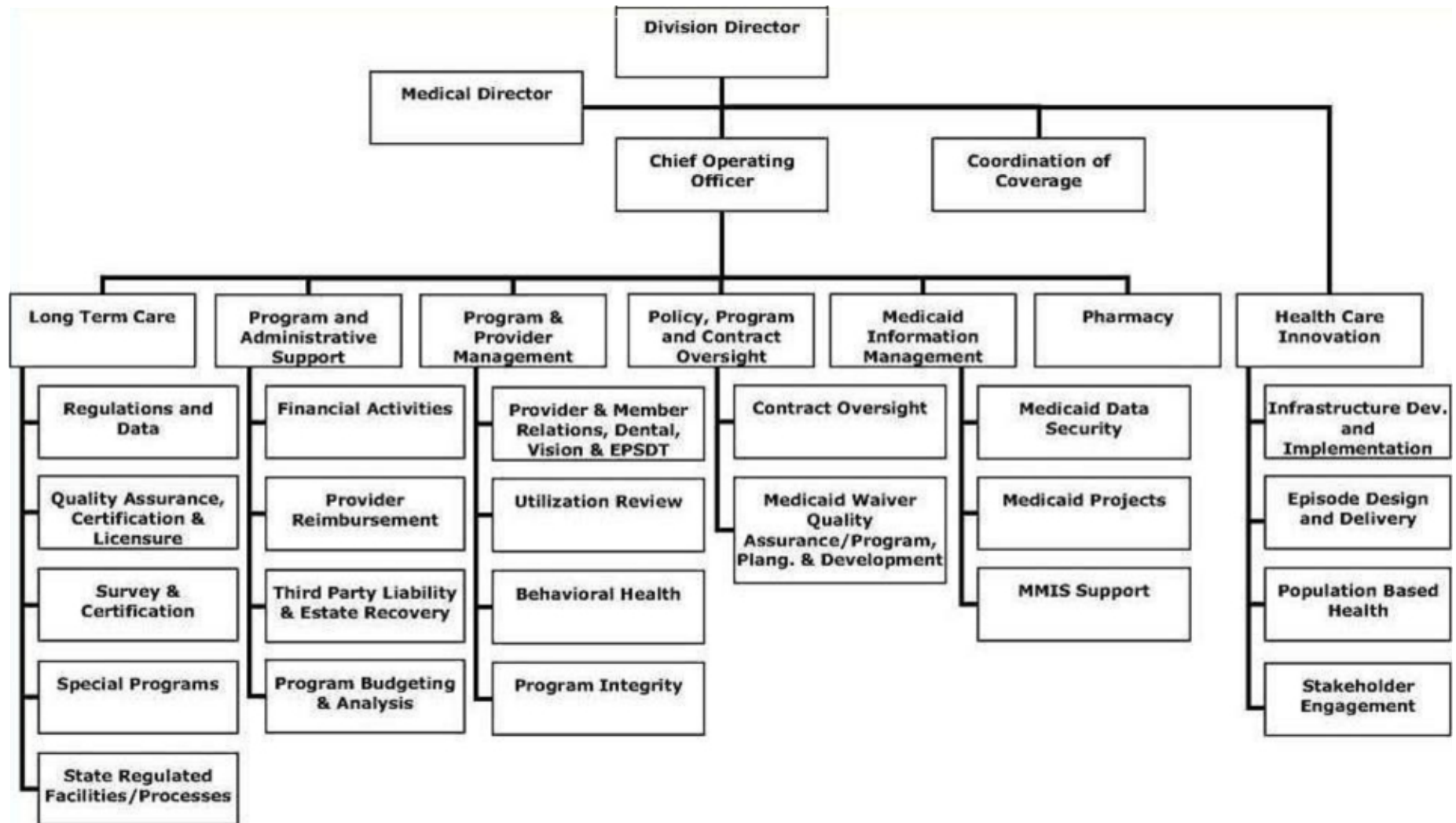
The Program Budgeting and Analysis Unit was developed in 2009 to assist in analyzing waiver budget information, estimate the cost of proposed rate or program expansions, and prepare required periodic reports. This unit also analyzes overall DMS expenditures by category of service, aid category, provider type and at a program-specific level to identify trends and assist in management decision making.

Third Party Liability

Third Party Liability (TPL) collections and cost avoidance have almost doubled from 2007-2013 (\$28 mil. to \$53 mil.). To further enhance collections, Arkansas Medicaid has contracted with HMS to identify and update TPL information in the MMIS and to implement electronic billing for the collection of post payment recoveries. Also, a supplemental insurance file tape that is updated monthly was added to the MMIS, thus increasing cost avoidance and limiting Arkansas Medicaid's liability for payments. Finally, online access to a national provider's insurance information was made available to DMS and its contractor, HMS, which greatly increased savings through cost avoidance.

Health Care Innovation

The Health Care Innovation Area is responsible for coordinating the operations and activities to redesign the Arkansas Medicaid payment and service delivery systems. This unit works with multi-payers, staff and contractors to design and deliver episodes of care for acute conditions; implement new models of population-based health care for chronic conditions (e.g. patient-centered medical homes and health homes); develop and coordinate infrastructure requirements; and facilitate stakeholder, provider and beneficiary engagement through the Arkansas Health Care Payment Improvement Initiative.



Agency Commentary

The Division of Medical Services (DMS) of the Department of Human Services (DHS) provides financial assistance for necessary medical services to families and individuals whose incomes and/or resources are insufficient to meet the costs of those services or who otherwise meet

Arkansas Medicaid eligibility requirements. The Division of Medical Services administers the Arkansas Medicaid Program including the State Child Health Insurance Program (SCHIP), as well as operating the Office of Long Term Care (OLTC).

The Division of Medical Services is financed by a mixture of funding sources, including: State General Revenues, prescription drug rebates, Tobacco Settlement Funds, Tobacco Tax Revenues, Quality Assurance Fees, Arkansas Soft Drink Tax Revenues, transfers from other State Agencies for services to specific Medicaid eligibility population groups, Federal Medicaid funds (Social Security Title XIX), and SCHIP funds (Social Security Title XXI).

Medicaid services are organized in four general program areas:

1. Prescription Drugs
2. Long Term Care
3. Hospital and Medical Services
4. Tobacco Settlement Medicaid Expansion

These four general program areas encompass 67 different programs and services offered through the Arkansas Medicaid Program. It should be noted that the Private Option as enacted via the Health Independence Act of 2013 (Act 1498) is accounted for in the Hospital and Medical Services general program area.

The Medicaid Program was implemented in Arkansas on January 1, 1970. Individuals are certified as eligible for Medicaid Services by DHS field staff located in County Offices or by District Social Security Offices.

Growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation. The increases in the Medicaid eligibility population as well as the number and types of services utilized by the population influences the rise in expenditures. Growth in the Hospital Medical Program expenditures is due in part to an increase in eligibles, medical inflation, and increased utilization in specific areas, i.e. mental health services, therapy services, and the various waiver programs.

Growth in the Arkansas Medicaid program, both in terms of expenditures and number of beneficiaries served, continues to outpace growth in staffing. This is accomplished through better program management, increased use of technology, and continued process improvements.

Arkansas Medicaid management and staff are committed to ensuring that all Medicaid-eligible Arkansans have access to the best medical services possible. Arkansas Medicaid management and staff work with providers and their professional organizations across the state to increase the use of technology in the delivery and administration of services, to identify and support use of the best evidence-based practices, and to ensure access to those services in all areas of the state.

Medicaid Operations

In State Fiscal Year (SFY) 2013, Medicaid's fiscal agent, Hewlett Packard (HP), processed more than 40 million claims for more than 11,791 providers on behalf of more than 777,922 Arkansans. HP responded to more than 81,753 voice calls, 141,327 automated calls, nearly 31,055 written inquiries, conducted over 2,530 provider visits and 59 workshops around the state.

Medicaid processes 99% of claims within 30 days with the average claim being processed in under 3.1 days. That means on average providers are receiving payments within a week of the claim submissions.

Medicaid is a critical component of health care financing for children and pregnant women. Through ARKids First and other programs, Medicaid insures approximately 494,946 children. In SFY 2012, Medicaid paid for 24,970 of the 38,415 individuals born in Arkansas, or about 65% of the total births.

The Division of Medical Services is on the cutting edge of discovering efficiencies to improve access to programs while containing program costs. Faced with the challenge of promoting the efficiency of the Medicaid Program, Arkansas Medicaid has improved the access of Medicaid recipients to mainstream private-sector medical care by combining state of the art technology with a self-administered managed-care program that provides health care innovations to citizens of Arkansas.

Long Term Care

The Office of Long Term Care (OLTC) is the unit of state government responsible for the regulation of long term care facilities in Arkansas. These facilities include Nursing Homes, Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/ID), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, and Assisted Living Facilities (ALF). In total, the OLTC is responsible for regulating 460 facilities, serving in excess of 22,000 disabled Arkansans daily. Regulating facilities includes conducting on-site inspections of facilities (which frequently occurs multiple times in a year), investigations of complaints against facilities, medical need determinations for placement into facilities, and licensure of facilities and facility administrators.

The OLTC also performs criminal record background checks on the employees and applicants of facilities it regulates, and the OLTC is responsible for the administration of the training and certification of Certified Nursing Assistants (CNAs), who are long term care facility caregivers that are employed in long term care facilities and hospital-based facilities.

Implementation of New Laws and Current Innovations

Patient Protection and Affordable Care Act of 2010 (ACA)

The June 28, 2012 ruling by The Supreme Court of the United States (SCOTUS) upheld substantially all of the ACA of 2010. In a five to four decision, the SCOTUS upheld that The US Congress has the authority and power to enact the mandatory federal mandate under its taxation

authority. However, in regards to Medicaid expansion in the ACA, States have the right to not expand, effectively delegating that decision to individual States. DMS has included the impact of Medicaid expansion as "Private Option" or Health Care Independence Program as outlined in Act 1496 of 2013 and Act 257 of 2014 in our Biennial Budget for SFYs 2016 and 2017.

For reference as a high-level projection, through the State elected Medicaid expansion in accordance with the ACA, it is estimated that approximately 248,000 Arkansans would qualify (having incomes equal to or less than 138% of the FPL). Full enrollment is expected to be reached in late SFY2015. Total costs for the program are projected to be \$1,900,000,000 in the first year of full enrollment (SFY2016) including costs related to individuals enrolled in the Private Option and those determined to be medically frail who are cared for in the traditional Medicaid program, but are funded at enhanced federal participation rates under the Affordable Care Act.

Arkansas Payment Improvement Initiative (APII)

Following the direction of Governor Beebe, the DHS through its DMS, along with collaboration with Blue Cross Blue Shield of Arkansas and QualChoice of Arkansas has undertaken a statewide initiative to create a more patient-centered health care system. The goals are to improve the health of Arkansans, enhance the patient experience of care, including quality, access and outcome, and reduce, or at least control the cost of health care in Arkansas. The DMS, along with its third-party insurance partners have implemented Episodes of Care and are collaborating on the implementation of the Patient Centered Medical Home (PCMH). The DMS and its partners and stakeholders began a statewide operation of the new system July 1, 2012 for five areas of health care delivery: Upper Respiratory Infection (URI); Prenatal and Delivery; Attention Deficit/Hyperactivity Disorder (ADHD); Congestive Heart Failure (CHF); and Hip/Knee Replacements. Since then, Episodes of Care for Colonoscopy, Cholecystectomy, Tonsillectomy, Oppositional Defiant Disorder (ODD), Asthma, Chronic Obstructive Pulmonary Disease (COPD), Percutaneous Coronary Intervention (stents) and Coronary Artery Bypass Graft (CABG) have been designed or implemented. In addition, the Medicaid PCMH began enrollment and reporting for providers in SFY2014. Throughout SFY2015, DHS/DMS plans to launch Health Homes for clients receiving behavioral health, developmental disability, and long-term services and services. The goal of a health home is to improve client experience as well as promote high-quality and more efficient care.

System of Care Initiatives

Health Information Technology

The Health Information Technology (HIT) provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) allowed states and their Medicaid providers an opportunity to leverage existing HIT efforts to achieve the vision of interoperable information technology for health care. Arkansas Medicaid plays a critical role in fulfilling this vision.

Since November 2011, the Arkansas Department of Human Services, Division of Medical Services, has developed and been involved in the Health Information Technology Electronic Health Record Incentive Program. One aspect of the program is to determine if eligible professionals and eligible hospitals meet the required volume of Medicaid patients and show Meaningful Use of the Electronic Health Record

System. As of June 2012, there have been 1,244 eligible providers that have received a combined total of over \$32 million and, in addition, 69 eligible hospitals that have received over \$39 million. EHR payments to providers and hospitals are 100% federally funded. ■

PROGRAM REQUESTS

While understanding there is a limited amount of State dollars available for additional funding levels, the following requests are required to maintain critical programs and provide for the inescapable increases and federal mandates of the Medicaid Program:

Request #1 - Growth: The growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation and which are generally unaffected by DMS policy decisions. For example, in a declining economy, the Medicaid eligible population generally increases, resulting in an increase in the number of individuals accessing services without any changes in Medicaid policy. Additionally, because Medicaid is an entitlement program, if the number and/or types of services utilized by the eligible population changes, the cost to the Arkansas Medicaid program could increase accordingly. Finally, there is a significant number of facilities that receive reimbursement for services to Medicaid recipients using a cost-based methodology. For these facilities (UAMS, ACH, nursing homes, the State Hospital, etc.), as medical costs continue to climb, so do DMS expenditures. DMS change level requests, which are based on historical cost trends and anticipated socioeconomic conditions, provide for modest growth rates in all program categories.

Request #2 - FMAP Rate Change: This request results from a change in the Federal Medical Assistance Percentage, a projected rate of 70.69% for FFY 2015, and projected rate of 70.66% for FFY 2016. This decrease in federal matching affects almost all Medicaid programs.

Request #3 - Unfunded Appropriation: Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. In addition, unfunded appropriation will allow Arkansas Medicaid to participate in new demonstration grants contained in the Affordable Care Act, as appropriate. This request is for appropriation only.

Request #4 - Shortfall Other Funding: The SFY 2014 and SFY 2015 Medicaid budgets were funded using one-time money and accumulated balances, resulting from the receipt of ARRA funds over SFY 2009-2011, such as the Medicaid Trust Fund in place of additional general revenue. These one-time funds including the Medicaid Trust Fund balance were largely depleted during SFY2014; therefore, the amount from the Base Level is not available for SFY 2016 and SFY 2017.

Request #5 - New MMIS System: It is anticipated that the initial year for the replacement of the MMIS will cost \$85 million (SFY15), \$76 million the second year (SFY16) and \$60 million the third year (SFY17) and through full implementation. The replacement system is required due to mandated new architecture for Medicaid Management Information System (MMIS) and the expiration of the current system contract. Centers for Medicare and Medicaid Services will provide 90% federal funds for development and implementation with some funding at 75% and 50% for maintenance and reimbursable expenses. This request is based on an 85% federal match rate.

ADMINISTRATIVE REQUESTS

The Division of Medical Services’ (DMS) primary responsibility is the management of the Arkansas Medicaid Program. DMS consists of seven organizational units: (1) Medical Services (2) Pharmacy (3) Office of Long-Term Care (4) Medicaid Management Information (5) Policy, Program & Contract Oversight and Performance (6) Program and Administrative Support and (7) Health Care Innovation. These units set policy and manage funding for the delivery of health services to Medicaid recipients. In addition, the Office of Long Term Care sets policy and monitors the delivery of services in private nursing homes. Collectively, the units of DMS provide program information and monitor program performance to ensure that resources are utilized in the most cost effective and efficient manner.

Request #1 - Restore Positions: DMS requests restoration of twelve (12) unbudgeted positions. There are many changes taking place in the Medicaid program and these positions may be needed as support positions within some of the new areas necessary to meet the challenges of this biennial period. This will allow the Division the flexibility to fill these positions if they are needed. This request is for positions and unfunded appropriation only.

Request #2 - General Revenue Increase: This request results from accounting for 5% growth rate. Also with the implementation of the new MMIS and Eligibility systems, increased support is needed for the Project Management Office. Administration increase includes the oversight, management and implementation of many new contracts for programs and systems development due to the health care law changes and innovations across Department of Human Services to provide the best service and care to citizens’ of Arkansas.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.	

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Publications

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

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

Change in Fee Schedule

CURRENT FEE STRUCTURE				PROPOSED CHANGE			
Description	Fee Amount	Estimated Receipts 2014-2015	Authorizing Act or AR Code	Fee Amount	Estimated Receipts		Reason for Change
					2015-2016	2016-2017	
N/A	\$0.00	\$0	N/A	\$0.00	\$0	\$0	N/A

Department Appropriation Summary

Historical Data							Agency Request and Executive Recommendation												
Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
4KS	Nursing Home Quality	100,000	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	1,500,000	0
642	Medicaid Expansion-Medical Srvs	86,374	2	112,834	2	121,604	2	113,521	2	113,521	2	113,521	2	113,521	2	113,521	2	113,521	2
648	Medicaid Exp-Prescription Drugs	3,719,446	0	3,496,000	0	5,728,242	0	3,496,000	0	4,197,034	0	4,197,034	0	3,496,000	0	4,553,782	0	4,553,782	0
648	Medicaid Exp-Hospital & Medical Services	55,298,500	0	74,812,000	0	92,024,933	0	74,812,000	0	62,510,440	0	62,510,440	0	74,812,000	0	62,510,440	0	62,510,440	0
876	Nursing Home Closure Costs	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
878	Long Term Care Facility Receivership	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
896	Division of Medical Services	24,185,460	317	25,801,157	312	26,955,488	327	25,869,970	312	30,197,725	324	30,197,725	324	25,885,544	312	31,519,767	324	31,519,767	324
897	ARKIDS B Program	94,799,368	0	103,515,000	0	148,436,682	0	103,515,000	0	147,222,020	0	147,222,020	0	103,515,000	0	157,323,782	0	157,323,782	0
897	Hospital & Medical Services	3,782,334,535	0	4,920,975,348	0	5,066,397,953	0	4,920,975,348	0	6,480,004,382	0	6,480,004,382	0	4,920,975,348	0	6,729,382,816	0	6,729,382,816	0
897	Prescription Drugs	348,768,244	0	360,723,246	0	385,783,553	0	360,723,246	0	433,889,916	0	433,889,916	0	360,723,246	0	467,370,558	0	467,370,558	0
897	Private Nursing Home Care	623,905,366	0	644,952,670	0	716,865,047	0	644,952,670	0	692,112,888	0	692,112,888	0	644,952,670	0	726,218,533	0	726,218,533	0
898	Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898	Infant Infirmary	24,512,824	0	25,947,910	0	27,555,873	0	25,947,910	0	31,283,630	0	31,283,630	0	25,947,910	0	32,098,423	0	32,098,423	0
898	Public Nursing Home Care	188,911,010	0	198,636,754	0	223,528,121	0	198,636,754	0	255,112,018	0	255,112,018	0	198,636,754	0	264,136,947	0	264,136,947	0
Total		5,146,621,127	319	6,362,722,919	314	6,697,147,496	329	6,362,792,419	314	8,140,393,574	326	8,140,393,574	326	6,362,807,993	314	8,478,978,569	326	8,478,978,569	326

