

**REPORT  
OF THE  
SUBCOMMITTEE ON PERFORMANCE EVALUATION AND EXPENDITURE  
REVIEW (PEER)  
OF THE ARKANSAS LEGISLATIVE COUNCIL**

**August 19, 2016**

Mr. Chairmen:

Your Subcommittee on Performance Evaluation and Expenditure Review (PEER) met on Tuesday, August 16, 2016, and after having reviewed the following items, reports that the Subcommittee's review and/or approval is complete unless otherwise noted.

**A. Cash Appropriation Increase Requests – FY17**

1. Department of Education - \$140,000
2. Office of the Medicaid Inspector General - \$2,082
3. School for the Deaf - \$13,500
4. State Police - \$1,500,000
5. Veterans Affairs - \$600,000
6. Veterans Affairs - \$225,000

**B. Items Approved**

1. Appropriation and/or Fund Transfer Requests – FY17
  - a. Department of Education - Education Renewal Zones - \$306,900 Appropriation Transfer From Professional Fees to Grants & Aid and \$664,600 Fund Transfer From Department of Education Operating Fund to Succeed Scholarship Program Cash Fund.
  - b. State Police - Fund Transfer - \$541,390 - From Court Awards Fund to ASP Operations Fund and Appropriation Transfer - \$541,390 - From Confiscated Funds Transfer to Operations
  - c. Highway and Transportation Department - \$41,500,000 Fund Transfer From Highway Transfer Fund to Highway and Transportation Fund
2. Set-aside Funding Release Requests - FY17
  - a. Department of Education - \$140,000
  - b. UAMS - \$4,500,000
  - c. Department of Higher Education - \$7,500,000
  - d. Waterways Commission - \$374,938
  - e. Veterans' Affairs - \$600,000

**C. Budget Classification Transfer Requests – FY17**

1. Professional Bail Bondsman Licensing Board - \$33,000 from Professional Fees to Operating Expenses
2. School for the Deaf - \$60,000 from Professional Fees to Capital Outlay

**D. Miscellaneous Federal Grant Appropriation Requests – FY16**

1. Administrative Office of the Courts - Statewide Awareness and Recruitment Campaign - \$75,000 - One Position
2. Department of Human Services - Division of County Operations - Third Party Employment and Training - \$603,365
3. Agriculture Department - Forest Legacy Program - Acquisition - \$1,150,000
4. Economic Development Commission - Arkansas Manufacturing Extension Partnership Center - \$235,278
5. Administrative Office of the Courts - Juvenile Drug Court Data Management System - \$392,347
6. Administrative Office of the Courts - Domestic Violence STOP Program - \$15,160

**E. Contracts Between State Agencies**

1. Department of Human Services - Behavioral Health with UAMS - Amendment 4 - \$6,638,643.07
2. Department of Human Services - Medical Services with UAMS - Amendment 2 - \$35,237,169
3. Department of Human Services - Medical Services with UAMS - \$1,603,268.48
4. Department of Human Services - Medical Services with UAMS - Amendment 2 - \$1,285,630
5. Department of Human Services - Youth Services with UALR - \$87,729

**F. Emergency Reviewed Items**

(See Attachment 1)

The Subcommittee was also presented the Department of Human Services, Inter-Agency and Inter-Divisional Match Fund Transfers and Office of the Attorney General Cash Account Information Quarterly Reports.

Respectfully submitted by Subcommittee Co-Chairs, Senator Bruce Maloch and Representative David Meeks.



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**OFFICE OF BUDGET**  
1509 West Seventh Street, Suite 402  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
Phone: (501) 682-1941  
Fax: (501) 682-1086  
<http://www.dfa.arkansas.gov>

August 8, 2016

Senator Bruce Maloch, Co-Chair  
Representative David Meeks, Co-Chair  
Performance Evaluation & Expenditure Review Committee  
Arkansas Legislative Council  
State Capitol Building  
Little Rock, AR 72201

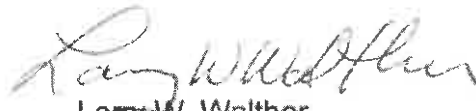
RE: Items Approved on an Emergency Basis

Dear Co-Chairs:

I am forwarding for appropriate action as required by law, the attached items that have received my approval as Chief Fiscal Officer of the State.

