

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

August 18, 2017

Mr. Chairmen:

Your Subcommittee on Performance Evaluation and Expenditure Review (PEER) met on Wednesday, August 16, 2017, and after having reviewed the following items, reports that the Subcommittee's review and/or approval is complete unless otherwise noted.

A. Cash Fund Appropriation Increase Request – FY18

1. Department of Arkansas Heritage – Arts Council - \$2,500
2. Department of Arkansas Heritage – State Archives - \$2,500
3. Board of Licensure for Professional Engineers and Professional Surveyors - \$36,550
4. Department of Veterans Affairs – State Veterans Cemetery Expansion - \$770,000

B. Items for Approval

1. Appropriation and/or Fund Transfer Requests – FY18
 - a. Department of Education – \$300,000 Fund Transfer from Department of Education Operating Fund to Succeed Scholarship Program-Cash and \$30,000,000 Fund Transfer from Public School Fund to Educational Facilities Partnership Fund
 - b. Department of Human Services – Division of Behavioral Health Services - \$750,000 Fund Transfer from DHS Federal Reimbursement/Other Holding Fund to DHS Renovation Fund
 - c. Arkansas Department of Transportation - \$23,916,042.87 Fund Transfer from Arkansas Highway Transfer Fund to State Highway and Transportation Department Fund
2. Rainy Day Fund Release - FY18
 - a. Department of Veterans Affairs – State Veterans Cemetery Expansion - \$770,000 for architectural and engineering costs associated with expansion of the North Little Rock State Veterans Cemetery

C. Appropriation and/or Fund Transfer Requests – FY18

1. Department of Finance and Administration – Division of Building Authority-Sustainable Building Design Program – \$1,495,000 Re-appropriation from Sustainable Building Design Revolving Loan Fund to the University of Arkansas at Little Rock

D. Budget Classification Transfer Requests – FY18

1. State Board of Licensure for Professional Engineers and Professional Surveyors/Land Surveyors - \$3,000 from Operating Expenses to Professional Fees
2. Department of Parks and Tourism - \$2,500 from Professional Fees to Conference and Travel Expense

E. Miscellaneous Federal Grant Appropriation Requests – FY18

1. Administrative Office of the Courts – State Access and Visitation Program - \$9,082

F. Items Reviewed on an Emergency Basis (See Attachment 1)

1. Pay Plan/Merit Adjustment Holding Account Transfer Requests – FY17
2. Budget Classification Transfer Request – FY17
 - a. Board of Dispensing Opticians

The Subcommittee was also presented the:

1. 2015-2017 Biennium Miscellaneous Federal Grant Report
2. Office of Attorney General – Cash Account Information Report for the Fourth Quarter of FY2017
3. Department of Human Services Report of Inter-Agency and Inter-Divisional Match Fund Transfers for the Fourth Quarter of FY2017
4. Monthly Report on the Professional Fee Expenditures for the Office of the Treasurer of State

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

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

June 16, 2017

On June 16, 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 16 of the Rules of the Arkansas Legislative Council, on June 16, 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 251 of 2016 – in an amount not to exceed \$17,000,000

Section 25 of Act 251 of 2016 – in an amount not to exceed \$4,000,000

Section 33 of Act 251 of 2016 – in an amount not to exceed \$5,000,000

Merit Funding Transfers

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

Budget Classification Transfers

In an amount not to exceed \$1,000,000

Miscellaneous Federal Grants

In an amount not to exceed \$1,000,000

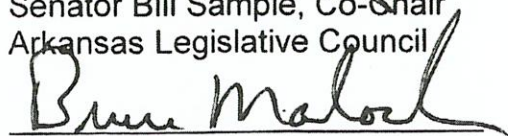
Cash Fund Appropriation Increases

In an amount not to exceed \$1,000,000

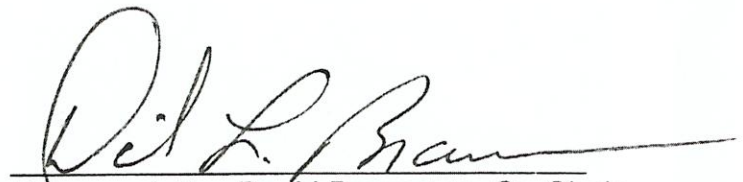
Respectfully Submitted,



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**

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<http://www.dfa.arkansas.gov>

June 12, 2017

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

RE: Prior Approval of Year End Adjustments

Dear Co-Chairs:

I am requesting prior approval of end of year adjustments required to close out the 2017 fiscal year. Prior approval is requested for Pay Plan appropriation adjustments, Merit Funding Transfers, Budget Classification Transfers, Miscellaneous Federal Grants and Cash Letters. Without the ability to process these unforeseen adjustments quickly the state pay roll may be delayed, the 2017 Fiscal Year cannot be closed out to allow for 2018 Fiscal Year to load into the State Accounting System AASIS or payments may be delayed to vendors.