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	886,910,070	17.2	903,201,290	14.2		902,076,699	14.2	1,046,346,154	14.4	981,097,040	13.6	902,076,699	14.2	1,173,065,456	15.4	1,182,999,688	15.5
Federal Revenue	4000020	3,721,752,128	72.3	4,842,626,423	76.1		4,842,669,538	76.1	5,749,090,552	78.9	5,749,090,552	79.3	4,842,679,219	76.1	5,965,702,212	78.2	5,965,702,212	78.0
Trust Fund	4000050	99,261,232	1.9	58,963,165	0.9		58,963,165	0.9	46,443,185	0.6	46,443,185	0.6	58,963,165	0.9	46,443,185	0.6	46,443,185	0.6
Drug Rebates	4000200	32,171,968	0.6	39,424,279	0.6		39,424,279	0.6	54,249,094	0.7	54,249,094	0.7	39,424,279	0.6	54,249,094	0.7	54,249,094	0.7
General Improvement Fund	4000265	29,278,262	0.6	69,999,970	1.1		0	0.0	0	0.0	30,000,000	0.4	0	0.0	0	0.0	10,000,000	0.1
Rainy Day Fund	4000267	0	0.0	18,891,428	0.3		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Hospital Assessment Fee	4000281	60,016,833	1.2	61,458,300	1.0		61,458,300	1.0	61,458,300	0.8	61,458,300	0.8	61,458,300	1.0	61,458,300	0.8	61,458,300	0.8
ICF/MR Provider Fee	4000282	12,494,282	0.2	11,689,155	0.2		11,689,155	0.2	11,682,065	0.2	11,682,065	0.2	11,689,155	0.2	11,682,065	0.2	11,682,065	0.2
Inter-agency Fund Transfer	4000316	(1,124,591)	0.0	(1,124,591)	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Transfers	4000355	14,000	0.0	115,000	0.0		115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0
Quality Assurance Fee	4000395	77,585,027	1.5	76,711,057	1.2		76,711,057	1.2	75,604,018	1.0	75,604,018	1.0	76,711,057	1.2	75,604,017	1.0	75,604,017	1.0
Reimbursement	4000425	0	0.0	100,000	0.0		100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Tobacco Settlement	4000495	64,443,477	1.3	60,413,266	0.9		25,413,609	0.4	17,913,070	0.2	17,913,070	0.2	25,413,609	0.4	17,930,323	0.2	17,930,323	0.2
Transfer from Medicaid Match	4000550	14,792,781	0.3	12,868,843	0.2		12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2
Various Program Support	4000730	149,025,658	2.9	207,385,334	3.3		331,302,774	5.2	210,717,091	2.9	210,717,091	2.9	331,308,667	5.2	205,953,872	2.7	205,953,872	2.7
Total Funds		5,146,621,127	100.0	6,362,722,919	100.0		6,362,792,419	100.0	7,286,587,372	100.0	7,251,338,258	100.0	6,362,807,993	100.0	7,625,172,367	100.0	7,645,106,599	100.0
Excess Appropriation/(Funding)		0		0			0		853,806,202		889,055,316		0		853,806,202		833,871,970	
Grand Total		5,146,621,127		6,362,722,919			6,362,792,419		8,140,393,574		8,140,393,574		6,362,807,993		8,478,978,569		8,478,978,569	

WITH TAX DELAY

Department Appropriation Summary

Historical Data							Agency Request and Executive Recommendation												
Appropriation		2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
4KS	Nursing Home Quality	100,000	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	1,500,000	0
642	Medicaid Expansion-Medical Srvs	86,374	2	112,834	2	121,604	2	113,521	2	113,521	2	113,521	2	113,521	2	113,521	2	113,521	2
648	Medicaid Exp-Prescription Drugs	3,719,446	0	3,496,000	0	5,728,242	0	3,496,000	0	4,197,034	0	4,197,034	0	3,496,000	0	4,553,782	0	4,553,782	0
648	Medicaid Exp-Hospital & Medical Services	55,298,500	0	74,812,000	0	92,024,933	0	74,812,000	0	62,510,440	0	62,510,440	0	74,812,000	0	62,510,440	0	62,510,440	0
876	Nursing Home Closure Costs	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
878	Long Term Care Facility Receivership	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
896	Division of Medical Services	24,185,460	317	25,801,157	312	26,955,488	327	25,869,970	312	30,197,725	324	30,197,725	324	25,885,544	312	31,519,767	324	31,519,767	324
897	ARKIDS B Program	94,799,368	0	103,515,000	0	148,436,682	0	103,515,000	0	147,222,020	0	147,222,020	0	103,515,000	0	157,323,782	0	157,323,782	0
897	Hospital & Medical Services	3,782,334,535	0	4,920,975,348	0	5,066,397,953	0	4,920,975,348	0	6,480,004,382	0	6,480,004,382	0	4,920,975,348	0	6,729,382,816	0	6,729,382,816	0
897	Prescription Drugs	348,768,244	0	360,723,246	0	385,783,553	0	360,723,246	0	433,889,916	0	433,889,916	0	360,723,246	0	467,370,558	0	467,370,558	0
897	Private Nursing Home Care	623,905,366	0	644,952,670	0	716,865,047	0	644,952,670	0	692,112,888	0	692,112,888	0	644,952,670	0	726,218,533	0	726,218,533	0
898	Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898	Infant Infirmary	24,512,824	0	25,947,910	0	27,555,873	0	25,947,910	0	31,283,630	0	31,283,630	0	25,947,910	0	32,098,423	0	32,098,423	0
898	Public Nursing Home Care	188,911,010	0	198,636,754	0	223,528,121	0	198,636,754	0	255,112,018	0	255,112,018	0	198,636,754	0	264,136,947	0	264,136,947	0
Total		5,146,621,127	319	6,362,722,919	314	6,697,147,496	329	6,362,792,419	314	8,140,393,574	326	8,140,393,574	326	6,362,807,993	314	8,478,978,569	326	8,478,978,569	326

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	886,910,070	17.2	903,201,290	14.2		902,076,699	14.2	1,046,346,154	14.4	986,297,040	13.6	902,076,699	14.2	1,173,065,456	15.4	1,158,499,688	15.2
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Trust Fund	4000050	99,261,232	1.9	58,963,165	0.9		58,963,165	0.9	46,443,185	0.6	46,443,185	0.6	58,963,165	0.9	46,443,185	0.6	46,443,185	0.6
Drug Rebates	4000200	32,171,968	0.6	39,424,279	0.6		39,424,279	0.6	54,249,094	0.7	54,249,094	0.7	39,424,279	0.6	54,249,094	0.7	54,249,094	0.7
General Improvement Fund	4000265	29,278,262	0.6	69,999,970	1.1		0	0.0	0	0.0	40,000,000	0.6	0	0.0	0	0.0	20,000,000	0.3
Rainy Day Fund	4000267	0	0.0	18,891,428	0.3		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Hospital Assessment Fee	4000281	60,016,833	1.2	61,458,300	1.0		61,458,300	1.0	61,458,300	0.8	61,458,300	0.8	61,458,300	1.0	61,458,300	0.8	61,458,300	0.8
ICF/MR Provider Fee	4000282	12,494,282	0.2	11,689,155	0.2		11,689,155	0.2	11,682,065	0.2	11,682,065	0.2	11,689,155	0.2	11,682,065	0.2	11,682,065	0.2
Inter-agency Fund Transfer	4000316	(1,124,591)	0.0	(1,124,591)	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Transfers	4000355	14,000	0.0	115,000	0.0		115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0
Quality Assurance Fee	4000395	77,585,027	1.5	76,711,057	1.2		76,711,057	1.2	75,604,018	1.0	75,604,018	1.0	76,711,057	1.2	75,604,017	1.0	75,604,017	1.0
Reimbursement	4000425	0	0.0	100,000	0.0		100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Tobacco Settlement	4000495	64,443,477	1.3	60,413,266	0.9		25,413,609	0.4	17,913,070	0.2	17,913,070	0.2	25,413,609	0.4	17,930,323	0.2	17,930,323	0.2
Transfer from Medicaid Match	4000550	14,792,781	0.3	12,868,843	0.2		12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2
Various Program Support	4000730	149,025,658	2.9	207,385,334	3.3		331,302,774	5.2	210,717,091	2.9	210,717,091	2.9	331,308,667	5.2	205,953,872	2.7	205,953,872	2.7
Total Funds		5,146,621,127	100.0	6,362,722,919	100.0		6,362,792,419	100.0	7,286,587,372	100.0	7,266,538,258	100.0	6,362,807,993	100.0	7,625,172,367	100.0	7,630,606,599	100.0
Excess Appropriation/(Funding)		0		0			0		853,806,202		873,855,316		0		853,806,202		848,371,970	
Grand Total		5,146,621,127		6,362,722,919			6,362,792,419		8,140,393,574		8,140,393,574		6,362,807,993		8,478,978,569		8,478,978,569	

WITHOUT TAX DELAY

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
335	300	47	347	-12	10.45 %	324	284	30	314	10	12.35 %	329	284	30	314	15	13.68 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 4KS - Nursing Home Quality

Funding Sources: TLT - Long Term Care Trust Fund

The Nursing Home Quality of Life appropriation provides for two (2) new approaches to nursing home care. These approaches are as follows:

- Eden Alternative approach
- Greenhouse Project approach

Both the Eden Alternative and the Greenhouse Project are attempts to create a new model for long-term care facilities that emphasizes a more home style environment over traditional institutional settings. Evidence indicates that residents of facilities operated under either approach perform significantly better than residents of traditional long-term care facilities.

The Eden Alternative approach allows residents choices in their everyday living that are traditionally dictated to the resident by the facility. These choices include, among others, the choice of meals (what is served and when) and the care routine. It also utilizes permanent assignments of caregivers to create familiarity and trust.

The Greenhouse Project approach utilizes Eden Alternative principles, but with a strikingly different physical plant. Greenhouse Project facilities are constructed on the premise that the elders will thrive in a nursing home if it's built to resemble living in one's own house. This means that facilities are built in small, separate units with each unit housing its own kitchen and laundry, and with no more than ten (10) beds - all of which are private rooms. This gives residents more privacy and more control over their lives. Additionally, Greenhouse Project facilities stress resident participation. This is performed in a number of ways. For example:

- Residents are encouraged to participate in meal planning and preparation. The facility is constructed so that residents can both gather around the kitchen and observe or participate in meal preparation. This gives them meaningful experiences and allows a time for interaction between the elders and the staff.
- Residents are encouraged to use their skills and interests for the benefit of other residents. An emphasis is placed on what residents can do rather than just their physical ailments and disabilities.
- The use of "universal" workers. Under this concept, each unit or house is staffed by the same CNAs and nurses who not only perform traditional care, but also perform laundry and meal preparation. This aids in worker retention by varying the duties of the workers. It also allows the workers to better learn the desires and abilities of residents, and to encourage their participation in various aspects of their own care, as if they were home. The staffs are assigned only to one particular unit or house allowing the elders to become better acquainted with their caregivers.

Facilities that adopt the Eden Alternative/Greenhouse Project model are operated at the same cost as traditional facilities. Once a facility has adopted the model, there is no additional cost, making the on going project cost-neutral. The cost of building a facility to meet Greenhouse Project requirements are approximately the same as for a traditional facility.

There are, however, one-time or initial startup costs for training and physical plant changes for existing facilities. In order to encourage the adoption of the Eden Alternative/Greenhouse Project model, the U. S. Department of Health and Human Services' proposed that the Arkansas Department of Human Services utilize some of the funding collected that is associated with the imposition of civil penalties levied on long-term care facilities in the Long-Term Care Trust Fund.

As the licensing and regulatory agency, the Office of Long Term Care believes that encouraging the adoption of these models benefits the State of Arkansas in a number of ways. First, the models provide a higher level of care for residents, at little or no cost to the State. Second, the adoption of these models results in an inarguable increase in the quality of life for residents. Third, adoption of this proposal places Arkansas in a leadership role in remaking the long-term care model, and demonstrates the State's commitment to seeking improvement in long-term care.

Funding for this program is derived from other revenues which are indicated as the Long-Term Care Trust Fund. This fund consists of all moneys and interest received from the imposition of civil penalties levied by the state on long-term care facilities found to be out of compliance with the requirements of federal or state law or regulations. Under this appropriation, funds are targeted for Eden Alternative/Greenhouse Project related grants to facilities. The funding would be provided by grants for:

- Eden Alternative Associate Training to providers; and
- Greenhouse Project development for new construction of facilities.

The Agency Base Level and total request for this appropriation is \$1,500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 4KS - Nursing Home Quality

Funding Sources: TLT - Long Term Care Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	100,000	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		100,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources										
Trust Fund	4000050	100,000	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Funding		100,000	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		100,000	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

Analysis of Budget Request

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

The Medicaid Expansion Program provides appropriation for the administration component of the Medicaid Expansion Program established by Initiated Act 1 of 2000 for the Division of Medical Services. The expanded Medicaid programs are as follows:

1. Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001);
2. Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001);
3. Expansion of non-institutional coverage and benefits to adults aged 65 and over. Referred to as ARSeniors, this program extends full Medicaid benefits to adults age 65 and over who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002);

Funding for this appropriation is derived from tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Base Level and total request for this appropriation is \$113,521 each year of the biennium with 2 budgeted Base Level positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 642 - DHS Medicaid Expansion Program
Funding Sources: PTA - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	61,083	69,114	76,241	69,476	69,476	69,476	69,476	69,476	69,476
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	22,625	25,902	27,545	26,227	26,227	26,227	26,227	26,227	26,227
Operating Expenses	5020002	2,458	15,818	15,818	15,818	15,818	15,818	15,818	15,818	15,818
Conference & Travel Expenses	5050009	208	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
Total		86,374	112,834	121,604	113,521	113,521	113,521	113,521	113,521	113,521
Funding Sources										
Federal Revenue	4000020	43,187	56,417		56,761	56,761	56,761	56,761	56,761	56,761
Tobacco Settlement	4000495	43,187	56,417		56,760	56,760	56,760	56,760	56,760	56,760
Total Funding		86,374	112,834		113,521	113,521	113,521	113,521	113,521	113,521
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		86,374	112,834		113,521	113,521	113,521	113,521	113,521	113,521

Analysis of Budget Request

Appropriation: 648 - Tobacco-Delay Draw-Paying

Funding Sources: PTD - Medicaid Expansion Program Account

Medicaid Expansion Program - Prescription Drugs referenced on page 351.

The Medicaid Expansion Program - Prescription Drugs provides appropriation for the prescription drugs component of the Medicaid Expansion Program established by Initiated Act 1 of 2000. This appropriation is funded through tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Base Level request for this appropriation is \$3,496,000 each year of the biennium.

The Agency Change Level request for this appropriation is \$701,034 in FY2016 and \$1,057,782 in FY2017 with new general revenue request of \$230,151 in FY2016 and \$336,079 in FY2017 which includes adjustments for the FMAP reduction. This request is to meet demands due to program growth.

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

Medicaid Expansion Program - Hospital and Medical Services referenced on page 352.

The Medicaid Expansion Program - Hospital and Medical Services provides appropriation for the Hospital/Medical component of the Medicaid Expansion Program established by Initiated Act 1 of 2000. This appropriation is funded through tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Base Level request for this appropriation is \$74,812,000 each year of the biennium.

The Agency Change Level request for this appropriation is a reduction of (\$12,301,560) each year of the biennium which includes adjustments for the FMAP reduction. The following delineates the agency request:

- (\$17,301,560) each year of the biennium due to the HIFA program being eliminated. This program is now covered under the Private Option.
- \$5,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 648 - Tobacco-Delay Draw-Paying/Prescription Drugs

Funding Sources: PTD - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Medicaid Exp-Prescrip Drugs	5100004	3,719,446	3,496,000	5,728,242	3,496,000	4,197,034	4,197,034	3,496,000	4,553,782	4,553,782
Total		3,719,446	3,496,000	5,728,242	3,496,000	4,197,034	4,197,034	3,496,000	4,553,782	4,553,782
Funding Sources										
General Revenue	4000010	0	0		0	230,151	0	0	336,079	0
Federal Revenue	4000020	116,157	125,121		125,121	2,966,883	2,966,883	125,121	3,217,703	3,217,703
Tobacco Settlement	4000495	3,603,289	3,370,879		3,370,879	1,000,000	1,000,000	3,370,879	1,000,000	1,000,000
Total Funding		3,719,446	3,496,000		3,496,000	4,197,034	3,966,883	3,496,000	4,553,782	4,217,703
Excess Appropriation/(Funding)		0	0		0	0	230,151	0	0	336,079
Grand Total		3,719,446	3,496,000		3,496,000	4,197,034	4,197,034	3,496,000	4,553,782	4,553,782

Appropriation Summary

Appropriation: 648 - Tobacco-Delay Draw-Paying/Hospital/Medical Services

Funding Sources: PTD - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Medicaid Exp-Hosp/Med Svcs	5100004	55,298,500	74,812,000	92,024,933	74,812,000	62,510,440	62,510,440	74,812,000	62,510,440	62,510,440
Total		55,298,500	74,812,000	92,024,933	74,812,000	62,510,440	62,510,440	74,812,000	62,510,440	62,510,440
Funding Sources										
Federal Revenue	4000020	37,269,625	52,884,603		52,884,603	40,654,130	40,654,130	52,884,603	40,636,877	40,636,877
Tobacco Settlement	4000495	18,028,875	21,927,397		21,927,397	16,856,310	16,856,310	21,927,397	16,873,563	16,873,563
Total Funding		55,298,500	74,812,000		74,812,000	57,510,440	57,510,440	74,812,000	57,510,440	57,510,440
Excess Appropriation/(Funding)		0	0		0	5,000,000	5,000,000	0	5,000,000	5,000,000
Grand Total		55,298,500	74,812,000		74,812,000	62,510,440	62,510,440	74,812,000	62,510,440	62,510,440

Change Level by Appropriation

Appropriation: 648 - Tobacco-Delay Draw-Paying
Funding Sources: PTD - Medicaid Expansion Program Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,496,000	0	3,496,000	100.0	3,496,000	0	3,496,000	100.0
C01	Existing Program	701,034	0	4,197,034	120.1	1,057,782	0	4,553,782	130.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,496,000	0	3,496,000	100.0	3,496,000	0	3,496,000	100.0
C01	Existing Program	701,034	0	4,197,034	120.1	1,057,782	0	4,553,782	130.3

Justification

C01	8.5% growth per federally mandated drugs, results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017. This request also includes a higher prescription growth rate due to high cost of mandatory drugs like cancer treatment and Hep-C.								
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Change Level by Appropriation

Appropriation: 648 - Tobacco-Delay Draw-Paying
Funding Sources: PTD - Medicaid Expansion Program Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	74,812,000	0	74,812,000	100.0	74,812,000	0	74,812,000	100.0
C03	Discontinue Program	(17,301,560)	0	57,510,440	76.9	(17,301,560)	0	57,510,440	76.9
C05	Unfunded Appropriation	5,000,000	0	62,510,440	83.6	5,000,000	0	62,510,440	83.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	74,812,000	0	74,812,000	100.0	74,812,000	0	74,812,000	100.0
C03	Discontinue Program	(17,301,560)	0	57,510,440	76.9	(17,301,560)	0	57,510,440	76.9
C05	Unfunded Appropriation	5,000,000	0	62,510,440	83.6	5,000,000	0	62,510,440	83.6

Justification

C03	Reduction in HIFA program being eliminated. Services are now covered under the Private Option.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Analysis of Budget Request

Appropriation: 876 - Nursing Home Closure Costs

Funding Sources: TLT - Long Term Care Trust Fund

Nursing Home Closure Costs appropriation is available in the event the Division of Medical Services finds it necessary to take over the operation of a nursing home in an emergency situation. The purpose of any take-over would be for the protection of the health or property of residents of long-term care facilities, including, but not limited to, the payment for the costs of relocation of residents to other facilities, maintenance and operation of a facility pending correction of deficiencies or closure, and reimbursement of residents for personal funds lost.

Funding for this appropriation is derived from other revenues which are indicated as the Long-Term Care Trust Fund. This fund consists of all moneys and interest received from the imposition of civil penalties levied by the state on long-term care facilities found to be out of compliance with the requirements of federal or state law or regulations.

The Agency Base Level and total request for this appropriation is \$50,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 876 - Nursing Home Closure Costs

Funding Sources: TLT - Long Term Care Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses 5900046	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Funding Sources									
Trust Fund 4000050	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000

Analysis of Budget Request

Appropriation: 878 - Long Term Care Facility Receivership

Funding Sources: DLT - Long Term Care Facility Receivership Fund

As authorized by Arkansas Code Annotated §20-10-901 et seq., the Long Term Care Facility Receivership appropriation is used to pay the expenses of receivers appointed, if a nursing home is placed in receivership. Payment may not be made from this account until a court of law has found that a nursing home has insufficient funds to pay a receiver after all other operating expenses of the facility have been paid. The funding for this appropriation is from reimbursement at the beginning of a biennium from the general revenue fund account of the state apportionment fund prior to the distribution of revenue stabilization law with a maximum amount of one hundred thousand dollars (\$100,000).

The Agency Base Level and total request for this appropriation is \$100,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 878 - Long Term Care Facility Receivership

Funding Sources: DLT - Long Term Care Facility Receivership Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses 5900046	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Funding Sources									
Reimbursement 4000425	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

Act 348 of 1985 authorized the reorganization of the Department of Human Services. As part of this reorganization, the Division of Social Services became the Division of Economic and Medical Services. Act 164 of 1995 eliminated the Division of Economic and Medical Services, creating the Division of Medical Services, while functions at the county level were assigned to the Division of County Operations (formerly the Division of Program Operations). The Division of Medical Services' primary responsibility is management of the Arkansas Medicaid program, which was created by the passage of Title XIX of the Social Security Act of 1965, with Arkansas implementing the program on January 1, 1970.

Medicaid enables states to furnish:

- Medical assistance to those who have insufficient income and resources to meet the costs of necessary medical services.
- Rehabilitation and other services to help these families and individuals become or remain independent and able to care for themselves.

