

# DHHS - DIV OF CHILD CARE/EARLY CHILDHOOD ED

## Enabling Laws

Act 1293 of 2005

Act 2188 of 2005

A.C.A. §20-76-105 et seq.

A.C.A. §20-78-201 et seq.

A.C.A. §20-78-501 et seq.

A.C.A. §25-10-102 et seq.

A.C.A. §6-45-101 et seq.

## History and Organization

The purpose of the Division of Child Care and Early Childhood Education is to enhance the coordination of child care and early childhood education programs within the state. This coordination ensures a seamless delivery of service to low-income families and those who are moving from welfare to work.

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 171 budgeted positions in addition to 13 extra help positions. The name of the sections and a brief description of their functions follow:

Child Care Licensing - This is the largest section within the Division with 62 positions. Many of these positions are located in DHHS county offices. Licensing Specialists perform on-site reviews of child care centers in addition to licensed homes and registered homes. This section is also responsible for maintaining the Criminal Records Check System (Act 1198 of 1997) in conjunction with the Arkansas State Police. This system checks the police record of all workers in child care centers, licensed or registered homes.

Compliance - This section works with the programmatic sections of the Division and other appropriate Divisions within the Department to coordinate and track issues dealing with provider fraud, overpayments and audits.

Family Support - This section is the second largest section within the Division with 61 positions. Many of these positions are located in DHHS county offices. This section supports services to Temporary Employment Assistance (TEA), transitional and low-income working families by providing subsidized child care services on a sliding fee basis. Child Care Eligibility Specialists are located regionally across the state.

Special Nutrition Program - This program is comprised of four programs funded by the U.S. Department of Agriculture (USDA) and administered by the state. These programs reimburse centers and sponsors for nutritional meals and snacks served. The programs are the Child & Adult Care Food Program, the Summer Food Service Program for Children, Special Milk and National School Lunch.

Program Development - This activity is the major outreach section of the Division. This section provides a multitude of diverse services designed to improve the quantity and quality of child care services within the state. These services blend funds from state and federal sources.

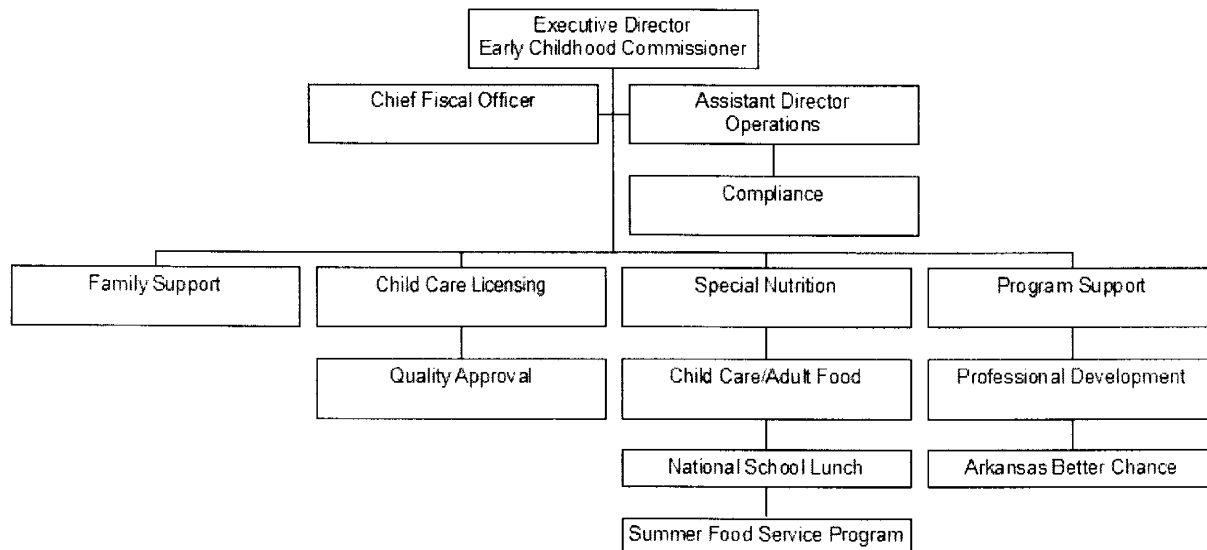
A listing of these services follow:

