EXHIBIT B

# Workforce and Human Services Integration Update

## Status on Implementation of a No Wrong Door Model

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# Goals of No Wrong Door Reform

- Promote upward mobility and increased wages for families
- Provide greater access to services that promote longer-term employment and labor force attachment
- Maintain a strategic approach to helping employers access sources of talent for well-paying jobs
- Create efficiencies that promote effective government services, outcomes, and impact
- Innovate to meet rapid changes in employment, labor markets, skills needed for jobs, and deployment of technology

# Why Undertake Reform Now?

- New job growth and company attraction will require tapping into ALL sources of available talent
- With economic changes coming due to AI, quantum computing, and other technologies, more people will be left on sidelines if we don't address systemic dysfunction in workforce and public assistance delivery
- There is a small window of opportunity with the current administration advocating that states be entrepreneurial and utilize flexibilities—if it doesn't happen now, states only have themselves to blame.
- The looming entitlement crisis will require tough choices and funding cuts and/or program elimination.

# What is the Problem?

- The federally funded public workforce “system” is broken, and public assistance programs create barriers to work.
- It is not an issue of funding—the level of appropriations does not overcome inefficient and poorly designed governance and service delivery architecture.
- State education, workforce, and social services agencies receive billions in appropriations for dozens of programs from a multitude of federal agencies.
- WIOA (2014) is the culmination of decades of prior laws: CETA (1973), JTPA (1982), and WIA (1998)
- Public assistance programs-reform in 1996 to “benefits cliffs” in 2026

# The Challenge for States

- Each program has its own federal authorizing statute and appropriations
- Each program has its own rules, stakeholder and interest groups, and organizational/program culture
- Most WIOA Title I funds (Adult, Dislocated Worker, and Youth) must be delivered through local workforce development boards
- Almost all other workforce and social services programs are delivered through state systems running parallel to the local WIOA Title I system
- Even where “coordination” and referrals occur, employers and workers go through additional administrative hoops to access the services they need

# The Price of Inaction

**Can We Afford the Next COVID-19 Chaos?**

**What happens if we have another economic shock?**

**How do we respond if AI and technology causes mass employment disruption?**

# Why Modernization Through Integration?

***Arkansas is realizing historic investment — but employers will struggle to find the workers to fill the jobs.***

## Recent Announcements Under Gov. Sanders

- Hope Baking Co. — $37M+ investment, Hope
- Mueller Streamline — $7M, 60 new jobs, Wynne
- Taber Extrusions — $70M expansion, Russellville
- White River Energetics — $70M, 100 jobs, Des Arc
- General Dynamics & U.S. Army artillery plant, Calhoun County

## But the Job Challenges Remain

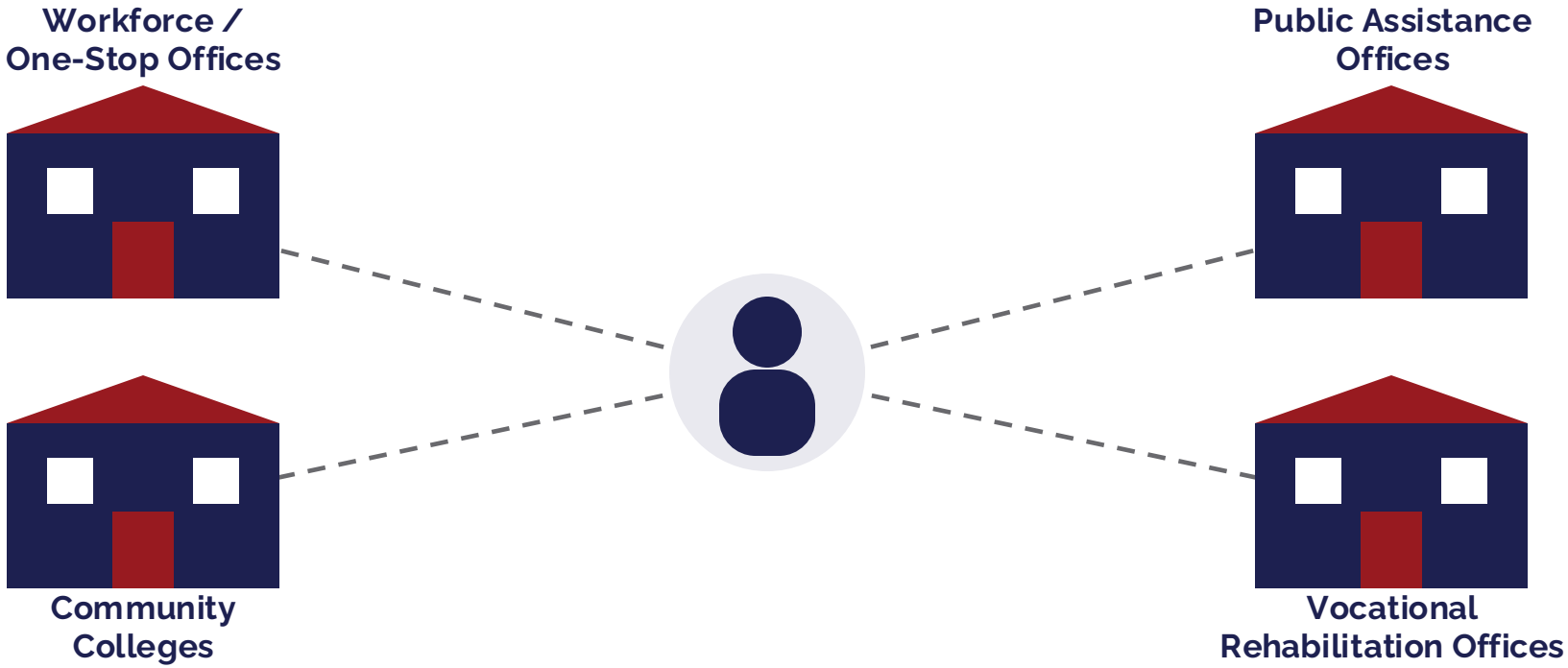
**~68,000**
jobs open and unfilled across Arkansas