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Sincerely,

  
Larry W. Walther  
Director

LWW:nf

Attachment(s)

**ALC Report  
For Emergency Review of  
Pay Plan Appropriation, Merit Funding, Budget Classification Transfers, Miscellaneous  
Federal Grants and Cash Appropriation Requests**

**June 17, 2016**

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On June 17, 2016, Senator Bill Sample and Representative David Branscum, Co-Chairs of the Legislative Council and Senator Bruce Maloch and Representative David Meeks, Co-Chairs of the PEER Subcommittee received written notification from Larry Walther, the Chief Fiscal Officer of the State requesting Emergency Review of Pay Plan Requests, Merit Funding, Budget Classification Transfers, Miscellaneous Federal Grants and Cash Appropriation Requests.

Under Rule 17 of the Rules of the Arkansas Legislative Council, on June 17, 2016, the Co-Chairs of the Legislative Council and PEER Subcommittee unanimously determined that emergency review of the Pay Plan Requests, Merit Funding, Budget Classification Transfers, Miscellaneous Federal Grants and Cash Appropriation Requests were necessary to enable the agencies to perform essential services and these transfers are being authorized to cover any fiscal year end shortfalls that may occur.

Below is a summary of the Pay Plan Requests, Merit Funding, Budget Classification Transfers, Miscellaneous Federal Grants and Cash Appropriation Requests that were given emergency review.

Pay Plan Appropriation

Section 2 of Act 1070 of 2015 – in an amount not to exceed \$16,000,000

Section 25 of Act 1070 of 2015 – in an amount not to exceed \$4,000,000

Section 33 of Act 1070 of 2015 – in an amount not to exceed \$4,000,000

Merit Funding Transfers

In an amount not to exceed \$14,000,000

Budget Classification Transfers

In an amount not to exceed \$2,000,000

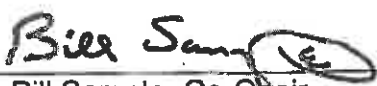
Miscellaneous Federal Grants

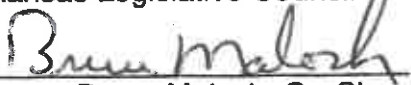
In an amount not to exceed \$2,000,000

Cash Fund Appropriation Increases

In an amount not to exceed \$2,000,000

Respectfully Submitted,

  
\_\_\_\_\_  
Senator Bill Sample, Co-Chair  
Arkansas Legislative Council

  
\_\_\_\_\_  
Senator Bruce Maloch, Co-Chair  
ALC PEER Subcommittee

  
\_\_\_\_\_  
Representative David Branscum, Co-Chair  
Arkansas Legislative Council

  
\_\_\_\_\_  
Representative David Meeks, Co-Chair  
ALC PEER Subcommittee



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**OFFICE OF THE DIRECTOR**  
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June 17, 2016

Senator Bill Sample, Chair  
Representative David L. Branscum, Chair  
Arkansas Legislative Council  
State Capitol  
Little Rock, AR 72201

RE: Emergency Review of Year End Adjustments

Dear Co-Chairs:

I am requesting emergency review of end of year adjustments that are required to close out the 2016 Fiscal Year. Specifically, emergency review is requested for Pay Plan appropriation adjustments, Merit Funding Transfers, Budget Classification Transfers, Miscellaneous Federal Grants and Cash Fund appropriation increases.

Without the ability to process these unforeseen adjustments quickly the state payroll may be delayed, payments may be delayed to vendors, and the 2016 Fiscal Year cannot be closed out to allow the 2017 Fiscal Year to be loaded into the Statewide Accounting System (AASIS).

