EXHIBIT B

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ALC-Hospital, Medicaid, Developmental Disabilities Subcommittee Report:

# Workforce and Safety Net Study

For the ALC Subcommittee
Presentation January 12, 2026

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Alliance for Opportunity

# Who we are:

The Alliance for Opportunity (A4O) is a collaborative project of the Georgia Center for Opportunity (GCO). A4O researches and implements policy reforms to **help people move from dependence to the dignity of work and a flourishing life.**

A4O and GCO's work includes **assessing state workforce and safety net outcomes**, **identifying successful models of workforce and social services delivery**, and **adapting evidence-based approaches for state implementation.**

# Study Objectives:

1. **Evaluate participation, costs, and outcomes for certain workforce development and public assistance programs in the state.**
2. **Identify areas for improved coordination among certain workforce development and public assistance programs.**

# Methodology:

A4O traveled to Arkansas and conducted site visits and interviews with all levels of staff in 3 DHS county office sites and 3 workforce offices. Staff also conducted virtual interviews with key agency leadership. We gathered public data and asked agencies for specific reports.

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# Outline:

1. Arkansas Status Quo
2. Diagnosis & Site Visit Observations
3. Plan for a Work-First System

# Arkansas Workforce By Key Numbers

**58.5% Labor Force Participation Rate**

*AR consistently ranks in the bottom 10 states*

**68,000 unfilled positions**

*with a job openings rate of 4.7%*

**15.2% disconnected youth**

*47th worst rate in the nation*

**202,000 prime-working-age adults**

*are not engaged in the workforce at all*

**377,312** Arkansans *dependent on SNAP (~12% of the pop)*

**1,170,254** Arkansans *on Medicaid and CHIP (~38% of the pop)*

# Now is the Time for Arkansas

LEARNS Act education reforms

Foundational work on integrated eligibility & intake

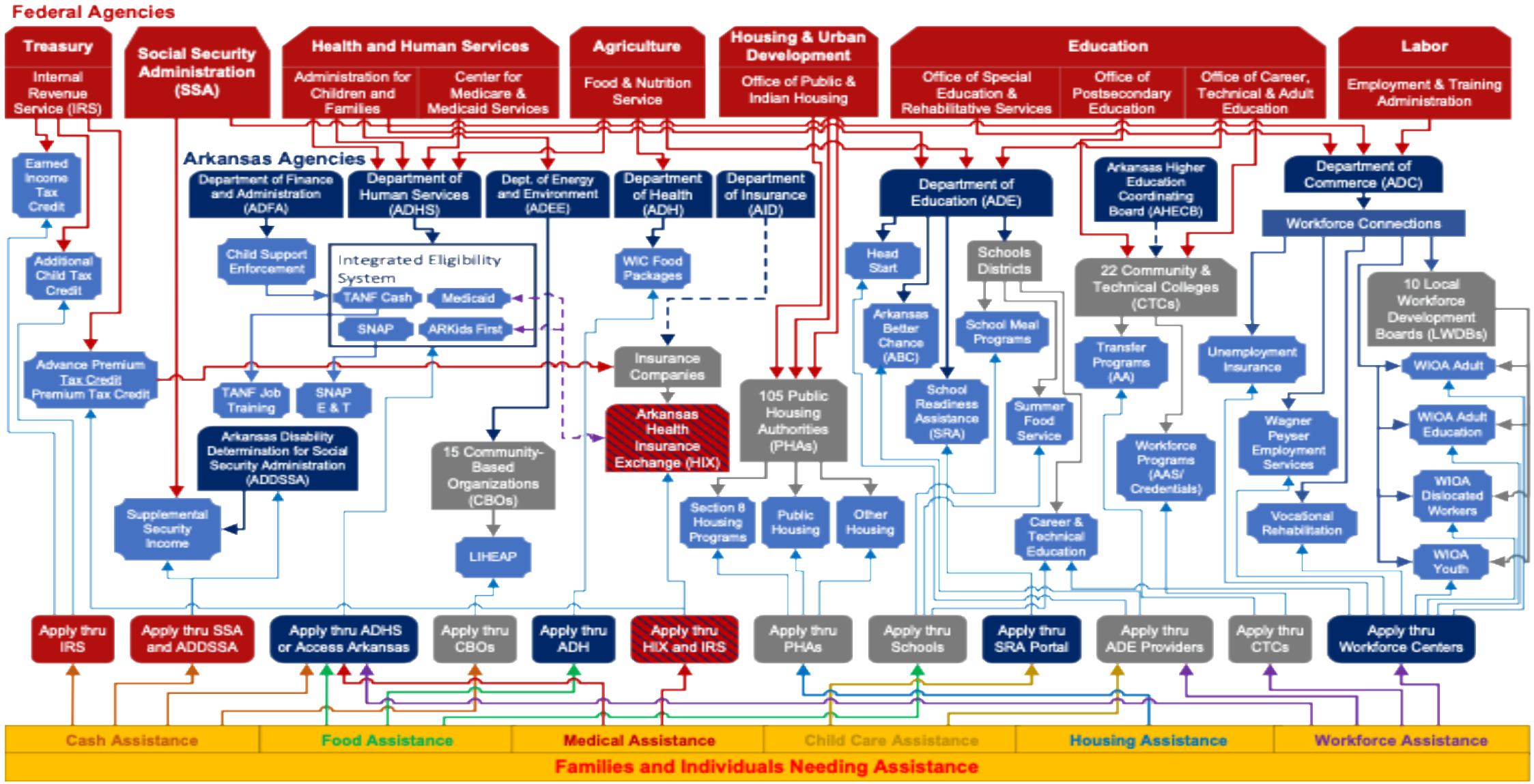
Inbound migration to Arkansas

Data-sharing infrastructure is exceptional

Governor Sanders' 10:33 Initiative & Workforce Cabinet

DC is friendly to state workforce innovation

# Arkansas Doesn't Have a People-First, Work-Centered System



# Customers of the "System" are Stuck in Silos

- "One-Stop Centers" contain services funded **primarily through WIOA and Wagner Peyser**. In one-stop centers visited, the typical customer was an **unemployment insurance claimant**.
- **Individuals with disabilities, people seeking public assistance, and people needing skills upgrading** seek such assistance through other means. Human service clients have no referrals to workforce services outside of SNAP E&T.
- **Referrals** between agencies/programs are **informal**, at best, and tracking of "what happens" to the customer does not occur.