Each state has some sort of Medicaid program to meet the federal mandates and requirements as laid out in Title XIX. Arkansas, however, established a medical care program 26 years before passage of the federal laws requiring health care for the needy: Section 7 of Act 280 of 1939 and Act 416 of 1977 authorized the State of Arkansas to establish and maintain a medical care program for the indigent and vested responsibility for regulating and administering the program in the Arkansas Department of Human Services. This program receives federal grants under Title XIX. Thus Arkansas Medicaid is a joint federal and state program that provides necessary medical services to eligible persons who are not able to pay for such services. Individuals are certified as eligible for Medicaid services through the state's county Human Services Offices or District Social Security Offices. The Social Security Administration automatically sends SSI recipient information to DHS.

The Arkansas Medicaid Program is divided into three (3) forms of services:

1. Services Mandated by the Federal Government
2. Optional Services Chosen by Arkansas
3. Waivers Approved by the Centers for Medicare and Medicaid Services (CMS)

These services are as follows:

Services Mandated by the Federal Government:

- Child Health Services - Early and Periodic Screening, Diagnosis and Treatment (EPSDT) (Under Age 21)
- Family Planning Services and Supplies (All Ages)
- Federally Qualified Health Center (FQHC) (All Ages)
- Home Health Services (All Ages)

Hospital Services - Inpatient and Outpatient (All Ages)

- Laboratory and X-Ray (All Ages)
- Certified Nurse-Midwife Services (All Ages)
- Medical and Surgical Services of a Dentist (All Ages)
- Nurse Practitioner (Pediatric, Family, Obstetric-Gynecologic and Gerontological) (All Ages)
- Nursing Facility Services (Age 21 and Older)
- Physician Services (All Ages)
- Rural Health Clinic (RHC) (All Ages)
- Transportation (to and from medical providers when medically necessary) (All Ages)

Optional Services Chosen by Arkansas:

- Ambulatory Surgical Center Services (All Ages)
- Audiological Services (Under Age 21)
- Certified Registered Nurse Anesthetist (CRNA) Services (All Ages)
- Child Health Management Services (CHMS) (Under Age 21)
- Chiropractic Services (All Ages)
- Dental Services (All Ages)
- Developmental Day Treatment Clinic Services (DDTCS) (Preschool and Age 18 and Older)
- Developmental Rehabilitation Services (Under Age 3)
- Domiciliary Care Services (All Ages)
- Durable Medical Equipment (DME) (All Ages)
- End-Stage Renal Disease (ESRD) Facility Services (All Ages)
- Hearing Aid Services (Under Age 21)
- Hospice Services (All Ages)
- Hyperalimentation Services (All Ages)
- Independent Choices (Age 18 and Older)
- Inpatient Psychiatric Services (Under Age 21)
- Intermediate Care Facility (ICF) Services (All Ages)
- Licensed Mental Health Practitioner Services (Under Age 21)
- Medical Supplies (All Ages)
- Medicare Crossovers (All Ages)
- Nursing Facility Services (Under Age 21)
- Occupational, Physical, Speech Therapy Services (Under Age 21)
- Orthotic Appliances (All Ages)
- PACE (Program of All-Inclusive Care for the Elderly) (Age 55 and Older)
- Personal Care Services (All Ages)

Podiatrist Services (All Ages)

- Portable X-Ray (All Ages)
- Prescription Drugs (All Ages)
- Private Duty Nursing Services (All Ages)
- Prosthetic Devices (All Ages)
- Rehabilitative Hospital Services (All Ages)
- Rehabilitative Services for:
 - Persons with Mental Illness (RSPMI) (All Ages)
 - Persons with Physical Disabilities (RSPD) and Youth and Children (Under Age 21)
- Respiratory Care Services (Under Age 21)
- School-Based Mental Health Services (Under Age 21)
- Targeted Case Management:
 - Children's Services (Title V), SSI, TEFRA, EPSDT, Division of Children and Family Services and Division of Youth Services (Under Age 21)
 - Beneficiaries with a Developmental Disability (All Ages)
 - Adults (Age 60 and Older)
 - Pregnant Women (All Ages)
- Tuberculosis Services (All Ages)
- Ventilator Equipment (All Ages)
- Visual Care Services (All Ages)

Waivers Approved by the Centers for Medicare and Medicaid Services (CMS):

- Alternatives for Adults with Physical Disabilities (Age 21-64)
- ARKids B (Age 18 and Under)
- Autism (Age 18 months-6 years)
- Developmental Disabilities Services (DDS- Alternative Community Services) (All Ages)
- ElderChoices (Age 65 and Older)
- Living Choices (Assisted Living) (Age 21 and Older)
- Non-Emergency Transportation (All Ages)
- Tax Equity Fiscal Responsibility Act of 1982 (TEFRA) (Under Age 21)
- Women's Health (Family Planning) (All Ages)

The Arkansas Medicaid Program does have limitations on the services that are provided. The major benefit limitations on services for adults (age 21 and older) are as follows:

- Twelve visits to hospital outpatient departments allowed per state fiscal year.
- A total of twelve office visits allowed per state fiscal year for any combination of the following: certified nurse midwife, nurse practitioner,

physician, medical services provided by a dentist, medical services furnished by an optometrist, and Rural Health Clinics.

- One basic family planning visit and three (3) periodic family planning visits per state fiscal year. Family planning visits are not counted toward other service limitations.
- Lab and x-ray services limited to total benefit payment of \$500 per state fiscal year, except for EPSDT beneficiaries.
- Three pharmaceutical prescriptions are allowed per month (family planning and tobacco cessation prescriptions are not counted against benefit limit; unlimited prescriptions for nursing facility beneficiaries and EPSDT beneficiaries under age 21). Extensions will be considered up to a maximum of six (6) prescriptions per month for beneficiaries at risk of institutionalization. Beneficiaries receiving services through the Assisted Living waiver may receive up to nine (9) medically necessary prescriptions per month. Medicare-Medicaid beneficiaries (dual eligibles) receive their drugs through the Medicare Part D program as of January 1, 2006.
- Inpatient hospital days limited to 24 per state fiscal year, except for EPSDT beneficiaries and certain organ transplant patients.
- Co-insurance: Some beneficiaries must pay 10% of first Medicaid covered day of hospital stay.
- Beneficiaries in the Working Disabled aid category must pay 25% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some additional services.
- Some beneficiaries must pay \$.50 - \$3 of every prescription, and \$2 on the dispensing fee for prescription services for eyeglasses. Beneficiaries in the Working Disabled aid category must pay a higher co-payment for these services and also must pay co-payments for some additional services.

Additional Information for limitations relating to children:

- The families of some children are responsible for co-insurance, co-payments, or premiums.
- Co-insurance: ARKids B beneficiaries must pay 10% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some outpatient and DME services.
- Co-Pay: ARKids B beneficiaries must pay a co-payment for most services; for example \$10.00 for most office visits and \$5.00 for most prescription drugs (and must use generic drugs and manufacturer rebates, if available). ARKids B beneficiaries annual cost-sharing is capped at 5% of the family's gross annual income.
- Premiums: Based on family income certain TEFRA beneficiaries must pay a premium. TEFRA families whose income is at or below 150% of the Federal Poverty level cannot be assessed a premium.

Any and all exceptions to benefit limits are based on medical necessity.

The Division consists of the Director's Office and eight (8) distinct organizational units:

Program and Provider Management: The Office of Program and Provider Management includes the following operations: Provider & Member Relations, Dental, Visual and EPSDT, Behavioral Health and Utilization Review. The Provider and Member Relations, Dental, Visual and EPSDT section administers the Dental, Visual and Child Health Services (EPSDT) Medicaid programs and oversees the non-emergency transportation program, Medicaid Managed Care Systems and ConnectCare programs. This section also assists providers and beneficiaries in resolving matters related to billing and coverage. The Utilization Review section develops healthcare policies based on recognized standards of care, current healthcare initiatives and participation from community stakeholders to ensure adequate coverage benefits for Medicaid

beneficiaries. Utilization review monitors the quality and medical necessity of services delivered by Medicaid health care providers. In addition this section is responsible for the prior authorization of medically necessary services such as transplants, extension of benefits, prosthetics, hearing aids, hyperalimentation services and out of state transportation.

Medicaid Information Management: The Office of Medicaid Information Management is responsible for administering the Medicaid Management Information System (MMIS) which processes all Medicaid claims. The MMIS Systems and Support Unit procures and administers the contracted fiscal agent that operates the MMIS. This Unit also monitors the fiscal agent's contract compliance, performs quality assurance reviews on how the MMIS operates, manages requests for modifications to the MMIS, develops enhancements to the MMIS, and develops and produces reports from the Medicaid data warehouse.

Long Term Care: The Office of Long Term Care (OLTC) is the unit of state government responsible for the regulation of long term care facilities in Arkansas. These facilities include Nursing Homes, Intermediate Care Facilities for the Mentally Retarded (ICF/MR), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, Assisted Living Facilities (ALF) and Psychiatric Residential Treatment Facilities (PRTF). This regulation of facilities includes conducting on-site inspections of facilities, investigations of complaints against facilities, medical need determinations for placement into facilities, and licensure of facilities and facility administrators. In addition, the Office of Long Term Care administers a criminal record background check on the employees and applicants and of facilities the Office regulates, and the Office is responsible for the administration of the training and certification of Certified Nursing Assistance (CNAs), who are long-term care facility caregivers that are employed in long term care facilities and hospital-based facilities. The Office of Long Term Care includes the following operations: Quality Assurance & Support, Survey & Certification, Special Programs, Abuse & Neglect, and State Regulated Facilities.

Program and Administrative Support: The Office of Program and Administrative Support includes the following operations: Financial Activities, Provider Reimbursement and Third Party Liability. The Financial Activities unit performs such functions as program and operational budgeting, expenditure monitoring and evaluation, federal and state reporting, and administrative support such as personnel management, contract issuance and management, requests for proposals, and the preparation of interagency agreements. The Provider Reimbursement unit is responsible for maintaining rate files, establishing and administering methodologies for provider reimbursements, including cost reports and cost settlements, and financial aspects of the Office of Long Term Care such as budgeting, reimbursement, and audits of provider cost reports. The Third Party Liability area is responsible for implementing cost-avoidance procedures to prevent the payment of Medicaid monies when other (third) parties such as private insurance companies should pay the claim. In addition, in those instances where cost-avoidance is not successful, the Third Party Liability unit is responsible for pursuing recoupment of Medicaid monies.

Pharmacy: The Pharmacy Office is responsible for assuring that medically necessary pharmaceutical therapy is provided to Arkansas Medicaid recipients. It seeks to deliver these services cost effectively while complying with all state and federal requirements. The OBRA 90 statute requires states to cover all outpatient drugs by a manufacturer who signs a rebate agreement with the Centers for Medicare / Medicaid (CMS) as well as to establish a Drug Utilization Review (DUR) Board which is under the direction of the Pharmacy Office. The Office researches clinical data, develops the clinical criteria and edits for various drugs and drug classes, then works directly with the state's fiscal agent to apply the criteria and edits within the software, is the project manager for the stated evidenced-based prescription drug program,

researches and reviews claims information to assist providers, beneficiaries and interested parties and researches exception criteria to assist physicians.

Policy, Program and Contract Oversight: The Policy, Program and Contract Oversight consists of three units. The Program Planning and Development (PPD) unit develops and maintains the Medicaid State Plan and the State's Child Health Insurance Program Plan, both required by CMS. This Unit develops and maintains fifty-seven (57) different Medicaid provider policy manuals, which include information on covered services, benefit limits, prior approvals, and billing procedures. The Waiver Quality Assurance unit is responsible for monitoring operation of the Medicaid waiver programs. The Waiver QA unit assures compliance with CMS requirements for operating the waivers through case reviews, data analysis, technical assistance to operating agencies, communication and coordination with CMS, developing new waivers and amendments to existing waivers, and developing QA strategies and interagency agreements for the waivers. The Contract Oversight unit is responsible for assisting program and contract staff in developing performance indicators for contracts and monitoring the performance of all Division of Medical Services contractors.

Healthcare Innovation: The Health Care Innovation Unit is responsible for directing the operations and activities to redesign the Medicaid payment and service delivery systems by working with multi-payers, staff, and contractors to design and deliver episodes of care for acute conditions; implement new models of population based health for chronic conditions; develop and coordinate infrastructure requirements; and facilitate stakeholder, provider and patient engagement. Arkansas Medicaid is creating a patient-centered health care system that embraces the triple aim: (1) improving the health of the population; (2) enhancing the patient experience of care, including quality, access, and reliability; and (3) reducing, or at least controlling, the cost of health care. This will be accomplished by transforming the vast majority of care and payment from a fee for service models to models that reward and support providers for delivering improved outcomes and high quality, cost effective care.

Coordination of Coverage: The Coordination of Coverage Unit is responsible for coordinating any DMS efforts in the implementation of the Affordable Care Act, identifying potential improvement in the Medicaid consumer experience, and ongoing coordination of coverage for Medicaid recipients as they move in and out of Medicaid and other health insurance plans through the upcoming health insurance exchange. In addition, this new team will participate in other Medicaid changes, and will coordinate with all areas within DMS, several other DHS Divisions, and other State agencies.

The Agency is funded through general revenue (DEM - Medical Services Fund Account), federal and other revenues. Federal revenue is provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as various program support are derived from Third Party Liability Recovery, Nurse Aide Training and Long-Term Care Licensure Fees.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries do not include appropriation for Merit Pay Increases.

The Agency Base Level request for this appropriation is \$25,869,970 in FY2016 and \$25,885,544 in FY2017 with general revenue of \$3,969,700 each year and 312 budgeted base level positions.

The Agency Change Level request for this appropriation is \$4,327,755 in FY2016 and \$5,634,223 in FY2017 with new general revenue request of \$3,235,561 in FY2016 and \$3,892,824 in FY2017. The following delineates the agency request:

- Regular Salaries and Personal Services Matching of \$505,668 each year for the restoration of twelve (12) positions that are authorized but not budgeted to assist in meeting staffing needs throughout the Division. This request is for unfunded appropriation.
- Operating Expenses of \$3,822,087 in FY2016 and \$5,128,555 in FY2017 with \$521,553 in FY2016 and \$1,828,021 in FY2017 in new general revenue funding for the oversight, management and implementation of many new contracts for programs and systems development due to the health care law changes and innovations across DHS.
- New general revenue of \$2,714,008 in FY2016 and \$2,064,803 in FY2017 to offset a reduction in other funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	14,906,374	15,635,169	16,445,333	15,776,628	16,137,864	16,137,864	15,788,728	16,149,964	16,149,964
#Positions		317	312	327	312	324	324	312	324	324
Extra Help	5010001	147,438	201,892	201,892	201,892	201,892	201,892	201,892	201,892	201,892
#Extra Help		7	7	7	7	7	7	7	7	7
Personal Services Matching	5010003	5,071,989	5,184,683	5,528,850	5,256,425	5,400,857	5,400,857	5,259,899	5,404,331	5,404,331
Overtime	5010006	2	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,105,905	3,541,565	3,541,565	3,541,565	7,363,652	7,363,652	3,541,565	8,670,120	8,670,120
Conference & Travel Expenses	5050009	114,225	233,728	233,728	233,728	233,728	233,728	233,728	233,728	233,728
Professional Fees	5060010	492,845	555,132	555,132	555,132	555,132	555,132	555,132	555,132	555,132
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	144,388	144,388	0	0	0	0	0	0
Data Processing Services	5900044	346,682	299,600	299,600	299,600	299,600	299,600	299,600	299,600	299,600
Total		24,185,460	25,801,157	26,955,488	25,869,970	30,197,725	30,197,725	25,885,544	31,519,767	31,519,767

Funding Sources										
General Revenue	4000010	5,092,024	5,094,291		3,969,700	7,205,261	7,205,261	3,969,700	7,862,524	7,862,524
Federal Revenue	4000020	14,501,872	16,037,006		16,079,777	13,186,262	13,186,262	16,089,458	13,851,041	13,851,041
Inter-agency Fund Transfer	4000316	(1,124,591)	(1,124,591)		0	0	0	0	0	0
Various Program Support	4000730	5,716,155	5,794,451		5,820,493	6,000,000	6,000,000	5,826,386	6,000,000	6,000,000
Total Funding		24,185,460	25,801,157		25,869,970	26,391,523	26,391,523	25,885,544	27,713,565	27,713,565
Excess Appropriation/(Funding)		0	0		0	3,806,202	3,806,202	0	3,806,202	3,806,202
Grand Total		24,185,460	25,801,157		25,869,970	30,197,725	30,197,725	25,885,544	31,519,767	31,519,767

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,869,970	312	25,869,970	100.0	25,885,544	312	25,885,544	100.0
C01	Existing Program	521,553	0	26,391,523	102.0	1,828,021	0	27,713,565	107.1
C05	Unfunded Appropriation	3,806,202	12	30,197,725	116.7	3,806,202	12	31,519,767	121.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,869,970	312	25,869,970	100.0	25,885,544	312	25,885,544	100.0
C01	Existing Program	521,553	0	26,391,523	102.0	1,828,021	0	27,713,565	107.1
C05	Unfunded Appropriation	3,806,202	12	30,197,725	116.7	3,806,202	12	31,519,767	121.8

Justification

C01	Request results from 5% growth rate as well as SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	The Division of Medical Services requests the restoration of twelve (12) unbudgeted positions. There are many changes taking place in Medicaid and these positions are needed to support all programs in the division. All positions are necessary for DMS to meet the challenges of this biennial period within some of the new areas as well as existing areas of the Division. This request is for unfunded appropriation only for salaries and personal services matching. Additional unfunded appropriation is requested for Arkansas Medicaid Program to be able to respond to federal and state mandates to the extent funds are available.

Analysis of Budget Request

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants Paying

Private Nursing Home Care Appropriation referenced on page 373.

The Private Nursing Home Care appropriation pays expenses for individuals who reside in nursing homes and are eligible to receive Medicaid Benefits. The residents in nursing home facilities have chronic medical needs. The referring physician must certify medical need with documented evidence of why services are needed in order for a person to be admitted and remain in a nursing home. Each Medicaid certified nursing facility evaluates each nursing home applicant's need for nursing home services. A thorough and complete evaluation must be conducted to ensure that individuals who do not require nursing home services are not admitted to nursing facilities. For Medicaid eligible recipients, the Office of Long Term Care cannot guarantee Medicaid reimbursement for any applicant admitted prior to approval by the Office of Long Term Care Medical Needs Determination section. No applicant with diagnoses or other indicators of mental illness, mental retardation, or developmental disabilities may be admitted to nursing home care prior to evaluation and approval by the Office of Long Term Care.

In general, nursing homes provide total care for their residents--meeting needs from social to dietary to medical. They are staffed by licensed nurses and certified nursing assistants. Nursing homes accept a variety of payment methods, such as private pay (which includes insurance), Medicaid, and Medicare. No age requirement applies to nursing home placements.

In addition to the provider payments noted above, Act 689 of 1987 created the Long-Term Care Aide Training program. Under this Act, the Office of Long Term Care was required to establish a training program to be completed by all aides in long term care facilities who provide personal care to residents. This program consists of 75 hours of training and is payable from the Private Nursing Home Care appropriation.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, various program support which can include nursing home administration fees and Medicaid match, miscellaneous transfers derived from Arkansas Code Annotated §17-24-305(b)(1)(A), and the Medicaid Trust Fund. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$644,952,670 each year of the biennium with general revenue of \$113,206,942.

The Agency Change Level request for this appropriation is \$47,160,218 in FY2016 and \$81,265,863 in FY2017 with general revenue request of \$11,001,327 in FY2016 and \$21,212,558 in FY2017. The following delineates the agency request:

- \$37,160,218 in FY2016 and \$71,265,863 in FY2017 for growth.

- \$10,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Prescription Drugs Appropriation referenced on page 374.

The Prescription Drugs appropriation is an optional Medicaid service chosen by Arkansas. The program allows eligible recipients to obtain prescription medication through participating pharmacies in Arkansas. Reimbursement for the program is based on the drug cost and the fee for dispensing pharmaceuticals. The Omnibus Budget Reconciliation Act of 1990 authorized rebates from pharmaceutical manufacturers. The federal share is returned and the amount retained by the state is calculated based upon the state matching rate for Medicaid.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as drug rebates, the Medicaid Trust Fund, and various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$360,723,246 each year of the biennium with general revenue of \$90,537,765.

The Agency Change Level request for this appropriation is \$73,166,670 in FY2016 and \$106,647,312 in FY2017 with general revenue reduction request of (\$29,512,910) in FY2016 and (\$19,571,522) in FY2017. The following delineates the agency request:

- \$33,166,670 in FY2016 and \$66,647,312 in FY2017 for growth.
- \$40,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Hospital and Medical Services Appropriation referenced on pages 375 and 376.

