

SUMMARY BUDGET INFORMATION

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2016 AGENCY FUND TRANSFERS

For your information, the Office of Budget has enumerated the following fund transfers which were made from agency treasury fund accounts but do not appear on the Appropriation Summary as expenditures

<u>Agency</u>	<u>Blanket Surety Bond Premiums ACA §21-2-710</u>	<u>Claims ACA §19-10-204</u>	<u>Workers' Compensation Administrative Cost Reimbursement ACA §11-9-307</u>
DHS - Administrative Services Division	\$33,952	\$0	\$7,908
DHS - Aging & Adult Services Division	\$1,356	\$8,644	\$6,271
DHS - Children & Family Services Division	\$8,020	\$30,371	\$25,640
DHS - Child Care/Early Childhood Education Division	\$2,226	\$0	\$4,724
DHS - Behavioral Health Services Division	\$96,275	\$12,386	\$26,507
DHS - Medical Services Division	\$7,391	\$5,913	\$10,519
DHS - County Operations Division	\$8,697	\$1,030	\$41,403
DHS - Developmental Disabilities Services Division	\$128,191	\$229	\$51,619
DHS - Services for the Blind Division	\$1,251	\$0	\$1,892
DHS - Youth Services Division	\$32,846	\$1,246	\$2,395

AGENCY POSITION USAGE REPORT

Agency	FY2016 - FY2017						3 YEAR AVERAGE(FY15,FY16,FY17)					
	Authorized in Act	Budgeted		Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted		Unbudgeted Total	% of Authorized Unused		
		Filled	Unfilled				Filled	Unfilled				
DHS - Administrative Services Division	312	228	23	251	61	26.92 %	314	238	26	264	50	24.20 %
DHS - Aging & Adult Services Division	310	276	11	287	23	10.97 %	245	248	15	263	-18	-1.22 %
DHS - Children & Family Services Division	1,127	1,017	23	1,040	87	9.76 %	1,127	1,013	11	1,024	103	10.12 %
DHS - Child Care/Early Childhood Education Division	204	183	7	190	14	10.29 %	200	178	13	191	9	11.00 %
DHS - Behavioral Health Services Division	1,167	983	83	1,066	101	15.77 %	1,168	997	70	1,067	101	14.64 %
DHS - Medical Services Division	331	285	42	327	4	13.90 %	328	290	29	319	9	11.59 %
DHS - County Operations Division	1,842	1,736	52	1,788	54	5.75 %	1,903	1,776	53	1,829	74	6.67 %
DHS - Developmental Disabilities Services Division	2,708	2,290	164	2,454	254	15.44 %	2,710	2,340	117	2,457	253	13.65 %
DHS - Services for the Blind Division	76	71	11	82	-6	6.58 %	76	69	11	80	-4	9.21 %
DHS - Youth Services Division	91	76	15	91	0	16.48 %	89	75	13	88	1	15.73 %
Office of Medicaid Inspector General	37	33	2	35	2	10.81 %	36	29	1	30	6	19.44 %

Aging & Adult Services (0710) - Budget Number of Positions may exceed the Authorized Number due to Reallocation of Resources (Act 282 of 2014 section 17(d)),

Child Care/Early Childhood Education (0710) - Budget Number of Positions may exceed the Authorized Number due to transfers from the Miscellaneous Federal Grant Holding Account during the 2015-2017 Biennium.

Behavioral Health Services (0710) - Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Youth Services (0710) - Budget Number of Positions may exceed the Authorized Number due to transfers from the Miscellaneous Federal Grant Holding Account during the 2015-2017 Biennium.

DHS - Administrative Services

Enabling Laws

Act 268 of 2016
A.C.A. §25-10-102

History and Organization

The creation of **Shared Services** is occurring through reallocation of internal resources including funding and positions.

The **Director's Office** oversees collaboration and decision-making between business functions to ensure accountability and produce efficiencies within the Agency.

The **Office of Finance** ensures the efficiency, effectiveness, and integrity of Department of Human Services programs in the areas of budget administration, financial guidance, program integrity and audit, and long term planning. To accomplish this mission, this Office provides oversight, supervision, guidance and support across all finance staff within the agency.

The **Office of Procurement** ensures greater consistency in procurements across the agency. DHS Office of Procurement is a dedicated team specialized in the procurement of commodities and professional/technical services. The office has benefited from integrating division staff with both procurement and programmatic expertise. This reorganization allows the unit to more effectively forecast and leverage the agency's buying power against its purchasing needs to make certain the state receives improved pricing and to avoid waste. The goal is to operate procurements in a manner that is fair, open, and transparent, and encourages competition. DHS Office of Procurement has worked to mitigate risk and has implemented changes to its key business operations and work flow processes to make certain best practices and consistency are being utilized. This office places a high value on the integrity and transparency of procurements in compliance with state, federal, and agency laws, rules, regulations, and processes.

The stated mission of the **Office of Systems and Technology** is to provide, coordinate, and manage information technology solutions to support DHS strategic objectives, and to embrace a technological vision that makes us integral partners in the delivery of human services to Arkansas citizens. This Office establishes standards for equipment and software to support DHS staffs' technology needs. In addition, this office provides oversight, supervision, guidance and support to all technology staff of the agency.

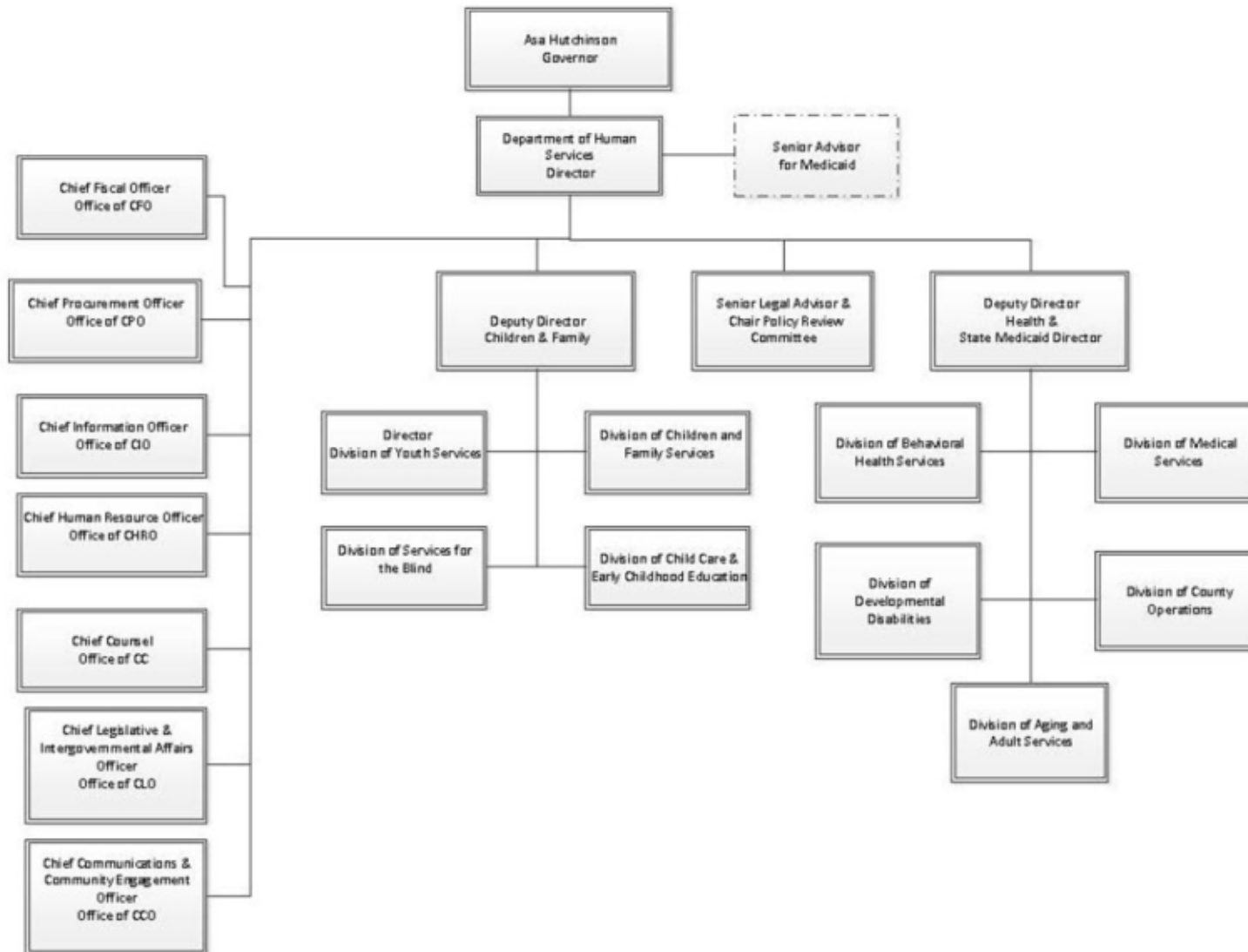
applicants are provided an equal opportunity for employment consideration in accordance with personnel/employment laws and policies. This section processes all new hires, terminations, promotions, retirements, cross grades and other personnel changes for approximately 7,800 employees.

The **Office of Chief Counsel** provides legal, investigative and hearing services to the Agency in the areas of child welfare, adult protective services, delivery of services, and program administration. The office investigates client and provider complaints of rude, discourteous or unlawful treatment. In addition, this office provides support to DHS employees by assisting employee with law and rule interpretation and promulgation as well as for grievances and review hearing to ensure federal and state civil rights/anti-discrimination laws are followed.

The **Office of Legislative & Intergovernmental Affairs** serves as the contact point for the Governor along with Arkansas State and federal legislators for policy questions and constituent needs involving DHS. The office also gives direction regarding legislative procedural questions and concerns from DHS staff.

The **Office of Communications and Community Engagement** (with the Division of Community Service and Non-profit Support reporting through this office) has three distinct roles: 1.) Handling all internal and external communications, including websites, media inquiries and social media platforms for DHS; 2.) Overseeing the national service programs of AmeriCorps and Foster Grandparents in Arkansas, including the monitoring of all grant awardees, and 3.) Working to identify gaps in services or areas within DHS where faith-based and non-profits would be better suited to serve Arkansas. The office as a whole also promotes the economic and societal benefits of volunteerism in Arkansas.

Arkansas Department of Human Services



Agency Commentary

Shared Services is funded from a mix of revenue sources which includes general revenue, federal funds and other. Federal and other funding is determined by the Department's cost Allocation Plan.

Each office within Shared Services is requesting continuing base level for the new biennium.

896 Operations

C01 Request - Existing program

DHS Shared Services requests the continuation of the 13 growth pool position received in SFY 2017 to support the reorganization of the agency. Positions were received in the area of Procurement, Technology, Finance, and Human Resources. A total of 10 new positions are being requested for Shared Services to be used to support the finances within the Division of Children and Family Services. A growth in the number of children being services along with requests for prevention and reunification services will necessitate the needs for additional finance staff to provide timely payments to clients, vendors, and staff and to provide timely reporting to make well informed decisions.

C03 Discontinue Program

DHS Shared Services is surrendering 12 positions to DFA.

C04 Reallocation

Approval of appropriation and funding transfers into Shared Services from various Divisions including Adult and Aging Services, County Operations, Youth Services, and Medical Services to support operational cost associated with position movements is requests.

C05 Unfunded Appropriations

Shared Services is requesting approval of the restoration of FY 2017 unbudgeted positions to allow for the continued support of DHS programs. Unfunded salary and fringe appropriation of 2,646,930 is needed to support the restoration of 65 positions. In addition, 494,500 is requested in Maintenance and Operations, 95,000 in Conference and Travel, 500,000 in Professional Services, and 165,000 in Capital Outlay. These requests are made to allow the agency to support the needs of reorganization as well as increased cost for technology and travel.

C06 Restore Positions/Approp

DHS Shared Services requests the restoration of 1 position provided DHS through the DFA growth pool. This position is for the Chief of Procurement.

C07 Agency Transfer

DHS Shared Services request the transfer of 192 positions from DHS Divisions to Shared Services to support the reorganization of the agency. Funding associated with these positions and operating cost to support these positions is also being requested. Shared Services is also requesting the transfer of SGR in the amount of \$290,000 from Division of Aging and Adult Services for the transfer of the Public Guardian program for the Office of Chief Counsel.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

The Agency had the following internal control deficiencies related to bank accounts:

- The ending bank balance for Bank of America was under collateralized at June 30 by \$1,945,094. Adequate collateral was provided by the bank the following day. However, the Department of Finance and Administration (DFA) Financial Management Guide states that state agencies must comply with the State Board of Finance's Rule 2012-A, which states that monitoring the value of assets pledged as collateral is the responsibility of the agency making the deposits.
- Three guardianship bank accounts with a total ending bank balance of \$18,981 were not reported as assets in the Arkansas Administrative Statewide Information System (AASIS).
- Cash in bank ending book balance was overstated in AASIS due to the double posting of a December 2014 deposit totaling \$237,834 and an April 2015 deposit totaling \$42 for the Medicaid Funding and Medicaid Refund accounts, respectively. These errors were corrected during fiscal year 2016.