**RESULT:** Customers needing an array of workforce services and supports do not receive them and are **limited in exposure to upward mobility possibilities**.

**RISK: Arkansas does not have a comprehensive workforce system to address significant challenges, such as improving labor force participation or addressing impacts of AI and new technologies.**

# Observations from Site Visits & Research

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## Human Services Approach DOES NOT Focus on Work

- During site visits, DHS DCO staff informed our team members that SNAP clients potentially eligible for voluntary Employment and Training services often **show little to no interest in participating**.
- In FY2024 there were 2,561 SNAP E&T participants – **only 0.68% of the SNAP population**.
- Social services front line workers **do not typically ask clients about a plan for work**.

**RESULT:** Customers are **"trapped"** in poverty while on government assistance as caseloads and expenditures remain unnecessarily elevated.

**RISK: As Arkansas implements work requirements, customers in the human services programs have no direct line to workforce programs. State agencies address these requirements on a program-by-program basis versus comprehensively.**

# Observations from Site Visits & Research

## Significant Inherent Inefficiencies

- While challenging to fully quantify without a forensic audit, duplication in physical infrastructure and systems support (case management and eligibility systems) likely means that Arkansas is losing millions of dollars in funds that could support customers.
- For PY24, Arkansas had an allotment of $14.8 million in WIOA Title I dollars and **only served 1,273 people**.
- For PY24, local workforce areas received **$14.8 million in total allotments**, of which **$1.7 million was spent on training**.
- For PY24, the state also received $5 mil for Wagner Peyser.

**RESULT:** Arkansas is “leaking” millions of dollars that could be redirected from administration to customer services for both business and worker populations.

**RISK:** As federal resource constraints grow, Arkansas will be saddled with overhead and forced to implement dramatic reductions in staffing and services to Arkansas business and worker populations.

# Significant Inherent Inefficiencies

- **SNAP E&T** providers include Adult Education ($2.7 m), an HBCU ($97K), and a Community College ($470K).
- **Perkins and the new Workforce Pell dollars** to cover high-quality, short-term workforce training programs administered by Arkansas Division of Higher Education.
- **74% ($47 m) of TANF** spent on funding subgrantees– including the Division of Career & Technical Education's Career Pathways Initiative, Human Development Corp, Department of Workforce Services, Employment & Training Services Inc. *(FY24)*

**RESULT:** Arkansas is "leaking" millions of dollars that could be redirected from administration to customer services for both business and worker populations.