The Hospital and Medical Services appropriation is one of several federally supported and state administered assistance programs within the Medicaid program and consists of many services including inpatient and outpatient hospital, community mental health centers, community health centers, rural health clinics, home health, private duty nursing, personal care, hospice, practitioners such as physicians, dentists, audiologist, psychologist, speech, occupational and physical therapists, maternity clinics, family planning, laboratory and x-ray services, case management, transportation and Early and Periodic Screening, Diagnosis and Treatment (EPSDT) for children under 21 years of age which is the Child Health Services Program. Waiver services are also included in this appropriation. Waiver services are those that the Centers for Medicare and Medicaid Services have waived traditional provisions of the Medicaid regulations and allow deviations in how and where the services are provided and include programs such as Elderchoices, DDS-Non-institutional Waiver and Adults with Physical Disabilities. Payments are made directly to providers for services for individuals who are eligible for Medicaid services. The State establishes

reimbursement rates and the methodology for rate setting. However, the Centers for Medicare and Medicaid Services must approve the state's policy(ies) and regulations in order for the State to be in compliance with guidelines established in federal law.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as Medicaid Trust Fund, intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, hospital assessment fee per Act 562 of 2009 (as amended per Act 19 of 2011), and as various program support which can include matching funds from UAMS (from general revenue), Department of Education (from cash funds), Arkansas Children's Hospital, DHS Divisions (from general revenue) for services such as Therapies, Transportation, Waiver services, UPL-Upper Payment Limit match, DSH-Disproportionate Share Hospital payments, etc. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$4,920,975,348 each year of the biennium with general revenue of \$662,223,536.

The Agency Change Level request for this appropriation is \$1,559,029,034 in FY2016 and \$1,808,407,468 in FY2017 with general revenue request of \$131,153,785 in FY2016 and \$239,500,884 in FY2017. The following delineates the agency request:

- \$834,029,034 in FY2016 and \$1,083,407,468 in FY2017 for growth.
- \$725,000,000 each year in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation contemplates a two-year delay in pending tax cuts for reduction of the sales and use tax on natural gas and electricity used by manufacturers (Act 1411 of 2013) and reduction in the income tax on capital gains and an increased standard deduction (Act 1488 of 2013). Arkansas Code § 19-4-201(b)(1) provides that should the Governor propose revenue measures to finance all proposed programs, two sets of budgets must be submitted to the Legislative Council and General Assembly, one set based on the resources available from the then-existing laws and another showing the additional expenditures proposed to be financed from the revenue measures. Pursuant to the provisions of law, the Executive Recommendation provides for the following alternative budgets:

With Tax Delays referenced on page 375:

The Executive Recommendation provides for Agency Request for appropriation and \$66,134,822 in FY2016 and \$249,771,195 in FY2017 in new general revenue funding. These increases are necessary in order to: accommodate the net change in the Federal Medical Assistance Percentage (FMAP) as a result of increases in per capita household income from FY2009 to FY2016; to transition from one-time funds to continuing funding for ongoing obligations; and to fund normally expected inflationary program growth for existing levels of service delivery. General improvement funds are also being recommended in the amount of \$30,000,000 in FY2016 and \$10,000,000 in FY2017 to fully subsidize these required funding levels.

Without Tax Delays referenced on page 376:

The Executive Recommendation provides for Agency Request for appropriation and \$71,334,822 in FY2016 and \$225,271,195 in FY2017 in new general revenue funding. These increases are necessary in order to: accommodate the net change in the Federal Medical Assistance Percentage (FMAP) as a result of increases in per capita household income from FY2009 to FY2016; to transition from one-time funds to continuing funding for ongoing obligations; and to fund normally expected inflationary program growth for existing levels of service delivery. General improvement funds are also being recommended in the amount of \$40,000,000 in FY2016 and \$20,000,000 in FY2017 to fully subsidize these required funding levels.

ARKIDS B Program Appropriation referenced on page 377.

The ArKids B program appropriation provides medical services for children who are without medical insurance coverage. Many of the parents of these children are employed but are unable to afford the necessary coverage for their children. The parents earn sufficient salaries that make them ineligible for coverage by Medicaid, thereby leaving the children without medical care.

ArKids B Program is an optional Medicaid service chosen by Arkansas and is authorized through a federal waiver to the Medicaid program that expands coverage to children in families with income at or below 200 percent of the federal poverty level. Services are available only to children through 18 years of age and are otherwise ineligible to receive Medicaid benefits. Each child must have a Primary Care Physician who will either provide the needed services or make the appropriate referral for medically necessary treatment. A patient co-payment is required per physician visit and per prescription. Effective July 1, 2006, DHS set an annual cap on cost-sharing (co-payments and coinsurance) for ARKids B families. The annual cost-sharing cap is 5% of the family's annual gross (before taxes) income.

The ArKids B Program appropriation has two (2) components and they are as follows:

- Prescription Drugs
- Hospital/Medical

Prescription Drugs component has coverage limits based on medical necessity with a \$5 per prescription co-pay and the recipient must use generic and rebate manufactures.

Generally, the Hospital/Medical component benefits include such programs as inpatient hospital, physician visits, vision care (1 visit per year for routine exam and 1 pair of eyeglasses), dental services (2 visits per year for cleaning, x-rays, no orthodontia), medical supplies, home health services and emergency room services, ambulance (emergency only), ambulatory surgical center, durable medical equipment (\$500 per year), family planning, FQHC, nurse midwife, outpatient mental and behavior health (\$2,500 limit), podiatry, RHC and speech therapy with some form of co-pay required. Immunizations and preventative health screenings per protocols provided by the primary care physician or Division of Health require no patient co-payments.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as the Medicaid Trust Fund, and as various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$103,515,000 each year of the biennium with general revenue of \$21,662,245 each year.

The Agency Change Level request for this appropriation is \$43,707,020 in FY2016 and \$53,808,782 in FY2017 with general revenue reduction request of (\$14,162,245) in FY2016 and (\$19,662,245) in FY2017. The following delineates the agency request:

- \$28,707,020 in FY2016 and \$38,808,782 in FY2017 for growth.
- \$15,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/Private Nursing Home Care

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Private Nursing Home Care	5100004	623,905,366	644,952,670	716,865,047	644,952,670	692,112,888	692,112,888	644,952,670	726,218,533	726,218,533
Total		623,905,366	644,952,670	716,865,047	644,952,670	692,112,888	692,112,888	644,952,670	726,218,533	726,218,533
Funding Sources										
General Revenue	4000010	87,301,651	113,206,942		113,206,942	124,208,269	124,208,269	113,206,942	134,419,500	134,419,500
Federal Revenue	4000020	437,457,523	455,639,606		455,639,606	482,185,601	482,185,601	455,639,606	506,080,016	506,080,016
Trust Fund	4000050	8,598,199	0		0	0	0	0	0	0
General Improvement Fund	4000265	1,404,784	0		0	0	0	0	0	0
Miscellaneous Transfers	4000355	14,000	115,000		115,000	115,000	115,000	115,000	115,000	115,000
Quality Assurance Fee	4000395	76,905,403	75,604,018		75,604,018	75,604,018	75,604,018	75,604,018	75,604,017	75,604,017
Tobacco Settlement	4000495	0	58,573		58,573	0	0	58,573	0	0
Various Program Support	4000730	12,223,806	328,531		328,531	0	0	328,531	0	0
Total Funding		623,905,366	644,952,670		644,952,670	682,112,888	682,112,888	644,952,670	716,218,533	716,218,533
Excess Appropriation/(Funding)		0	0		0	10,000,000	10,000,000	0	10,000,000	10,000,000
Grand Total		623,905,366	644,952,670		644,952,670	692,112,888	692,112,888	644,952,670	726,218,533	726,218,533

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/Prescription Drugs

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Prescription Drugs	5100004	348,768,244	360,723,246	385,783,553	360,723,246	433,889,916	433,889,916	360,723,246	467,370,558	467,370,558
Total		348,768,244	360,723,246	385,783,553	360,723,246	433,889,916	433,889,916	360,723,246	467,370,558	467,370,558
Funding Sources										
General Revenue	4000010	78,653,898	90,537,765		90,537,765	61,024,855	61,024,855	90,537,765	70,966,243	70,966,243
Federal Revenue	4000020	220,229,031	230,586,017		230,586,017	278,440,782	278,440,782	230,586,017	301,980,036	301,980,036
Trust Fund	4000050	2,237,436	175,185		175,185	175,185	175,185	175,185	175,185	175,185
Drug Rebates	4000200	32,171,968	39,424,279		39,424,279	54,249,094	54,249,094	39,424,279	54,249,094	54,249,094
Various Program Support	4000730	15,475,911	0		0	0	0	0	0	0
Total Funding		348,768,244	360,723,246		360,723,246	393,889,916	393,889,916	360,723,246	427,370,558	427,370,558
Excess Appropriation/(Funding)		0	0		0	40,000,000	40,000,000	0	40,000,000	40,000,000
Grand Total		348,768,244	360,723,246		360,723,246	433,889,916	433,889,916	360,723,246	467,370,558	467,370,558

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/Hospital and Medical Services

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Hospital and Medical Services	5100004	3,782,334,535	4,920,975,348	5,066,397,953	4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816
Total		3,782,334,535	4,920,975,348	5,066,397,953	4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816

Funding Sources										
General Revenue	4000010	688,239,524	662,223,536		662,223,536	793,377,321	728,358,358	662,223,536	901,724,420	911,994,731
Federal Revenue	4000020	2,787,392,410	3,846,685,999		3,846,685,999	4,643,304,529	4,643,304,529	3,846,685,999	4,789,099,083	4,789,099,083
Trust Fund	4000050	87,816,866	55,460,460		55,460,460	44,718,000	44,718,000	55,460,460	44,718,000	44,718,000
General Improvement Fund	4000265	27,873,478	69,999,970		0	0	30,000,000	0	0	10,000,000
Rainy Day Fund	4000267	0	18,891,428		0	0	0	0	0	0
Hospital Assessment Fee	4000281	60,016,833	61,458,300		61,458,300	61,458,300	61,458,300	61,458,300	61,458,300	61,458,300
ICF/MR Provider Fee	4000282	7,000,297	5,041,130		5,041,130	5,041,130	5,041,130	5,041,130	5,041,130	5,041,130
Tobacco Settlement	4000495	42,768,126	35,000,000		0	0	0	0	0	0
Transfer from Medicaid Match	4000550	14,792,781	12,868,843		12,868,843	12,868,843	12,868,843	12,868,843	12,868,843	12,868,843
Various Program Support	4000730	66,434,220	153,345,682		277,237,080	194,236,259	194,236,259	277,237,080	189,473,040	189,473,040
Total Funding		3,782,334,535	4,920,975,348		4,920,975,348	5,755,004,382	5,719,985,419	4,920,975,348	6,004,382,816	6,024,653,127
Excess Appropriation/(Funding)		0	0		0	725,000,000	760,018,963	0	725,000,000	704,729,689
Grand Total		3,782,334,535	4,920,975,348		4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816

WITH TAX DELAY

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/Hospital and Medical Services

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Hospital and Medical Services	5100004	3,782,334,535	4,920,975,348	5,066,397,953	4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816
Total		3,782,334,535	4,920,975,348	5,066,397,953	4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816

Funding Sources										
General Revenue	4000010	688,239,524	662,223,536		662,223,536	793,377,321	733,558,358	662,223,536	901,724,420	887,494,731
Federal Revenue	4000020	2,787,392,410	3,846,685,999		3,846,685,999	4,643,304,529	4,643,304,529	3,846,685,999	4,789,099,083	4,789,099,083
Trust Fund	4000050	87,816,866	55,460,460		55,460,460	44,718,000	44,718,000	55,460,460	44,718,000	44,718,000
General Improvement Fund	4000265	27,873,478	69,999,970		0	0	40,000,000	0	0	20,000,000
Rainy Day Fund	4000267	0	18,891,428		0	0	0	0	0	0
Hospital Assessment Fee	4000281	60,016,833	61,458,300		61,458,300	61,458,300	61,458,300	61,458,300	61,458,300	61,458,300
ICF/MR Provider Fee	4000282	7,000,297	5,041,130		5,041,130	5,041,130	5,041,130	5,041,130	5,041,130	5,041,130
Tobacco Settlement	4000495	42,768,126	35,000,000		0	0	0	0	0	0
Transfer from Medicaid Match	4000550	14,792,781	12,868,843		12,868,843	12,868,843	12,868,843	12,868,843	12,868,843	12,868,843
Various Program Support	4000730	66,434,220	153,345,682		277,237,080	194,236,259	194,236,259	277,237,080	189,473,040	189,473,040
Total Funding		3,782,334,535	4,920,975,348		4,920,975,348	5,755,004,382	5,735,185,419	4,920,975,348	6,004,382,816	6,010,153,127
Excess Appropriation/(Funding)		0	0		0	725,000,000	744,818,963	0	725,000,000	719,229,689
Grand Total		3,782,334,535	4,920,975,348		4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816

WITHOUT TAX DELAY

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/ARKids B Program

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
ARKids B Program	5100004	94,799,368	103,515,000	148,436,682	103,515,000	147,222,020	147,222,020	103,515,000	157,323,782	157,323,782
Total		94,799,368	103,515,000	148,436,682	103,515,000	147,222,020	147,222,020	103,515,000	157,323,782	157,323,782
Funding Sources										
General Revenue	4000010	18,027,538	21,662,245		21,662,245	7,500,000	7,500,000	21,662,245	2,000,000	2,000,000
Federal Revenue	4000020	75,097,959	81,852,755		81,852,755	124,722,020	124,722,020	81,852,755	140,323,782	140,323,782
Trust Fund	4000050	374,765	0		0	0	0	0	0	0
Various Program Support	4000730	1,299,106	0		0	0	0	0	0	0
Total Funding		94,799,368	103,515,000		103,515,000	132,222,020	132,222,020	103,515,000	142,323,782	142,323,782
Excess Appropriation/(Funding)		0	0		0	15,000,000	15,000,000	0	15,000,000	15,000,000
Grand Total		94,799,368	103,515,000		103,515,000	147,222,020	147,222,020	103,515,000	157,323,782	157,323,782

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account/Private Nursing Home Care
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	644,952,670	0	644,952,670	100.0	644,952,670	0	644,952,670	100.0
C01	Existing Program	37,160,218	0	682,112,888	105.8	71,265,863	0	716,218,533	111.0
C05	Unfunded Appropriation	10,000,000	0	692,112,888	107.3	10,000,000	0	726,218,533	112.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	644,952,670	0	644,952,670	100.0	644,952,670	0	644,952,670	100.0
C01	Existing Program	37,160,218	0	682,112,888	105.8	71,265,863	0	716,218,533	111.0
C05	Unfunded Appropriation	10,000,000	0	692,112,888	107.3	10,000,000	0	726,218,533	112.6

Justification

C01	Includes 5% growth rate and results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account/Prescription Drugs
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	360,723,246	0	360,723,246	100.0	360,723,246	0	360,723,246	100.0
C01	Existing Program	33,166,670	0	393,889,916	109.2	66,647,312	0	427,370,558	118.5
C05	Unfunded Appropriation	40,000,000	0	433,889,916	120.3	40,000,000	0	467,370,558	129.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	360,723,246	0	360,723,246	100.0	360,723,246	0	360,723,246	100.0
C01	Existing Program	33,166,670	0	393,889,916	109.2	66,647,312	0	427,370,558	118.5
C05	Unfunded Appropriation	40,000,000	0	433,889,916	120.3	40,000,000	0	467,370,558	129.6

Justification

C01	Includes 8.5% growth rate due to federal mandated drugs and results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account/Hospital and Medical Services
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	4,920,975,348	0	4,920,975,348	100.0	4,920,975,348	0	4,920,975,348	100.0
C01	Existing Program	834,029,034	0	5,755,004,382	116.9	1,083,407,468	0	6,004,382,816	122.0
C05	Unfunded Appropriation	725,000,000	0	6,480,004,382	131.7	725,000,000	0	6,729,382,816	136.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	4,920,975,348	0	4,920,975,348	100.0	4,920,975,348	0	4,920,975,348	100.0
C01	Existing Program	834,029,034	0	5,755,004,382	116.9	1,083,407,468	0	6,004,382,816	122.0
C05	Unfunded Appropriation	725,000,000	0	6,480,004,382	131.7	725,000,000	0	6,729,382,816	136.7

Justification

C01	Regular Hospital Medical 5% growth rate along with change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017. This request includes the 100% Federal Funded Private Option, (A.C.A). Enrollees expected to increase to 248,000 along with increased Medically Frail eligible claims for 100% FMAP.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only. This is mainly for the unexpected changes for the Private Option Program and contract costs for changes and updates to Medicaid Programs. Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account/ARKids B Program
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	103,515,000	0	103,515,000	100.0	103,515,000	0	103,515,000	100.0
C01	Existing Program	28,707,020	0	132,222,020	127.7	38,808,782	0	142,323,782	137.5
C05	Unfunded Appropriation	15,000,000	0	147,222,020	142.2	15,000,000	0	157,323,782	152.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	103,515,000	0	103,515,000	100.0	103,515,000	0	103,515,000	100.0
C01	Existing Program	28,707,020	0	132,222,020	127.7	38,808,782	0	142,323,782	137.5
C05	Unfunded Appropriation	15,000,000	0	147,222,020	142.2	15,000,000	0	157,323,782	152.0

Justification

C01	Budget Impact of Arkids B (waiver) to be covered under the Arkansas Medicaid State Plan.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Child and Family Life Institute Appropriation referenced on page 385.

Arkansas Code Annotated §20-78-104 authorized Arkansas Children's Hospital to provide administration for the Child Health and Family Life Institute (CHFLI). Children's Hospital and UAMS, Department of Pediatrics act in conjunction by either contract or cooperative agreement for necessary activities in the delivery of services through the CHFLI. The mission of the institute is "an initiated state effort to explore, develop, and evaluate new and better ways to address medically, socially, and economically interrelated health and developmental needs of children with special health care needs and their families. Utilizing a multidisciplinary collaboration of professionals, the Institute's priorities include wellness and prevention, screening and diagnosis, treatment and intervention, training and education, service access, public policy and advocacy, research and evaluation". Programs include such services as KIDS FIRST - a pediatric day health treatment program for preschool age children at risk for developmental delay; CO-MEND Councils of volunteer/local community activities with pooled resources to assist families; Outreach offers specialized health care at the local level for children who live in areas without specialized care available; Community Pediatrics-a support system with a pediatric team available to provide services in medically underserved areas; Children-at-Risk - diagnostic and treatment for children who have been abused and their families; Pediatric Psychology; Developmental/Physical Medicine and Rehabilitation for children with severe disabilities; and Adolescent Medicine. Children's Hospital is specifically to fund the KIDS FIRST Program as a priority when considering program funding decisions within the Institute. The Department of Pediatrics is the administrative oversight entity for cooperative agreements or contracts for the delivery of services.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account).

The Agency Base Level and total request for this appropriation is \$2,100,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Infant Infirmary Appropriation referenced on page 386.

The Infant Infirmary Nursing Home appropriation provides for services to infants with special needs. The facilities are licensed as Private Pediatric Intermediate Care Facilities for the Mentally Retarded (ICFs/MR). Facilities receiving reimbursement through this appropriation are Arkansas Pediatric Facility, Brownwood Life Care Center, Millcreek of Arkansas and Easter Seals Children's Rehabilitation Center. These programs provide a valuable service in that many children are admitted to one of these programs when discharged from a hospital and need continuing attention and medical oversight but not on-going medical treatment.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, the Medicaid Trust

Fund, and various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$25,947,910 each year of the biennium with general revenue of \$5,150,660.

The Agency Change Level request for this appropriation is \$5,335,720 in FY2016 and \$6,150,513 in FY2017 with general revenue request of \$1,883,010 in FY2016 and \$2,129,955 in FY2017. The following delineates the agency request:

- \$335,720 in FY2016 and \$1,150,513 in FY2017 for growth.
- \$5,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Public Nursing Home Care Appropriation referenced on page 387.

The Public Nursing Home Care appropriation includes Title XIX Medicaid reimbursement for services provided in the six (6) Human Development Centers (Intermediate Care Facilities for the Mentally Retarded-ICFs/MR), the Arkansas Health Center and the thirty-one (31) 15 Bed or Less (ICFs/MR) programs across the State. Services include 24 hour a day residential, medical, psychological, education and training, life skills training and therapy services needed through staffing and case plan determination. Annual staffings are required to reassess the progress of each individual and adjustments are made in case plans when necessary to help each person attain the goals and objectives established in the case plans.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, various program support which can include matching funds from the Human Development Centers (from general revenue), the DDS Small 10 Beds Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)(from general revenue), the Arkansas Health Center (from mixed funding). Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$198,636,754 each year of the biennium with general revenue of \$3,225,851.