Pay Plan approval is requested up to the amount appropriated by the General Assembly in Act 251 of 2016. 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 the entire state payroll processing being delayed and employees not receiving their pay on the scheduled payday.

Merit Funding Transfers are requested up to the balance of the Merit Fund Holding Account that was approved in Act 251 of 2016. The Governor has approved Merit Bonuses for the employees of state of Arkansas up to 3% of their annual salaries. The Merit Funding Transfers are given to agencies at the last pay period of the year to ensure an appropriate amount of funding is given when taking into account agencies existing salary savings.

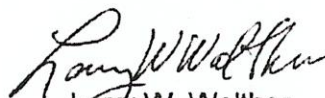
Budget Classification Transfers are requested to ensure sufficient appropriation is available in General Maintenance and Operating commitment items should unanticipated expenses arise during the end of the year. These request do not generate new appropriation but allow the agency to use the flexibility granted to them by the General Assembly to move amounts already approved by the General Assembly from one commitment item to another. DFA request prior approval of up to a cap of \$1,000,000 in total transfers for Budget Classification Transfers.

Miscellaneous Federal Grants are 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 251 of 2016. DFA would limit our approval to \$1,000,000 in total federal appropriation for Changes to Existing Programs.

Cash Letters appropriation increases are 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 251 of 2016. DFA would limit approval to \$1,000,000 total. Without these adjustments payments could be delayed to vendors.

DFA does not anticipate utilizing all of the prior approval appropriation. Appropriation will only be given in the amounts needed to 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 approval will be reported to the next regularly scheduled PEER meeting.

Sincerely,


Larry W. Walther
Director

LWW:nf



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**Department of Finance
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July 26, 2017

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.

Sincerely,


Larry W. Walther
Director

LWW:nf

Attachment(s)



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

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MEMORANDUM

TO: Agency Directors with Items Submitted for PEER Review
FROM: Larry W. Walther, Director *LWW*
DATE: June 30, 2017
SUBJECT: PEER Items Approved on an Emergency Basis

Attached is a schedule of all appropriation requests and changes that have received my emergency approval as Chief Fiscal Officer of the State and will be presented to the Legislative Council at the next regularly scheduled meeting as required by law.

Copies are included for your records.

LWW:db:nf

Attachment(s)

MERIT ADJUSTMENT FUND/PAY PLAN HOLDING ACCOUNT TRANSFERS
FOR FY17 - June PEER

<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 APPROPRIATION TRANSFER</u>	<u>EMERGENCY APPROVED BY CFO</u>	<u>PENDING ALC REVIEW</u>	<u>REASON FOR TRANSFER</u>
865	Department of Arkansas Heritage	17		X		\$ 220,500.00	X		Additional Regular Salaries, Extra Help and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
246	Physical Therapy Board	17		X		\$ 3,700.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
612	DFA ABC Enforcement	17		X		\$ 1,000.00	X		Additional Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
268	State Board of Dental Examiners	17		X		\$ 6,620.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
241	Judicial Discipline and Disability Commission	17		X		\$ 9,000.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
324	Public Defender Commission	17		X		\$ 453,250.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
28	Office of the Prosecutor Coordinator	17		X		\$ 10,000.00	X		Additional Regular Salaries appropriation is required due to lump sum merit bonus payouts.
18	Court of Appeals	17		X		\$ 85,000.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
23	Administrative Office of the Courts	17		X		\$ 148,075.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
263	Arkansas Fire Protection Licensing Board	17		X		\$ 500.00	X		Additional Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
211	Professional Bail Bondsman Licensing Board	17		X		\$ 1,500.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
205	Arkansas Appraiser Licensing and Certification Board	17		X		\$ 2,800.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
203	Arkansas State Board of Accountancy	17		X		\$ 5,500.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
280	Board of Optometry	17		X		\$ 2,100.00	X		Additional Regular Salaries appropriation is required due to lump sum merit bonus payouts.
950	Law Enforcement Standards & Training	17		X		\$ 150.00	X		Additional Regular Salaries appropriation is required due to lump sum merit bonus payouts.