- ARKANSAS BETTER CHANCE (ABC) - The State's Public Pre-K program
- ENHANCEMENT GRANTS
- TRAINING GRANTS
- CHILD DEVELOPMENT ASSOCIATION (CDA) SCHOLARSHIPS
- TECHNICAL ASSISTANCE TO PROGRAMS
- ARKANSAS CHILD CARE FACILITIES GUARANTEE LOAN FUND
- CHILD CARE FACILITIES FUNDING/COMMUNITY DEVELOPMENT BLOCK GRANT
- ARKANSAS CHILD CARE RESOURCE CENTER
- ACCREDITATION/APPROVAL SYSTEM
- PARENT INFORMATION & CHILD CARE RESOURCE AND REFERRAL SERVICES
- EARLY LITERACY LEARNING IN ARKANSAS (Pre K ELLA)
- KINDERGARTEN READINESS - INDICATORS

The creation of the Division consolidated three (3) existing boards into one. The affected boards were the Child Care Facility Review Board, the Arkansas Early Childhood Commission and the Child Care Provider Training Committee. 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 Child Care Appeal Review Committee was established in 1999. This panel reviews appealed adverse action taken by the Child Care Licensing Section against a child care provider and hear any unresolved disputes between that Section and the child care providers regarding: 1) substantial compliance with the published standards; 2) founded licensing complaint; 3) denial of alternative compliance request.

Providers, staff and above all, families, have benefited from these efforts to support working families and school readiness by the consolidation and streamlining of administrative functions within the Division.



## **Agency Commentary**

The Division of Child Care and Early Childhood Education request the following appropriation for the 2007-2009 biennial budget. The change requests are as follows:

For SFY 2008

- For Appropriation 890 \$2,550,000 in federal appropriation
- For Appropriation 896 \$1,463,050 in federal and other appropriation
- For Appropriation 898 \$1,600,000 in General Revenue with appropriation

For SFY 2009

- For Appropriation 890 \$5,291,250 in federal appropriation
- For Appropriation 896 \$1,113,050 in federal and other appropriation
- For Appropriation 898 \$1,600,000 in General Revenue with appropriation.

During Reallocation of Resources in SFY 2006, a position was authorized to assist with managing the increase in grants and contracts mandated through the Arkansas Better Chance for School Success Program. Administrative expense up to 2% has been authorized. The Division is requesting appropriation to continue to utilize this 2% which would include funding of this authorized position.

The Child Care Development Fund state plan includes the provision for a state quality approval program with the use of the Environmental Rating Scales (ERS). These rating scales are nationally accepted standards for assessing quality in early childhood settings. The ERS have been used by the state since the early 90's collecting data with a paper driven approach. The Division will be entering a contract with ERS Data System to implement an information technology system for collecting data regarding the results of the rating scale visits in local early child hood programs. This tool will improve the scoring reliability as well as enhance the time local programs will receive results regarding the visit. The data gathered from the quality assessments will be utilized in the following ways: as a basis for early childhood centers to receive feedback for training/technical assistance and quality improvement; to provide statistics on the Quality Approval program's overall effectiveness; and to measure the overall accuracy and consistency of the reviewers responsible for performing the

assessments (inter-rater reliability checks). The Arkansas Better Chance for School Success Program will pursue the purchase of PC "tablet" hardware that would allow the staff to gather data in the field when conducting local monitoring visits.

The final request is in the Child Care and Adult Food Program which is a federally uncapped funded program included in the Special Nutrition Program (SNP). The number of children receiving free and reduced meals and snacks has increased. The funding has increased by \$1 million over the past biennium. The scope of this program is to provide nutritious meals and snacks for children. In addition, the Unit was awarded a Miscellaneous Federal Grant (MFG). Within this grant, allocation for an additional position and operating expenses was provided. The position will provide support to early education programs in areas of the state to expand when underutilization is identified and work on development of a new database to strengthen efficiency and accountability. A request is being made for continuation of the position and operating expense appropriation.