Emergency review is requested for the following items for fiscal year-end:

- Pay Plan emergency review is requested up to the amount appropriated by the General Assembly in Act 1070 of 2015, including up to \$16,000,000 from Section 2, \$4,000,000 from Section 25, and \$4,000,000 from Section 33. The Department of Finance and Administration has a very small window of time to correct payroll issues. If there is a delay due to unforeseen appropriation constraints it could result in state payroll processing being delayed and employees not receiving their pay on the scheduled payday.
- Merit Funding Transfer emergency review is requested up to \$14,000,000 from the Merit Fund Holding Account. The Governor has approved Merit Bonuses for the employees of state of Arkansas up to 4.5% of their annual salaries. When needed, Merit Funding Transfers will be provided to agencies for the last pay period of the year to ensure a sufficient amount of funding is available.
- Budget Classification Transfers emergency review is requested to ensure sufficient appropriation is available in General Maintenance and Operating commitment items should

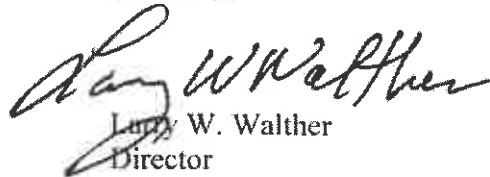
unanticipated expenses arise during the end of the year. These requests do not generate new appropriation but allow the agency to use the flexibility granted to them by the General Assembly to move amounts already approved by the General Assembly from one commitment item to another. The Department of Finance and Administration requests emergency review of up to \$2,000,000 in total transfers for Budget Classification Transfers.

- Miscellaneous Federal Grants review is requested to allow agencies the ability to utilize federal funding if unanticipated expenses accrue. Appropriation for Miscellaneous Federal grant requests was approved by the General Assembly in Act 1070 of 2015. The Department of Finance and Administration would limit our emergency review to \$2,000,000 in total federal appropriation for Changes to Existing Programs.
- Cash Fund appropriation increases review is requested to ensure sufficient appropriation for cash funded agencies if unforeseen issues arise. Appropriation of Cash Fund Holding Account was approved by the General Assembly in Act 1070 of 2015. The Department of Finance and Administration would limit emergency review to \$2,000,000 total. Without these adjustments payments could be delayed to vendors.

We do not anticipate utilizing all of the statutorily available appropriation or merit funding allowed under the law. Appropriation and merit funding will only be given in the amounts required by each agency. These high estimates will give the Department of Finance and Administration the flexibility to process end of year closing in a timely manner.

All items processed on an emergency basis with this prior review will be reported to the next regularly scheduled PEER meeting.

Sincerely,



Larry W. Walther  
Director

LWW:es



## WAR MEMORIAL STADIUM LITTLE ROCK, AR

June 21, 2016

Ms. Sonja Ross  
Manager, Office of Budget  
1509 West Seventh Street, Room 402  
Little Rock, AR 72201

Dear Ms. Ross:

War Memorial Stadium Commission respectfully asks for an Emergency Cash Appropriation Increase for FY2016 of \$200,000.00 in line item 17 (Resale/Game Expense/COGS), Cost Center 288210, Fund 3260000, Fund Center A24.

War Memorial Stadium hosted the Rangers Soccer League season games. We had not budgeted the games in b/c we did not have a contract with them during budget preparation. The reason for emergency is we need to pay expenses related to the season. We will adjust this number for future years in the upcoming budget years. In order to provide for expenses related to the games, we will need the one time appropriation increase to do so on an emergency basis.

Thank you so much for your time & consideration of this request on an emergency basis.