**RISK:** As federal resource constraints grow, Arkansas will be saddled with overhead and forced to implement dramatic reductions in staffing and services to Arkansas business and worker populations.

# Observations from Site Visits & Research

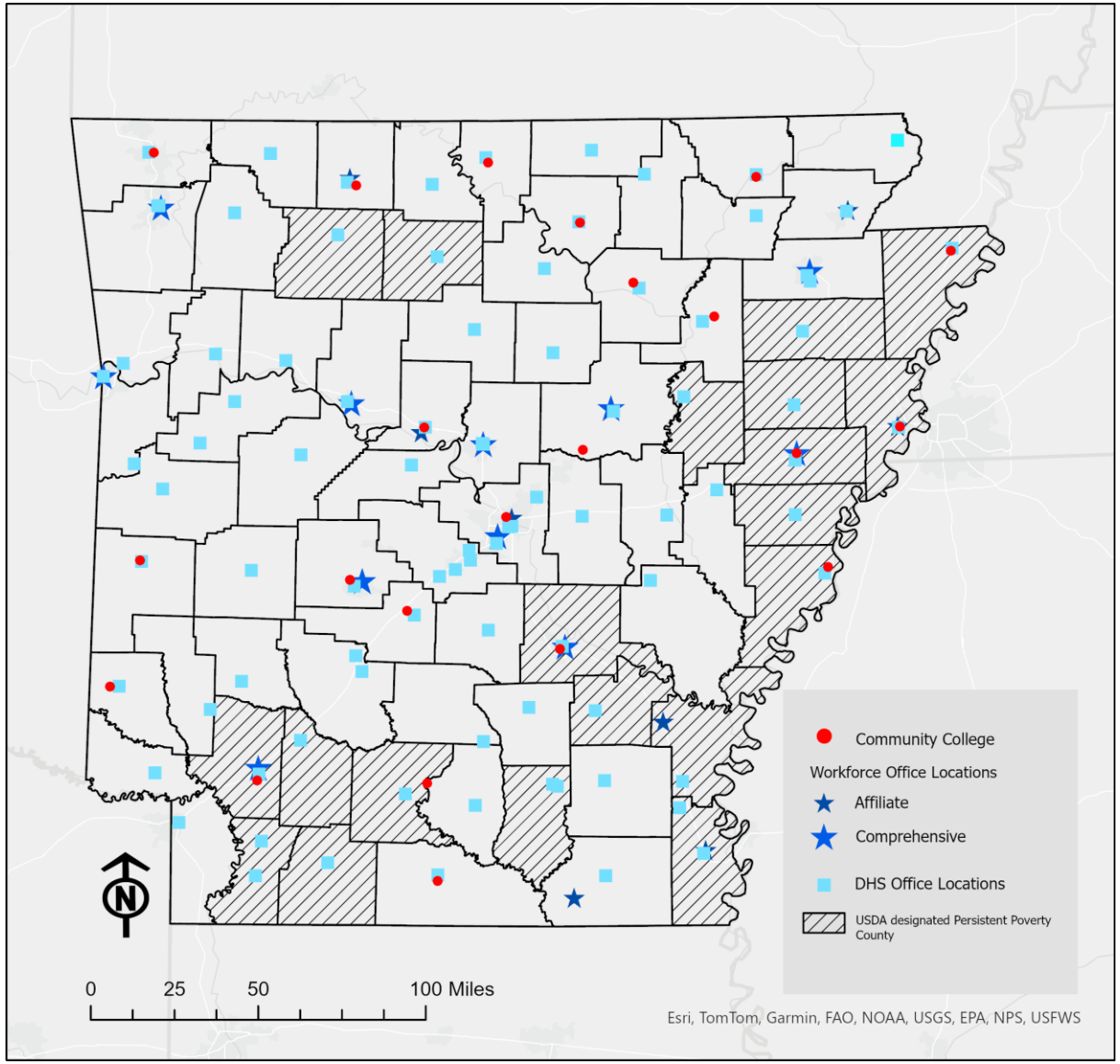
## Physical Locations:

The only office in many counties is a human services county office– where there are no direct services or staff for work search, education, or work training.

Clients currently need to navigate different offices for different programs.