The division is also requesting State General Revenue with appropriation for \$1,600,000 in both years of the biennium to provide subsidized child care for low-income families.

**Appropriation 896**

Maintenance & Operation - (Commitment Item 502:00:02)

The Division requests appropriation to be used in the following areas:

	SFY08	SFY09
ABC Program	\$287,285	\$287,285
SNP - continuation of MFG	\$ 97,376	\$ 97,376

Professional Services & Contracts - (Commitment Item 506:00:10)

Appropriation is requested to allow the Division to purchase professional services (utilizing contract(s) to assist the Division in the monitoring and gathering of information necessary for the effective evaluation of the expanded Arkansas Better Chance for School Success program).

	SFY08	SFY09
ABC Program	\$862,718	\$512,715
SNP - continuation of MFG	\$136,456	\$136,456

Regular Salaries (Commitment Item 501:00:00) and  
Personal Services Matching (Commitment Item 501:00:03)

The Division requests appropriation for 2 positions. One of these positions is being restored through a Miscellaneous Federal Grant and one was an unbudgeted position.

	SFY08	SFY09
ABC Program	\$39,609	\$39,609
SNP - continuation of MFG	\$39,609	\$39,609

**Appropriation 320**

Grants and Aid - (Commitment Item 510:00:04)

The Division is requesting no additional appropriation for the Discretionary Fund that is a component

of the Child Care Development Fund Block Grant serving low-income working parents and parents at-risk of entering the welfare system (TEA).

**Appropriation 890**

Grant-And-Aid - (Commitment Item 510:00:04)

Appropriation is requested for each year of the biennium to support service growth in the Special Nutrition Program, which is fund by the U.S. Department of Agriculture. This program funds are 100% federal and are uncapped. They can be used to reimburse enrolled providers serving eligible children nutritious meals and snacks. This program has experienced a sustained growth over a number of years. The Division requests appropriation in the following amounts:

	SFY 08	SFY09
SNP Child Care and Adult Food Program	\$2,550,000	\$5,291,250

**Appropriation 929**

The Division is requesting existing level cash funded appropriation of \$100,000 for the Arkansas Child Care Facilities Loan Guarantee Trust Fund. The Fund provides start up or expansion loans to child care facilities. The Division can also use the interest for training of early childhood staff. The Fund currently has approximately \$350,000 in CD's in local banks. The Division is asking only for appropriation for the \$100,000.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 FOR THE YEAR ENDED JUNE 30, 2005

Findings

Recommendations

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

**Publications**

**A.C.A 25-1-204**

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		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.

Annual report and mission statement of the Arkansas Early Childhood Commission	A.C.A. 20-78-501, 20-78-502	N	Y	1	The annual report of the Commission keeps the Governor and Legislators appraised of the activities of the division that strongly impacts the workforce of the state as well as the health and safety of many of the State's children.
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.
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.
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.
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.
Minimum Licensing Requirements for Child Care Family Homes	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 Family Home.
Minimum Licensing Requirements for Registered Child Care Family Homes	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 Registered Child Care Family Home.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
320 Child Care Dev-Discretionary	24,254,974	0	35,741,878	0	35,741,878	0	35,741,878	0	35,741,878	0	35,741,878	0	35,741,878	0
890 Food Prgm	33,522,106	0	34,000,000	0	34,000,000	0	36,550,000	0	36,550,000	0	39,291,250	0	39,291,250	0
896 Div of Child Care/Early Childhood	12,818,382	166	14,737,214	170	14,006,927	170	16,033,364	171	14,843,755	170	15,683,364	171	14,843,755	170
898 Child Care Grant/Aids	25,984,747	0	30,884,892	0	30,884,892	0	30,884,892	0	30,884,892	0	30,884,892	0	30,884,892	0
929 Chld Care-Treas Pay	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
<b>Total</b>	<b>96,580,209</b>	<b>166</b>	<b>115,463,984</b>	<b>170</b>	<b>114,733,697</b>	<b>170</b>	<b>119,310,134</b>	<b>171</b>	<b>118,120,525</b>	<b>170</b>	<b>121,701,384</b>	<b>171</b>	<b>120,861,775</b>	<b>170</b>