Sincerely,

Dinah Soderling  
Stadium Fiscal Manager

War Memorial Stadium  
PO BOX 20000  
Little Rock, AR 72225  
(501) 663-6355 Office  
(501) 663-6355 Fax  
www.war memorial stadium.com

**MERIT ADJUSTMENT FUND/PAY PLAN HOLDING ACCOUNT TRANSFERS  
FOR FY16**

<u>BUSINESS AREA</u>	<u>AGENCY</u>	<u>FISCAL YEAR</u>	<u>MERIT FUND</u>	<u>PAY PLAN HOLDING ACCOUNT</u>	<u>DATE OF TRANSFER</u>	<u>AMOUNT OF TRANSFER</u>	<u>EMERGENCY APPROVED BY CFO</u>	<u>PENDING ALC REVIEW</u>	<u>REASON FOR TRANSFER</u>
0710	Department Of Human Services	16	X		6/20/16	\$3,000,000.00	X		Merit Funding Release due to the award of Merit Lump Sum Payments
0510	School for the Blind	16	X		6/22/16	\$43,683.00	X		Merit Funding Release due to the award of Merit Lump Sum Payments
0400	Agriculture Department	16	X		6/22/16	\$125,408.00	X		Merit Funding Release due to the award of Merit Lump Sum Payments
0900	Department of Parks and Tourism	16	X		6/22/16	\$395,593.00	X		Merit Funding Release due to the award of Merit Lump Sum Payments
0516	AETN	16	X		6/22/16	\$246,931.00	X		Merit Funding Release due to the award of Merit Lump Sum Payments
0552	Northwest Technical Institute	16	X		6/22/16	\$44,012.00	X		Merit Funding Release due to the award of Merit Lump Sum Payments
0385	Department of Veteran's Affairs	16	X		6/22/16	\$150,000.00	X		Merit Funding Release due to the award of Merit Lump Sum Payments
0480	Department of Corrections	16	X		6/28/16	\$406,324.00	X		Merit Funding Release due to the award of Merit Lump Sum Payments
0455	Natural Resources Commission	16		X	6/20/16	\$ 22,000.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0241	Judicial Discipline & Disability Commission	16		X	6/20/16	\$ 435.00	X		Shortfall in Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0028	Office of the Prosecutor Coordinator	16		X	6/20/16	\$ 17,500.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0324	Public Defender Commission	16		X	6/20/16	\$ 401,000.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0319	Minority Health Commission	16		X	6/20/16	\$ 11,600.00	X		Shortfall in Regular Salaries due to the awarding of lump sum merit bonus payments in FY16.
0490	Assesment Coordination Department	16		X	6/20/16	\$ 38,000.00	X		Shortfall in Regular Salaries due to the awarding of lump sum merit bonus payments in FY16.
0402	Arkansas Department of Aeronautics	16		X	6/20/16	\$ 12,700.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0210	Auctioneer's Licensing Board	16		X	6/20/16	\$ 525.00	X		Shortfall in Regular Salaries due to the awarding of lump sum merit bonus payments in FY16.
0268	State Board of Dental Examiners	16		X	6/20/16	\$ 3,550.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0790	Economic Development Commission	16		X	6/20/16	\$ 28,685.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.



**MERIT ADJUSTMENT FUND/PAY PLAN HOLDING ACCOUNT TRANSFERS  
FOR FY16**

<u>BUSINESS AREA</u>	<u>AGENCY</u>	<u>FISCAL YEAR</u>	<u>MERIT ADJUSTMENT FUND</u>	<u>PAY PLAN HOLDING ACCOUNT</u>	<u>DATE OF TRANSFER</u>	<u>AMOUNT OF TRANSFER</u>	<u>EMERGENCY APPROVED BY CFO</u>	<u>PENDING ALC REVIEW</u>	<u>REASON FOR TRANSFER</u>
0700	Department of Higher Education	16		X	6/20/16	\$ 1,275.00	X		Shortfall in Regular Salaries due to the awarding of lump sum merit bonus payments in FY16.
0023	Administrative Office of the Courts	16		X	6/20/16	\$ 98,125.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0216	Private Career Education Board	16		X	6/20/16	\$ 504.00	X		Shortfall in Regular Salaries due to the awarding of lump sum merit bonus payments in FY16.
0534	Crowley's Ridge Technical Institute	16		X	6/20/16	\$ 207.00	X		Shortfall in Regular Salaries due to the awarding of lump sum merit bonus payments in FY16.
0930	Department of Environmental Quality	16		X	6/20/16	\$ 36,502.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0485	Department of Community Correction	16		X	6/28/16	\$ 10,000.00	X		Shortfall in Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0710	Department of Human Services - Division of Behavioral Health Services	16		X	6/28/16	\$ 86,500.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0323	Parole Board	16		X	6/21/16	\$ 33,000.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
0865	Department of Arkansas Heritage	16		X	6/21/16	\$ 4,800.00	X		Shortfall in Regular Salaries and Personal Services Matching due to the awarding of lump sum merit bonus payments in FY16.
						\$ 5,218,859.00			