***NOTE:*** *This does NOT include 105 Public Housing Authorities, 95 health department offices for WIC, 26 child support enforcement offices, 15 orgs administering LIHEAP.*

(DRAFT MAP)



| | PARTICIPANTS | TOTAL FUNDS |
|---|---|---|
| **WIOA: Title I** | FY24<br>**1,273** | FY25 Total Allotment:<br>**$14.8 million**<br>Training Cost:<br>**$1.7 million** |
| **WIOA: Wagner-Peyser** | FY24<br>**53,733** | FY25 Allotment<br>**$5 million** |
| **WIOA Title II: Adult Education** | PY24<br>**11,447** | FY25<br>**$6.2 million** |
| **Unemployment Insurance** | Jan-Dec 2025<br>**71,782 initial claims** | FY24<br>**$72.5M in claims payments**<br>FY24 Admin PS/PB:<br>**$9.95 million**<br>Admin Other:<br>**$14.5 million** |

# Key Workforce Program Spending + Participants

Total WIOA Title I-III Spending=
$26 million

| | PARTICIPANTS | TOTAL FUNDS |
|---|---|---|
| **SNAP E&T** | SFY24<br>**2,561** | FY24 Budgeted: **$11.6 million**<br>Expenditures: **$5.1 million** |
| **SNAP** | SFY24<br>**377,312** | FY24<br>**$525.6 million** |
| **Medicaid** | SFY24<br>**1,170,254** total | SFY24<br>**$9 Billion** |
| **TANF** | TOTAL Grantee Customers Served:<br>**Unreported**<br><br>SFY24 TEA Adults: 1,568<br>Children: 3,366<br>**Total: 4,934**<br><br>SFY24 TEA WorkPays Adults: 78<br>Children: 164<br>**Total: 242** | FY24 Subgrantees:<br>**$47 million**<br><br>SFY24 TEA<br>**$2.1 million**<br><br>SFY24 TEA Work Pays<br>**$125,504**<br><br>SF24 TOTAL: **$63.2 million** |

# Key Human Services Program Spending + Participants

Total SNAP, Medicaid, TANF Spending = $9.5 billion

# Arkansas Can Create A "One Door to Work" System

| | |
|---|---|
| **1. Integrated Administrative Structure** | **Consolidate employment, training, and social service programs into an integrated state workforce agency.** Co-locate services physically under this structure. |
| **2. Integrated Service Delivery** | **A. Regional Alignment:** All programs are delivered with a consistent regional approach where the state operationalizes service delivery coordinated locally.<br>**B. Integrated Eligibility and Intake:** All appropriate eligibility functions are consolidated into a dedicated eligibility division.<br>**C. Work-First Case Management:** Because programs are administratively integrated, deploy employment-first case management consistently utilized by all workers. |
| **3. Integrated Finances** | **Develop a Statewide Cost Allocation Model or Administrative Arrangements** that braid funds statewide to support a system instead of individual programs. |

# Component 1: Integrated Administrative Structure

**How do we get there?**

1. **Legislative**: Draft and pass legislation to create a cabinet-level state workforce agency with commensurate appropriations effective July 1, 2027.
    a. Provide for transition and further data collection during 2026 to inform the 2027 legislative session.
    b. During transition provide Governor with opportunity to name a Secretary and create work groups.
2. **Legislative/Executive:** Governor's Workforce Cabinet & legislators develop and implement a plan to move toward a single administrative agency focused on work, including a plan for physical location integration.
3. **Executive:** As part of WIOA mid-cycle State Plan updates, develop and submit a waiver package to realign local workforce development areas into a statewide planning region and move toward a statewide service delivery model.

# Component 2: Integrated Service Delivery

**Part 1: Consolidate various service delivery structures into a single regional approach.**

**How do we get there?**

1. **Legislature:** Workforce legislation designates Arkansas as a single state area and provides assurances that all regions of the state will receive appropriate resource allocations.
2. **Legislature:** Fund transition process to consolidate physical locations and transition staff, as needed.
3. **Executive:** Utilize planning region and other waivers, execute statewide integrated service delivery implementation and transition approach.

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# Component 2: Integrated Service Delivery

**Part 2: Consolidate customer intake and eligibility into a single eligibility division.**

**How do we get there?**

1. **Legislature:** Include in enacting legislation language requiring the new agency to utilize LAUNCH and Civiform and train all staff on these common intake forms and common culture of work.
2. **Executive:** Implement statewide master client index number.
3. **Legislature/Executive:** Bring financial eligibility for all programs in one shared backend system into a single agency. Expand the integrated eligibility system (currently Medicaid, SNAP, TEA) to include WIC, LIHEAP, Childcare, WIOA.