Recommendations

We recommend the Agency review and follow the required procedures as set out in the DHS Administrative Procedures Manual and the DFA Financial Management Guide.

Agency Response:

We have reviewed existing procedures and have implemented additional procedures to strengthen controls that have been brought to our attention concerning DHS bank accounts. Additional procedures include weekly review of collateral statements, a listing of guardianship bank accounts being received on a monthly basis, and additional review of the Medicaid funding account in an effort to prevent any instances of double postings.

Concerning the review of the institutional accounts at the Booneville HDC and the Arkansas Health Center, according to the Booneville HDC, the check was deposited within a few days of receipt. However, additional efforts will be made to insure all checks received are deposited timely and receipts issued promptly. To improve the controls at the Arkansas Health Center, a plan has already been approved to reconcile receipts to deposits. This plan will include monitoring of this activity by the Office of Finance and Administration.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

- Review of institutional accounts revealed the following exceptions for Booneville Human Development Center and Arkansas Health Center:

Booneville Human Development Center:

- 1) A check received in the amount of \$4,200 was held five months before a receipt was issued and the check was deposited into the Gifts and Bequests bank account.

Arkansas Health Center Patient Collections Account:

- 1) A duplicate receipt was issued for funds received totaling \$1,702.
- 2) A receipt for funds received totaling \$1,470 was not issued.
- 3) The receipt date was altered on the carbon copy of one receipt.

The ability to properly safeguard and account for these assets has been jeopardized as a result of inadequate controls.

Review of capital assets revealed the Agency had inadequate management oversight and internal controls over capital assets, which contributed to the following deficiencies:

- Seven assets, valued at \$40,089, were not retired timely.
- Eight equipment items, valued at \$29,709, out of a sample of 498 equipment items could not be located for observation.
- Two fitness bikes, valued at \$6,160, failed to be added to the low value asset listing. These items were subsequently added in fiscal year 2016.
- One asset was deactivated in AASIS prior to actually being disposed, due to the asset never having an assigned purchase cost.
- Physical sighting of assets revealed 29 items, valued at \$134,777, did not have all the necessary data fields completed in AASIS to help verify those assets against their attached AASIS tag number.

Strengthening of internal controls and management oversight would ensure proper accountability of capital assets.

Review of professional service contracts revealed that the Agency had inadequate

We recommend the Agency strengthen internal controls and management oversight of capital assets to ensure proper accountability of these items.

Agency Response:

To improve Internal Controls for Capital Assets, the DHS Agency Asset Manager has conducted training classes regarding the appropriate procedures for acquisition, transferring, and disposal of DHS Assets for all Divisional Asset Managers and staff. In an effort to assist Asset Specialists in spotting assets needing attention, additional AASIS hands-on training emphasizing pulling reports from AASIS was provided. This training, along with each Division performing a total review and denoting the day of visual inspection, verification of serial numbers, location of the asset and Asset tags with the AASIS Asset Master Record for all DHS assets while conducting the FY 2016 Certification of Assets, will strengthen the tracking of all DHS Assets. The completed FY 2016 Certification of Assets with supporting documentation, inventory transfers, completed spreadsheet, and Missing Asset Investigation Reports are due to the DHS Agency Asset Manager by June 22, 2016.

We recommend the Agency review and follow the required purchasing regulations as set

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
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FOR THE YEAR ENDED JUNE 30, 2015

Findings

management oversight and internal controls over payments processed against contract awards. Six contracts with award amounts totaling \$805,338, out of 33 contracts tested with total award amount of \$24,758,101, revealed the Agency paid \$271,654 in excess of the final awarded amount. These six contracts discovered with overpayments concerned the Division of Children and Family Services. Purchase orders were created and paid outside of the applicable outline agreement, bypassing the AASIS mechanism to flag payments made in excess of the awarded amount.

Purchasing regulations, policies, and procedures were circumvented.

Ark. Const. art. 16, § 4, provides that the General Assembly shall fix the salaries and fees of all officers in the State and that no greater salary or fee than that fixed by law shall be paid any officer, employee, or other person. Additionally, Ark. Code Ann. §§ 19-11-1004(d) states that no director or any other department head of any state agency shall receive additional compensation from professional or consultant services contracts.

Act 928 of 2015 established the position of Arkansas Department of Human Services (DHS) Executive Director for the 2015-2016 fiscal year at a maximum annual salary rate of \$161,038.

On February 3, 2016, the Governor announced Cindy Gillespie as the DHS Executive Director, with a start date of March 1, 2016, and an annual salary of \$280,000.

On February 22, 2016, DHS entered into a sole source professional consultant services contract (contract) with Gillespie, beginning on March 1, 2016, and ending on April 30, 2016, for a total of \$49,000 or 30% of the originally appropriated Director salary. The contract stated:

The consultant [Gillespie] shall perform such duties as may be required by the Governor or the Arkansas Department of Human Services or both, including but not limited to: managing the services and programs of DHS efficiently, through its 10

Recommendations

forth in the State Financial Management Guide.

Agency Response:

The Department of Human Services agrees with the finding. The Division of Children and Family Services (DCFS) has appropriately increased the beginning placement contract balances to better match the projected ending balances for SFY2017. The Division will continue to evaluate the contract balances monthly to determine adequacy. This will ensure that the Division has sufficient funds available in contracts during the fiscal year and shall eliminate the need to create stand-alone purchase orders. In addition, DHS has announced a reorganization of its key business processes, including the creation of the DHS Office of Procurement. The creation of the DHS Office of Procurement will provide training and expertise around all methods of purchasing, introduce greater managerial oversight of contracts, and strengthen internal controls around contract spending. DHS will review and follow the State Financial Management Guide. DHS is committed to following purchasing regulations, policies, and procedures.

We question whether this contract circumvented the requirements found in Ark. Const. art. 16, § 4, and Ark. Code Ann. §§ 19-11-1004(d).

Agency Response:

On July 20, 2016, Arkansas Legislative Audit provided the Department of Human Services (DHS) a draft finding regarding a DHS contract with Cynthia Gillespie. DHS disagrees with this finding.

Specifically, the finding is incorrect when it asserts that the duties assumed by Ms. Gillespie under the contract were “essentially the same” as those of DHS Director. As executive head of DHS, the Director is authorized by law and expected to promulgate standards and rules; to hire, fire, and discipline staff; to conduct performance evaluations; to decide employee grievances; to execute contracts and agreements on behalf of DHS; to initiate and complete procurements; to allocate or transfer state and federal funds; and to authorize expenditures, among other duties. During the time she was under contract with DHS, Ms. Gillespie did none of these things, nor did the contract authorize her to do any of them. Her responsibilities under the contract were limited to the provision of “consulting services in the area of organizational management, for human services programs.” The provision of management consulting is not equivalent to exercising the state’s authority as executive head of a state agency. During her term as a contractor, as shown by the relevant documentation, any and all exercises of state authority were undertaken by the

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HUMAN SERVICES
 FOR THE YEAR ENDED JUNE 30, 2015

Findings

divisions and five support offices headquartered in Little Rock in addition to the 85 county offices.

The duties described in this contract are essentially the same as the duties associated with the legislatively-established position on DHS Executive Director. The contract allowed the new DHS Executive Director to begin working before a new appropriation was approved by the General Assembly and to be compensated at a higher rate than allowed by the current appropriation.

Act 2 of the 2016 Fiscal Session, which went into effect on April 26, 2016, appropriated \$280,000 for the maximum annual salary rate of the DHS Executive Director for the 2015-2016 fiscal year. Gillespie formally assumed the position of DHS Executive Director on April 27, 2016.

Recommendations

Department's deputy directors in direct coordination with the Governor's Office.

Ms. Gillespie was commissioned as agency director on April 27, 2016. She was placed into the position of DHS Executive Director, an entirely new position, new class code, and new title created by the Legislature in Act 2 of the 2016 Fiscal Session. Ms. Gillespie received no additional compensation under the contract for services provided after she was sworn in and commissioned. Therefore, there has been no violation of Ark. Code. Ann. § 19-11-1004 (d).

The limitations of Art. 16 § 4 of the Arkansas Constitution apply specifically to state officers and employees. During her time as a contractor for DHS, Ms. Gillespie was not a state officer, nor was she an employee. Therefore, there has been no violation of the state Constitution.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Arkansas Department of Human Services (SFY) Statistical Report	Act 414, Section 24 of 1961	Y	Y	15	Law requires. Distribution has decreased from 200 to 15 published copies. Outside requestors will be informed to access the web. Data is used for trending analysis, research and/or studies.	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Administrative Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
DATALOCKER INC	\$2,880				X		
GODDESS PRODUCTS INC	\$15,723	X					
NATIONAL COMPENSATION ASSOCIATION	\$295	X					
RSVP CATERING LLC	\$542	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>4</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$15,246,666</u>
% OF MINORITY CONTRACTS AWARDED	<u>0.11 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1DE Various Building Construction	4,543,096	0	10,729,539	0	11,119,780	0	10,729,539	0	12,232,687	0	12,232,687	0	10,729,539	0	11,623,203	0	11,623,203	0
414 Consolidated Cost	720,367	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0
896 Director's Office	931,463	7	1,307,664	7	1,307,664	7	1,315,785	7	1,280,034	6	1,280,034	6	1,316,217	7	1,280,466	6	1,280,466	6
896 DHS-Admin Paying Account	0	0	0	0	0	0	0	0	450,443	6	450,443	6	0	0	450,443	6	450,443	6
896 Office of Chief Counsel	11,573,344	183	12,326,131	183	12,789,916	187	12,375,811	183	11,858,546	172	11,858,546	172	12,380,504	183	11,862,869	172	11,862,869	172
896 Division of Administrative Services	28,032,278	279	29,077,013	251	31,728,475	311	29,096,371	251	34,666,934	311	34,666,934	311	29,104,150	251	34,689,005	311	34,689,005	311
896 DHS-Admin Paying Account	0	0	0	0	0	0	0	0	3,574,889	61	3,574,889	61	0	0	3,577,357	61	3,577,357	61
896 DHS-Admin Paying Account	0	0	0	0	0	0	0	0	4,769,353	67	4,769,353	67	0	0	4,771,513	67	4,771,513	67
896 DHS-Admin Paying Account	0	0	0	0	0	0	0	0	3,857,467	73	3,857,467	73	0	0	3,858,209	73	3,858,209	73
896 Community Srvs/Non-Profit Support	1,264,902	22	1,416,122	25	1,423,572	25	1,421,328	25	2,573,072	34	2,573,072	34	1,422,316	25	2,574,801	34	2,574,801	34
896 DHS-Admin Paying Account	0	0	340,135	0	340,135	0	340,135	0	0	0	0	0	340,135	0	0	0	0	0
898 AmeriCorps Grants	1,842,764	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0
898 Social Srvs Blk Grant-Fed	0	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0
935 Community Srv/Non-Profit Support - Cash in Tr	735	0	11,030	0	12,000	0	11,030	0	11,030	0	11,030	0	11,030	0	11,030	0	11,030	0
C99 Client Specific Emergency Services-Cash	0	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0
Total	48,908,949	490	58,780,522	466	62,294,430	530	58,862,887	466	78,847,343	730	78,847,343	730	58,876,779	466	78,271,784	730	78,271,784	730

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	11,111,563	18.8	10,314,875	14.9	10,314,875	14.9	10,314,875	12.3	10,314,875	12.6	10,314,875	14.9	8,811,727	10.7	8,811,727	10.9	
General Revenue	4000010	16,197,922	27.4	16,136,255	23.4	16,233,971	23.5	22,658,558	27.1	20,993,608	25.6	16,238,978	23.5	22,663,441	27.5	20,998,613	26.0	
Federal Revenue	4000020	16,973,899	28.7	21,180,290	30.7	21,197,479	30.6	24,805,938	29.6	24,805,938	30.2	21,203,367	30.6	24,831,983	30.2	24,831,983	30.8	
Cash Fund	4000045	735	0.0	122,630	0.2	122,630	0.2	122,630	0.1	122,630	0.1	122,630	0.2	122,630	0.1	122,630	0.2	
Merit Adjustment Fund	4000055	0	0.0	85,430	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Reimbursement	4000425	3,746,408	6.3	10,729,539	15.5	10,729,539	15.5	10,729,539	12.8	10,729,539	13.1	10,729,539	15.5	10,729,539	13.0	10,729,539	13.3	
Various Program Support	4000730	11,193,297	18.9	10,526,378	15.2	10,579,268	15.3	15,124,600	18.1	15,124,600	18.4	10,582,265	15.3	15,127,597	18.4	15,127,597	18.8	
Total Funds		59,223,824	100.0	69,095,397	100.0	69,177,762	100.0	83,756,140	100.0	82,091,190	100.0	69,191,654	100.0	82,286,917	100.0	80,622,089	100.0	
Excess Appropriation/(Funding)		(10,314,875)		(10,314,875)		(10,314,875)		(4,908,797)		(3,243,847)		(10,314,875)		(4,015,133)		(2,350,305)		
Grand Total		48,908,949		58,780,522				78,847,343		78,847,343		58,876,779		78,271,784		78,271,784		

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
315	251	40	291	24	20.32 %	315	235	17	252	63	25.40 %	312	228	23	251	61	26.92 %

Analysis of Budget Request

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

The Various Building Construction appropriation is for the purpose of construction, acquisition, renovation, maintenance, repair and equipping facilities of the Department of Human Services and for paying disallowances cited by the federal government. Facilities are those operated by the Divisions of Developmental Disabilities-Human Development Centers; Behavioral Health-Arkansas State Hospital and Arkansas Health Center; and Youth Services-Youth Services Centers and Wilderness Camps.