Funding Sources			%		%		%		%		%		%	
General Revenue	4000010	6,675,718	6.9	6,808,302	5.9		8,412,216	7.1	6,812,216	5.8	8,412,216	6.9	6,812,216	5.6
Federal Revenue	4000020	86,945,962	90.0	104,922,852	90.9		107,560,834	90.2	107,560,834	91.1	110,302,084	90.6	110,302,084	91.3
Cash Fund	4000045	0	0.0	100,000	0.1		100,000	0.1	100,000	0.1	100,000	0.1	100,000	0.1
Excise Tax on Beer	4000230	1,600,000	1.7	1,600,000	1.4		0	0.0	1,600,000	1.4	0	0.0	1,600,000	1.3
Various Program Support	4000730	1,358,529	1.4	2,032,830	1.7		3,237,084	2.6	2,047,475	1.6	2,887,084	2.4	2,047,475	1.7
<b>Total Funds</b>		<b>96,580,209</b>	<b>100.0</b>	<b>115,463,984</b>	<b>100.0</b>		<b>119,310,134</b>	<b>100.0</b>	<b>118,120,525</b>	<b>100.0</b>	<b>121,701,384</b>	<b>100.0</b>	<b>120,861,775</b>	<b>100.0</b>
Excess Appropriation/(Funding)		0		0			0		0		0		0	
<b>Grand Total</b>		<b>96,580,209</b>		<b>115,463,984</b>			<b>119,310,134</b>		<b>118,120,525</b>		<b>121,701,384</b>		<b>120,861,775</b>	

Per A.C.A. § 3-7-201(e), which pertains to the taxes imposed on alcoholic beverages, the excise tax on beer will not extend past June 30, 2007. The Executive Recommendation recommends the continuation of the excise tax on beer into the next biennium.

## Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
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	
111	155	8	163	-52	-39.64%	157	155	2	157	0	1.27%	157	161	9	170	-13	-2.55%

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 2303 of 2005 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A 21-5-214(5)(A)).



## **Analysis of Budget Request**

**Appropriation:** 320 - Child Care Dev-Discretionary

**Funding Sources:** FWF - DHHS 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 off welfare to obtain child care so they can 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 \$35,741,878 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 320 Child Care Dev-Discretionary  
**Funding Sources:** FWF - DHHS Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	24,254,974	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878
<b>Total</b>	24,254,974	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878
<b>Funding Sources</b>									
Federal Revenue 4000020	24,254,974	35,741,878		35,741,878	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878
<b>Total Funding</b>	24,254,974	35,741,878		35,741,878	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	24,254,974	35,741,878		35,741,878	35,741,878	35,741,878	35,741,878	35,741,878	35,741,878

## **Analysis of Budget Request**

**Appropriation:** 890 - Food Prgm  
**Funding Sources:** FWF – DHHS Federal

This appropriation is used to reimburse qualified organizations for four (4) food service programs: the Child and Adult Care Food Program, the National School Lunch Program, the Summer Food Program and the Special Milk Program. These programs provide a set rate reimbursement to child care providers for nutritious meals and snacks served to children.

The Child Care and Adult Food Program provides nutritious meals in public and non-profit licensed child care center, 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 National School Lunch Program provides reimbursement to schools and licensed child care institutions serving lunches to eligible children. 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.

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

The agency Base Level request is \$34,000,000 each year of the biennium.