**ALC Report  
For Emergency Review of  
Cash Appropriation Requests**

**July 15, 2016**

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On July 15, 2016, Senator Bill Sample and Representative David Branscum, Co-Chairs of the Legislative Council and Senator Bruce Maloch and Representative David Meeks, Co-Chairs of the PEER Subcommittee received written notification from Larry Walther, the Chief Fiscal Officer of the State requesting Emergency Review of two Cash Appropriation Requests.

Under Rule 17 of the Rules of the Arkansas Legislative Council, on July 15, 2016, the Co-Chairs of the Legislative Council and PEER Subcommittee unanimously determined that emergency review of the Cash Appropriation Requests were necessary to enable the agency to perform essential services and due to PEER not meeting in July.

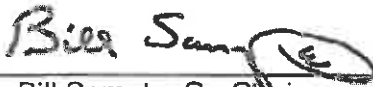
Below is a summary of the Cash Appropriation Requests that were given emergency review.

Cash Fund Appropriation Increases

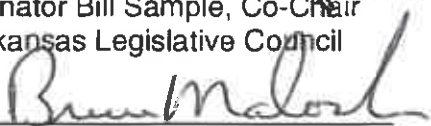
Professional Engineers & Professional Surveyors Board - \$550,000

DFA-Office of Procurement - \$1,500,000

Respectfully Submitted,



\_\_\_\_\_  
Senator Bill Sample, Co-Chair  
Arkansas Legislative Council



\_\_\_\_\_  
Senator Bruce Maloch, Co-Chair  
ALC PEER Subcommittee



\_\_\_\_\_  
Representative David Branscum, Co-Chair  
Arkansas Legislative Council



\_\_\_\_\_  
Representative David Meeks, Co-Chair  
ALC PEER Subcommittee



STATE OF ARKANSAS  
**Department of Finance  
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<http://www.state.ar.us/dfa>

July 15, 2016

Senator Bill Sample, Chair  
Representative David L. Branscum, Chair  
Arkansas Legislative Council  
State Capitol  
Little Rock, AR 72201

RE: Emergency Action Procedures Request

Dear Co-Chairs:

This is to inform you that there are two items for Legislative Council review that require your immediate attention. Since Council will not meet in July, the Department of Finance and Administration respectfully requests an expedited review for these matters requiring attention before the next scheduled meeting.

The first item is a Cash Appropriation Increase request for construction appropriation from the Board of Licensure for Professional Engineers and Professional Surveyors. This request is necessary to complete updates to their building in order to meet current codes and standards.

There is also a Cash Appropriation Increase request from the Department of Finance and Administration - Management Services - Office of State Procurement for External Public Procurement Consultant appropriation. This appropriation will be utilized for a collaboration between DF&A and the Department of Human Services to obtain expert advice on Dental Only Managed Care.