Funding for this appropriation is from the Human Services Renovation Fund and is derived from three sources. Federal reimbursement received by the Department. General revenue transferred from these three (3) Divisions with an annual maximum of five million dollars. Other funds may be utilized as determined to be available. At the request of the Director of the Department of Human Services and upon certification of the availability of such funds, the Chief Fiscal Officer of the State shall initiate the necessary transfer documents to reflect the transfer on the books of record of the Treasurer of State, the Auditor of State, the Chief Fiscal Officer of the State and the Department. Arkansas Code Annotated §19-5-1020 was amended by Act 1537 of 1999 to require that transfers into the Renovation Fund must be submitted to and receive approval from the Chief Fiscal Officer of the State, the Governor and the Legislative Council prior to the effective date of the transfer. This appropriation is centralized within the DHS Director's purview in order that the needs of the Department can be prioritized, however, maintained by the Division of Administrative Services. Expenditures for this appropriation are contingent upon available funding provided from within the Department.

The Agency Base Level request for this appropriation is \$10,729,539 each year of the biennium.

The Agency Change Level request is \$1,503,148 in FY2018 and \$893,664 in FY2019 for additional repair and maintenance needs at DBHS and DYS facilities.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Construction	5090005	4,543,096	10,729,539	11,119,780	10,729,539	12,232,687	12,232,687	10,729,539	11,623,203	11,623,203
Total		4,543,096	10,729,539	11,119,780	10,729,539	12,232,687	12,232,687	10,729,539	11,623,203	11,623,203
Funding Sources										
Fund Balance	4000005	11,111,563	10,314,875		10,314,875	10,314,875	10,314,875	10,314,875	8,811,727	8,811,727
Reimbursement	4000425	3,746,408	10,729,539		10,729,539	10,729,539	10,729,539	10,729,539	10,729,539	10,729,539
Total Funding		14,857,971	21,044,414		21,044,414	21,044,414	21,044,414	21,044,414	19,541,266	19,541,266
Excess Appropriation/(Funding)		(10,314,875)	(10,314,875)		(10,314,875)	(8,811,727)	(8,811,727)	(10,314,875)	(7,918,063)	(7,918,063)
Grand Total		4,543,096	10,729,539		10,729,539	12,232,687	12,232,687	10,729,539	11,623,203	11,623,203

Change Level by Appropriation

Appropriation: 1DE - Various Building Construction
Funding Sources: DHR - Human Services Renovation Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,720,055	0	7,720,055	100.0	7,720,055	0	7,720,055	100.0
C05	Unfunded Appropriation	279,945	0	8,000,000	103.6	279,945	0	8,000,000	103.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,720,055	0	7,720,055	100.0	7,720,055	0	7,720,055	100.0
C05	Unfunded Appropriation	279,945	0	8,000,000	103.6	279,945	0	8,000,000	103.6

Justification

C05	Appropriation is requested for additional repair and maintenance needs at DBHS and DYS facilities.
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Change Level by Appropriation

Appropriation: 1DE - Various Building Construction
Funding Sources: DHR - Human Services Renovation Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,009,484	0	3,009,484	100.0	3,009,484	0	3,009,484	100.0
C05	Unfunded Appropriation	1,223,203	0	4,232,687	140.6	613,719	0	3,623,203	120.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,009,484	0	3,009,484	100.0	3,009,484	0	3,009,484	100.0
C05	Unfunded Appropriation	1,223,203	0	4,232,687	140.6	613,719	0	3,623,203	120.4

Justification

C05	Appropriation is requested for additional repair and maintenance needs at DBHS and DYS facilities.
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Analysis of Budget Request

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

The Division of Administrative Services is responsible for the centralized purchasing of postage, forms printing, and warehouse storage for the Department. Purchases are made through this appropriation with funding transferred from the respective Divisions to the Consolidated Cost Revolving Fund.

Funding for this appropriation, as indicated as various program support, is revenue transferred based on cost allocation derived from the program to which funds are assigned and can be a mix of funding sources such as general revenue, federal revenue, other revenue and/or a combination of each.

The Agency Base Level and total request for this appropriation is \$821,500 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	720,367	821,500	821,500	821,500	821,500	821,500	821,500	821,500	821,500
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		720,367	821,500	821,500	821,500	821,500	821,500	821,500	821,500	821,500
Funding Sources										
Various Program Support	4000730	720,367	821,500		821,500	821,500	821,500	821,500	821,500	821,500
Total Funding		720,367	821,500		821,500	821,500	821,500	821,500	821,500	821,500
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		720,367	821,500		821,500	821,500	821,500	821,500	821,500	821,500

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Department is requesting to create a new structure for this Division of DHS by combining the Administrative components of the Agency into a Shared Services Division. This reorganization would combine the Director's Office, Office of Chief Counsel, Division of Community Service and Nonprofit Support into the Administrative Services appropriation section. This new structure also consolidates the various finance, procurement, technology and human resources functions from the Divisions into a centralized location to better coordinate efforts across the agency.

This new structure consists of eight (8) sections listed below:

The **Director's Office** oversees collaboration and decision-making between business functions to ensure accountability and produce efficiencies within the Agency.

The **Office of Finance** ensures the efficiency, effectiveness, and integrity of Department of Human Services programs in the areas of budget administration, financial guidance, program integrity and audit, and long term planning. To accomplish this mission, this Office provides oversight, supervision, guidance and support across all finance staff within the agency.

The **Office of Procurement** ensures greater consistency in procurements across the agency. DHS Office of Procurement is a dedicated team specialized in the procurement of commodities and professional/technical services. The office has benefited from integrating division staff with both procurement and programmatic expertise. This reorganization allows the unit to more effectively forecast and leverage the agency's buying power against its purchasing needs to make certain the state receives improved pricing and to avoid waste. The goal is to operate procurements in a manner that is fair, open, and transparent, and encourages competition. DHS Office of Procurement has worked to mitigate risk and has implemented changes to its key business operations and work flow processes to make certain best practices and consistency are being utilized. This office places a high value on the integrity and transparency of procurements in compliance with state, federal, and agency laws, rules, regulations, and processes.

The stated mission of the **Office of Systems and Technology** is to provide, coordinate, and manage information technology solutions to support DHS strategic objectives, and to embrace a technological vision that makes us integral partners in the delivery of human services to Arkansas citizens. This Office establishes standards for equipment and software to support DHS staffs' technology needs. In addition, this office provides oversight, supervision, guidance and support to all technology staff of the agency.

The **Office of Human Resources** provides administrative/personnel services that support DHS. This section ensures that qualified

section processes all new hires, terminations, promotions, retirements, cross grades and other personnel changes for approximately 7,800 employees.

The **Office of Chief Counsel** provides legal, investigative and hearing services to the Agency in the areas of child welfare, adult protective services, delivery of services, and program administration. The office investigates client and provider complaints of rude, discourteous or unlawful treatment. In addition, this office provides support to DHS employees by assisting employee with law and rule interstation and promulgation as well as for grievances and review hearing to ensure federal and state civil rights/anti-discrimination laws are followed.

The **Office of Legislative & Intergovernmental Affairs** serves as the contact point for the Governor along with Arkansas State and federal legislators for policy questions and constituent needs involving DHS. The office also gives direction regarding legislative procedural questions and concerns from DHS staff.

The **Office of Communications and Community Engagement** (with the Division of Community Service and Non-profit Support reporting through this office) has three distinct roles: 1.) Handling all internal and external communications, including websites, media inquiries and social media platforms for DHS; 2.) Overseeing the national service programs of AmeriCorps and Foster Grandparents in Arkansas, including the monitoring of all grant awardees, and 3.) Working to identify gaps in services or areas within DHS where faith-based and non-profits would be better suited to serve Arkansas. The office as a whole also promotes the economic and societal benefits of volunteerism in Arkansas.

Funding for this appropriation includes general revenues (DAS - Department of Human Services Administration Fund Account), federal and other funds. The federal funds are derived from support services allocated through cost allocation and social service block grant funds. Other funding which is indicated as various program support is derived through cost allocation and can also include M&R proceeds.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Base Level request for this appropriation is \$44,549,430 in FY2018 and \$44,563,322 in FY2019 with general revenue funding of \$16,233,971 in FY2018 and \$16,238,978 in FY2019 and 466 budgeted Base Level positions.

The Agency Change Level request is \$18,481,308 in FY2018 and \$18,501,341 in FY2019 with \$4,759,637 in FY2018 and \$4,759,635 in FY2019 in transferred general revenue and \$1,664,950 in FY2018 and \$1,664,828 in FY2019 in new general revenue for the restructuring of the new Shared Services administrative functions, and reflects the following:

- Regular Salaries and Personal Services Matching of \$15,632,405 in FY2018 and \$15,640,986 in FY2019 which reflects the following changes:

- Continuation of fourteen (14) growth pool positions received during FY2017;
- Elimination of twelve (12) positions to offset a portion of the growth pool positions received during the current year;
- Restoration of sixty five (65) positions that are authorized but not budgeted;
- Transfer of one hundred eighty seven (187) positions from the various DHS Divisions; and
- Ten (10) new positions requested to provide timely financial support to the Division of Children and Family Services.
- Extra Help and Personal Services Matching of \$155,860 each year of the biennium.
- Operating Expenses of \$1,888,613 in FY2018 and \$1,900,065 in FY2019.
- Conference & Travel Expenses of \$137,930 each year of the biennium.
- Professional Fees of \$500,000 each year of the biennium.
- Capital Outlay of \$165,000 each year of the biennium.
- Data Processing Services of \$1,500 each year of the biennium.

The Executive Recommendation provides for the Agency Request in appropriation and general revenue transfer with no new general revenue funding.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	19,146,189	20,138,470	22,323,459	20,165,123	31,738,458	31,738,458	20,176,023	31,755,958	31,755,958
#Positions		490	466	530	466	730	730	466	730	730
Extra Help	5010001	193,037	292,279	292,279	292,279	448,139	448,139	292,279	448,139	448,139
#Extra Help		20	30	30	30	30	30	30	30	30
Personal Services Matching	5010003	6,731,718	6,989,554	7,892,190	7,110,266	11,169,336	11,169,336	7,113,258	11,174,309	11,174,309
Overtime	5010006	629	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Operating Expenses	5020002	3,985,683	4,136,243	4,169,040	4,136,243	6,024,856	6,024,856	4,136,243	6,036,308	6,036,308
Conference & Travel Expenses	5050009	80,464	91,593	92,868	91,593	229,523	229,523	91,593	229,523	229,523
Professional Fees	5060010	9,477,596	10,414,691	10,415,691	10,414,691	10,914,691	10,914,691	10,414,691	10,914,691	10,914,691
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	63,008	65,000	65,000	0	165,000	165,000	0	165,000	165,000
Grandparent Foster Program	5900038	0	340,135	340,135	340,135	340,135	340,135	340,135	340,135	340,135
Professional Admin Fee	5900044	2,123,663	1,988,100	1,988,100	1,988,100	1,989,600	1,989,600	1,988,100	1,989,600	1,989,600
Total		41,801,987	44,467,065	47,589,762	44,549,430	63,030,738	63,030,738	44,563,322	63,064,663	63,064,663