The Agency Change Level request for this appropriation is \$56,475,264 in FY2016 and \$65,500,193 in FY2017 with general revenue request of \$40,440,776 in FY2016 and \$43,150,224 in FY2017. The following delineates the agency request:

- \$6,475,264 in FY2016 and \$15,500,193 in FY2017 for growth.
- \$50,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account - Child & Family Life Institute

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Child & Family Life Inst	5100004	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Total		0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Funding Sources										
General Revenue	4000010	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Total Funding		0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account/Infant Infirmary

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Infant Infirmary	5100004	24,512,824	25,947,910	27,555,873	25,947,910	31,283,630	31,283,630	25,947,910	32,098,423	32,098,423
Total		24,512,824	25,947,910	27,555,873	25,947,910	31,283,630	31,283,630	25,947,910	32,098,423	32,098,423
Funding Sources										
General Revenue	4000010	6,087,643	5,150,660		5,150,660	7,033,670	7,033,670	5,150,660	7,280,615	7,280,615
Federal Revenue	4000020	17,187,728	18,342,578		18,342,578	18,579,898	18,579,898	18,342,578	19,147,746	19,147,746
Trust Fund	4000050	133,966	1,777,520		1,777,520	0	0	1,777,520	0	0
ICF/MR Provider Fee	4000282	842,732	677,152		677,152	670,062	670,062	677,152	670,062	670,062
Various Program Support	4000730	260,755	0		0	0	0	0	0	0
Total Funding		24,512,824	25,947,910		25,947,910	26,283,630	26,283,630	25,947,910	27,098,423	27,098,423
Excess Appropriation/(Funding)		0	0		0	5,000,000	5,000,000	0	5,000,000	5,000,000
Grand Total		24,512,824	25,947,910		25,947,910	31,283,630	31,283,630	25,947,910	32,098,423	32,098,423

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account/Public Nursing Home Care

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Public Nursing Home Care	5100004	188,911,010	198,636,754	223,528,121	198,636,754	255,112,018	255,112,018	198,636,754	264,136,947	264,136,947
Total		188,911,010	198,636,754	223,528,121	198,636,754	255,112,018	255,112,018	198,636,754	264,136,947	264,136,947
Funding Sources										
General Revenue	4000010	3,507,792	3,225,851		3,225,851	43,666,627	43,666,627	3,225,851	46,376,075	46,376,075
Federal Revenue	4000020	132,456,636	140,416,321		140,416,321	144,993,686	144,993,686	140,416,321	151,309,167	151,309,167
ICF/MR Provider Fee	4000282	4,651,253	5,970,873		5,970,873	5,970,873	5,970,873	5,970,873	5,970,873	5,970,873
Quality Assurance Fee	4000395	679,624	1,107,039		1,107,039	0	0	1,107,039	0	0
Various Program Support	4000730	47,615,705	47,916,670		47,916,670	10,480,832	10,480,832	47,916,670	10,480,832	10,480,832
Total Funding		188,911,010	198,636,754		198,636,754	205,112,018	205,112,018	198,636,754	214,136,947	214,136,947
Excess Appropriation/(Funding)		0	0		0	50,000,000	50,000,000	0	50,000,000	50,000,000
Grand Total		188,911,010	198,636,754		198,636,754	255,112,018	255,112,018	198,636,754	264,136,947	264,136,947

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account/Infant Infirmery
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,947,910	0	25,947,910	100.0	25,947,910	0	25,947,910	100.0
C01	Existing Program	335,720	0	26,283,630	101.3	1,150,513	0	27,098,423	104.4
C05	Unfunded Appropriation	5,000,000	0	31,283,630	120.6	5,000,000	0	32,098,423	123.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,947,910	0	25,947,910	100.0	25,947,910	0	25,947,910	100.0
C01	Existing Program	335,720	0	26,283,630	101.3	1,150,513	0	27,098,423	104.4
C05	Unfunded Appropriation	5,000,000	0	31,283,630	120.6	5,000,000	0	32,098,423	123.7

Justification

C01	3.10% growth rate in addition to results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account/Public Nursing Home Care
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	198,636,754	0	198,636,754	100.0	198,636,754	0	198,636,754	100.0
C01	Existing Program	6,475,264	0	205,112,018	103.3	15,500,193	0	214,136,947	107.8
C05	Unfunded Appropriation	50,000,000	0	255,112,018	128.4	50,000,000	0	264,136,947	133.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	198,636,754	0	198,636,754	100.0	198,636,754	0	198,636,754	100.0
C01	Existing Program	6,475,264	0	205,112,018	103.3	15,500,193	0	214,136,947	107.8
C05	Unfunded Appropriation	50,000,000	0	255,112,018	128.4	50,000,000	0	264,136,947	133.0

Justification

C01	Growth rate at 5% plus results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

DHS - Services For The Blind

Enabling Laws

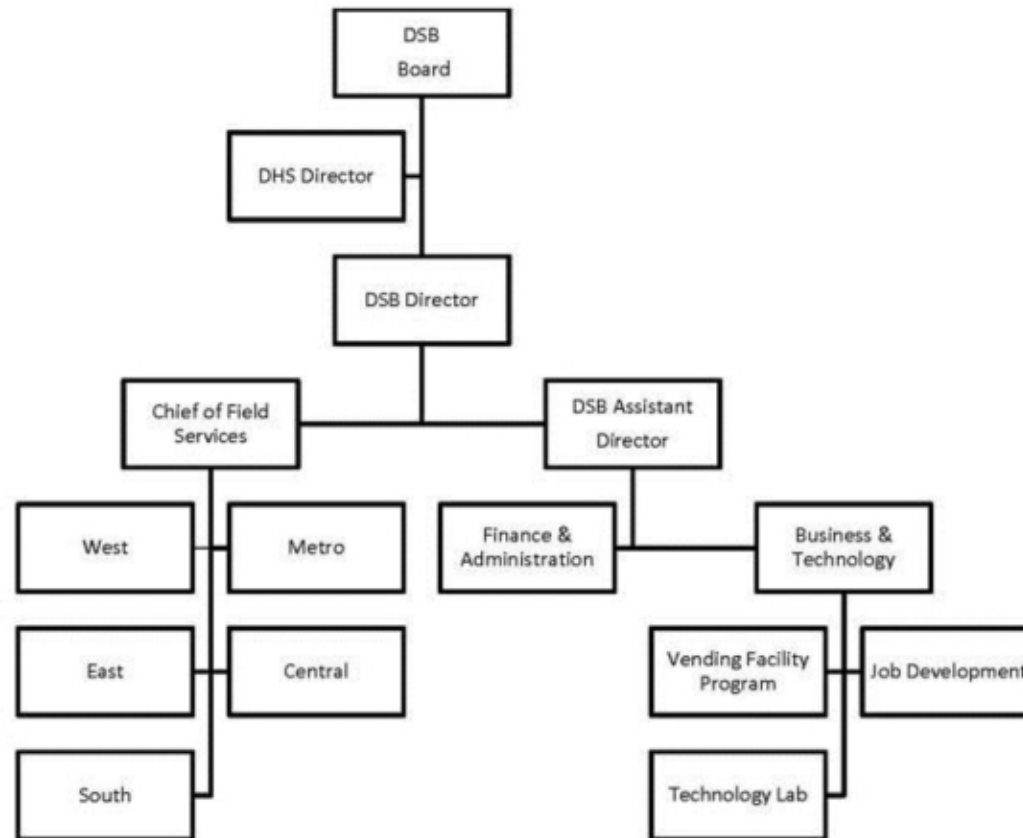
Act 114 of 2014
A.C.A. §25-10-201 et seq.

History and Organization

During the 1940s and early 1950s, blind Arkansans received rudimentary services from generically trained “home teachers” employed by the Arkansas Department of Public Welfare. Services consisted of non-specialized instruction in independent living skills and monthly stipends paid from Aid to Aged, Blind and Disabled funding. Little effort was made in vocational skills development or job placement other than the operation of vending stands in predominantly federal locations.

In 1955, the emphasis shifted from welfare to rehabilitation, and the state responsibility for services to blind persons was transferred to the Department of Education, Division of Arkansas Rehabilitation Services. However, blind persons were still provided generic services within the general population of disabled consumers. Later, the Arkansas General Assembly recognized the value of specialized services to blind persons, and passed Arkansas Act 180 of 1965 creating the division of Rehabilitation Services for the Blind within the State Board of Vocational Education. Over the next two decades, the General Assembly would pass laws to combine and separate services to blind persons within various state departments several times until passing Act 481 of 1983.

Act 481 established the Division of State Services for the Blind (DSB) within the Department of Human Services, and vested responsibility for DSB within a policy-making board. Five of the seven members represent statewide consumer, civic and professional organizations involved in state services to blind persons. The two remaining members represent the public at large. By law, four of the seven DSB board members must be blind or severely visually impaired. All members are appointed by the Governor and confirmed by the Senate. The DSB Board is a policy making body responsible for rehabilitation services provided to blind Arkansans of all ages. It sets program policy and employs a Commissioner (director) to oversee agency operations within applicable federal and state law. Because of the governing structure of the board, DSB is recognized federally as a Commission within the requirements of the Rehabilitation Act. The Division of State Services for the Blind is also designated as the state-licensing agency for the Randolph Sheppard Vending Facility Program for Arkansas.



Agency Commentary

The DHS Division of Services for the Blind (DSB) is responsible for the provision of rehabilitation and social services to blind and severely visually impaired persons age 14 and above in Arkansas. Services are provided through the Vocational Rehabilitation (VR) Program and the Older Blind Program. Specially trained itinerant counselors travel the state to arrange for, purchase or deliver services necessary to the rehabilitation goals of blind persons in Arkansas. Older Blind Services are provided via a Professional Services contract with statewide coverage. Both programs are funded by the federal Rehabilitation Services Administration through formula grants based upon the elevated incidence of disability in the Arkansas population. The state is required to match the VR grant at 21.3% and Older Blind grant at 10% and provides a certain amount of additional mandated general revenue with which DSB meets its Maintenance of Effort. This qualifies DSB for additional incentive funding.

For the 2015-2017 Biennium DSB seeks approval of five federally funded requests above base level. No additional general revenue is required.

RECLASSIFICATION OF CASELOAD STAFF REGULAR SALARIES COMMITMENT ITEM 00

DSB seeks to reclassify its eleven E039C DHS/DSB Teachers for the Blind to L098C Certified Vocational Rehabilitation (VR) Counselors. The result of this request would authorize all DSB caseload counselors as L098C "Certified Vocational Rehabilitation Counselors", with only CRC or LPC certified personnel paid at the C119 level. All other caseload personnel would be classified as L051C Rehabilitation Counselors until such time as they secured their certification. Such a structure will greatly improve DSB ability to serve job-seekers who are blind or severely visually impaired on a one-to-one basis and help them develop the skill-sets their preferred employers seek. Regular Salaries on reclassification is \$10,982. No additional general revenue is required.

RECLASSIFICATION OF CASELOAD STAFF PERSONAL SERVICES MATCHING COMMITMENT ITEM 03

DSB seeks \$2,693 for the eleven E039C DHS/DSB Teachers for the Blind to L098C Certified Vocational Rehabilitation (VR) Counselors.

MAINTENANCE AND OPERATIONS- COMMITMENT ITEM 02

DSB requests \$65,000 in fund center 896 funded federal appropriation for FY2016 and FY2017 for AWARE Database System annual upgrade and maintenance support. No additional general revenue is required. IT Plan pages 13 -15

DSB requests \$160,000 in fund center 896 funded federal appropriation for FY2016 and FY2017 for routine replacements of personal computer desktops, laptops and software licenses. No additional general revenue is required. IT Plan pages 8-10

CAPITAL OUTLAY- COMMITMENT ITEM 11

DSB requests funded federal appropriation of \$25,000 for FY2016 and FY2017 in operating Fund Center 896 to provide for Capital Outlay (commitment item 11). The request is to enable DSB to purchase equipment that is normally purchased as Maintenance & Operation (M&O) in the event the item exceeds the M&O Cost Ceiling and becomes Capital Outlay and to enable DSB to replace a federally funded vehicle used for itinerant travel to consumer's home for places of employment. No additional general revenue is required.

ASSISTANCE, GRANTS, AID- COMMITMENT ITEM 04

DSB requests unfunded appropriation of \$300,000 in commitment item 04 each year. Due to lack of funding, over 750 blind and severely visually impaired Arkansans over age 55 are on a waiting list for equipment and services such as training in cane travel. Without these services, they are at great risk of falls, medical complications and premature institutionalization. The funding will purchase those services from World Services for the Blind. DSB will also contract with DHS Aging & Adult Services to train service providers to observe client risk and provide minor services.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Publications

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

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
896	Division of Services for the Blind	4,687,082	75	6,429,757	76	6,629,807	76	6,442,345	76	6,706,020	76	6,706,020	76	6,444,195	76	6,707,870	76	6,707,870	76
898	Purchase of Services	3,876,318	0	4,719,977	0	4,719,977	0	4,719,977	0	5,019,977	0	5,019,977	0	4,719,977	0	5,019,977	0	5,019,977	0
Total		8,563,400	75	11,149,734	76	11,349,784	76	11,162,322	76	11,725,997	76	11,725,997	76	11,164,172	76	11,727,847	76	11,727,847	76

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	1,893,515	22.1	1,902,128	17.1		1,903,930	17.1	1,903,930	16.7	1,903,930	16.7	1,904,194	17.1	1,904,194	16.7	1,904,194	16.7
Federal Revenue	4000020	6,669,885	77.9	9,247,606	82.9		9,258,392	82.9	9,522,067	83.3	9,522,067	83.3	9,259,978	82.9	9,523,653	83.3	9,523,653	83.3
Total Funds		8,563,400	100.0	11,149,734	100.0		11,162,322	100.0	11,425,997	100.0	11,425,997	100.0	11,164,172	100.0	11,427,847	100.0	11,427,847	100.0
Excess Appropriation/(Funding)		0		0			0		300,000		300,000		0		300,000		300,000	
Grand Total		8,563,400		11,149,734			11,162,322		11,725,997		11,725,997		11,164,172		11,727,847		11,727,847	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
74	64	12	76	-2	13.51 %	76	70	6	76	0	7.89 %	76	68	8	76	0	10.53 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

In 1983, Act 481 was passed, creating the Division of State Services for the Blind (DSB). The Act removed the Division from the jurisdiction of the Department of Rehabilitation Services and made it an autonomous state agency within the Department of Human Services. The Division is responsible for its own State Plan under the Federal Rehabilitation Act. Agency direction and performance responsibility lies with a seven (7) member consumer board comprised of organization representatives involved in providing services for people who have visual impairments. The member organizations include those such as Arkansas Lions, Blinded Veterans Association, Lions World Services for the Blind, Arkansas School for the Blind, and the Arkansas Affiliate of the National Federation of the Blind. By law, the majority of the members of the Board must be persons who are blind. This organizational structure was maintained in the reorganization of the Department when Act 348 of 1985 was passed. Services to individuals with visual impairments are provided by agency staff and by contracting with service providers who specialize in services for people with visual impairments.

DSB serves consumers through three interdependent units: Field Services, Vending Facility Program, and the DSB Directors Office. These three service units were designed by the DSB Board to offer two advantages to the State of Arkansas:

- First, to enhance the personal self-sufficiency of consumers eliminating costs associated with unnecessary skilled care; and
- Second, to maximize the potential contributions made by consumers as citizens and taxpayers.

The agency is funded through general revenue (DSB - State Services for the Blind Fund Account). Federal funding sources include revenues derived from the federal Department of Education - Rehabilitation Services Administration, Social Security Administration; as well as, federal grant funding such as the Social Services Block Grant. Other revenues which are indicated as various program support can include sources such as M&R proceeds and refunds.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries do not include appropriation for Merit Pay Increases.

896 DHS - Administrative Paying Account

The Agency Base Level request for Operations is \$6,442,345 in FY2016 and \$6,444,195 in FY2016 with general revenue funding of \$921,507 in FY2016 and \$921,771 in FY2017 and 76 budgeted Base Level positions.

898 DHS - Grants Paying Account

The Agency Base Level request for the Purchase of Services line item is \$4,719,977 each year of the biennium with general revenue of \$982,423 each year.

The Agency Change Level request for Operations is \$263,675 each year of the biennium with no additional general revenue. The following delineates the agency request:

- Regular Salaries and Personal Services Matching of \$13,675 each year for the reclassification of eleven (11) E039C DHS/DSB Teachers for the Blind (C118) positions to L098C Certified Vocational Rehabilitation Counselors (C119) to address the capacity to recruit qualified staff as stated in the federal Rehabilitation Act of 1973, as amended.
- Operating Expenses of \$225,000 each year for upgrade and maintenance support of the AWARE Database System and routine replacements of desktops, laptops, and software. These requests are in compliance with the Agency's IT Plan.
- Capital Outlay of \$25,000 each year to provide appropriation for any large unforeseen purchases.

The Agency Change Level request for the Purchase of Services line item is \$300,000 each year of the biennium with no additional general revenue. This request will provide additional equipment and services for blind and severely visually impaired Arkansans over the age of 55.

The Executive Recommendation provides for the Agency Request in both Operations and the Purchase of Services line item.

Appropriation Summary

Appropriation: 896 - DHS-Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,719,366	2,869,147	3,005,639	2,892,249	2,903,231	2,903,231	2,893,749	2,904,731	2,904,731
#Positions		75	76	76	76	76	76	76	76	76
Extra Help	5010001	42,295	384,174	384,174	384,174	384,174	384,174	384,174	384,174	384,174
#Extra Help		10	30	30	30	30	30	30	30	30
Personal Services Matching	5010003	1,020,238	1,073,299	1,106,779	1,087,785	1,090,478	1,090,478	1,088,135	1,090,828	1,090,828
Operating Expenses	5020002	677,598	1,359,637	1,389,715	1,359,637	1,584,637	1,584,637	1,359,637	1,584,637	1,584,637
Conference & Travel Expenses	5050009	85,012	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Professional Fees	5060010	128,741	663,500	663,500	663,500	663,500	663,500	663,500	663,500	663,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Purchase of Services	5100004	3,876,318	4,719,977	4,719,977	4,719,977	5,019,977	5,019,977	4,719,977	5,019,977	5,019,977
Capital Outlay	5120011	13,832	25,000	25,000	0	25,000	25,000	0	25,000	25,000
Total		8,563,400	11,149,734	11,349,784	11,162,322	11,725,997	11,725,997	11,164,172	11,727,847	11,727,847
Funding Sources										
General Revenue	4000010	1,893,515	1,902,128		1,903,930	1,903,930	1,903,930	1,904,194	1,904,194	1,904,194
Federal Revenue	4000020	6,669,885	9,247,606		9,258,392	9,522,067	9,522,067	9,259,978	9,523,653	9,523,653
Total Funding		8,563,400	11,149,734		11,162,322	11,425,997	11,425,997	11,164,172	11,427,847	11,427,847
Excess Appropriation/(Funding)		0	0		0	300,000	300,000	0	300,000	300,000
Grand Total		8,563,400	11,149,734		11,162,322	11,725,997	11,725,997	11,164,172	11,727,847	11,727,847

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	6,442,345	76	6,442,345	100.0	6,444,195	76	6,444,195	100.0
C01	Existing Program	25,000	0	6,467,345	100.4	25,000	0	6,469,195	100.4
C08	Technology	225,000	0	6,692,345	103.9	225,000	0	6,694,195	103.9
C10	Reclass	13,675	0	6,706,020	104.1	13,675	0	6,707,870	104.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	6,442,345	76	6,442,345	100.0	6,444,195	76	6,444,195	100.0
C01	Existing Program	25,000	0	6,467,345	100.4	25,000	0	6,469,195	100.4
C08	Technology	225,000	0	6,692,345	103.9	225,000	0	6,694,195	103.9
C10	Reclass	13,675	0	6,706,020	104.1	13,675	0	6,707,870	104.1

Justification

C01	Maintenance and Operations- Commitment Item 02. DSB requests funded federal appropriation of 25K for 2016 and 2017 in operating Fund Center 896 to provide for Capital Outlay (commitment item 11). The request is to enable DSB to purchase equipment that is normally purchased as Maintenance & Operation (M&O) in the event the item exceeds the M&O Cost Ceiling and becomes Capital Outlay and to enable DSB to replace a federally funded vehicle used for itinerant travel to consumer's home for places of employment. No additional general revenue is required.
C08	Maintenance and Operations- Commitment Item 02. DSB requests \$ 65K in fund center 896 funded federal appropriation for 2016 and 2017 for AWARE Database System annual upgrade and maintenance support. No additional general revenue is required. DSB requests \$160K in fund center 896 funded federal appropriation for 2016 and 2017 for routine replacements of personal computer desktops, laptops and software. licenses. No additional general revenue is required.
C10	Reclassify eleven E039C DHS/DSB Teachers for the Blind to L098C Certified Vocational Rehabilitation (VR) Counselors.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	4,719,977	0	4,719,977	100.0	4,719,977	0	4,719,977	100.0
C05	Unfunded Appropriation	300,000	0	5,019,977	106.4	300,000	0	5,019,977	106.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	4,719,977	0	4,719,977	100.0	4,719,977	0	4,719,977	100.0
C05	Unfunded Appropriation	300,000	0	5,019,977	106.4	300,000	0	5,019,977	106.4

Justification

C05	ASSISTANCE, GRANTS, AID- COMMITMENT ITEM 04. DSB requests unfunded appropriation of 300K in commitment item 04. Due to lack of funding, over 750 blind and severely visually impaired Arkansans over age 55 are on a waiting list for equipment and services such as training in cane travel. Without these services, they are at great risk of falls, medical complications and premature institutionalization. The funding will purchase those services from World Services for the Blind. DSB will also contract with DHS Aging & Adult Services to train service providers to observe client risk and provide minor services.								
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DHS - Youth Services

Enabling Laws

Act 57 of 2014
A.C.A. §9-27-505 et seq
A.C.A. §9-28-201 et seq
A.C.A. §9-28-601 et seq
A.C.A. §25-10-102
A.C.A. §25-10-401 et seq
A.C.A. §9-28-205

History and Organization

MISSION STATEMENT

The Division of Youth Services (DYS) provides in a manner consistent with public safety, a system of high quality programs to address the needs of the juveniles who come in contact with the juvenile justice system by:

- Providing effective community-based prevention, diversion, and graduated sanction programs.
- Providing leadership for coordination, collaboration, and improvement of the Arkansas juvenile justice system.
- Providing supervision and effective treatment for juvenile offenders in the community.
- Operating safe and secure juvenile correctional facilities in a manner consistent with best practices in the field and with effective treatment programming for the population served in the community.