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# Component 2: Integrated Service Delivery

**Part 3: Deploy an integrated, employment-first case management system focused on self-sufficiency and outcomes.**

**How do we get there?**

1. **Executive:** Create a common case management process, similar to Hope Hub across all programs administered by the new agency.
2. **Executive:** Outcomes defined, captured, tracked, and reported to legislature and executive staff by case management (including after exit of the system).

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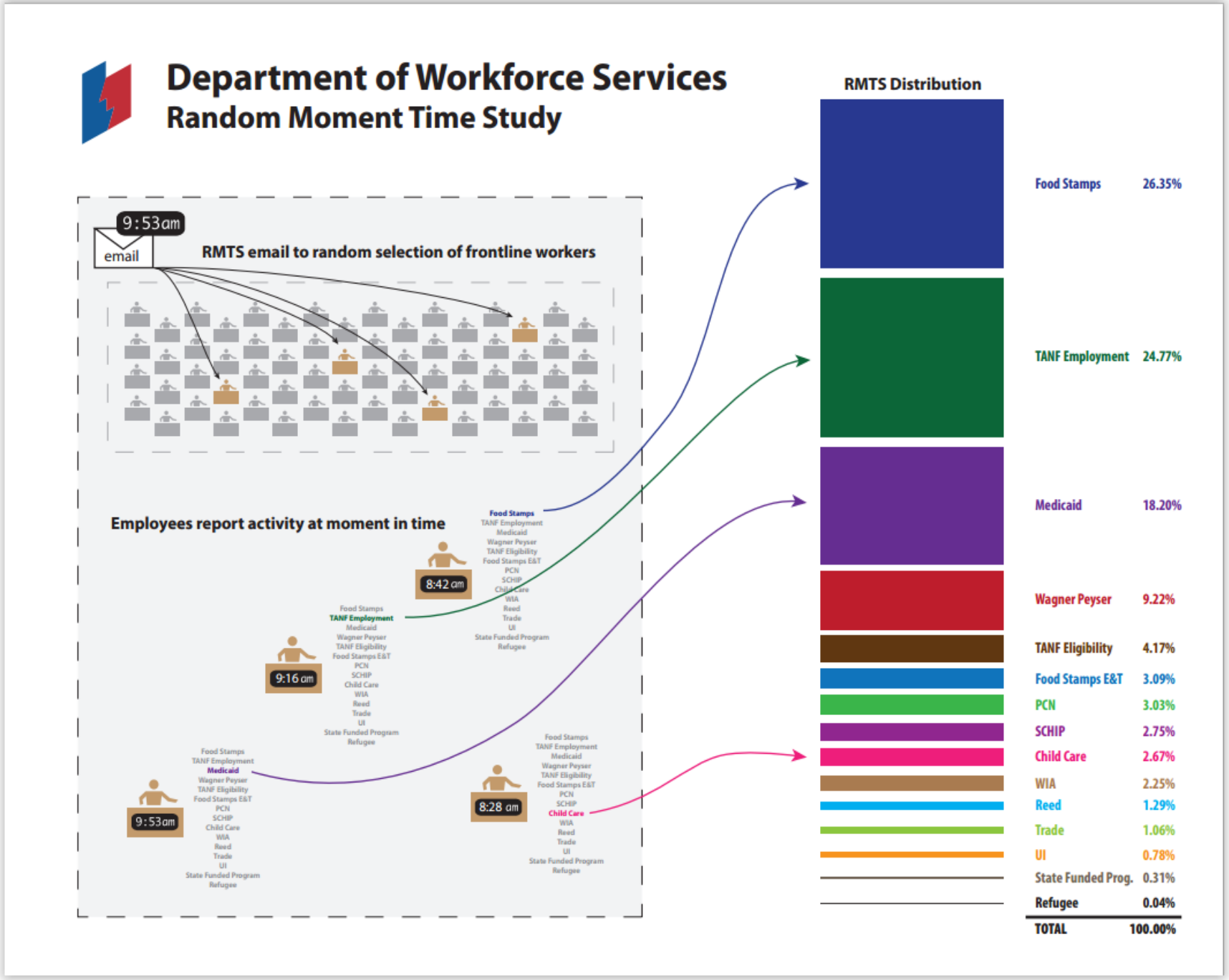
# Component 3: Integrated Finances

**How do we get there?**

1. **Executive/Legislative:** Governor's Workforce Cabinet assesses agency expenditures and build upon initial asset mapping to eliminate inefficiencies. Make recommendations to Legislature to align appropriations.
2. **Executive:** Submit request to OMB to approve a Cost Allocation Model.
3. **Legislative/Executive:** Implement Cost Allocation Model as a part of new agency creation and Legislature aligns appropriations to the new agency.