Funding Sources										
General Revenue	4000010	16,197,922	16,136,255		16,233,971	22,658,558	20,993,608	16,238,978	22,663,441	20,998,613
Federal Revenue	4000020	15,131,135	18,540,502		18,557,691	22,166,150	22,166,150	18,563,579	22,192,195	22,192,195
Merit Adjustment Fund	4000055	0	85,430		0	0	0	0	0	0
Various Program Support	4000730	10,472,930	9,704,878		9,757,768	14,303,100	14,303,100	9,760,765	14,306,097	14,306,097
Total Funding		41,801,987	44,467,065		44,549,430	59,127,808	57,462,858	44,563,322	59,161,733	57,496,905
Excess Appropriation/(Funding)		0	0		0	3,902,930	5,567,880	0	3,902,930	5,567,758
Grand Total		41,801,987	44,467,065		44,549,430	63,030,738	63,030,738	44,563,322	63,064,663	63,064,663

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	44,549,430	466	44,549,430	100.0	44,563,322	466	44,563,322	100.0
C01	Existing Program	1,887,252	23	46,436,682	104.2	1,887,252	23	46,450,574	104.2
C03	Discontinue Program	(412,027)	(12)	46,024,655	103.3	(412,027)	(12)	46,038,547	103.3
C04	Reallocation	663,041	0	46,687,696	104.8	663,041	0	46,701,588	104.8
C05	Unfunded Appropriation	3,902,930	65	50,590,626	113.6	3,902,930	65	50,604,518	113.6
C06	Restore Position/Approp	124,578	1	50,715,204	113.8	124,578	1	50,729,096	113.8
C07	Agency Transfer	12,315,534	187	63,030,738	141.5	12,335,567	187	63,064,663	141.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	44,549,430	466	44,549,430	100.0	44,563,322	466	44,563,322	100.0
C01	Existing Program	1,887,252	23	46,436,682	104.2	1,887,252	23	46,450,574	104.2
C03	Discontinue Program	(412,027)	(12)	46,024,655	103.3	(412,027)	(12)	46,038,547	103.3
C04	Reallocation	663,041	0	46,687,696	104.8	663,041	0	46,701,588	104.8
C05	Unfunded Appropriation	3,902,930	65	50,590,626	113.6	3,902,930	65	50,604,518	113.6
C06	Restore Position/Approp	124,578	1	50,715,204	113.8	124,578	1	50,729,096	113.8
C07	Agency Transfer	12,315,534	187	63,030,738	141.5	12,335,567	187	63,064,663	141.5
C11	Upgrade/Downgrade	0	0	63,030,738	141.5	0	0	63,064,663	141.5

Justification

C01	DHS Shared Services request the continuation of the 13 growth pool position received in SFY 2017 to support the reorganization of the agency. DHS is also requesting 10 new positions to provide financial support to the Division of Children and Family Services.
C03	Shared Services is surrendering 12 positions to DFA.
C04	DHS Shared Services requests transfer of appropriation from the Divisions to provide finance, procurement, technology, human resources and other supportive services to the divisions as part of the reorganization.
C05	DHS Shared Services requests unfunded appropriation in the amounts of 400,000 Operating Expenses, 95,000 Conference & Travel Expenses, 500,000 Professional Fees, 165,000 Capital Outlay support the objectives of the newly created organizational structure.
C06	DHS Shared Services requests the restoration of 1 position provided DHS through the DFA growth pool.
C07	DHS Shared Services request the transfer of 187 positions from various DHS Division to Shared Services to support the reorganization of the agency. Funding associated with these positions and operating cost to support these positions is also being requested.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Social Services Block Grant

The Division of Administrative Services administers the social services block grant (SSBG). The Office of Community Services, Administration for Children and Families, U. S. Department of Health and Human Services is responsible for the administration of the grant program at the federal level with grants made directly to the State. Grant amounts are determined by a statutory formula based on individual state population. Up to 10 percent of block grant funds are allowed to be transferred to other block grant programs for support of health services, health promotion and disease prevention campaigns, and low-income home energy assistance.

Under the provisions of the block grant, each state has the authority to determine the most appropriate social services for the state's citizens. Included are services such as assistance to individuals and families to become more independent relative to financial support and personal care, family maintenance and avoidance of institutional care. These services are rendered through contracts with community programs across the state to provide services to people with developmental disabilities, mental illness, the elderly, and children. The agency has elected to allocate the majority of the SSBG funds to various divisions within the Department and other departments in state government - Workforce Education, Rehabilitation Services and Spinal Cord Commission thus eliminating the need for the majority of this appropriation. Each of the DHS divisions and other departments certify the funds in the respective division/department and budget for utilization of these funds.

Funding for this appropriation is 100% federal funds and is provided under Title XX of the Social Security Act (Omnibus Budget Reconciliation Act of 1981 as amended, P.L. 97-35; Jobs Training Bill, P.L. 98-8; P.L. 98-473; Medicaid and Medicare Patient and Program Act of 1987; Omnibus Budget Reconciliation Act of 1987, P.L. 100-203; Family Support Act of 1988, P.L. 100-485; Omnibus Budget Reconciliation Act of 1993, P.L. 103-66; 42 U.S.C. 1397 et seq.).

The Agency Base Level and total request for this appropriation is \$129,084 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

AmeriCorps Grant

The Division also administers the AmeriCorps grant. The Edward M. Kennedy Serve America Act of 2009 focused AmeriCorps' efforts in six key areas:

- **Disaster Services:** AmeriCorps members respond to disasters from tornadoes and hurricanes to fire and floods.

- **Education:** AmeriCorps programs place tutors and mentors in low performing schools to help students improve academic performance and skills.
- **Environmental Stewardships:** AmeriCorps members build trails, restore parks, run recycling programs and promote energy efficiency.
- **Healthy Futures:** AmeriCorps members provide education and outreach for healthier lifestyles. Arkansas' AmeriCorps members focus on healthy living and the programs provide students with opportunities to participate in healthy living activities to reduce obesity.
- **Economic Opportunity:** AmeriCorps engages members each year to fight poverty by expanding access to technology, recruiting volunteers to teach literacy, and strengthening antipoverty groups.
- **Veterans and Military Families:** AmeriCorps supports the military community by engaging veterans in service, helping veterans readjust to civilian life, and providing support to military families.

Funding for this appropriation is federal funds provided from the Department of Health and Human Services to assist States in carrying out a national service program as authorized by the National and Community Service Act of 1990, as amended (42 U.S.C. §12501 et seq.)

The Agency Base Level and total request for this appropriation is \$2,510,704 each year of the biennium.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Purchase of Services	5100004	0	129,084	129,084	129,084	129,084	129,084	129,084	129,084	129,084
AmeriCorps Grants	5100004	1,842,764	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704
Total		1,842,764	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788
Funding Sources										
Federal Revenue	4000020	1,842,764	2,639,788		2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788
Total Funding		1,842,764	2,639,788		2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,842,764	2,639,788		2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788

Analysis of Budget Request

Appropriation: 935 - Community Srv/Non-Profit Support – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

This appropriation provides the Division of Community Service and Nonprofit Support authority for expenditure of fees and donations relating to various efforts established around the State. The funds are for training, volunteer recognition and special volunteer event expenses. These funds are interest income as well as honoraria from speaking engagements and donations.

The Agency Base Level and total request for this appropriation is \$11,030 each year of the biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 935 - Community Srv/Non-Profit Support – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	735	7,233	7,703	7,233	7,233	7,233	7,233	7,233	7,233
Conference & Travel Expenses 5050009	0	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865
Professional Fees 5060010	0	932	1,432	932	932	932	932	932	932
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	735	11,030	12,000	11,030	11,030	11,030	11,030	11,030	11,030
Funding Sources									
Cash Fund 4000045	735	11,030		11,030	11,030	11,030	11,030	11,030	11,030
Total Funding	735	11,030		11,030	11,030	11,030	11,030	11,030	11,030
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	735	11,030		11,030	11,030	11,030	11,030	11,030	11,030

Analysis of Budget Request

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

This appropriation is a contingency for immediate, short term and specific client emergencies such as shelter, food or transportation. Federal social services block grant funds would be utilized should payments be necessary. There were no expenditures made under this appropriation in FY2016 and \$111,600 is budgeted in FY2017.

The Agency Base Level and total request for this appropriation is \$111,600 each year of the biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Purchase of Services 5900043	0	111,600	111,600	111,600	111,600	111,600	111,600	111,600	111,600
Total	0	111,600	111,600	111,600	111,600	111,600	111,600	111,600	111,600
Funding Sources									
Cash Fund 4000045	0	111,600		111,600	111,600	111,600	111,600	111,600	111,600
Total Funding	0	111,600		111,600	111,600	111,600	111,600	111,600	111,600
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	111,600		111,600	111,600	111,600	111,600	111,600	111,600

DHS - Aging & Adult Services

Enabling Laws

Act 193 of 2016
A.C.A. §25-10-102

History and Organization

A growing nationwide awareness of the problems of the elderly and the needs for services and assistance on their behalf led to the passage of the Older Americans Act in 1965. This legislation, which created the Administration on Aging at the federal level, also mandated the establishment of a state unit on aging in each state to administer programs under the Act. Accordingly, the Arkansas Office on Aging was established in 1966 by proclamation of Governor Orville Faubus under the auspices of the Governor's Office.

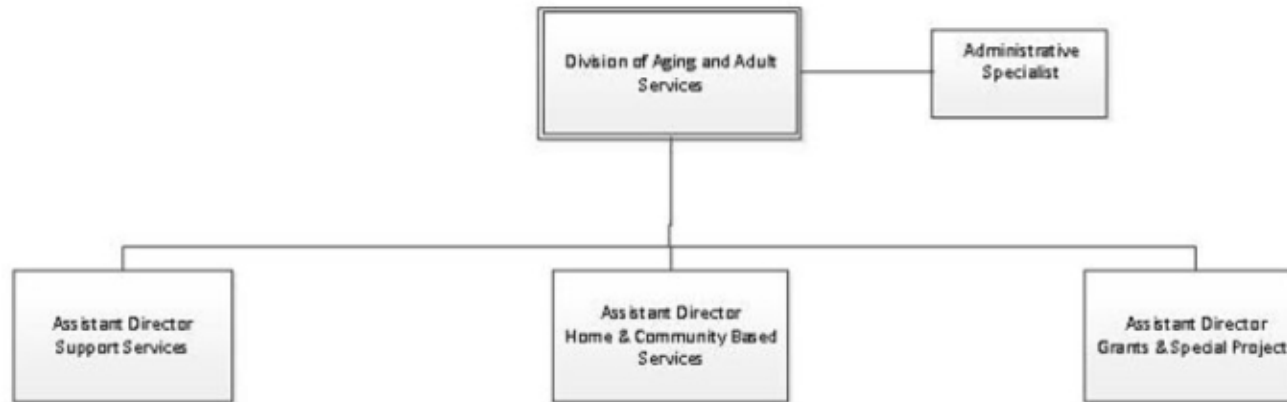
Since 1965, the Older Americans Act has been amended several times, each time expanding the roles of state units on aging. Arkansas legislation has also changed the name of the state unit on aging, the organizational location, and its authority and funding responsibilities. In 1971, the State Unit was placed within the Department of Social and Rehabilitative Services. The responsibility for Adult Services was assumed in 1972.

The agency achieved divisional status through Act 228 of 1977, and the responsibility for adult protective services was transferred by the General Assembly in 1979. As a result of Act 348 of 1985, the Division of Aging and Adult Services (DAAS) was created within the reorganized Arkansas Department of Human Services. In 1997 the Division began providing services to adults with physical disabilities.

The Division of Aging and Adult Services is the agency of state government designated by the governor and the state legislature as the focal point in all matters relating to the needs of older adults in Arkansas. The Division's mission is to promote the health, safety and independence of older Arkansans and adults with physical disabilities by working toward two primary goals: (1) to provide services for aging Arkansans and adults with physical disabilities; and (2) to enhance the quality of life for aging Arkansans and adults with physical disabilities. The Division is responsible for planning coordinating, funding, and evaluating programs for older adults and adults with physical disabilities that are authorized by both state and federal governments. In 2015, the responsibility of determining financial eligibility for Long Term Services and Supports was transferred to DAAS.

options to identify the programs best suited to their needs. Programs and services available include in-home care, transportation, congregate meals, home-delivered meals, legal services, attendant care, adult day service, case management, education, support groups, health and wellness activities, employment, information, and referral, and volunteer opportunities. The Division also serves as an advocate for residents of nursing homes and provides protective services for individuals 18 years and older who are suffering from abuse, neglect, and/or exploitation.

Arkansas Department of Human Services Division of Aging & Adult Services



Agency Commentary

Nationally, it has been estimated that almost 10 million Americans have long-term care needs. Per report from Robert Wood Johnson Foundation, an estimated 70 percent of Americans who reach age 65 will need some form of long-term service and support. As the population ages, the number of people experiencing two or more functional limitations will increase from about 10 million in 2000 to about 21 million in 2040. Many of these people will require long-term care in their homes and communities or in institutions. In addition to these

demographic changes, disability rates, another important predictor of the need for long-term care services, are higher than the national average for Arkansans. In fact, nearly 50% of Arkansans age 65 or older has at least one disability, compared to 41% of Americans age 65 or older; further, 17% of Arkansans age 18-64 has at least one disability compared to the national average of 11%.