DYS HISTORY and STATUTORY RESPONSIBILITIES

Act 199 of 1905 established Arkansas' first reform schools, one near Little Rock and the other near Alexander. Under Act 67 of 1917, the Boys' Reform or "Industrial School" was relocated to Pine Bluff; both the boys' and girls' industrial schools were placed under the administration of independent boards appointed by the Governor. Act 526 of 1921 provided the placement of both industrial schools under the management and control of a single Board of Managers. Act 60 of 1937 established the first industrial school at Wrightsville; in 1949, the

Fargo Industrial School near Brinkley was opened. From 1953 until 1968, each of the four industrial or "training" schools had its own Board of Managers. In 1968, the four boards were condensed into one.

In 1968, training school operations were placed under the Department of Rehabilitation Services which resulted in providing a diagnostic and reception service at the then Benton State Hospital, implementation of a parole service to provide aftercare services to youth released from the training schools, and the establishment of a central office for training schools.

In 1971, under Act 38, the Executive Department of the State of Arkansas underwent a major reorganization. Consequently, juvenile services was separated from its former parent agency, The Division of Rehabilitation Services, and placed under the director of the newly created Department of Social and Rehabilitative Services.

Aided by a grant from the Federal Law Enforcement Assistance Act (FLEAA), in 1974 the Juvenile Services Office began developing a comprehensive state plan for delinquency prevention and control. In 1976, the plan, entitled "A Systems Approach to Services for Youth", was published with the intended outcome of providing "a foundation for the unification of all aspects of youth services into a coordinated, goal directed system of viable services for troubled youth".

In 1977, the original Division of Youth Services was created as a part of the Department of Human Services. During the eight-year existence of the Division of Youth Services, the number of training schools was reduced to two - Pine Bluff and Alexander. The Wrightsville Training School was transferred to the Department of Correction.

Act 348 of 1985 merged the Division of Youth Services with the new Division of Children and Family Services. As a component of its new parent agency, the Office of Youth Services continued to be responsible for operation of the two youth services centers and management of funding for the contracted community-based programs serving delinquent youth. The Youth Services Board continued its role of overseeing the management of the Youth Services Centers.

The Division of Youth Services (DYS) was established October 1, 1993, pursuant to Act 1296 as a response to the State's obligation to juveniles involved with the juvenile justice system. The Division was charged with a number of responsibilities under Act 1296. The first was to coordinate communication among the various components of the juvenile justice system. The second was to oversee reform of the state's juvenile justice system, which included closing the Pine Bluff Youth Services Center, establishing serious offender programs in its place, and expanding the system of community-based services. The third was to provide Family-in-Need-of-Services (FINS) to prevent youth delinquency. Other functions set out in the Act include conducting research into the causes, nature, and treatment of juvenile delinquency and related problems; development of programs for early intervention and prevention of juvenile delinquency; and maintaining information files on juvenile delinquents in the state.

Act 1113 of 1995 required the Division to expand community-based services. This Act provides for contracts for the establishment of Therapeutic Group Homes and Independent Living Programs.

Act 1261 of 1995 established the powers and duties of the Division.

Act 1333 of 1997 also established the Department of Human Services State Institutional System Board to oversee all real property owned and operated by the Department for Youth Services and mental health treatment facilities. The former Youth Services Board was eliminated.

Act 1030 of 1999 requires the Division to separate juvenile offenders committed to a facility operated by the Division based upon: 1) the age of the juvenile offender; 2) the seriousness of the crime or crimes committed by the juvenile offender; or 3) whether the juvenile offender has been adjudicated delinquent of a sex offense as defined under A.D.A 12-12-903(a)(12). Act 1192 of 1999 allows the court to make a determination to designate a juvenile as an extended juvenile jurisdiction offender. Act 1272 of 1999 requires the Division to establish a separate facility to house offenders between the ages of eighteen and twenty-one who have been committed to the Division.

Act 559 of 2001 allows the court to make a determination to transfer an offender under the age of eighteen years from the Department of Correction to the Division of Youth Services. Act 1048 of 2001 allows for dissemination of juvenile aftercare and custody information to law enforcement officials, criminal justice agencies, and officials for the administration of criminal justice. Act 1468 of 2001 released the obligation to repay existing revolving loans for juvenile detention centers located in Independence County, Yell County, Jefferson County, Washington County and Miller County. The Division of Youth Services has no obligation to utilize or fund detention centers or facilities. Act 1583 of 2001 provides for the Division to exempt placements of delinquent youth committed to the Division from the permit of approval process. Act 1794 of 2001 protects DYS employees of the Alexander Youth Service Center from loss of pay as a result of the privatization of the center.

Act 1265 of 2003 provides for juvenile sex offender assessment, registration, and DNA samples.

Act 1255 of 2005 to assure the continuity of education, requires that students who are adjudicated to the Division of Youth Services and complete high school requirements for a diploma shall be issued a diploma from the last school district attended. Act 1530 of 2005 adopts a new interstate compact for juveniles.

Act 742 of 2007 provided for the protection of the confidentiality of juvenile records. Act 855 of 2007 renamed Alexander Juvenile Correctional Facility to Arkansas Juvenile Assessment and Treatment Center.

Act 972 of 2009 established a System of Education within the Division of Youth Services. This act established a partnership between the Division of Youth Services and the Arkansas Department of Education to implement a system of education in residential facilities operated by DYS that conform to the guidelines established by the Department of Education as set for in A.C.A. §9-28-205.

Act 1478 of 2013 exempts the Division of Youth Services from the jurisdiction of the Claims Commission over claims for acts committed by juveniles released by the division, whether or not the juvenile is subject to conditions of aftercare or probation. Act 1258 of 2013 concerning contracts between the Division of Youth Services and Community-Based Providers requires legislative review of all changes.

PRIMARY ACTIVITIES PROVIDED BY DYS

The Division of Youth Services (DYS) provides the following services through contracted providers: a) management and operation of the Arkansas Juvenile Assessment and Treatment Center, assessment services for adjudicated youth committed to DYS; b) seven juvenile programs for serious and chronic juvenile offenders committed to DYS; c) residential alternative services for adjudicated youth committed to DYS; d) community based residential treatment and emergency shelter programs for juveniles whose emotional or behavioral problems cannot be resolved in their own home; e) non-residential services provided by contracted community based programs; and f) The Juvenile Justice and Delinquency Prevention (JJDP) Act authorizes funds for the support of local prevention programs and monitoring of local detention facilities. In addition, the Division directly manages the placement, case management, and release functions for committed youth.

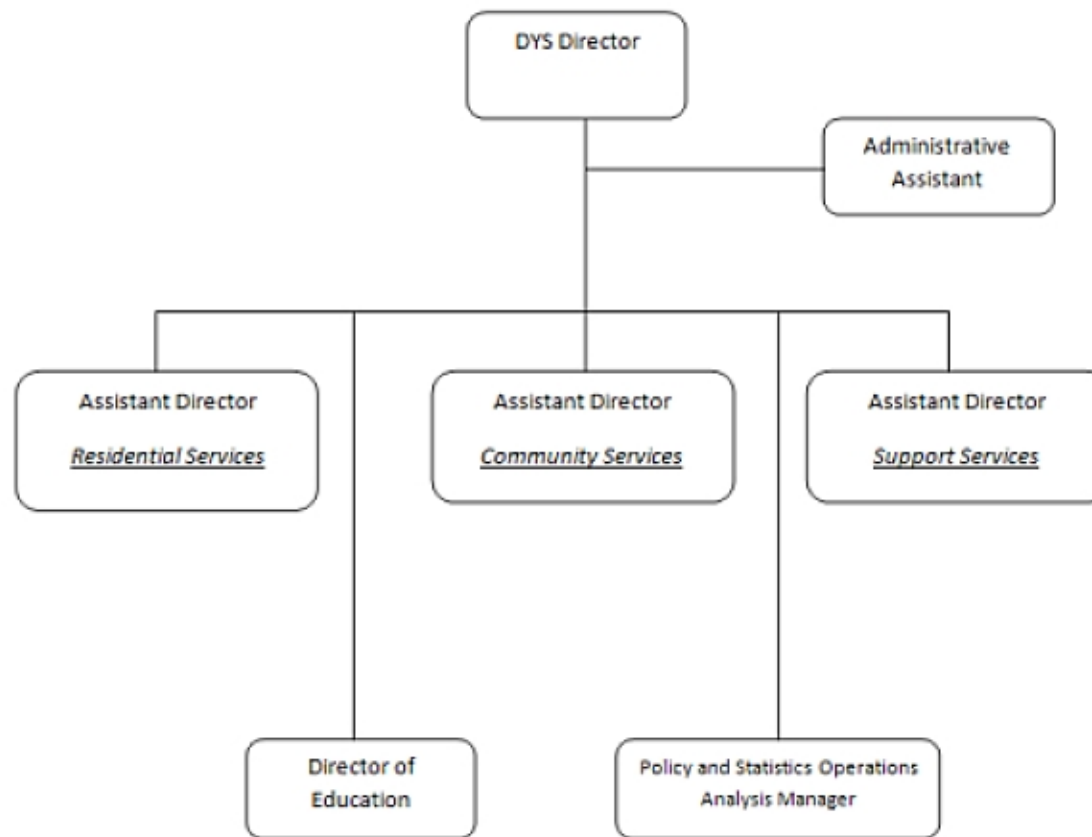
DYS' Executive Staff continues to work to reinforce working relationships with juvenile courts throughout Arkansas. The goal of this effort is to make sure all partners involved within the juvenile justice system are fully aware of the various programs, other than residential placement, that are available to Arkansas youth. DYS accredits a continued reduction of commitments of the effort of the Juvenile System Partners. DYS continues to be committed to the youth of Arkansas by continuing to put in place evidence-based and promising practice programs that are proven effective to reduce commitments and future involvement with the juvenile justice system.

GOVERNING BOARD

Pursuant to Act 1513 of 2013, the Arkansas Coalition for Juvenile Justice Board (ACJJ) was changed from an advisory board to a governing board. The ACJJ Board oversees the federal Title II grant funds, Title V grant funds, Challenge, and Juvenile Accountability Incentive Block Grant funds awarded by the Office of Juvenile Justice and Delinquency Prevention, U.S. Department of Justice.

ORGANIZATION

The Division of Youth Services is located within the Department of Human Services.



Agency Commentary

The Division of Youth Services (DYS) 2015-2017 Biennial Budget request is for appropriation and funds to support state funded community and residential programs for juveniles. This request emphasizes the availability of community services for at-risk juveniles. The following items reflect the major components included in the Division's change level requests:

- General Revenue to replace one-time funding in the base level budget;
- Enhanced community services;
- New community education services;
- Unfunded appropriation to allow the Division to respond to needs.

The budget amount requested is essential to the Division's effort to have available to each juvenile a system of services and placements that will ensure a timely and appropriate response to each juvenile's needs.

Administration Operations - Appropriation 896

The administration program plans, develops, coordinates, and implements all administrative support activities for the Division. This program also includes certain educational and contract activities necessary to support the provision of educational and other services to clients.

The Division is requesting reclassification of One (1) DHS/DYS Education Manager (E010C C125) position to a Public School Program Manager (E006C C126) allowing retention and better future recruitment of this position. Additionally, this position currently supervises a C125 position.

The Division is requesting unfunded appropriation in Professional Fees to return the appropriated line item to its current authorized level. This will allow for adjustments based upon needs of required medical services or if additional funding is received to support Division objectives.

The Division is requesting unfunded appropriation in Capital Outlay to return the appropriated line item to its current authorized level for any equipment replacements that may arise.

The Division is requesting unfunded appropriation in the Statewide Prevention/Intervention Youth Development Services line to return the appropriated line item to its current authorized level. This will allow for any additional prevention and intervention youth grants funded from the Attorney General's Office settlements for Boys and Girls Clubs.

Community Services Program:

The community services programs provide a wide range of non-residential programs for Families in Need of Services (FINS), juvenile offenders, youth at risk for becoming juvenile offenders, and for juveniles transferred from a DYS residential program to aftercare. These services include interstate compact, electronic monitoring, intensive supervision and tracking, restitution, day services (educational services for youth who are admitted to the program and not enrolled in school), juvenile crime prevention, and aftercare supervision for state custody youth. In addition to the non-residential programs offered, emergency shelter services are provided along with community based non-secure

residential treatment. Residential treatment provides twenty-four hour treatment services for juveniles whose emotional and/or behavioral problems cannot be remedied in his or her home. Community services are provided by privately operated, non-profit organizations to juveniles up to age 21 for aftercare. Services are available in each of the 28 judicial districts.

The community based sanctions program is to ensure appropriate sanctions for juveniles adjudicated delinquent. This program is intended to provide a range of sanction alternatives for juveniles who are adjudicated delinquent and those who fail to comply with aftercare plans or orders of the court. The intent of the program is to provide more options for the courts and community based providers working with juveniles in the community, rather than committing them to DYS.

Additional community based services are provided through the Juvenile Justice and Delinquency Prevention Program (JJDP). JJDP funds are used at the local level to develop comprehensive strategies for prevention, community policing, reducing disproportionate minority confinement, ensuring separation of children from adults in jails and lockups, removing non-offending youth from correctional facilities, and promoting gender specific services to meet the unique needs of females.

The Juvenile Accountability Block Grant (JABG) program is a federal program designed to promote greater accountability in the juvenile justice system and target 17 specified program purpose areas. These federal funds are designated for local units of government.

Juvenile Accountability Incentive Block Grant - Appropriation 2RA

The Division is requesting federally funded appropriation to return the appropriation to its current authorized level due to possible increases in federal funding provided through the Juvenile Accountability Incentive Block Grant.

Community Services - Appropriation 2RB

The Division is requesting new general revenue of \$1,437,409 in both years of the biennium to replace one-time funding in the base level budget related to the Commitment Reduction contracts. The success of the evidence based, best practice pilot programs, were implemented using American Recovery and Re-investment Act (ARRA) funding and set aside/general improvement funds; these contracts have been successful in reducing commitments to DYS residential facilities. However, these one-time funding sources have depleted and the Division cannot guarantee a fund balance to continue the Commitment Reduction contracts into the next biennium.

The Division is requesting new general revenue funded appropriation of \$1,500,000 in both years of the biennium for Community Services contracts in accordance with section 3 (5), Act 1261 of 1995; to establish state funded prevention, intervention, and diversion programs to address the needs of at-risk and delinquent youth. This is critical to reduce incarcerations, and to divert youth from the cradle-to-prison pipeline.

The Division is requesting new general revenue funded appropriation of \$500,000 in both years of the biennium for new Community Services Education contracts to partner with school districts to establish an education advocacy program to provide casework services in schools, reduce court referrals, and improve educational outcomes for youth.

The Division is requesting unfunded appropriation to provide additional appropriation for contracted services as funds are needed for contract adjustments, if other revenues become available.

Federal Child and Youth Service Grants - Appropriation 2RC

The Division is requesting federally funded appropriation to allow for possible increases in federal funding. These grants can include Title I, Title II, Title V and Social Services Block Grant (SSBG).

Residential Services Program:

The residential services program provides services for juveniles committed to DYS needing a secure and/or specialized treatment environment and are operated through contracts with private non-profit and for-profit providers.

The Division operates residential programs at eight locations that house and treat the states' most serious, chronic, or violent juvenile offenders committed to the Division by the state's district courts. These facilities are as follows:

- Arkansas Juvenile Assessment and Treatment Center
- Dermott Juvenile Correctional Facility
- Dermott Juvenile Treatment Center
- Lewisville Juvenile Treatment Center
- Harrisburg Juvenile Treatment Center
- Colt Juvenile Treatment Center
- Mansfield Juvenile Treatment Center
- Mansfield Juvenile Treatment Center for Girls

The Arkansas Juvenile Assessment and Treatment Center provides centralized intake for juveniles committed to the Division. The target population of juveniles assigned to this facility is the most serious violent offenders, difficult to place sexual offenders, and juveniles who disrupted a placement due to behavior management issues. Arkansas Juvenile Assessment and Treatment Center emphasizes cognitive behavioral treatment, education, and substance abuse treatment.

The juvenile residential facilities are designed to provide intensive treatment with emphasis on education and substance abuse counseling. These programs work with males 13 to 18 years old, and females 13 to 21 years old, who have committed one or more Y, A, or B felonies;

committed two or more times to DYS; committed two or more felonies or committed a misdemeanor offense and who has documented history of two or more prior adjudications of a delinquent act. Committed females are housed at either Mansfield or Alexander only. Only 18 to 21 year old adjudicated youths are housed in the Dermott Juvenile Correctional Facility.

Residential treatment facilities provide for alternative placements and specialized residential treatment programs. They are available for youth needing sex offender treatment, substance abuse treatment, therapeutic group homes, and residential psychiatric placement and counseling.

Residential Services - Appropriation 2YH

The Division is requesting new general revenue of \$612,900 in both years of the biennium to replace one-time funding in the base level budget. The Division cannot guarantee a fund balance to continue this funding into the next biennium.