I ask that you please institute emergency action procedures for consideration of these matters and sign them out of Committee per Rule 17 of the Rules of the Arkansas Legislative Council.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry Walther".  
Larry W. Walther  
Director

LWW:es

DAVID BEASLEY, Ph.D., P.E.  
PRESIDENT  
ENGINEER MEMBER

SCOTT E. BENNETT, P.E.  
VICE PRESIDENT  
ENGINEER MEMBER

RONNIE R. HAWKINS, P.E., P.S.  
ENGINEER & SURVEYOR MEMBER

THOMAS SCOTT  
CONSUMER MEMBER



**BOARD OF LICENSURE FOR  
PROFESSIONAL ENGINEERS AND  
PROFESSIONAL SURVEYORS**

RODNEY WILLIAMS, Ph.D., P.E., P.S.  
ENGINEER MEMBER

H. JAMES ENGSTROM, P.E.  
ENGINEER MEMBER

IVAN HOFFMAN, JR., P.S.  
SURVEYOR MEMBER

DAN C. YOUNG, J.D.  
CONSUMER MEMBER

BRIAN J. MOORE, P.E.  
ENGINEER MEMBER

June 13, 2016

Duncan Baird, Administrator  
DFA - Office of Budget  
DFA Building, Room 402  
Little Rock, Arkansas 72201

Subj: Additional Cash Fund appropriation request for Construction to ensure the State's asset meets current building codes and standards.

Dear Mr. Baird,

The building was built in 1955 and purchased by the Board in 2005. In order to meet current building codes and standards, additional appropriation is requested for the construction and relocation of the offices of the Board during the construction. Please accept this letter as a request for additional appropriation for Fiscal Year 2017 as follows:

Fund Center	Fund	Commitment Item	Amount
857	NES0000	Construction 509:00:05	\$550,000

The attached Scope of Work outlines the areas for improvement including: Life Safety, Building Envelope/Energy Savings, Accessibility/Barrier Removal, Plumbing and Mechanical. The Board has authorized the costs associated with the improvements, design services, and office relocation, and has ample cash fund to cover these expenses. If you need any additional information, please feel free to contact me.

Sincerely,

Heather N. Richardson  
Executive Director

hnr:ls



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**OFFICE OF THE DIRECTOR**  
1509 West Seventh Street, Suite 401  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
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Fax: (501) 682-1029  
<http://www.dfa.arkansas.gov>

July 14, 2016

Duncan Baird, Budget Administrator  
DFA – Office of Budget  
1509 W 7<sup>th</sup> St., Room 402  
Little Rock, AR 72201

RE: Cash Fund Appropriation increase FY17

Dear Mr. Baird,

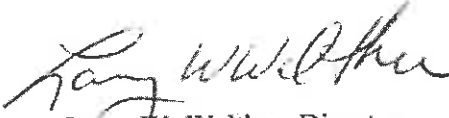
The Department of Finance and Administration Management Services - Office of State Procurement (OSP) is requesting permission to increase our Cash Fund Appropriation to accommodate an External Public Procurement Consultant to provide expert advice and assistance with upcoming Department of Human Services (DHS) procurement for Dental Only Managed Care for the Division of Medical Services (DMS) agreed by both DHS and OSP.

A Memorandum of Understanding (MOU) between the DMS and OSP which addresses the procurement of an External Public Procurement Consultant is in place. OSP will conduct the procurement pursuant to a Request for Qualifications (RFQ). OSP will make best efforts to procure an External Public Procurement Consultant qualified to provide competent expert advice and assistance with the DHS procurements. The External Public Procurement Consultant will be a person or entity widely acknowledged as being an expert in public procurement, will be able to, among other things, competently assist OSP and DHS in the planning and execution of the procurement processes; ensure that "best practices" are followed; and be available for testimony and expertise during the post-award, protest, and legislative approval phases of the solicitations.

I am requesting the addition of special commitment item 590:00:46, in Cash Funds Center 907, Fund NFA0013 in the amount of \$1,500,000, to have appropriation in place for current needs of an External Public Procurement Consultant for DHS critical procurements.

DHS will transfer the appropriate funding to DFA to fund the Cash Appropriation. The Medicaid Administration Grant will be used to supply the 50% federal portion and the remaining 50% match will be State General Revenue. First transfer is expected to be approximately \$1,500,000 for the Dental Only Managed Care procurement. A revised Certification of Income will be provided as funds are transferred so only the current amount of appropriation needed at that time will be unblocked.

Sincerely,

  
Larry W. Walther, Director