The Division of Aging and Adult Services' (DAAS) mission is to promote the health, safety, and independence of older Arkansans and adults with physical disabilities. State general revenues will match Older Americans Act and other federal funds that provide in-home and community-based services such as congregate and home delivered meals. Hunger and food insecurity affect thousands of Arkansans and present special concerns and burdens for the elderly population. Based on information from the U.S. Census Bureau and others studying this issue, Arkansas has one of the highest rates of hunger and food insecurity among seniors in the country. In addition to nutrition, other in-home and community-based services include transportation, health education, socialization/recreation, advocate services, information and referral, case management, chore and homemaker services to the needy elderly in Arkansas.

The following requests support home and community-based care for adults with physical disabilities, including the elderly, through programs such as ElderChoices, Alternatives for Adults with Physical Disabilities, Assisted Living, and IndependentChoices, a consumer directed state plan personal care program. These Division of Aging and Adult Services managed programs are either state plan or home and community-based Medicaid waiver programs designed to provide in-home services to a population at risk of institutionalization. During SFY 2016, over 14,100 Arkansans received Long-Term Services and Supports (LTSS) through programs operated by the Division of Aging and Adult Services. There were 5,405 persons provided ElderChoices services, over 2,388 individuals received Alternatives services, over 1,201 received Assisted Living, over 4,032 received services under IndependentChoices, and over 168 received services through the Program of All Inclusive Care for the Elderly (PACE). Currently, over 7,745 have received services under the ARChoices In-Home Care Program. The programs not only save Medicaid dollars, but also enhance the dignity and self-worth of the people served by providing opportunities to live at home in familiar surroundings near family and friends. The Division also administers the Adult Protective Services Program, the Long Term Care Ombudsman Program, and the Long Term Services and Supports unit for financial eligibility.

PERSONNEL REQUESTS

RESTORATION OF POSITIONS - SALARIES & FRINGE (Without Funding) - DAAS requests unfunded appropriation for the restoration of twenty-three (23) positions left unbudgeted due to insufficient state general revenue. Restored positions will be filled as funding is identified and becomes available.

- Four (4) (22143228, 22143255, 22151996, 22101353) positions are in the Adult Protective Services Unit. Restored positions will provide unit management and supervision. Two (2) (22104141, 22106764) positions will be reclassified into Adult Protective Services Workers. Worker positions will investigate allegations of adult maltreatment. Without sufficient positions to perform these duties, the State is at risk for failure to protect vulnerable, frail, elderly, and impaired adults.

- One (1) (2110176) position is critical in protecting fraud or overspending in the Medicaid Program by researching for operational/performance compliance and financial related audits of Medicaid providers. Position will be responsible for Desk Reviews, as well as some on site visits. Position is also responsible for generating and monitoring reports identifying internal errors in the Medicaid Management Information System (MMIS).

- Three (3) (22097452, 22103673, 22143378) positions will be used to provide assistance with Medicaid Waiver programs for consumers age 65 or older who are financially and medically eligible for Nursing Home Intermediate Level of Care; One (1) (22101135) restored position will be used to manage Human Resources functions for Home and Community Based Services.

- Twelve (12) (22097278, 22097383, 22097730, 22097731, 22097845, 22097883, 22098087, 22099698, 22099791, 22100266, 22100422, 22102422) restored positions will be responsible for determining eligibility for the Long Term Services and Support categories of Medicaid to ensure that accurate and timely benefits are provided to clients.

Restoration of these positions allows increased staffing necessary to appropriately respond to current protective service referrals as well as provide supervisory support and direction throughout the division.

OPERATING REQUESTS:

FUNDED APPROPRIATION

The Division of Aging and Adult Services is not requesting additional funded appropriation at this time.

UNFUNDED APPROPRIATION

DAAS requests \$22,434 unfunded appropriation to restore Extra Help to current Appropriation Levels. Extra Help enables the Division to continue mandated services in the event of regular position vacancies and special projects.

In previous bienniums, the Division of Aging and Adult Services has received in excess of \$1,000,000 in newly awarded private and federal grants. These grants were awarded through a competitive process that enabled the state to design and implement innovative programs to serve our population more effectively and efficiently and to help modify systems to assure efficient operations that are responsive to the service needs of the clients. In addition to the newly awarded grants, the division continues to be selected to receive numerous existing competitive grants. In an effort to efficiently implement these federal programs, DAAS is requesting \$1,111,000 in unfunded appropriation in Operations (PWP2000) for each year of the biennium (\$500,000-Maintenance and Operation, \$500-Conference Travel, \$500,000-Professional Services, \$110,500-Capital Outlay for vehicles to be used in the Adult Protective Services unit.)

The Division of Aging and Adult Services, through Area Agencies on Aging (AAAs), contracts with providers to feed needy seniors aged 60+. Meals are served at 180 sites administered by the AAA's across the state. In state fiscal year 2016, a total of 1,415,339 congregate meals

were served to 22,855 individuals, and 2,079,233 home-delivered meals were served to 14,414 individuals. Over the past five years, more than 19 million meals have been served to Arkansas seniors, DAAS is requesting \$100,000 in unfunded appropriation both years of the biennium for this program to utilize any unanticipated increases and/or carry forward funding in Cigarette Tax revenues.

The State Older Worker Program fosters and promotes useful part-time employment opportunities in community service activities for low income persons who are fifty-five (55) years of age or older and who have poor employment prospects. DAAS is requesting \$500,000 in unfunded appropriation in (PWE1500) in the event additional state general revenue should become available for this program.

In preparation for upcoming grant opportunities, DAAS requests unfunded appropriation in the amount of \$2,000,000 in its Project Grants program (PWE2000) for both years of the biennium. No additional funding is requested due to anticipation of 100% federal funding in this category. Again, this appropriation will allow the Division to implement new federal programs as they become available.

DAAS requests \$1,000,000 of unfunded appropriation be restored to the Senior Citizens Center (PWE2300) program to utilize any unanticipated funding. The Division, through Area Agencies on Aging (AAAs), operate or contract for services provided in the senior centers including nutrition services. The Division received \$1,000,000 Rainy Day funding in the previous fiscal year to be dispersed to the senior citizen centers.

DAAS requests \$2,000,000 of unfunded appropriation for upcoming federally funded grants in the category of Nursing Home Care Alternatives (PWE4700) for both years of the biennium. Community services in this funding category may include case management, caregiver support services, information and assistance, health promotion, congregate and home-delivered meals.

DAAS is requesting \$1,000,000 of unfunded appropriation for both years of the biennium in Nutrition Program (PWE5200) to implement upcoming federally funded nutrition programs for the elderly.

TRANSFER REQUEST:

The Division of Aging and Adult Services is requesting to transfer eight (8) positions to support the newly organized DHS Shared Services. These positions work directly with finance, IT services, procurement or Human Resources.

The Division of Aging and Adult Services is requesting the transfer of \$290,000 in SGR to support the Public Guardian program which transferred to DHS Office of Chief Counsel during the 2016 fiscal year.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HUMAN SERVICES
 FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Administrative Services Division.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Aging & Adult Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
AR SPANISH INTERPRETERS & TRANSLATORS	\$1,010		X				
CHOICE PROMOTIONS LLCCHOICE PROMOTIONS LLC	\$1,100	X					
GODDESS PRODUCTS INC	\$3,447	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>3</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$30,854,553</u>
% OF MINORITY CONTRACTS AWARDED	<u>0.02 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
418 Meals on Wheels	2,061,889	0	2,400,000	0	2,400,000	0	2,400,000	0	2,500,000	0	2,400,000	0	2,400,000	0	2,500,000	0	2,400,000	0
896 Division of Aging & Adult Services	18,432,609	305	19,084,327	287	20,973,981	310	19,053,609	287	20,345,025	302	19,234,025	302	19,066,203	287	20,357,743	302	19,246,743	302
898 Community Based Care	0	0	0	0	180,000	0	0	0	0	0	0	0	0	0	0	0	0	0
898 Nursing Home Care Alternatives	4,724,450	0	4,807,525	0	7,287,525	0	4,807,525	0	6,807,525	0	4,807,525	0	4,807,525	0	6,807,525	0	4,807,525	0
898 Nutrition Program	8,533,082	0	11,630,080	0	13,535,285	0	11,630,080	0	12,630,080	0	11,630,080	0	11,630,080	0	12,630,080	0	11,630,080	0
898 Older Worker Program Grants	1,049,184	0	1,052,665	0	1,552,665	0	1,052,665	0	1,552,665	0	1,052,665	0	1,052,665	0	1,552,665	0	1,052,665	0
898 Project Grants	9,436,094	0	10,367,702	0	12,794,305	0	10,367,702	0	12,367,702	0	10,367,702	0	10,367,702	0	12,367,702	0	10,367,702	0
898 Retired & Sr Volunteer Program	68,108	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
898 Sr Citizen Centers	3,987,616	0	4,000,000	0	5,000,000	0	4,000,000	0	5,000,000	0	5,000,000	0	4,000,000	0	5,000,000	0	5,000,000	0
978 Senior Olympics	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0
NOT REQUESTED FOR THE BIENNIUM																		
35M Ms. Senior Pageant	0	0	0	0	20,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	48,363,032	305	53,487,299	287	63,888,761	310	53,456,581	287	61,347,997	302	54,636,997	302	53,469,175	287	61,360,715	302	54,649,715	302

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	18,283,999	37.8	16,562,135	31.0	16,584,523	31.0	16,227,329	30.8	16,227,329	30.8	16,625,373	31.1	16,268,179	30.9	16,268,179	30.9	
Federal Revenue	4000020	27,917,914	57.7	32,204,911	60.2	31,709,686	59.3	31,245,179	59.4	31,245,179	59.4	31,709,686	59.3	31,245,179	59.3	31,245,179	59.3	
Special Revenue	4000030	2,159,810	4.5	2,508,500	4.7	2,508,500	4.7	2,508,500	4.8	2,508,500	4.8	2,508,500	4.7	2,508,500	4.8	2,508,500	4.8	
Merit Adjustment Fund	4000055	0	0.0	47,051	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Transfer to Medicaid Match	4000660	(243,813)	(0.5)	(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)	(32,582)	(0.1)	
Various Program Support	4000730	245,122	0.5	2,197,284	4.1	2,686,454	5.0	2,686,454	5.1	2,686,454	5.1	2,658,198	5.0	2,658,198	5.0	2,658,198	5.0	
Total Funds		48,363,032	100.0	53,487,299	100.0	53,456,581	100.0	52,634,880	100.0	52,634,880	100.0	53,469,175	100.0	52,647,474	100.0	52,647,474	100.0	
Excess Appropriation/(Funding)		0		0		0		8,713,117		2,002,117		0		8,713,241		2,002,241		
Grand Total		48,363,032		53,487,299		53,456,581		61,347,997		54,636,997		53,469,175		61,360,715		54,649,715		

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
213	196	9	205	8	7.98 %	212	273	27	300	-88	-28.77 %	310	276	11	287	23	10.97 %

Budget Number of Positions may exceed the Authorized Number due to Reallocation of Resources (Act 282 of 2014 section 17(d)),

Analysis of Budget Request

Appropriation: 418 - Meals on Wheels

Funding Sources: DHP - Aging and Adult Services Fund Account

The Meals on Wheels appropriation is utilized to provide home delivered meals to clients who are homebound and unable to prepare nutritionally adequate meals, and live in an area where the meal can be delivered. These home delivered meals comply with the Dietary Guidelines for Americans and contain 1/3 of the Recommended Dietary Allowance (RDA) of nutrients (2/3 RDA provided if in the same day a second meal is served, and 100% if 3 meals in a day.) Clients must be age 60+ (or spouse or disabled dependent of person age 60+). This service is available through the Area Agencies on Aging (AAAs).

Funding for this appropriation consists of an allotment of an additional one-cent per pack tax levied on cigarettes as authorized by A.C.A. § 26-57-802 (Act 1211 of 1991). Additional funding was provided by a new \$1.25 tax per 1,000 cigarettes levied in 2001 by A.C.A. §26-57-1101 and a privilege tax by A.C.A. §26-57-1102 on tobacco products other than cigarettes on the first sale to wholesalers or retailers within the state at two percent (2%) of the manufacturer's selling price (Act 1698 of 2001). A.C.A §26-57-1103 (Act 2219 of 2005) directed that 50% of 29% of all moneys collected from the added tax would be credited as Special Revenues to be used to assist the Meals on Wheels Program.

The Agency Base Level request for this appropriation is \$2,400,000 each year of the biennium.