The Division is requesting unfunded appropriation to provide additional appropriation for contracted services as funds are needed for contract adjustments, if other revenues become available.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
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Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
ACJJ Annual Report to the Governor (JJDP)	Federal Mandate JJDP Prevention Act of 2002	N	N	500	This report is continued to be in compliance with the federally mandated Juvenile Justice Delinquency Prevention Act of 2002	0	0.00
Compliance Monitoring Report	Federal Mandate - JJDP Prevention Act of 2002	N	N	3	This report is continued to be in compliance with the federally mandated Juvenile Justice Delinquency Prevention (JJDP) Act of 2002	0	0.00
Division of Youth Services System of Education	Act 972 of the Regular Session 87th General Assemb	N	Y	1	This report is to be provided annually on March 1 to the House Committee on Aging, Children and Youth, Legislative and Military Affairs and to the Senate Committee on Children and Youth. The report is to contain information regarding the state of the Division of Youth services System of Education.	0	0.00
Three Year State Plan & Three Year Update Juvenile Justice Delinquency Prevention (JJDP)	Federal Mandate JJDP Prevention Act of 2002	N	N	1	This report is continued to be in compliance with the federally mandated Juvenile Justice Delinquency Prevention Act of 2002	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QZ Community Based Sanctions	2,469,818	0	2,550,000	0	2,550,000	0	2,550,000	0	2,550,000	0	2,550,000	0	2,550,000	0	2,550,000	0	2,550,000	0
2RA Juvenile Account Incentive Block Grant	123,976	0	781,730	0	1,671,520	0	781,730	0	1,671,520	0	1,671,520	0	781,730	0	1,671,520	0	1,671,520	0
2RB Community Services	15,814,914	0	16,150,017	0	21,427,312	0	16,150,017	0	20,150,017	0	20,150,017	0	16,150,017	0	20,150,017	0	20,150,017	0
2RC Federal Child & Youth Service Grants	4,022,299	0	5,262,546	0	5,746,475	0	5,262,546	0	6,262,546	0	6,262,546	0	5,262,546	0	6,262,546	0	6,262,546	0
2YH Residential Services	26,941,432	0	27,291,690	0	26,579,874	0	27,291,690	0	29,291,690	0	29,291,690	0	27,291,690	0	29,291,690	0	29,291,690	0
896 Division of Youth Services	6,727,924	88	8,376,421	88	10,847,695	88	8,433,518	88	10,580,680	88	10,580,680	88	8,435,980	88	10,583,142	88	10,583,142	88
Total	56,100,363	88	60,412,404	88	68,822,876	88	60,469,501	88	70,506,453	88	70,506,453	88	60,471,963	88	70,508,915	88	70,508,915	88

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	48,077,290	85.7	48,258,568	79.9		48,308,969	79.9	52,359,278	81.4	48,308,969	80.1	48,311,143	79.9	52,361,452	81.4	48,311,143	80.1
Federal Revenue	4000020	4,308,718	7.7	6,222,259	10.3		6,228,801	10.3	7,228,801	11.2	7,228,801	12.0	6,229,083	10.3	7,229,083	11.2	7,229,083	12.0
Trust Fund	4000050	123,976	0.2	781,730	1.3		781,730	1.3	1,671,520	2.6	1,671,520	2.8	781,730	1.3	1,671,520	2.6	1,671,520	2.8
Transfer to Ar Pub Defender	4000603	(90,054)	(0.2)	(240,000)	(0.4)		(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)
Transfer to DFA Disbursing	4000610	(400,000)	(0.7)	(400,000)	(0.7)		(400,000)	(0.7)	(400,000)	(0.6)	(400,000)	(0.7)	(400,000)	(0.7)	(400,000)	(0.6)	(400,000)	(0.7)
Transfer to Medicaid Match	4000660	(365,713)	(0.7)	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support	4000730	4,446,146	7.9	5,789,847	9.6		5,790,001	9.6	3,739,692	5.8	3,739,692	6.2	5,790,007	9.6	3,739,698	5.8	3,739,698	6.2
Total Funds		56,100,363	100.0	60,412,404	100.0		60,469,501	100.0	64,359,291	100.0	60,308,982	100.0	60,471,963	100.0	64,361,753	100.0	60,311,444	100.0
Excess Appropriation/(Funding)		0		0			0		6,147,162		10,197,471		0		6,147,162		10,197,471	
Grand Total		56,100,363		60,412,404			60,469,501		70,506,453		70,506,453		60,471,963		70,508,915		70,508,915	

FY15 Budget exceeds Authorized in (2YH) Residential Services by authority of Reallocation of Resources.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
88	81	7	88	0	7.95 %	88	82	6	88	0	6.82 %	88	78	10	88	0	11.36 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 2QZ - Community Based Sanctions

Funding Sources: DYS - Youth Services Fund Account

This Community Based Sanctions appropriation is used by the Division of Youth Services (DYS) to ensure appropriate sanctions for juveniles adjudicated delinquent. This program is intended to provide a range of sanction alternatives for juveniles who are adjudicated delinquent and for those who fail to comply with aftercare plans or orders of the Court.

The intent of this program is to provide more options for the Courts and Community Based Providers in working with juveniles in the community rather than committing them to DYS. The primary goal of graduated (progressive) sanctions is to reduce problem behaviors, and include the following examples:

- Verbal Warnings
- Contracts with conditions (curfews, increased treatment, increased drug testing, etc.)
- Community Service/Work Crew hours
- Day Reporting
- Electronic Monitoring
- Short Term Confinement (requires court involvement)
- Long Term Confinement (requires court involvement)

Funding for this appropriation is general revenue (DYS-Youth Services Fund Account) and other revenues which are indicated as various program support that become available, such as funding certified under the 45 day rule.

The Agency Base Level and total request for this appropriation is \$2,550,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QZ - Community Based Sanctions

Funding Sources: DYS - Youth Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	2,469,818	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000
Total		2,469,818	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000

Funding Sources										
General Revenue	4000010	2,469,818	2,550,000		2,550,000	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000
Total Funding		2,469,818	2,550,000		2,550,000	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,469,818	2,550,000		2,550,000	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000

Analysis of Budget Request

Appropriation: 2RA - Juvenile Account Incentive Block Grant

Funding Sources: TYS - Juvenile Accountability Incentive Block Grant (JAIBG) Trust Fund

The Juvenile Accountability Incentive Block Grant (JAIBG) appropriation is a federal program administered by the Office of Juvenile Justice and Delinquency Prevention program within the US Department of Justice. The JAIBG is designed to promote greater accountability in the juvenile justice system by targeting 16 specified program purpose areas, including the following:

- Graduated sanctions for juvenile offenders
- Construction of juvenile detention or correctional facilities
- Hiring of judges/probation officers/public defenders and pre-trial services
- Hiring prosecutors
- Funding to prosecutors, including technology, equipment and training programs
- Training for law enforcement & court personnel
- Juvenile gun courts
- Juvenile drug courts
- Juvenile records system
- Inter-agency information sharing programs
- Accountability based programs
- Risk and Needs assessment
- School safety accountability based programs
- Restorative justice programs
- Juvenile courts and probation programs
- Hiring/training detention & corrections personnel

Funding for this appropriation is 100% federal JAIBG funds that are designated for local units of government. The State established and utilizes an interest bearing trust fund to deposit program funds received through a grant award under the JAIBG program. State and local governments that are eligible to receive JAIBG funds must establish a coordinated enforcement plan developed by a Juvenile Crime Enforcement Coalition (JCEC) at either the state or local level for the purpose of reducing juvenile crime.

The Agency Base Level request for this appropriation is \$781,730 each year of the biennium.

The Agency Change Level request is \$889,790 each year of the biennium due to a possible increase in federal funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2RA - Juvenile Account Incentive Block Grant

Funding Sources: TYS - Juvenile Accountability Incentive Block Grant (JAIBG) Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	123,976	781,730	1,671,520	781,730	1,671,520	1,671,520	781,730	1,671,520	1,671,520
Total		123,976	781,730	1,671,520	781,730	1,671,520	1,671,520	781,730	1,671,520	1,671,520

Funding Sources										
Trust Fund	4000050	123,976	781,730		781,730	1,671,520	1,671,520	781,730	1,671,520	1,671,520
Total Funding		123,976	781,730		781,730	1,671,520	1,671,520	781,730	1,671,520	1,671,520
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		123,976	781,730		781,730	1,671,520	1,671,520	781,730	1,671,520	1,671,520

Change Level by Appropriation

Appropriation: 2RA - Juvenile Account Incentive Block Grant

Funding Sources: TYS - Juvenile Accountability Incentive Block Grant (JAIBG) Trust Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	781,730	0	781,730	100.0	781,730	0	781,730	100.0
C01	Existing Program	889,790	0	1,671,520	213.8	889,790	0	1,671,520	213.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	781,730	0	781,730	100.0	781,730	0	781,730	100.0
C01	Existing Program	889,790	0	1,671,520	213.8	889,790	0	1,671,520	213.8

Justification

C01	The Division requests appropriation for both years of the biennium to return the appropriation to its current authorized level for a possible increase in federal funding provided through the Juvenile Accountability Incentive Block Grant.								
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Analysis of Budget Request

Appropriation: 2RB - Community Services

Funding Sources: DYS - Youth Services Fund Account

The Community Services appropriation is utilized by the Division of Youth Services (DYS) to purchase services from community based providers for non-committed youth who are considered at risk or low risk, and for juveniles transferred from a DYS residential program to aftercare. These services include electronic monitoring, intensive supervision and tracking, day services (educational services for youth admitted to the program who are not enrolled in school), crime prevention/intervention and aftercare supervision for state custody youth.

In addition to non-residential programs offered, emergency shelter services are provided along with community based non secure residential treatment for juveniles whose emotional and/or behavioral problems cannot be remedied in his/her home. These services are available in each of the 28 judicial districts, and are provided by privately operated, nonprofit organizations to juveniles up to 18 years of age. Aftercare services are provided to juveniles up to 21 years of age.

Funding for this appropriation is general revenue (DYS-Youth Services Fund Account) and other revenues which are indicated as various program support that become available, such as Targeted Case Management and Rehab funding.

The Agency Base Level request for this appropriation is \$16,150,017 each year of the biennium.

The Agency Change Level request for appropriation is \$4,000,000, which includes new general revenue of \$3,437,409, each year of the biennium for the following:

- \$1,500,000 of appropriation and new general revenue for Community Service contracts to address the needs of at-risk and delinquent youth.
- \$500,000 of appropriation and new general revenue for Community Service Education contracts. This will allow the DYS Education Unit to ensure that the educational needs of youth are being met during their rehabilitation.
- \$2,000,000 to provide flexibility for contracted services as funds are needed for contract adjustments.
- \$1,437,409 in new general revenue to offset the loss of Rehab funding for Commitment Reduction contracts. These contracts are designed to address community based interventions to reduce commitments to DYS.

The Executive Recommendation provides for the Agency Request for appropriation with no new general revenue funding.

Appropriation Summary

Appropriation: 2RB - Community Services

Funding Sources: DYS - Youth Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	15,814,914	16,150,017	21,427,312	16,150,017	20,150,017	20,150,017	16,150,017	20,150,017	20,150,017
Total		15,814,914	16,150,017	21,427,312	16,150,017	20,150,017	20,150,017	16,150,017	20,150,017	20,150,017
Funding Sources										
General Revenue	4000010	14,290,782	14,637,608		14,637,608	18,075,017	14,637,608	14,637,608	18,075,017	14,637,608
Various Program Support	4000730	1,524,132	1,512,409		1,512,409	75,000	75,000	1,512,409	75,000	75,000
Total Funding		15,814,914	16,150,017		16,150,017	18,150,017	14,712,608	16,150,017	18,150,017	14,712,608
Excess Appropriation/(Funding)		0	0		0	2,000,000	5,437,409	0	2,000,000	5,437,409
Grand Total		15,814,914	16,150,017		16,150,017	20,150,017	20,150,017	16,150,017	20,150,017	20,150,017

Change Level by Appropriation

Appropriation: 2RB - Community Services
Funding Sources: DYS - Youth Services Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	16,150,017	0	16,150,017	100.0	16,150,017	0	16,150,017	100.0
C01	Existing Program	2,000,000	0	18,150,017	112.4	2,000,000	0	18,150,017	112.4
C05	Unfunded Appropriation	2,000,000	0	20,150,017	124.8	2,000,000	0	20,150,017	124.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	16,150,017	0	16,150,017	100.0	16,150,017	0	16,150,017	100.0
C01	Existing Program	2,000,000	0	18,150,017	112.4	2,000,000	0	18,150,017	112.4
C05	Unfunded Appropriation	2,000,000	0	20,150,017	124.8	2,000,000	0	20,150,017	124.8

Justification

C01	\$1,500,000 funded appropriation in both years of the biennium for new Community Services contracts in accordance with Section 3 (5), Act 1261 of 1995; to establish state funded prevention, intervention, and diversion programs to address the needs of at-risk and delinquent youth. This is critical to reduce incarcerations, and to divert youth from the cradle-to-prison pipeline. \$500,000 funded appropriation in both years of the biennium for new Community Services Education contracts to partner with school districts to establish education advocacy program to provide casework services in schools, reduce court referrals, and improve educational outcomes for youth.
C05	Unfunded appropriation in both years of the biennium to provide additional appropriation for contracted services as funds are needed for contract adjustments, if other revenues become available.

Analysis of Budget Request

Appropriation: 2RC - Federal Child & Youth Service Grants

Funding Sources: FWF - DHS Federal

This appropriation enables the Division of Youth Services to provide grants to various entities for delinquency programs in accordance with the U.S. Department of Justice. Programs focus on training local officials and staff to work with juveniles to prevent delinquency at the local level by developing comprehensive strategies for prevention, community policing, reducing disproportionate minority confinement, ensuring separation of children from adults in confinement when detention is unavoidable, removing non-offending youth from correctional facilities and promoting gender specific services to meet the needs of females to prevent them entering the juvenile justice system.

Funding for this appropriation is 100% federal revenue. The federal funds are derived from Juvenile Justice and Delinquency Prevention grants (JJPD), Social Service Block Grants (SSBG) and Title I funding.

The Agency Base Level request for this appropriation is \$5,262,546 each year of the biennium.

The Agency Change Level request for appropriation is \$1,000,000 each year of the biennium to support any increases in federal funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2RC - Federal Child & Youth Service Grants

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	4,022,299	5,262,546	5,746,475	5,262,546	6,262,546	6,262,546	5,262,546	6,262,546	6,262,546
Total		4,022,299	5,262,546	5,746,475	5,262,546	6,262,546	6,262,546	5,262,546	6,262,546	6,262,546
Funding Sources										
Federal Revenue	4000020	4,022,299	5,262,546		5,262,546	6,262,546	6,262,546	5,262,546	6,262,546	6,262,546
Total Funding		4,022,299	5,262,546		5,262,546	6,262,546	6,262,546	5,262,546	6,262,546	6,262,546
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,022,299	5,262,546		5,262,546	6,262,546	6,262,546	5,262,546	6,262,546	6,262,546

Change Level by Appropriation

Appropriation: 2RC - Federal Child & Youth Service Grants
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	5,262,546	0	5,262,546	100.0	5,262,546	0	5,262,546	100.0
C01	Existing Program	1,000,000	0	6,262,546	119.0	1,000,000	0	6,262,546	119.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	5,262,546	0	5,262,546	100.0	5,262,546	0	5,262,546	100.0
C01	Existing Program	1,000,000	0	6,262,546	119.0	1,000,000	0	6,262,546	119.0

Justification

C01	The Division requests an increase in appropriation in the amount of \$1,000,000 for each year of the biennium to support any increases in federal funding.
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Analysis of Budget Request

Appropriation: 2YH - Residential Services

Funding Sources: DYS - Youth Services Fund Account

This appropriation provides residential services for juveniles committed to the Division of Youth Services. Following evaluation at the state operated observation and assessment facility; juveniles are placed in an appropriate program in a secure and/or specialized treatment environment. The Division operates seven juvenile residential facilities that house and treat the state's most serious chronic or violent juvenile offenders committed to the Division by the State's District Courts.

Residential services are provided to juveniles through contracts with private community providers and include the following:

Arkansas Juvenile Assessment & Treatment Center (AJATC)

Provides centralized intake for all juveniles assigned to DYS and is assigned for the most serious violent/sexual offenders and for those that disrupt placement due to behavior issues. This facility houses 143 youth.

Eight Regional Juvenile Treatment Centers

Provide services for males age 14-18, females age 14-21 (housed at the Mansfield female unit) and males age 18-21 housed at the Dermott Juvenile Correctional Facility (JCF). These facilities house a total of 204 youth.

Alternative placement and Specialized Treatment Programs

The Division contracts with 12 different provider groups throughout the state to provide specialized treatment including Psychiatric/Therapeutic Treatments, Sex Offender Treatment and Substance Abuse Treatment.

Funding for this appropriation is general revenue (DYS-Youth Services Fund Account) and other revenues which are indicated as various program support that become available, such as Targeted Case Management and Rehab funding.

The Agency Base Level request for this appropriation is \$27,291,690 each year of the biennium.

The Agency Change Level request for appropriation is \$2,000,000 to provide flexibility for contracted services as funds are needed for contract adjustments and new general revenue of \$612,900 to offset the loss of Rehab funding, each year of the biennium.

The Executive Recommendation provides for the Agency Request for appropriation with no new general revenue.

Appropriation Summary

Appropriation: 2YH - Residential Services

Funding Sources: DYS - Youth Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	26,941,432	27,291,690	26,579,874	27,291,690	29,291,690	29,291,690	27,291,690	29,291,690	29,291,690
Total		26,941,432	27,291,690	26,579,874	27,291,690	29,291,690	29,291,690	27,291,690	29,291,690	29,291,690

Funding Sources										
General Revenue	4000010	24,262,059	23,036,921		23,036,921	23,649,821	23,036,921	23,036,921	23,649,821	23,036,921
Various Program Support	4000730	2,679,373	4,254,769		4,254,769	3,641,869	3,641,869	4,254,769	3,641,869	3,641,869
Total Funding		26,941,432	27,291,690		27,291,690	27,291,690	26,678,790	27,291,690	27,291,690	26,678,790
Excess Appropriation/(Funding)		0	0		0	2,000,000	2,612,900	0	2,000,000	2,612,900
Grand Total		26,941,432	27,291,690		27,291,690	29,291,690	29,291,690	27,291,690	29,291,690	29,291,690

FY15 Budget exceeds Authorized by authority of Reallocation of Resources.

Change Level by Appropriation

Appropriation: 2YH - Residential Services
Funding Sources: DYS - Youth Services Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	27,291,690	0	27,291,690	100.0	27,291,690	0	27,291,690	100.0
C05	Unfunded Appropriation	2,000,000	0	29,291,690	107.3	2,000,000	0	29,291,690	107.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	27,291,690	0	27,291,690	100.0	27,291,690	0	27,291,690	100.0
C05	Unfunded Appropriation	2,000,000	0	29,291,690	107.3	2,000,000	0	29,291,690	107.3

Justification

C05	Unfunded appropriation in both years of the biennium to provide additional appropriation for contracted services as funds are needed for contract adjustments, if other revenues become available.								
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Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Division of Youth Services was created by Act 1296 of 1993 to be entirely devoted “to handling the problems of youths involved with the juvenile justice system.” The primary responsibilities of DYS as it functions today are to coordinate components of the juvenile justice system, establish serious offender programs, expand community based-services, and provide services to delinquent and Family-in-Need-of-Services (FINS) youth. Other responsibilities of the agency include research related to juvenile delinquency and related problems, development of programs for early intervention and prevention of juvenile delinquency and maintenance of information on juvenile delinquents in the state. This appropriation provides administrative support for the Division of Youth Services.

Funding for this appropriation includes general revenue (DYS - Youth Services Fund Account), federal revenues, and other revenues that become available, which are indicated as various program support. The federal funds are derived from Juvenile Justice and Delinquency Prevention Program (JJDP) funds, Juvenile Accountability Block Grant (JAPBG) funds and Title I funds. Various program support can also include sources such as Carl Perkins Grant funding, McArthur Private Grant funding and Attorney General’s Office settlements.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee’s health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Base Level request for this appropriation is \$8,433,518 in FY2016 and \$8,435,980 in FY2017 with 88 budgeted base level positions.

The Agency Change Level request for appropriation only is \$2,147,162 each year of the biennium for the following:

- Reclassify Position (1): One (1) E010C DHS/DYS Education Manager (C125) to an E006C Public School Program Manager (C126). This request will reclassify the Superintendent of Schools for DYS.
- Professional Fees of \$42,162 to allow for contract adjustments based upon needs of medical services that may be required.
- Capital Outlay of \$105,000 for any equipment replacements that may arise.
- Statewide Prevention/Intervention Youth Development Services of \$2,000,000 for prevention and intervention youth grants.

The Executive Recommendation provides for the Agency Request with the exception of the reclassification of the DHS/DYS Education Manager (C125) to a Public School Program Manager (C126). Instead, the Executive Recommendation provides for the position to be reclassified as a DYS Academic Administrator (C126).