The agency Change Level request is \$2,550,000 in FY2008 and \$5,291,250 in FY2009 for the Special Nutrition Program for anticipated growth in this uncapped federally funded program. This program has experienced sustained growth over a number of years and this growth is expected to continue.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 890 Food Prgm  
**Funding Sources:** FWF – DHHS Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	33,522,106	34,000,000	34,000,000	34,000,000	36,550,000	36,550,000	34,000,000	39,291,250	39,291,250
Total		33,522,106	34,000,000	34,000,000	34,000,000	36,550,000	36,550,000	34,000,000	39,291,250	39,291,250
<b>Funding Sources</b>										
Federal Revenue	4000020	33,522,106	34,000,000		34,000,000	36,550,000	36,550,000	34,000,000	39,291,250	39,291,250
Total Funding		33,522,106	34,000,000		34,000,000	36,550,000	36,550,000	34,000,000	39,291,250	39,291,250
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		33,522,106	34,000,000		34,000,000	36,550,000	36,550,000	34,000,000	39,291,250	39,291,250

## Change Level by Appropriation

**Appropriation:** 890-Food Prgm  
**Funding Sources:** FWF – DHHS Federal

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>34,000,000</b>	<b>0</b>	<b>34,000,000</b>	<b>100.0</b>	<b>34,000,000</b>	<b>0</b>	<b>34,000,000</b>	<b>100.0</b>
C01	Existing Program	2,550,000	0	36,550,000	107.5	5,291,250	0	39,291,250	115.5

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>34,000,000</b>	<b>0</b>	<b>34,000,000</b>	<b>100.0</b>	<b>34,000,000</b>	<b>0</b>	<b>34,000,000</b>	<b>100.0</b>
C01	Existing Program	2,550,000	0	36,550,000	107.5	5,291,250	0	39,291,250	115.5

### Justification

C01 Appropriation request only for anticipated increase in Special Nutrition Program due to increased reimbursement and growth in this federally funded program, which provides meals and snacks to eligible children. Over 23 million meals were served in SFY 2005. Change Level Requested: \$2,550,000 – SFY 2008\$ and \$5,291,250 – SFY 2009.

## **Analysis of Budget Request**

**Appropriation:** 896 - DHHS—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. Additionally, programs related to childcare within the Division of Children and Family Services (DCFS) were also transferred to the new Division, including day care eligibility, special nutrition and childcare licensing.

Funding for this appropriation consists of General Revenue (DCC - Childcare and Early Childhood Education Fund Account), Federal Revenue and Other Funding. Federal Revenue primarily includes Child Care Development Block Grant Funding and Child Nutrition Funding. Other funding, which is indicated as Various Program Support, is derived from Child Care Provider License Fees and funding from the Arkansas Better Chance Program.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY2007 salary levels have been held flat each year for all incumbents. Personal Service Matching reflects increases in the Base Level due to the Social Security Tax minimum income limit and increases in Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The agency Base Level request is \$14,570,314 each year of the biennium with 169 budgeted Base level positions.

The agency Change Level request includes appropriation in the amount of \$1,463,050 in FY2008 and \$1,113,050 in FY2009, and is comprised of the following:

- \$79,218 each year of the biennium for the salary and matching line items to restore one (1) grade 20 DHHS Program Coordinator position that is currently authorized by a Miscellaneous Federal Grant (MFG) to support the Special Nutrition Program and one (1) grade 20 Accounting Supervisor I position that was not budgeted in FY2007 that will be utilized to support the Arkansas Better Chance (ABC) Program.
- \$384,661 each year of the biennium for the Operating Expenses line item. A portion of the total amount requested (\$97,376 each year of the biennium) is currently authorized by a Miscellaneous Federal Grant (MFG) to support the Special Nutrition Program and is requested for data processing supplies, wireless telecommunications, printing, office supplies and travel related expenses. The remaining portion of the total amount requested (\$287,285 each year of the biennium) will support the Arkansas Better Chance (ABC) program and will provide for software licensing, data processing supplies and printing expenses.
- \$999,171 in FY2008 and \$649,171 in FY2009 for the Professional Fees line item. A portion of the total amount requested (\$136,456 each year of the biennium) is currently authorized by a

Miscellaneous Federal Grant (MFG) to support the Special Nutrition Program. The remaining portion of the total amount requested (\$862,715 in FY2008 and \$512,715 in FY009) will provide for professional and administrative expenses related to the Arkansas Better Chance (ABC) Program.