The Agency Change Level request is \$100,000 each year of the biennium for any unanticipated increases and/or carry forward funding from Cigarette Tax revenues.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 418 - Meals on Wheels

Funding Sources: DHP - Aging and Adult Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Transportation Services 5900046	2,061,889	2,400,000	2,400,000	2,400,000	2,500,000	2,400,000	2,400,000	2,500,000	2,400,000
Total	2,061,889	2,400,000	2,400,000	2,400,000	2,500,000	2,400,000	2,400,000	2,500,000	2,400,000
Funding Sources									
Special Revenue 4000030	2,061,889	2,400,000		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Total Funding	2,061,889	2,400,000		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Excess Appropriation/(Funding)	0	0		0	100,000	0	0	100,000	0
Grand Total	2,061,889	2,400,000		2,400,000	2,500,000	2,400,000	2,400,000	2,500,000	2,400,000

Change Level by Appropriation

Appropriation: 418 - Meals on Wheels
Funding Sources: DHP - Aging and Adult Services Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,400,000	0	2,400,000	100.0	2,400,000	0	2,400,000	100.0
C01	Existing Program	100,000	0	2,500,000	104.2	100,000	0	2,500,000	104.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,400,000	0	2,400,000	100.0	2,400,000	0	2,400,000	100.0
C01	Existing Program	0	0	2,400,000	100.0	0	0	2,400,000	100.0

Justification

C01	DAAS requests 100,000 each year in unfunded appropriation to utilize any unanticipated increases and/or carry forward funding in Cigarette Tax revenues.								
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Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides for the operations of the Division of Aging and Adult Services (DAAS) of the Department of Human Services. This Division promotes the health, safety, and independence of older Arkansans and adults with physical disabilities by providing programs and services including in-home care, adult day service, case management, education, support groups, health and wellness activities, employment services, and information and referral. Services are provided primarily through a network of eight Area Agencies on Aging (AAAs), over 100 community providers, and over 200 senior citizen centers.

The Project Grants appropriation provides a main source of federal revenue for support services to be distributed through Area Agencies on Aging and other community providers on a formula or project basis. Project Grants enables seniors to remain in their own homes with high quality of life for as long as possible through the provision of home and community-based services, including supports for family caregivers. Grants awarded to the State through competitive process ensure the rights of older people and prevent abuse, neglect and exploitation. Priority support services are provided through Project Grants as well as Ombudsman and senior part-time employment program for low-income persons age 55 and over who have poor employment prospects.

The Retired and Senior Volunteer Program (RSVP) appropriation is part of the national, non-profit organization sponsored locally by one of eight regional programs. It provides people age 55 and older with an opportunity to use the skills they spent a lifetime acquiring, in meaningful volunteer activities. RSVP also conducts recognition events for members of the program as a means to recognize the people who donate their time and talents to help their Arkansas communities, providing an opportunity for our members to socialize with other active seniors.

The Senior Citizens Centers appropriation provides DAAS with local hubs for administering the many programs offered to the service areas covered by the more than 200 Centers across the state. They serve as resources for information and assistance regarding eligibility and applications, places of congregation, as well as offering RSVP opportunities.

The Older Worker Program appropriation for DAAS provides for low-income persons age 55 and over who have poor employment prospects. Program participants receive assignments at community and government agencies and are paid the Federal or State minimum wage, whichever is higher. Participants may also receive assistance in developing job search skills and in locating a permanent job. Participants are placed in non-profit or public service type host agencies. They receive on-the-job training and work experience. During their training, participants work with their local Employment and Training Coordinator to achieve permanent part time or full time unsubsidized employment either at their host agency or with other employment sources in their area. Some of the benefits participants receive while in the program are: temporary paid work experience; improvement of marketable skills; development of new skills and an opportunity to establish a current work history.

The Community-Based Care and Nursing Home Alternative appropriations of DAAS encompass three programs: Alternatives, Assisted Living, and ElderChoices. All three are Medicaid home and community-based programs that provide services to Arkansas residents of several age ranges.

- Alternatives provides attendant care and environmental modification services to individuals age 21 through 64 who meet the criteria for intermediate nursing home care. The individuals' income should be less than 300% of poverty to meet the resource limits for Medicaid. Those who qualify may also receive regular Medicaid Benefits.
- Assisted Livings waiver program provides 24-hour supervision and supportive services, including limited nursing services in a congregate setting to persons aged 21 and older who have an income of no more than 300% of SSI and limited resources.
- ElderChoices provides in-home services to individuals 64 and over. These services are designed to delay or prevent institutionalization by maintaining, strengthening or restoring an eligible client's functioning in his or her own home, the home of a caregiver or foster facility. Services may include adult day care, adult day healthcare, adult foster care, chore, home delivered meals, homemaker services, personal emergency response system and respite care.

DAAS's Nutrition Programs appropriation is designed to provide meals to clients who are age 60 or older (or spouse or disabled dependent of person 60 or older), homebound, and unable to prepare nutritionally adequate meals, and living in an area where the meal can be delivered.

The funding for this appropriation is comprised of general revenue (DHP - Aging and Adult Services Fund Account), federal revenue, special revenue, and other funding. Federal revenue includes Title III - Older Americans Act, Title V - Federal Older Worker, Title VII - Ombudsman and Elder Abuse, Adult Protective Services, Nutrition Services Incentive Program, USDA Farmers Market, and Social Services Block Grant. DAAS is the successful recipient of several highly competitive and sought after federal grants: Money Follows the Person, Senior Medicare/Medicaid Fraud Patrol Expansion and Capacity Building, Medicare Enrollment Assistance for Area Agencies on Aging, Medicare Enrollment Assistance for Aging and Disability Resource Centers, and Adult Abuse/Violence of Female Victims. Other revenues indicated as various program support includes Adult Protective Service Registry Fees, Ombudsman Fees, and Area Agency on Aging Income Tax Check-Off (A.C.A. §26-51-454). Special revenue is the "In God We Trust License Plate Fund" (A.C.A. §27-15-4904).

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

896 - Administration Paying Account

The Agency Base Level Request for this appropriation is \$19,053,609 in FY2018 and \$19,066,203 in FY2019 with \$6,402,833 in FY2018 and \$6,443,683 in FY2019 of general revenue funding and 287 budgeted Base Level positions.

The Agency Change Level Request is \$1,291,416 in FY2018 and \$1,291,540 in FY2019 with a transfer of general revenue funding to other divisions of (\$357,194) each year for the following:

- Transfer Positions Out (8): Regular Salaries and Personal Services Matching of (\$441,701) each year of the biennium to support agency reorganization.
- Restore Positions (23): Regular Salaries and Personal Services Matching of \$979,683 in FY2018 and \$979,807 in FY2019. This request will allow assistance with the Medicaid Waiver program to investigate allegations of adult maltreatment and eligibility for long term services.
- Extra Help of \$22,434 for each year of the biennium.
- Operating Expenses of \$126,000 each year of the biennium to utilize any unanticipated increases in federal or private grant awards.
- Conference and Travel Expenses of (\$5,500) each year of the biennium to support agency reorganization.
- Professional Fees of \$500,000 each year of the biennium to utilize any unanticipated increases in federal or private grant awards.
- Capital Outlay of \$110,500 each year of the biennium to purchase vehicles for the Adult Protective Services Unit in the event DAAS receives additional federal funding.

898 - DHS Grants Paying Account

Base Level Request:

- The Agency Base Level request for the Project Grants appropriation is \$10,367,702 each year of the biennium.
- The Agency Base Level and total request for the Retired & Senior Volunteer Program is \$75,000 each year of the biennium and is funded 100% by general revenue.
- The Agency Base Level request for the Senior Citizen Centers is \$4,000,000 each year of the biennium and is funded 100% by general revenue.
- The Agency Base Level request for the Older Worker Program is \$1,052,665 each year of the biennium and is funded 100% by general revenue.
- The Agency Base Level request for the Nursing Home Care Alternatives is \$4,807,525 each year of the biennium and is funded by the Area Agency on Aging Income Tax Check-Off as well as general revenue.
- The Agency Base Level request for the Nutrition Program is \$11,630,080 each year of the biennium and is funded by the "In God We Trust License Plate Fund" and federal revenue.

Change Level Request:

- The Agency Change Level request for the Project Grants appropriation is \$2,000,000 each year of the biennium to utilize any unanticipated increases in Federal or private foundation funding.
- The Agency Change Level request for the Senior Citizen Centers is \$1,000,000 each year of the biennium to utilize any unanticipated

funding for this program.

- The Agency Change Level request for the Older Worker Program is \$500,000 each year of the biennium to utilize any unanticipated increases in Federal or private foundation funding.
- The Agency Change Level request for the Nursing Home Care Alternatives is \$2,000,000 each year of the biennium to utilize any unanticipated increases in any State, Federal, or private funding.
- The Agency Change Level request for the Nutrition Program is \$1,000,000 each year of the biennium to utilize any unanticipated increases in Federal or private foundation funding.

896 - Administration Paying Account

The Executive Recommendation provides for the Agency Request with the exception of \$126,000 each year in Operating Expenses, \$500,000 each year in Professional Fees and \$110,500 each year in Capital Outlay.

898 - DHS Grants Paying Account

The Executive Recommendation provides for Base Level for Project Grants, Older Worker Program, Nursing Home Care Alternatives and the Nutrition Program.

The Executive Recommendation provides for the Agency Request for the Senior Citizen Centers appropriation with no new general revenue funding.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	12,045,105	11,635,302	12,856,824	11,652,802	12,025,752	12,025,752	11,663,002	12,036,052	12,036,052
#Positions		305	287	310	287	302	302	287	302	302
Extra Help	5010001	83,870	98,000	120,434	98,000	120,434	120,434	98,000	120,434	120,434
#Extra Help		11	18	18	18	18	18	18	18	18
Personal Services Matching	5010003	4,274,565	4,127,455	4,546,754	4,189,737	4,354,769	4,354,769	4,192,131	4,357,187	4,357,187
Operating Expenses	5020002	1,825,050	2,477,320	2,632,969	2,477,320	2,603,320	2,103,320	2,477,320	2,603,320	2,103,320
Conference & Travel Expenses	5050009	74,476	104,000	104,500	104,000	98,500	98,000	104,000	98,500	98,000
Professional Fees	5060010	129,543	531,750	602,000	531,750	1,031,750	531,750	531,750	1,031,750	531,750
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Project Grants	5100004	9,436,094	10,367,702	12,794,305	10,367,702	12,367,702	10,367,702	10,367,702	12,367,702	10,367,702
Retired & Sr Volunteer Prgm	5100004	68,108	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Sr Citizen Centers	5100004	3,987,616	4,000,000	5,000,000	4,000,000	5,000,000	5,000,000	4,000,000	5,000,000	5,000,000
Older Wkrs Prgm Grant	5100004	1,049,184	1,052,665	1,552,665	1,052,665	1,552,665	1,052,665	1,052,665	1,552,665	1,052,665
Community Based Care	5100004	0	0	180,000	0	0	0	0	0	0
Nursing Hm Care Alternatives	5100004	4,724,450	4,807,525	7,287,525	4,807,525	6,807,525	4,807,525	4,807,525	6,807,525	4,807,525
Nutrition Programs	5100004	8,533,082	11,630,080	13,535,285	11,630,080	12,630,080	11,630,080	11,630,080	12,630,080	11,630,080
Capital Outlay	5120011	0	110,500	110,500	0	110,500	0	0	110,500	0
Total		46,231,143	51,017,299	61,398,761	50,986,581	58,777,997	52,166,997	50,999,175	58,790,715	52,179,715

Funding Sources										
General Revenue	4000010	18,213,999	16,492,135		16,514,523	16,157,329	16,157,329	16,555,373	16,198,179	16,198,179
Federal Revenue	4000020	27,917,914	32,204,911		31,709,686	31,245,179	31,245,179	31,709,686	31,245,179	31,245,179
Special Revenue	4000030	97,921	108,500		108,500	108,500	108,500	108,500	108,500	108,500
Merit Adjustment Fund	4000055	0	47,051		0	0	0	0	0	0
Transfer to Medicaid Match	4000660	(243,813)	(32,582)		(32,582)	(32,582)	(32,582)	(32,582)	(32,582)	(32,582)
Various Program Support	4000730	245,122	2,197,284		2,686,454	2,686,454	2,686,454	2,658,198	2,658,198	2,658,198
Total Funding		46,231,143	51,017,299		50,986,581	50,164,880	50,164,880	50,999,175	50,177,474	50,177,474
Excess Appropriation/(Funding)		0	0		0	8,613,117	2,002,117	0	8,613,241	2,002,241
Grand Total		46,231,143	51,017,299		50,986,581	58,777,997	52,166,997	50,999,175	58,790,715	52,179,715