**202,000**
prime-age Arkansans not in the labor force

**58.5%**
labor force participation rate

# Multiple Doors and Program Silos

***To get help today, a single job seeker must navigate multiple programs.***

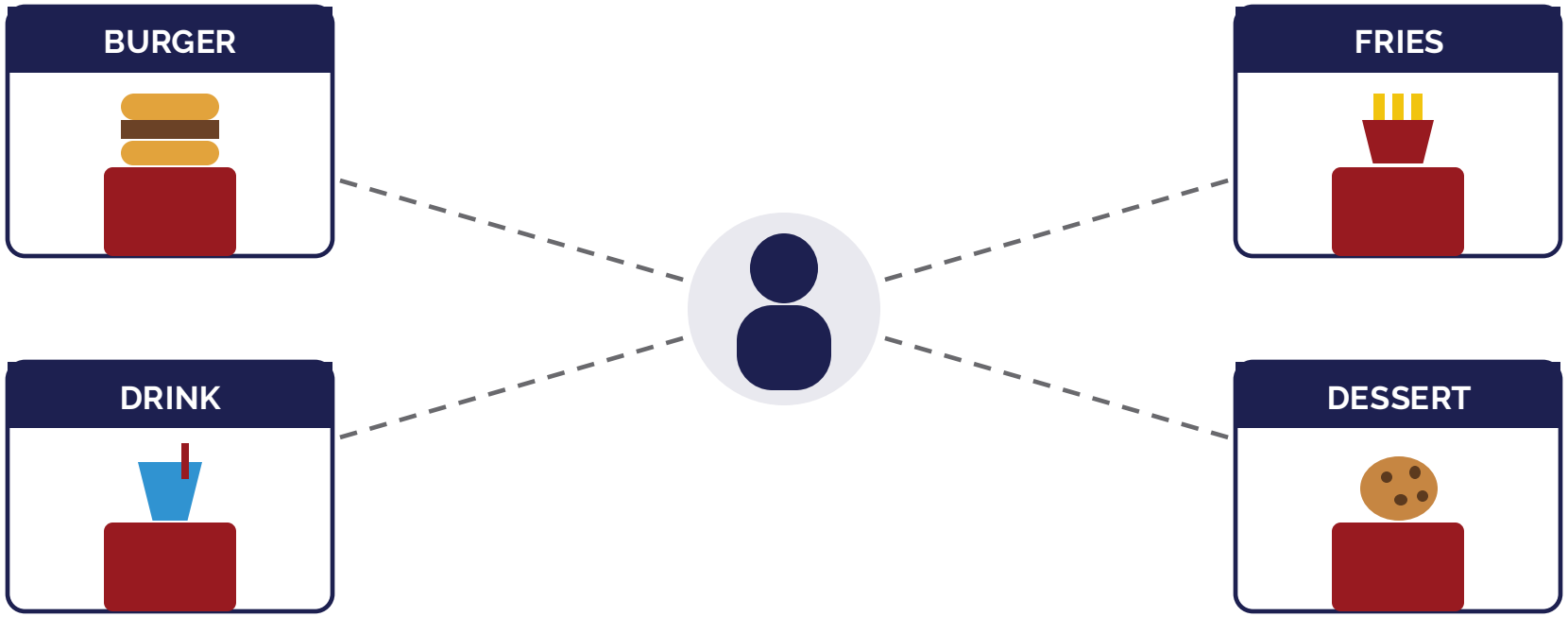



**Multiple intake processes and case managers. No referrals, lost referrals, soft handoffs.**
**What is the purpose of human services programs? Calculate benefits accurately? Address short term needs without long term strategy?**

***We have expensive, multiple intake systems with little connection to skills training and educational attainment.***

# The Private Sector Would be Out of Business

***Would customers ever entertain dealing with multiple locations and entry points to get lunch?***




**No one would operate a business, a franchise, or design a system this way.**

Yet this is exactly how we ask Arkansans to get the help they need to go to work.

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# The Missing Link

***Governor Sanders has aligned the pieces — what's missing is the system that connects them.***

## THE GOVERNOR'S WORKFORCE STRATEGY:

### Economic Development

Dept. of Commerce aligns industry priorities — record investment and new jobs.

### Education & Training

Career pathways, credentials, and funding realigned to employer demand.

### Regional Sector Centers

Focus centers built around Arkansas's market strengths and target industries.

## STILL MISSING: A WORKFORCE SYSTEM THAT CONNECTS SUPPLY TO DEMAND

**LABOR SUPPLY**
202,000 prime-age Arkansans on the sidelines

←

**THE MISSING LINK**
An aligned workforce system that connects job seekers to jobs

→

**LABOR DEMAND**
~68,000 jobs open across a booming economy

***The strategy itself calls for it: "A single connection point for job seekers and employers."***
***"Align state and federal resources with the workforce strategy to maximize outcomes and economic development."***
***"Align" "Coordination" "Communication"—these terms used for years with little to no impact.***

# Arkansas LAUNCH

***A powerful data and matching tool — but a portal is not a service delivery system.***

## LAUNCH as a Ground Breaking Tool

- AI-driven skills matching of job seekers to jobs and training
- One free digital front door using a "no wrong door" design
- Built on state administrative data (with RIPL); CiviForm lets users apply online