The Executive Recommendation provides for Base Level. Additionally, the Executive Recommendation provides for the continuation of appropriation currently authorized by a Miscellaneous Federal Grant that supports the Special Nutrition Program, which includes salary and matching appropriation of \$39,609 each year of the biennium for one (1) grade 20 DHHS Program Coordinator position, Operating Expenses appropriation of \$97,376 each year of the biennium and Professional Fees appropriation of \$136,456 each year of the biennium.

## Appropriation Summary

**Appropriation:** 896 DHHS-Admin Paying Account  
**Funding Sources:** PWP - Administration Paying

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,010,169	5,475,135	5,101,415	5,445,741	5,504,529	5,475,135	5,445,741	5,504,529	5,475,135
<b>#Positions</b>		<b>166</b>	<b>170</b>	<b>170</b>	<b>169</b>	<b>171</b>	<b>170</b>	<b>169</b>	<b>171</b>	<b>170</b>
Extra Help	5010001	136,444	153,795	153,795	153,795	153,795	153,795	153,795	153,795	153,795
<b>#Extra Help</b>		<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
Personal Services Matching	5010003	1,620,008	1,740,903	1,618,168	1,837,229	1,857,659	1,847,444	1,837,229	1,857,659	1,847,444
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	2,585,053	2,869,519	2,772,143	2,772,143	3,156,804	2,869,519	2,772,143	3,156,804	2,869,519
Conference & Travel Expenses	5050009	40,049	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Fees	5060010	3,426,659	4,442,862	4,306,406	4,306,406	5,305,577	4,442,862	4,306,406	4,955,577	4,442,862
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>12,818,382</b>	<b>14,737,214</b>	<b>14,006,927</b>	<b>14,570,314</b>	<b>16,033,364</b>	<b>14,843,755</b>	<b>14,570,314</b>	<b>15,683,364</b>	<b>14,843,755</b>
<b>Funding Sources</b>										
General Revenue	4000010	410,720	543,304		547,218	547,218	547,218	547,218	547,218	547,218
Federal Revenue	4000020	11,049,133	12,161,080		11,975,621	12,249,062	12,249,062	11,975,621	12,249,062	12,249,062
Various Program Support	4000730	1,358,529	2,032,830		2,047,475	3,237,084	2,047,475	2,047,475	2,887,084	2,047,475
<b>Total Funding</b>		<b>12,818,382</b>	<b>14,737,214</b>		<b>14,570,314</b>	<b>16,033,364</b>	<b>14,843,755</b>	<b>14,570,314</b>	<b>15,683,364</b>	<b>14,843,755</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>12,818,382</b>	<b>14,737,214</b>		<b>14,570,314</b>	<b>16,033,364</b>	<b>14,843,755</b>	<b>14,570,314</b>	<b>15,683,364</b>	<b>14,843,755</b>

FY2006 Actual and FY2007 Budgeted exceeds Authorized by authority of Reallocation of Resources.



## Change Level by Appropriation

**Appropriation:** 896-DHHS–Admin Paying Account

**Funding Sources:** PWP - Administration Paying

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>14,570,314</b>	<b>169</b>	<b>14,570,314</b>	<b>100.0</b>	<b>14,570,314</b>	<b>169</b>	<b>14,570,314</b>	<b>100.0</b>
C01	Existing Program	1,423,441	1	15,993,755	109.7	1,073,441	1	15,643,755	107.3
C06	Restored Position	39,609	1	16,033,364	110.0	39,609	1	15,683,364	107.6

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>14,570,314</b>	<b>169</b>	<b>14,570,314</b>	<b>100.0</b>	<b>14,570,314</b>	<b>169</b>	<b>14,570,314</b>	<b>100.0</b>
C01	Existing Program	233,832	0	14,804,146	101.6	233,832	0	14,804,146	101.6
C06	Restored Position	39,609	1	14,843,755	101.8	39,609	1	14,843,755	101.8