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	19,053,609	287	19,053,609	100.0	19,066,203	287	19,066,203	100.0
C04	Reallocation	(380,000)	0	18,673,609	98.0	(380,000)	0	18,686,203	98.0
C05	Unfunded Appropriation	2,113,117	23	20,786,726	109.1	2,113,241	23	20,799,444	109.1
C07	Agency Transfer	(441,701)	(8)	20,345,025	106.8	(441,701)	(8)	20,357,743	106.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	19,053,609	287	19,053,609	100.0	19,066,203	287	19,066,203	100.0
C04	Reallocation	(380,000)	0	18,673,609	98.0	(380,000)	0	18,686,203	98.0
C05	Unfunded Appropriation	1,002,117	23	19,675,726	103.3	1,002,241	23	19,688,444	103.3
C07	Agency Transfer	(441,701)	(8)	19,234,025	100.9	(441,701)	(8)	19,246,743	100.9

Justification

C04	DAAS requests permission to transfer 380,000 worth of maintenance and operations and travel for the 8 positions being transferred to Shared Services.
C05	Division of Aging and Adult Services requests unfunded appropriation to 22 restored FY 2017 unbudgeted positions that are responsible for the assistance with the Medicaid Waiver program, to investigate allegations of adult maltreatment, and eligibility for long term services. In addition, DAAS requests unfunded appropriation in the event privately funded awards to improve and enhance the long term care service may be received. This is needed in Maintenance and Operations and Professional Fees. Unfunded appropriation is needed in capital Outlay in the event DAAS receives federal funding to purchase vehicles for the Adult Protective Services Unit.
C07	Division of Aging and Adult Services requests to transfer 8 positions to DHS Shared Services. Shared Services has been created to provide agency wide services in the area of finance, procurement, information technology and other support functions.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	30,880,307	0	30,880,307	100.0	30,880,307	0	30,880,307	100.0
C05	Unfunded Appropriation	6,000,000	0	36,880,307	119.4	6,000,000	0	36,880,307	119.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	30,880,307	0	30,880,307	100.0	30,880,307	0	30,880,307	100.0
C05	Unfunded Appropriation	1,000,000	0	31,880,307	103.2	1,000,000	0	31,880,307	103.2

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,052,665	0	1,052,665	100.0	1,052,665	0	1,052,665	100.0
C05	Unfunded Appropriation	500,000	0	1,552,665	147.5	500,000	0	1,552,665	147.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,052,665	0	1,052,665	100.0	1,052,665	0	1,052,665	100.0

Justification

C05	Division of Aging and Adult Services has been successful in securing competitively pursued federally and privately funded grants to improve and enhance long-term care services to the elderly and adults with physical disabilities. Agency requests unfunded appropriation to utilize unanticipated increases in federal or private grant awards.								
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Analysis of Budget Request

Appropriation: 978 - Senior Olympics

Funding Sources: DHP - Aging and Adult Services Fund Account

This appropriation was first authorized in 1995 to provide funding for the Arkansas Senior Olympics. Funds are paid on a two-to-one matching basis to the Senior Arkansas Sports Organization, a non-profit organization that organizes the Arkansas Senior Olympic games. The purpose of the Senior Olympics program is to promote healthy lifestyles for seniors through education, fitness and sports participation.

Arkansas Senior Olympic Games are structured in accordance with rules established by the National Senior Games Association (NSGA). There are ten (10) age divisions that apply to both men and women for individual and doubles events, and seven (7) age divisions for team events. The events include: Archery, Badminton, Bowling, Cycling, Golf, Horseshoes, Race/Walk, Racquetball, Road Race, Shuffleboard, Swimming, Table Tennis, Tennis, Track and Field events and Weightlifting/Bench Press. Other recreational events are also available, including Basketball Shoot, Bean Bag Baseball, Card and Board Games, Eight Ball Pool, Pickle Ball, etc.

Funding for this appropriation consists of 100% general revenue (DHP - Aging and Adult Services Fund Account).

The Agency Base Level and total request for this appropriation is \$70,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 978 - Senior Olympics

Funding Sources: DHP - Aging and Adult Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Total	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Funding Sources									
General Revenue 4000010	70,000	70,000		70,000	70,000	70,000	70,000	70,000	70,000
Total Funding	70,000	70,000		70,000	70,000	70,000	70,000	70,000	70,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	70,000	70,000		70,000	70,000	70,000	70,000	70,000	70,000

Appropriation Summary

Appropriation: 35M - Ms. Senior Pageant

Funding Sources: DHP - Aging and Adult Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Ms. Senior Pageant Expenses 5900046	0	0	20,000	0	0	0	0	0	0
Total	0	0	20,000	0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2017-2019 BIENNIUM

DHS - Children & Family Services

Enabling Laws

Act 215 of 2016
A.C.A. §25-10-102
A.C.A. §9-16-101 et seq.

History and Organization

DCFS is the designated state agency to administer and supervise all child welfare services (Title IV-B and IV-E of the Social Security Act), including child maltreatment investigations, child abuse and neglect prevention, protective services, foster care services, supportive services and adoptive programs. The State's child welfare system investigated 33,353 reports of child maltreatment, 1,302 referrals to Differential Response and managed 7,700 foster care cases, 11,151 protective service cases involving 25,852 children and 503 supportive service cases involving 1,195 children.

In a given month, the agency is responsible for the safety and well-being of approximately 10,000 children. In addition to ensuring the safety of these children, the agency conducts on average 3,700 investigations and 200 Differential Response referrals monthly.

The Division is in compliance with Titles VI and VII of the Civil Rights Act and operates, manages, and delivers services without regard to race, color, religion, sex, age, national origin, mental or physical disability, veteran status, political affiliation or belief.

Our mission is to keep children safe and help families. DCFS will respectfully engage families and youth and use community-based services and support to assist parents in successfully caring for their children. We will focus on the safety, permanency and well-being for all children and youth.

History and Organization

In 1985, the 75th Arkansas General Assembly enacted Act 348 that reorganized the Department of Human Services (DHS). Included in this Act was the provision to create a Division of Children and Family Services (DCFS). This legislative action culminated several years of departmental review and legislative interest in the delivery of services to the children, youth, and families throughout the State of Arkansas.

Specifically, Act 348 combined into DCFS all functions and duties of the Division of Youth Services (DYS) as provided in Act 502 of 1977,

child welfare functions of the Division of Social Services, and residential treatment services for emotionally disturbed youth previously provided by the Division of Mental Health Services (DMHS).

DCFS' target population included children, and when appropriate, families of children who were or may be at risk of being abused, neglected, exploited, dependent, delinquent, or who were experiencing serious emotional problems. In addition, DCFS served unmarried parents, children in need of substitute care, day care or supervision, and youth entering the juvenile justice system.

The service delivery system included two (2) Youth Services Centers for delinquent youth committed by the courts, an office in each county staffed with direct service worker(s), and a network of private providers supplying contracted services to the target population.

In 1993, the 79th General Assembly enacted Act 1296, which authorized the Governor to create a Division of Youth Services (DYS) within DHS. The juvenile justice functions of DCFS were transferred to the newly created DHS.

In 1997, the 81st General Assembly enacted Act 1132 which authorized the creation of the Division of Child Care and Early Childhood Education (DCC) within DHS. The daycare licensing, day care eligibility, and special nutrition functions of DCFS were transferred to the newly created division.

In 1997, the 81st General Assembly also enacted Act 1240, which authorized the formation of a Family Protection Unit within the Arkansas State Police (ASP) to conduct child abuse investigations. The Central Intake and Special Investigation functions of DCFS were transferred to the newly created Family Protection Unit, presently called Crimes Against Children Division of Arkansas State Police.

Act 1014 of 1997 created the Child Welfare Agency Review Board. The Board was given the authority to promulgate rules and regulations to enforce the provisions of this act. The Board was also given authority to identify and implement alternate methods of regulations and enforcement. The Board licenses residential child welfare facilities and child placement agencies including agencies that provide foster care or adoption services.

To accomplish the mandates of ACT 348, DCFS is functionally organized into the following major areas:

- 1) The Office of Director directly supervises the following executive staff and program managers: Assistant Director of Community Services, Chief Fiscal Officer of the Office of Finance and Administrative Support, Assistant Director of Office of Central Operations, Youth Services Manager, Adoption Managers, Planning Manager, Foster Care Manager, Mental Health Manager, and Policy and Professional Development Manager.
- 2) The Office of Community Services is responsible for the direct and purchased services delivery of child welfare services in each of the 75 counties of the state. Each of the ten areas has an Area Director, County Supervisors, Family Services Workers, Social Services

providers.

In the central office, the Office of Community Services includes a Program Administrator, Program Manager, the Interstate Compact for the Placement of Children (ICPC) staff, and a Client Advocate who assist DCFS consumers.

- 3) The Office of Finance and Administrative Support provides support in the following areas: financial support, budgeting, funds management, accounts payable, contracts management, and personnel.
- 4) The Office of Operations provides support in the following areas: Child Maltreatment Registry, Criminal Background Checks, Eligibility, Investigations and Child Protective Services and Vehicle Safety. This office is also responsible for the management of day-to-day operations for DCFS.
- 5) The Quality Assurance management is contracted with Hornby Zeller Associates Inc., and falls under the direction of the Division Director.

DCFS is dedicated to the establishment of a coordinated and integrated service delivery system based on the following objectives:

- The protection of children
- Safety, permanency and well-being of children and youth
- Development and implementation of a well-defined family-centered model of practice
- Expansion of the family-centered approach to service delivery to help strengthen and maintain families when possible, with children's safety always paramount
- Development and expansion of programs needed to protect children and serve families
- Development, enhancement and expansion of programs to address the root causes for families involvement in the child welfare system
- Continuing development and implementation of integrated administrative/management systems including: a comprehensive management information system, restructuring purchase of service and contracting systems, revising and publishing policy/procedure manuals, refining the quality assurance monitoring system and enhanced training of supervisory and direct service staff.

The Division delivers services directly and purchases services from private and public agencies, universities and individuals, using state and federal funds. Programs and services of other Divisions within the Department of Human Services (DHS) are also available to clients of DCFS. Delivery of services is coordinated with other Divisions administering TEA/TANF, Medicaid, Food Stamps, Social Services Block Grant, and other federal entitlement programs. DCFS continues to work with the state Community-Based Child Abuse Prevention Program (CBCAP) State Lead Agency funded under Title II of CAPTA to develop child abuse prevention programs, in addition to the ones DCFS purchases.

DCFS staff provides child maltreatment investigations, family assessment, case planning, referral, and case management services. If a child cannot be maintained safely in their own home, DCFS will petition the court for custody and place the child in an approved foster home or

licensed residential facility.

Child Welfare Services are a broad category of services to children and their families.

In February 2008, the federal Administration for Children and Families in Health and Human Services completed the second round on-site review portion of the Child and Family Service Review (CFSR) of Arkansas child welfare services, as required by Congress. The CFSR is the Federal Government's program for assessing the performance of State child welfare agencies with regard to achieving positive outcomes for children and families. It is essentially the state's report card from the federal government.

The CFSR assesses State performance on 23 items relevant to 7 outcomes and 22 items pertaining to 7 systemic factors. The 7 outcomes cover the areas of safety, permanency and well-being.

The Division received the report in the fall of 2009 which indicated the state did not have substantial compliance in any of the 7 outcomes and was found to be in compliance with 2 of the systemic factors. As a result of the finding, the Division was required to develop the federally mandated Program Improvement Plan (PIP), which is a plan to address issues identified in the CFSR and aide in the transformation of the Arkansas Child Welfare system.

Arkansas implemented the Program Improvement Plan and utilized our Quality Services Peer Review (QSPR) process to monitor our progress. DCFS successfully met the Program Improvement Plan goals and did not receive any financial penalties for not having met the goals. To ensure that we are continuing to improve the AR Child Welfare system, we continue to monitor our progress throughout the year. It is the goal of the Division to continue to increase the state's performance on the federal measures so the children and families we serve have the best outcomes.

The Arkansas child welfare practice model describes all of our efforts to renew our work with families and aligns us more readily with our Division's mission. It reflects our goals and our principles and is embedded in our casework process, our daily interactions and our decisions. It is not spelled out in a large document but instead is increasingly a part of everything we do - every action, every decision and is reflected in every document we develop and implement.

The Practice Model is the way our systems work together to serve children and families. One of the key elements is the focus on how we do the work is as important as the work we do.

Practice Model Goals

Our Practice Model unites our casework process with an approach that values and supports families at every step of a family's encounter with our system. The goals of our Practice Model are:

- Safely keep children with their families.