- Strong early adoption since its 2025 launch — thousands of users, jobs, and employers

## Why It's Not Enough

- Behind the login, services are still run by separate programs, staff, and offices
- No integrated governance, shared eligibility, or unified case management
- No braided funding, statewide cost allocation model, or ability to strategically align resources
- A virtual front door — not the in-person, cross-trained delivery system people need

**Keep LAUNCH as the data layer — and build one delivery system behind it.**

# Integration is the Answer

***One entry point. One team. One plan — for every Arkansan.***

***This is the actionable Workforce Strategy.***

1

## One Location-Physical and Virtual

A single point of access across workforce, education, public assistance, and vocational rehabilitation.

2

## One Team

Cross-trained case managers who serve people, not programs, with shared intake and case notes. Streamlined policies and administrative oversight.

3

## One Plan

A single, work-focused plan for each person, delivered through a consistent statewide model.

4

## One System

Integrated funding and data so every dollar moves Arkansans toward employment.

***Services, not silos. People, not programs.***

# The Integrated Services Model

- **Integrated Governance:** Regional planning areas and local board governance are defined in state law; for federal purposes, the state board also serves as the local board for the entire state; program administration is aligned to create "the same team" across programs
- **Integrated Service Delivery:** People access "services" versus "programs" through a franchise model where customers receive consistent, work- and education-focused services across the state, while allowing for regional variation
- **Financial Integration:** Implementation of an integrated cost allocation model across workforce and social services programs-supports integrated case management and eligibility
- **Why it matters:** Focuses resources strategically on upskilling workers, creates cost efficiencies, and provides streamlined, single-point access for job seekers and employers

# Beyond WIOA

***WIOA waivers are the start. Four levers of existing federal flexibility can build an integrated system — with no new federal law.***

1

### Workforce Waivers

WIOA governance, funding, program, and WorkFlex flexibility through the mid-cycle State Plan.