MERIT ADJUSTMENT FUND/PAY PLAN HOLDING ACCOUNT TRANSFERS
FOR FY17 - June PEER

<u>BUSINESS</u> <u>AREA</u>	<u>AGENCY</u>	<u>FISCAL</u> <u>YEAR</u>	<u>MERIT</u> <u>ADJUSTMENT</u> <u>FUND</u>	<u>PAY PLAN</u> <u>HOLDING</u> <u>ACCOUNT</u>	<u>DATE OF</u> <u>TRANSFER</u>	<u>AMOUNT OF</u> <u>APPROPRIATION</u> <u>TRANSFER</u>	<u>EMERGENCY</u> <u>APPROVED</u> <u>BY CFO</u>	<u>PENDING</u> <u>ALC</u> <u>REVIEW</u>	<u>REASON</u> <u>FOR TRANSFER</u>
323	Parole Board	17		X		\$ 28,500.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
900	Department of Parks and Tourism	17		X		\$ 1,125,000.00	X		Additional Regular Salaries appropriation is required due to lump sum merit bonus payouts.
210	Auctioneer's Licensing Board	17		X		\$ 1,100.00	X		Additional Regular Salaries appropriation is required due to lump sum merit bonus payouts.
248	Arkansas Real Estate Commission	17		X		\$ 4,000.00	X		Additional Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
380	Veteran's Child Welfare Service	17		X		\$ 4,046.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
800	Department of Labor	17		X		\$ 16,000.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
700	Department of Higher Education	17		X		\$ 7,000.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
665	Health Services Permit Agency	17		X		\$ 8,000.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
420	Arkansas Geological Survey	17		X		\$ 2,500.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
455	Natural Resources Commission	17		X		\$ 51,500.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
400	Agriculture Department	17		X		\$ 65,000.00	X		Additional Regular Salaries and Personal Services Matching appropriation is required due to lump sum merit bonus payouts.
480	Department of Correction	17		X		\$ 25.00	X		Additional Regular Salaries appropriation is required due to lump sum merit bonus payouts.
59	Auditor of State	17		X		\$ 240,000.00	X		Additional Regular Salaries appropriation is required due to lump sum merit bonus payouts.
510	Arkansas School for the Blind	17	X			\$ 44,052.00	X		Merit Funding required due to lump sum merit bonus payouts.
513	Arkansas School for the Deaf	17	X			\$ 125,242.00	X		Merit Funding required due to lump sum merit bonus payouts.
900	Department of Parks and Tourism	17	X			\$ 220,000.00	X		Merit Funding required due to lump sum merit bonus payouts.
						<u>\$ 2,891,660.00</u>			



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June 29, 2017

Ms. Jerry Himes, Secretary/Treasurer
Board of Dispensing Opticians
P.O. Box 627
Helena, AR 72342

Dear Ms. Himes,

This is to inform you that I have approved on an emergency basis a Budget Classification Transfer request in the amount of \$6,000. This item will be presented at the next scheduled meeting of the Performance Evaluation and Expenditure Review Committee for appropriate action as required by law.

The transfer document has been submitted to the Office of Accounting for processing and you will be notified when the transfer is completed.

Sincerely,

A handwritten signature in cursive script that reads "Larry W. Walther".

Larry W. Walther
Director


LWW:nf

**ARKANSAS ADMINISTRATION STATEWIDE INFORMATION SYSTEM
REQUEST FOR BUDGET CLASSIFICATION TRANSFERS (BCT)
FY2017**

Business Area: 0279 Business Area Title: Arkansas State Board of Dispensing Opticians
Funds Center: 2KN Funds Center Title: Dispensing Opticians
Fund: SDB 0100 Fund Title: Bd Dispeng Optics
Functional Area: _____

Line-Item Classifications	Authorized Appropriation	Actual Expenditures ** FY2016	Transfer From			Transfer To		
			CI	Fund	Amount	CI	Fund	Amount
502:00:02 Operating Expenses	17,900	21,926.12						
505:00:09 Conference & Travel Expenses	0	0				505:00:02	SDB0100	\$6,000
506:00:10 Professional Fees	\$6,000	0						
512:00:11 Capital Outlay *	0	0	506:00:10	SDB0100	\$6,000			
509:00:12 Data Processing *	0	0						

Reason for Transfer:



Agency Director

DFA IGS State Technology Planning
(approval only needed if applicable ***)

Budget Approval

- * Transfers may not be made from the capital outlay (512:00:11) sub classification unless specific authority for such transfers is provided by law. (ACA 19-9-522(C)(1))
 ** For transfers requested during the month of July 2016 use the agency's fiscal year 2016 expenditures as of April 30, 2016 for each of the Maintenance & Operations commitment items. For transfers requested during the months August 2016 - May 2017, use the agency's fiscal year 2016 expenditures. For transfers requested during the month of June 2017 use the agency's fiscal year 2017 as of April 30, 2017.
 *** Transfers requested for the purchase of information technology related items must be in compliance with the agency's Information Technology Plan submitted to the DFA-Technology Planning Unit.

TC - FRES

Revised 04/13/2016

Jun. 27 2017 03:34PM P1

FAX NO. : 8705722847

FROM : A