### Justification

C01	The Division is requesting additional appropriation for the 2% of the ABC funding the agency receives to be used for administration of the program which includes working with early childhood providers to expand in areas with eligible children and to maintain the quality and accountability in the ABC program by monitoring and providing technical assistance, support and training. Continuation of Special Nutrition Program Miscellaneous Federal Grant which allows efforts to improve participation in underutilized areas specifically the Delta area of Arkansas and to improve accountability and efficiency efforts in the program by developing automated systems through the use of technology. Restore an Accounting Supervisor position who works with local ABC programs providing technical assistance, support, training and monitoring to ensure quality.
C06	Continue current Program Coordinator position in Special Nutrition Program authorized in a Miscellaneous Federal Grant. The position will work with early care providers and partners to expand participation in the underutilized areas of the state as well as work with the Special Nutrition Unit on implementing an automated system for provider applications and payment.

## **Analysis of Budget Request**

**Appropriation:** 898 - DHHS-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 supports all childcare activities conducted across the State by providing assistance for low-income families and families transitioning off welfare with childcare so they can work or attend training or educational programs. Subsidized childcare is available to eligible parents via the State's day care voucher program with the Division of Child Care and Early Childhood Education. Parents may select any legally operating childcare provider in the State. Childcare providers must meet State basic required health and safety requirements. Included are such requirements as immunizations, building safety and health and safety training. 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 (Detailed information can be found in Appropriation 320-Child Care Development Discretionary)

Funding for this appropriation consists of General Revenue (DGF - Department of Human Services Grants Fund Account), Federal Revenue and Other Funding. Federal Revenues include Child Care Development Block Grant funding. Other funding, which is indicated as Various Program Support includes revenues from the Beer Excise Tax (Act 1841 of 2001) which levied an additional 3 percent tax on alcoholic beverages. The Division receives 20% of these additional revenues for subsidized child care for low-income working families. Arkansas Code Annotated §3-7-201(e), which authorizes the taxes imposed on alcoholic beverages, states that the excise tax on beer will not extend past June 30, 2007.

The agency Base Level request for this appropriation is \$30,884,892 for each year of the biennium.

The agency Change Level request includes General Revenue funding of \$1,600,000 each year of the biennium to replace the excise tax on beer due to sunset on June 30, 2007.

The Executive Recommendation provides for Base Level and recommends the continuation of the excise tax on beer into the next biennium.

## Appropriation Summary

**Appropriation:** 898 DHHS-Grants Paying Account  
**Funding Sources:** PWE – Grants Paying

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	25,984,747	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892
<b>Total</b>		25,984,747	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892
<b>Funding Sources</b>										
General Revenue	4000010	6,264,998	6,264,998		6,264,998	7,864,998	6,264,998	6,264,998	7,864,998	6,264,998
Federal Revenue	4000020	18,119,749	23,019,894		23,019,894	23,019,894	23,019,894	23,019,894	23,019,894	23,019,894
Excise Tax on Beer	4000230	1,600,000	1,600,000		1,600,000	0	1,600,000	1,600,000	0	1,600,000
<b>Total Funding</b>		25,984,747	30,884,892		30,884,892	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		25,984,747	30,884,892		30,884,892	30,884,892	30,884,892	30,884,892	30,884,892	30,884,892

Per A.C.A. § 3-7-201(e), which pertains to the taxes imposed on alcoholic beverages, the excise tax on beer will not extend past June 30, 2007. The Executive Recommendation recommends the continuation of the excise tax on beer into the next biennium.

## **Analysis of Budget Request**

**Appropriation:** 929 - Chld Care-Treas Pay

**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 childcare 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 nonrefundable grants to child care facilities for start-up, development, training scholarships, or expansion.

The agency Base Level request for this appropriation is \$100,000 for each year of the biennium.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 929 Chld Care-Treas Pay  
**Funding Sources:** NHS – Cash in Treasury

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loan Guarantee/Grants 5900046	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Total</b>	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Funding Sources</b>									
Cash Fund 4000045	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000
<b>Total Funding</b>	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
<b>Grand Total</b>	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000