Appropriation Summary

Appropriation: 896 - DHS-Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,519,237	3,611,210	3,874,666	3,648,965	3,648,965	3,648,965	3,650,965	3,650,965	3,650,965
#Positions		88	88	88	88	88	88	88	88	88
Extra Help	5010001	4,852	40,008	40,008	40,008	40,008	40,008	40,008	40,008	40,008
#Extra Help		2	34	34	34	34	34	34	34	34
Personal Services Matching	5010003	1,257,087	1,277,472	1,338,128	1,296,814	1,296,814	1,296,814	1,297,276	1,297,276	1,297,276
Overtime	5010006	5	8,004	8,004	8,004	8,004	8,004	8,004	8,004	8,004
Operating Expenses	5020002	1,690,217	3,013,339	3,013,339	3,013,339	3,013,339	3,013,339	3,013,339	3,013,339	3,013,339
Conference & Travel Expenses	5050009	40,146	114,500	114,500	114,500	114,500	114,500	114,500	114,500	114,500
Professional Fees	5060010	150,270	311,888	354,050	311,888	354,050	354,050	311,888	354,050	354,050
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	26,110	0	105,000	0	105,000	105,000	0	105,000	105,000
Statewide Prevention/Inerventio	5900048	40,000	0	2,000,000	0	2,000,000	2,000,000	0	2,000,000	2,000,000
Total		6,727,924	8,376,421	10,847,695	8,433,518	10,580,680	10,580,680	8,435,980	10,583,142	10,583,142

Funding Sources										
General Revenue	4000010	7,054,631	8,034,039		8,084,440	8,084,440	8,084,440	8,086,614	8,086,614	8,086,614
Federal Revenue	4000020	286,419	959,713		966,255	966,255	966,255	966,537	966,537	966,537
Transfer to Ar Pub Defender	4000603	(90,054)	(240,000)		(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)
Transfer to DFA Disbursing	4000610	(400,000)	(400,000)		(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Transfer to Medicaid Match	4000660	(365,713)	0		0	0	0	0	0	0
Various Program Support	4000730	242,641	22,669		22,823	22,823	22,823	22,829	22,829	22,829
Total Funding		6,727,924	8,376,421		8,433,518	8,433,518	8,433,518	8,435,980	8,435,980	8,435,980
Excess Appropriation/(Funding)		0	0		0	2,147,162	2,147,162	0	2,147,162	2,147,162
Grand Total		6,727,924	8,376,421		8,433,518	10,580,680	10,580,680	8,435,980	10,583,142	10,583,142

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	8,433,518	88	8,433,518	100.0	8,435,980	88	8,435,980	100.0
C05	Unfunded Appropriation	2,147,162	0	10,580,680	125.5	2,147,162	0	10,583,142	125.5
C10	Reclass	0	0	10,580,680	125.5	0	0	10,583,142	125.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	8,433,518	88	8,433,518	100.0	8,435,980	88	8,435,980	100.0
C05	Unfunded Appropriation	2,147,162	0	10,580,680	125.5	2,147,162	0	10,583,142	125.5
C10	Reclass	0	0	10,580,680	125.5	0	0	10,583,142	125.5

Justification

C05	Professional Fees: Unfunded appropriation in both years of the biennium to return the appropriated line item to its current authorized level. This will allow for adjustments based upon needs of required medical services or if additional funding is received to support Division objectives. Capital Outlay: Unfunded appropriation in both years of the biennium to return the appropriated line item to its current authorized level for any equipment replacements that may arise. Statewide Prevention/Intervention Youth Development Services: Unfunded appropriation in both years of the biennium to return the appropriated line item to its current authorized level. This will allow for any additional prevention and intervention youth grants funded from the Attorney General's Office settlements for Boys and Girls Clubs.
C10	Reclassification of a DHS/DYS Education Manager (E010C C125) position to a Public School Program Manager (E006C C126) allowing retention and better future recruitment of this position. Additionally, this position currently supervises a C125 position.

OFFICE OF MEDICAID INSPECTOR GENERAL

Enabling Laws

Act 259 of 2014
A.C.A. §20-77-2501 et. seq.
A.C.A. §20-77-2513

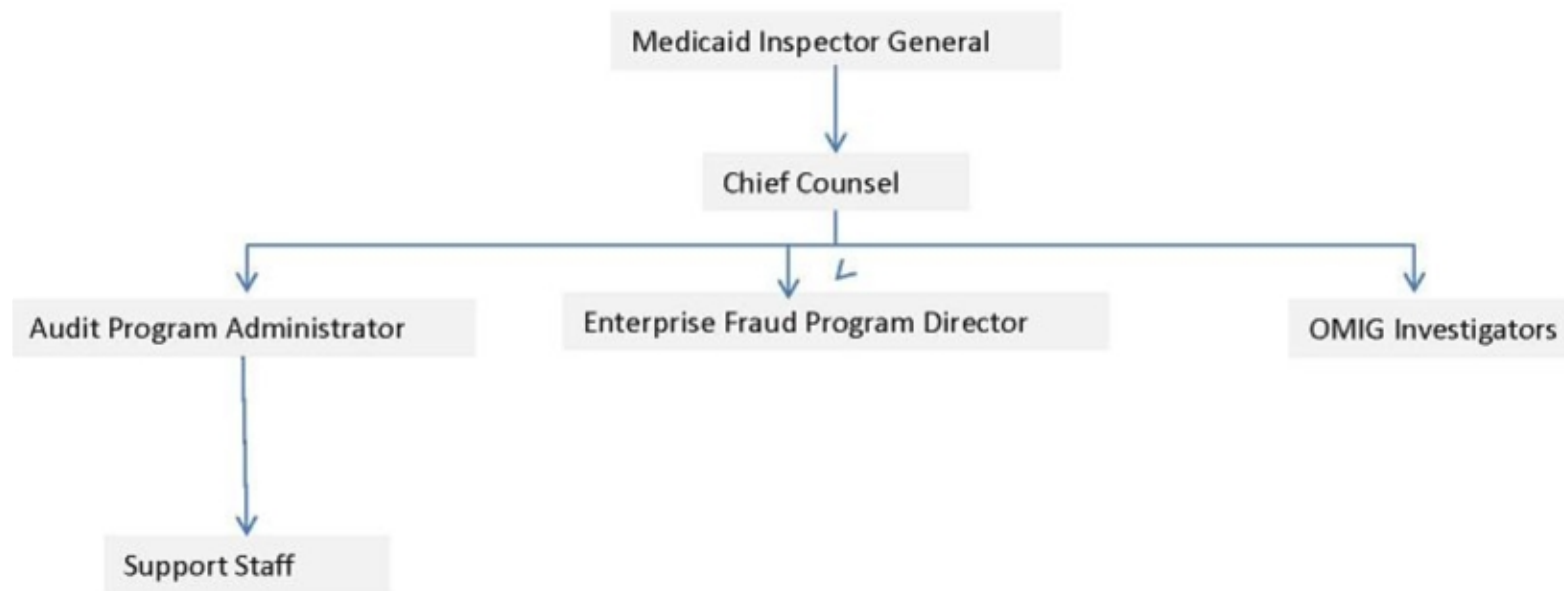
History and Organization

On April 23, 2013, Arkansas Act 1499 was signed into law creating the Arkansas Medicaid Inspector General's Office (OMIG). Act 1499 included a starting date for the new state agency of July 1, 2013. The legislative purpose of the law was to: create a new state agency in order to consolidate staff and other Medicaid fraud detection prevention and recovery functions into a single office; create a more efficient and accountable structure; reorganize and streamline the state's process for detecting and combating Medicaid fraud and abuse; and to maximize the recovery of improper Medicaid payments. Ark. Code Ann. §20-77-2501.

With the creation of the Medicaid Inspector General's Office, the Program Integrity Unit of the Arkansas Department of Human Services and its staff was transferred under the supervision and direction of the Arkansas Medicaid Inspector General. The Program Integrity Unit was formally a function of the Arkansas Department of Human Services as required by the Center for Medicaid Services (CMS) under 42 CFR §455 et al. All states that participate in the federal Medicaid program and receive funding are required to have a program integrity division that conducts Medicaid fraud investigations and audits and the Medicaid Inspector General's office fulfills that federal requirement.

The Enterprise Fraud Program was created by Act 259 of 2014 to require the Office of Medicaid Inspector General (OMIG) to establish a program focused on using state-of-the-art enterprise fraud detection technology to enhance the detection and prevention of fraud, waste, and abuse in the Arkansas Medicaid Program. The Act requires OMIG to procure, by competitive bid, an enterprise technology solution which uses current industry standards to provide: automated detection and alerting; continuous monitoring of program transactions; identification of fraud, noncompliance, and improper payments, both prospectively and retrospectively; detection of non-transactional fraud such as program eligibility issues and identity theft; use of state of the art analytical techniques; feedback and self-learning capability that allows the technology to adapt to changing schemes and trends; and demonstrated experience hosting sensitive and regulated state data.

OMIG is required to begin the design phase of procurement the Enterprise Fraud Program upon implementation of the Act. OMIG began the procurement process with the assistance of the Office of State Procurement and the Department of Human Services on April 2, 2014. The Enterprise Fraud Program is overseen by an OMIG Program Administrator, to be hired in FY15.



Agency Commentary

The Office of the Medicaid Inspector General is tasked with detecting and preventing fraud, waste, and abuse in the Arkansas Medicaid program. The Office of Medicaid Inspector General consists of 36 budgeted positions in SFY2015.

Request #1 - The Office of the Medicaid Inspector General (OMIG) requests additional funding for SFY 16 and SFY 17. OMIG requests additional state general revenue of \$77,585 for SFY 16 and \$79,342 for SFY 17. OMIG receives a minimum of 50% funding from the Medical Assistance Program federal grant. OMIG requests total additional funding of \$166,795 for SFY 16 and \$169,941 for SFY 17 which will come from state general revenue and Medicaid Title XIX (Medical Assistance Program).

Fulfillment of this request will allow the agency to primarily fund facilities and IT infrastructure. The OMIG budget for SFY 14 and SFY 15 did not include funding or appropriation for facilities and IT infrastructure. The Office of the Medicaid Inspector General has projected technology expenditures for SFY 16 and SFY 17 at \$52,214. As of the creation of the agency, no projections were made for technology expenditures.

The Office of the Medicaid Inspector General (OMIG) audits the providers of Medicaid services. With the ever changing Medicaid programs and state and federal requirements, OMIG is tasked to protect both federal and state funds. OMIG has projected that in order to fulfill the federal

requirements and state statute requirements, additional appropriation and funding is required in operating, conference and travel, and professional fees expenses commitment items. OMIG request a continuance of appropriation and funding for capital outlay commitment item.

Request #2 - The Office of the Medicaid Inspector General reallocated expenditure codes from office supplies to appropriate expenditure codes. The reallocation is based on the agency's anticipated expenditures.

Request #3 - The Office of the Medicaid Inspector General requests reclassification of 22 positions to more accurately reflect various job duties. These reclassifications will result in no additional funding above base level.

Request #4 - The Office of the Medicaid Inspector General (OMIG) is in the process of preparing a request for proposal (RFP) for the Enterprise Fraud Program. Once complete and approved by the Department of Finance and Administration (DFA) Office of State Procurement, the RFP will be sent to Center for Medicare and Medicaid Services (CMS) for approval. As required by statute, CMS must fund a minimum of 80% of the program. If funding is approved by CMS, the RFP will be issued and awarded. The Enterprise Fraud Program is remaining unfunded due to the uncertainty of CMS' approval. The state is liable for a maximum of 20% of the funding, not to exceed a total appropriation of \$4,000,000. The state funding source is undetermined at this time.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
OFFICE OF MEDICAID INSPECTOR GENERAL

Findings	Recommendations
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The most recent audit report was not available at the time of printing.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	7	18	25	96 %
Black Employees	0	1	1	4 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	4 %
Total Employees			26	100 %

Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Office of the Medicaid Inspector General - Enterprise Fraud Program Quarterly Report	A.C.A. 20-77-2513 (c)	N	Y	5	Statutory Requirement	0	0.00
Office of the Medicaid Inspector General Annual Report Report	A.C.A. 20-77-2109 (e)	Y	Y	7	Statutory Requirement	0	0.00
Office of the Medicaid Inspector General Quarterly Report	A.C.A. 20-77-2109 (a)	Y	Y	7	Statutory Requirement	0	0.00

Department Appropriation Summary

Historical Data								Agency Request and Executive Recommendation											
Appropriation		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
M76	Enterprise Fraud Program	0	0	0	0	4,000,000	0	0	0	4,000,000	0	4,000,000	0	0	0	4,000,000	0	4,000,000	0
M88	Office of Medicaid Inspector General	2,254,992	33	2,561,938	36	2,724,778	36	2,555,427	36	2,722,222	36	2,722,222	36	2,555,832	36	2,725,773	36	2,725,773	36
Total		2,254,992	33	2,561,938	36	6,724,778	36	2,555,427	36	6,722,222	36	6,722,222	36	2,555,832	36	6,725,773	36	6,725,773	36

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	1,124,591	49.9	1,124,591	43.9		1,124,591	44.0	1,202,176	44.2	1,124,591	44.0	1,124,591	44.0	1,203,933	44.2	1,124,591	44.0
Federal Revenue	4000020	1,130,401	50.1	1,437,347	56.1		1,430,836	56.0	1,520,046	55.8	1,430,836	56.0	1,431,241	56.0	1,521,840	55.8	1,431,241	56.0
Total Funds		2,254,992	100.0	2,561,938	100.0		2,555,427	100.0	2,722,222	100.0	2,555,427	100.0	2,555,832	100.0	2,725,773	100.0	2,555,832	100.0
Excess Appropriation/(Funding)		0		0			0		4,000,000		4,166,795		0		4,000,000		4,169,941	
Grand Total		2,254,992		2,561,938			2,555,427		6,722,222		6,722,222		2,555,832		6,725,773		6,725,773	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
0	0	0	0	0	0.00 %	35	29	6	35	0	17.14 %	36	27	9	36	0	25.00 %

FY2013 Authorized and Budgeted positions total 0 due to the Agency not being established until FY2014.

Analysis of Budget Request

Appropriation: M76 - Enterprise Fraud Program

Funding Sources: PMG - OMIG Paying

The Enterprise Fraud Program was created by Act 259 of 2014 to require the Office of Medicaid Inspector General (OMIG) to establish a program focused on using state-of-the-art enterprise fraud detection technology to enhance the detection and prevention of fraud, waste, and abuse in the Arkansas Medicaid Program. The Act requires OMIG to procure, by competitive bid, an enterprise technology solution which uses current industry standards to provide: automated detection and alerting; continuous monitoring of program transactions; identification of fraud, noncompliance, and improper payments, both prospectively and retrospectively; detection of non-transactional fraud such as program eligibility issues and identity theft; use of state of the art analytical techniques; feedback and self-learning capability that allows the technology to adapt to changing schemes and trends; and demonstrated experience hosting sensitive and regulated state data.

This program is funded through a mixture of state and federal revenues and is contingent on the Center for Medicare and Medicaid Services (CMS) approving the funding. Federal revenue must comprise a minimum of 80% of the program funding.

The Agency Change Level request totals \$4,000,000 to cover the costs of establishing the program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M76 - Enterprise Fraud Program

Funding Sources: PMG - OMIG Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Enterprise Fraud Program 5900046	0	0	4,000,000	0	4,000,000	4,000,000	0	4,000,000	4,000,000
Total	0	0	4,000,000	0	4,000,000	4,000,000	0	4,000,000	4,000,000
Funding Sources									
Federal Revenue 4000020	0	0		0	0	0	0	0	0
Total Funding	0	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	4,000,000	4,000,000	0	4,000,000	4,000,000
Grand Total	0	0		0	4,000,000	4,000,000	0	4,000,000	4,000,000

Change Level by Appropriation

Appropriation: M76 - Enterprise Fraud Program
Funding Sources: PMG - OMIG Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	4,000,000	0	4,000,000	100.0	4,000,000	0	4,000,000	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	4,000,000	0	4,000,000	100.0	4,000,000	0	4,000,000	100.0

Justification

C05	This request is for appropriation to allow the Office of Medicaid Inspector General to begin the design phase of procurement for the Enterprise Fraud Program as required by Act 259 of 2014. This program must be approved by CMS. The Enterprise Fraud Program is remaining unfunded due to the uncertainty of CMS' approval. The state is liable for a maximum of 20% of the funding, not to exceed a total appropriation of \$4,000,000. The state funding source is undetermined at this time.
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Analysis of Budget Request

Appropriation: M88 - Office of Medicaid Inspector General

Funding Sources: PMG - OMIG Paying

The Office of Medicaid Inspector General was established by Act 1499 of 2013. This act transferred the Program Integrity section from the Department of Human Services - Division of Medical Services. The Program Integrity section is federally mandated to comply with federal regulations outlined in 42 CFR Part 455 and 456. The goal of the Program Integrity section is to ensure payments are consistent with the quality of care being provided, verify that medical services are medically necessary and rendered as billed, payments for services are correct and funds identified for collection are pursued. Program Integrity performs on-site reviews to ensure providers are in compliance with Medicaid policy.

This appropriation is funded through general revenue and federal revenues. Federal revenue is provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency Base Level request is \$2,555,427 in FY2016 and \$2,555,832 in FY2017 with general revenue of \$1,124,591 each year and 36 Base Level positions.

The Agency Change Level request totals \$166,795 in FY2016 and \$169,941 in FY2017 and new general revenue of \$77,585 in FY2016 and \$79,342 in FY2017. The following delineates the Agency's request:

- Regular Salaries and Personal Services Matching of \$34,566 with new general revenue of \$15,900 each year due to the reclassification of twenty-two (22) positions within the Agency to comply with an Office of Personnel Management audit.
- The below requests are to fulfill federal and state regulatory requirements and for technology infrastructure expenditures which were not foreseen upon creation of the Agency:
 - Operating Expenses of \$74,057 in FY2016 and \$77,203 in FY2017 with new general revenue of \$34,926 in FY2016 and \$36,683 in FY2017.
 - Conference Fees and Travel of \$2,560 with new general revenue of \$1,178 each year.

- Professional Fees of \$5,612 with new general revenue of \$2,581 each year.
- Capital Outlay of \$50,000 with new general revenue of \$23,000 each year for unexpected equipment expenditures.

The Executive Recommendation provides for the Agency Request for appropriation only with the exception of one (1) reclassification of a DHS Program Specialist (C115) to an Administrative Analyst (C115).

Appropriation Summary

Appropriation: M88 - Office of Medicaid Inspector General

Funding Sources: PMG - OMIG Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,486,387	1,745,353	1,713,126	1,760,027	1,788,252	1,788,252	1,760,127	1,788,352	1,788,352
#Positions		33	36	36	36	36	36	36	36	36
Extra Help	5010001	2,844	14,778	151,234	14,778	14,778	14,778	14,778	14,778	14,778
#Extra Help		1	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	505,840	566,553	586,380	575,808	582,149	582,149	576,113	582,454	582,454
Operating Expenses	5020002	199,953	200,202	200,202	200,202	274,259	274,259	200,202	277,405	277,405
Conference & Travel Expenses	5050009	4,379	4,612	12,612	4,612	7,172	7,172	4,612	7,172	7,172
Professional Fees	5060010	0	0	5,612	0	5,612	5,612	0	5,612	5,612
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	55,589	30,440	55,612	0	50,000	50,000	0	50,000	50,000
Total		2,254,992	2,561,938	2,724,778	2,555,427	2,722,222	2,722,222	2,555,832	2,725,773	2,725,773
Funding Sources										
General Revenue	4000010	1,124,591	1,124,591		1,124,591	1,202,176	1,124,591	1,124,591	1,203,933	1,124,591
Federal Revenue	4000020	1,130,401	1,437,347		1,430,836	1,520,046	1,430,836	1,431,241	1,521,840	1,431,241
Total Funding		2,254,992	2,561,938		2,555,427	2,722,222	2,555,427	2,555,832	2,725,773	2,555,832
Excess Appropriation/(Funding)		0	0		0	0	166,795	0	0	169,941
Grand Total		2,254,992	2,561,938		2,555,427	2,722,222	2,722,222	2,555,832	2,725,773	2,725,773

FY15 Budget amount in Regular Salaries exceeds Authorized due to salary adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: M88 - Office of Medicaid Inspector General
Funding Sources: PMG - OMIG Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,555,427	36	2,555,427	100.0	2,555,832	36	2,555,832	100.0
C01	Existing Program	80,015	0	2,635,442	103.1	83,161	0	2,638,993	103.3
C04	Reallocation	0	0	2,635,442	103.1	0	0	2,638,993	103.3
C08	Technology	52,214	0	2,687,656	105.2	52,214	0	2,691,207	105.3
C10	Reclass	34,566	0	2,722,222	106.5	34,566	0	2,725,773	106.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,555,427	36	2,555,427	100.0	2,555,832	36	2,555,832	100.0
C01	Existing Program	80,015	0	2,635,442	103.1	83,161	0	2,638,993	103.3
C04	Reallocation	0	0	2,635,442	103.1	0	0	2,638,993	103.3
C08	Technology	52,214	0	2,687,656	105.2	52,214	0	2,691,207	105.3
C10	Reclass	34,566	0	2,722,222	106.5	34,566	0	2,725,773	106.6

Justification

C01	The Office of Medicaid Inspector General (OMIG) has projected that in order to fulfill the federal regulatory requirements and state statute requirements additional appropriation and funding is required in operating, conference and travel, and professional fees expenses commitment line items. OMIG request a continuance of appropriation and funding for capital outlay commitment line item.
C04	OMIG reallocated expenditure codes from office supplies to appropriate expenditure codes. The reallocation is based on the agency's anticipated expenditures.
C08	OMIG has projected a need for technology expenditures at this level. As of the creation of the agency, no projections were made for technology expenditures.
C10	The reclassified positions are based on Office of Personnel Management (OPM) audit. These changes were under the direction and recommendation of OPM.