# How does the Utah Department of Workforce Services run its Cost Allocation Model?



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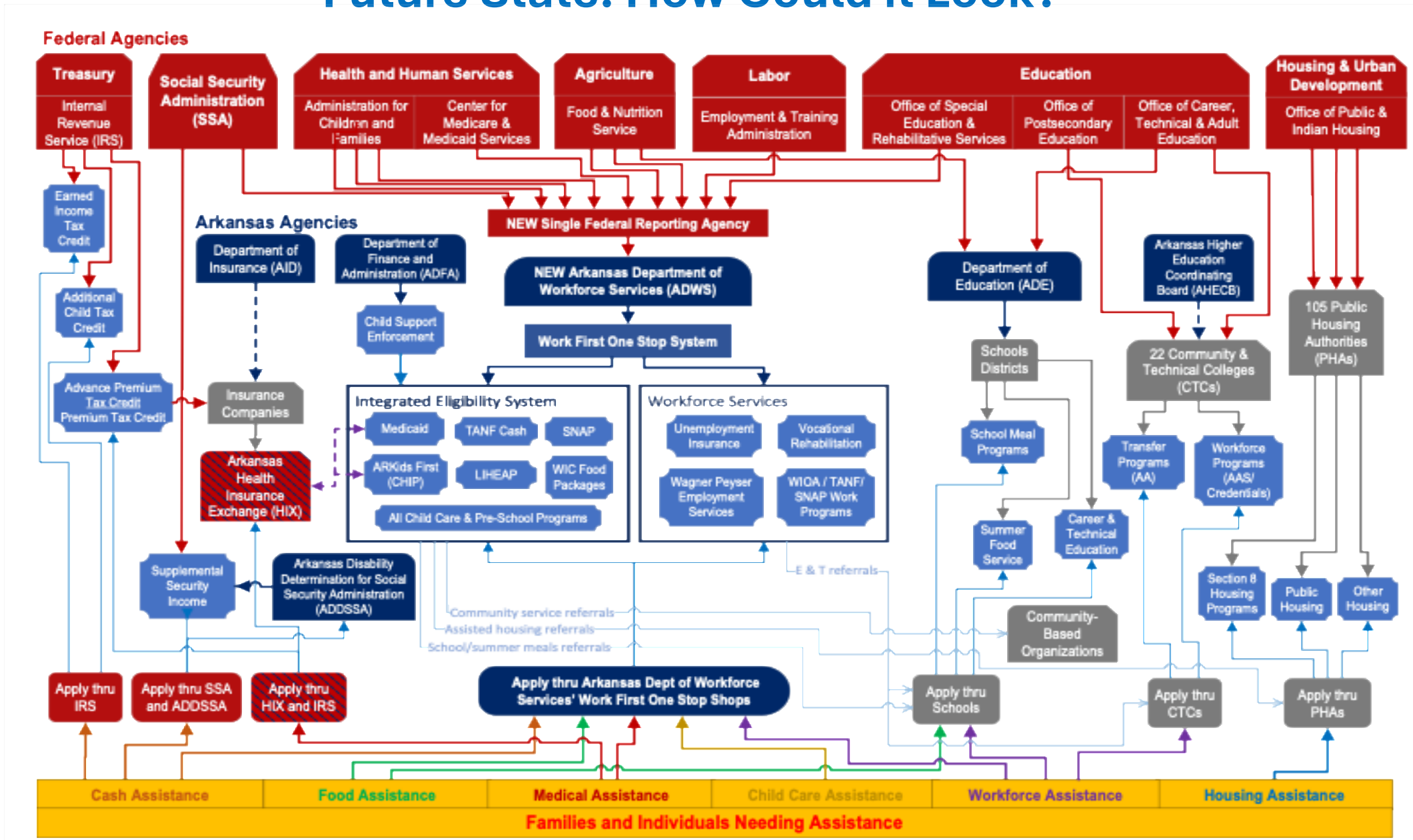
## Summary

1. Integrated Administrative Structure =
**Statewide Workforce Strategy**

2. Integrated Service Delivery =
**Every Program Is a Work Support**

3. Integrated Finances =
**Stop Losing Administrative Millions, More to Customer Training & Services**

# Future State: How Could it Look?



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