2

### Cost Allocation

Braid administrative funds to finance shared data, eligibility, and case management.

3

### Safety-Net Waivers

SNAP, Medicaid, TANF, and CCDF authorities to pilot reform.

4

### RISE Pilot

Consolidate benefits into one phase-down benefit so work always pays.

# Workforce Waivers

***Request through the mid-cycle WIOA State Plan — aligned to the integrated design.***

### Governance

State board serves as the single statewide local board; Governor designates one region; statewide one-stop infrastructure funding.

### Funding Flexibility

Combine WIOA Title I (and Wagner-Peyser) into one funding stream to serve businesses, workers, and youth.

### Program

Flexibility on youth elements, pay-for-performance, training contracts, and post-employment supportive services.

### WorkFlex (Sec. 190)

Five-year authority for the Governor to approve local waivers without separate federal sign-off.

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# Cost Allocation

***A modern cost allocation model lets Arkansas braid administrative funds to pay for shared infrastructure — the backbone of financial integration.***

## WHAT ALREADY EXISTS

2003 HHS–USDA Cost Allocation Toolkit — a braiding "safe harbor"

2024 OMB Uniform Guidance — braided funds for shared data & evaluation

DOL disability program blending & braiding guide

## WHAT ARKANSAS CAN DO

1. **Submit an Arkansas-specific cost allocation request to OMB**
   Across CMS, ACF, FNS, SAMHSA, CDC, HRSA, Education, Labor, and HUD.
2. **Ask OMB to modernize the 2003 Toolkit for 2026**
   Add agencies, cover maintenance costs, and replace the Excel tool with a modern "TurboTax-like" system.
3. **Build shared data & eligibility infrastructure**
   As Ohio, Indiana, Kentucky, Colorado, Washington, and Allegheny County, PA have done.

**Action: bring the cost allocation request to the Legislature and the Governor's budget office now.**

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# Safety Net Waivers

***Four federal authorities let Arkansas pilot reform — without changing federal law.***

| | | |
|---|---|---|
| SNAP | **SNAP 2026 Waiver**<br>*§17(b) demo — 7 U.S.C. 2026(b)* | Pilot reform for up to 15% of the SNAP population; consolidate into one trackable benefit with a gradual phase-down. |
| MED | **Medicaid 1115 Waiver**<br>*42 U.S.C. 1315* | Premium assistance for employer-sponsored insurance when available and cost-effective; preserves Medicaid for vulnerable populations. |
| TANF | **TANF Block Grant Amendment**<br>*42 U.S.C. 601* | Repurpose flexible TANF funds for the cash portion of a unified benefit and case management; counts toward MOE. |
| CCDF | **CCDF Cash Certificates**<br>*42 U.S.C. 9858c(c)(2)* | Parent-directed certificates folded into the unified benefit, with gradual phase-down and parental choice. |

# The RISE Pilot

***A benefit cliffs pilot: one simplified, trackable benefit that phases down as earnings rise — so work always pays.***

## DESIGN

- One benefit replaces multiple cards, vouchers, and payments
- Phases down gradually — effective marginal tax rate kept under 50%
- Modern, privacy-protected delivery platform with integrity safeguards
- Case management + at least 10 hrs/week of work, training, or job search
- Marriage-stable design; randomized control trial evaluation

## LAUNCH

- Target: work-capable SNAP households with children (parent, kids 1–13)
- Size: ~550–700 households
- Consolidates SNAP, WIC, TANF, LIHEAP, CCDF, EITC, and ACTC
- Cost: ~$7M / year as earnings rise and benefits decline
- Financed through existing streams (SNAP waiver, CCDF certificates, TANF)

***Existing safety-net dollars, redirected — not new spending.***

# Timeline

| Date(s) | Activity |
|---|---|
| May 2026 | Establish committees, assign roles, and outline tasks |
| June 2026 | Gather program data, service delivery structures, accountability metrics, and information on federal and state requirements |
| July 2026 | Ongoing data gathering and analysis<br>Identify integration opportunities and cross-cutting performance metrics |
| August 2026 | Review and analyze data, identify gaps, and develop preliminary recommendations |
| September 2026 | Draft sections on program inclusion, service models, regional design, and continuous improvement strategies<br>Integrate feedback from committee members and stakeholders into the developing study |
| October 2026 | Draft Recommendations Report reviewed and edited, as needed<br>Final Recommendations Report completed |

# THANK YOU

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