- Enhance well-being in all of our practice with families.
- Ensure foster care and other placements support goals of permanency.
- Use permanent placement with relatives or other adults, when reunification is not possible, who have a close relationship to the child or children (preferred permanency option).
- Ensure adoptions, when that is the best permanency option, are timely, well-supported and lifelong.
- Ensure youth have access to an array of resources to help achieve successful transition to adulthood.

Principles to Guide Best Practices

Along with our goals, we support the practice model by looking for ways to incorporate the following principles into every encounter we have when working on behalf of families.

We believe...

- Behavior change and the work of change is a part of our daily challenge.
- Safety for children is achieved through positive protective relationships with caring family and community members.
- Meaningful decisions require close family participation in decision making.
- Strengths of families and supporting these strengths contribute to life-long permanent relationship for children.
- Families' success depends on community involvement and shared problem solving.
- Practice with families is interrelated at every step of the casework process.
- Sustainable success with families is the work of a team.
- The entire system must support frontline practice to achieve positive outcomes with families.
- Every staff position, role, and activity of the Division shows continuous effort to build and maintain professionalism.
- Skill based training and consultation forms the foundation for successful practice with families.
- Quality improvement and accountability guide all of our work.
- How we do the work is as important as the work we do.

Outcomes will address:

- Safety
- Permanency
- Child and family well-being

The Division's child welfare practice should be:

- Child focused
- Family centered
- Individualized to meet the specific needs of the children and families
- Collaborative

- Enhanced to strengthen parent capacity
- Culturally responsive
- Community based
- Outcome oriented

Department of Human Services Division of Children and Family Services



Agency Commentary

The Division of Children and Family Services (DCFS) requests additional funding and appropriation to meet the needs of the rapid increase of children in care. As of September 28, 2016 the DCFS is serving 5,209 Children in Foster Care, which is an increase of 20% over the number of children in care from July 1, 2015. Without additional staff and strengthened prevention and reunification programs, the division projects to see substantial growth of children in care annually. This request will aid the division to reduce the number of children in care over the

biennium.

The ultimate goal of DCFS is to provide safety and permanency for children and to achieve divisional efficiencies. In order to do this, we must have quality skilled staff. DCFS staff must also have sufficient training and resources for placement and treatment to do their jobs, and they need access to support systems to coordinate resources. Employees who possess these resources and trained skills, along with quality supervisory support, will have a clear understanding of their roles and responsibilities to better make decisions needed for children and families. DCFS's hiring focus will be on prevention and reunification to stabilize entries into foster care and safely increase exits from foster care.

Children have the best outcomes when they are able to safely remain in their parents' custody. Services and casework should be targeted to support and strengthen the family before crisis or severe maltreatment. This request will allow the DCFS to improve the needs of our children and families while meeting the goals and outcome measures. DCFS realizes our workers are the heart in the delivery of our services. The development and retention of a quality child welfare workforce is the key to the transformation of our system.

In order to meet these goals the Division requests the following:

The Department requests additional general revenue funding of \$36,513,115 FY18 and \$48,427,798 FY19 to meet current obligations and to increase the number of staff to support the expanded caseload. The additional staff will be focused on preventative measures including additional caseworker, supervisory staff, and support staff to focus on investigations, in-home services cases, team decision making, differential response, and reunification.

Personnel Request:

DCFS is requesting 161 additional field staff in FY18 and 228 additional field staff in FY19. The Field staff will include

- Family Service Worker Specialists: 105 in FY18 and 150 in FY19
- DHS program Assistants: 40 in FY18 and 60 in FY19
- Family Service Worker Supervisors: 16 in FY18 and 18 in FY19.

Of these additional staff preference will be given to hiring staff to better facility in home and reunification services.

DCFS also request additional staff for the central office and area offices to strengthen prevention and reunification programs within the division. The request includes 18 staff members:

- (1) Assistant Director N903 to oversee prevention and reunification programs.
- (11) DHS Program Managers for the Area Offices to manage the prevention programs on a regional level.
- (1) Family Service Worker Specialist C118 to be utilized in central office as a Reunification Specialist.

- (1) Contracts Manager C121 to supervise procurement of additional and strengthen current prevention services.
- (3) Admin Assistants to help with contract management for the Division.
- (1) Project Manager dedicated to monitoring and reporting the Divisions progress.

DCFS is requesting to restore 28 currently authorized positions with unfunded appropriation for both salary and fringe benefits for both 2018 and 2019. These positions are vital to allowing the division to continue to serve the children and families already occurring within the system.

The Division is requesting to transfer 19 Positions to DHS Shared Services. Those positions will be utilized by the Finance, Contracts and Personal Offices.

DCFS will transfer 1 Budget Manager C120 to Division of Blind Services.

2 Patient Account Specialist C109 are requested to be discontinued, these positions were surrendered to the OPM pool in September.

State Operations Request:

For Operations (896), DCFS is requesting operating expense appropriation of \$2,805,000 FY18 and \$5,478,000 FY19 which includes:

- \$1,638,000 FY18 and \$1,905,000 FY19 to meet increased expenses in mileage and fuel reimbursements for the divisions Family Services Workers, Foster Parents and volunteers;
- \$1,167,000 FY18 and 3,573,000 FY19 in additional appropriation for overhead expenses associated with current and additional staff; and a -47,000 in each year of the biennium to be transferred to DHS Shared services to support positions transferred.

Professional Service Fees of 1,556,000 FY18 and 1,978,000 FY19 requested to increase capacity for client services due to rising number of children in care. These services include but are not limited to Family Treatment and Parent Training.

Grants State Request:

For Foster Care (883), DCFS requests additional apportion and funding of 11,396,536 FY18 and 16,561,653 FY19 for increases to placements, board payments and adoption subsidies due to the rising number of children in care. DCFS also request unfunded appropriation

of \$1,651,464 FY18 and \$311,347 FY19 to be utilized for client services if savings are generated in other areas.

For State Residential Treatment (882), DCFS requests appropriation and funding of \$5,271,000 FY18 and \$5,362,000 FY19 to meet needs for residential treatment services due to the growing number of children in care.

TANF/Foster Care Request:

TANF/ Foster Care (898), DCFS requests appropriation and funding for:

- \$6,470,686 FY18 and \$10,075,686 FY19 for client services due to the increased number of children in care; services include counseling, home studies, intensive family services, psych evaluations, respite care, and day care.
- \$3,500,000 FY18 and \$5,000,000 FY19 federally funded appropriation to accommodate the growing number of federally subsidized adoptions.
- Unfunded appropriation of \$10,091,000 FY18 and \$14,621,314 FY19 in the event additional federal funding becomes available for board payments and client services.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Administrative Services Division.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Arkansas Child Welfare Report Card	Act 1222 of 1995	N	Y	200	AR Child Welfare Public Accountability Act Mandated	40	384.00
Compliance Outcome Report	COR	N	N	500	Continuation monitoring objectives of Angela R Settlement	10	144.00
Family Preservation	Act 1025 of 1991	N	Y	50	Arkansas Family Preservation Services Program Act	4	10.00
Garrett's Law Report	Act 1176 of 2005	N	Y	50	Mandated	20	108.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Children & Family Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
ACTIVE PARENTING PUBLISHERS INC	\$24,910	X					
AR SPANISH INTERPRETERS & TRANSLATOR	\$30,500		X				
CET OF ARKANSAS LLC	\$592,918	X					
DESIGN GROUP MARKETING LLC	\$4,500	X					
GODDESS PRODUCTS INC	\$69,610	X					
OLDE TYME TUTORS LLC	\$10,504		X				
SOBER LIVING INC	\$1,200	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>7</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$61,871,296</u>
% OF MINORITY CONTRACTS AWARDED	<u>1.17 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
882 State Residential Treatment	1,828,922	0	8,591,656	0	10,860,055	0	8,591,656	0	13,862,656	0	13,862,656	0	8,591,656	0	13,953,656	0	13,953,656	0
883 Foster Care	37,199,052	0	31,863,982	0	34,689,983	0	31,863,982	0	44,911,982	0	44,911,982	0	31,863,982	0	48,736,982	0	48,736,982	0
896 Division of Children & Family Services	75,264,496	1,109	73,688,109	1,040	85,375,440	1,127	73,888,855	1,040	87,313,992	1,225	87,272,833	1,224	73,921,694	1,040	93,319,037	1,292	93,277,878	1,291
898 TANF/Foster Care	58,945,633	0	56,120,193	0	60,230,751	0	56,120,193	0	76,181,879	0	76,181,879	0	56,120,193	0	85,817,193	0	85,817,193	0
Total	173,238,103	1,109	170,263,940	1,040	191,156,229	1,127	170,464,686	1,040	222,270,509	1,225	222,229,350	1,224	170,497,525	1,040	241,826,868	1,292	241,785,709	1,291

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	71,827,783	41.5	91,537,075	53.8	91,737,450	53.8	128,250,565	61.6	118,250,565	59.7	91,753,216	53.8	140,181,014	62.4	130,181,014	60.7	
Federal Revenue	4000020	82,353,446	47.5	75,744,853	44.5	75,855,129	44.5	77,204,622	37.1	77,204,622	38.9	75,872,202	44.5	81,640,335	36.4	81,640,335	38.0	
Merit Adjustment Fund	4000055	0	0.0	111,220	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Reimbursement	4000425	4,355,952	2.5	3,725,000	2.2	3,725,000	2.2	3,725,000	1.8	3,725,000	1.9	3,725,000	2.2	3,725,000	1.7	3,725,000	1.7	
Transfer to State Police	4000675	(1,268,671)	(0.7)	(1,674,208)	(1.0)	(1,674,208)	(1.0)	(1,674,208)	(0.8)	(1,674,208)	(0.8)	(1,674,208)	(1.0)	(1,674,208)	(0.7)	(1,674,208)	(0.8)	
Various Program Support	4000730	15,969,593	9.2	820,000	0.5	821,315	0.5	710,095	0.3	710,095	0.4	821,315	0.5	710,095	0.3	710,095	0.3	
Total Funds		173,238,103	100.0	170,263,940	100.0	170,464,686	100.0	208,216,074	100.0	198,216,074	100.0	170,497,525	100.0	224,582,236	100.0	214,582,236	100.0	
Excess Appropriation/(Funding)		0		0		0		14,054,435		24,013,276		0		17,244,632		27,203,473		
Grand Total		173,238,103		170,263,940		170,464,686		222,270,509		222,229,350		170,497,525		241,826,868		241,785,709		

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
1,129	1003	10	1013	116	11.16 %	1,126	1019	0	1019	107	9.50 %	1,127	1017	23	1040	87	9.76 %

Analysis of Budget Request

Appropriation: 882 - State Residential Treatment

Funding Sources: DCF - Children and Family Services Fund Account

This appropriation provides residential treatment services to children in need of placement and treatment. These services are purchased through private provider contracts and Medicaid Eligible service providers. The services are targeted for children who have been diagnosed as having serious emotional and/or behavioral problems and are in need of placement and treatment.

Funding for this appropriation is general revenue (DCF - Children and Family Services Fund Account) and refunds that consist of contract reimbursements for spent general revenue.

The Agency Base Level for this appropriation is \$8,591,565 each year of the biennium.

The Agency Change Level request of \$5,271,000 in FY2018 and \$5,362,000 in FY2019 is to meet needs in residential treatment services due to the growing number of children in care.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 882 - State Residential Treatment
Funding Sources: DCF - Children and Family Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,828,922	8,591,656	10,860,055	8,591,656	13,862,656	13,862,656	8,591,656	13,953,656	13,953,656
Total		1,828,922	8,591,656	10,860,055	8,591,656	13,862,656	13,862,656	8,591,656	13,953,656	13,953,656
Funding Sources										
General Revenue	4000010	1,711,258	8,566,656		8,566,656	13,837,656	13,837,656	8,566,656	13,928,656	13,928,656
Reimbursement	4000425	14,444	25,000		25,000	25,000	25,000	25,000	25,000	25,000
Various Program Support	4000730	103,220	0		0	0	0	0	0	0
Total Funding		1,828,922	8,591,656		8,591,656	13,862,656	13,862,656	8,591,656	13,953,656	13,953,656
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,828,922	8,591,656		8,591,656	13,862,656	13,862,656	8,591,656	13,953,656	13,953,656

Change Level by Appropriation

Appropriation: 882 - State Residential Treatment
Funding Sources: DCF - Children and Family Services Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	8,591,656	0	8,591,656	100.0	8,591,656	0	8,591,656	100.0
C01	Existing Program	5,271,000	0	13,862,656	161.4	5,362,000	0	13,953,656	162.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	8,591,656	0	8,591,656	100.0	8,591,656	0	8,591,656	100.0
C01	Existing Program	5,271,000	0	13,862,656	161.4	5,362,000	0	13,953,656	162.4

Justification

C01	\$5,271,000 and \$5,362,000 are requested to meet need in residential treatment services due to the growing number of children in care.								
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Analysis of Budget Request

Appropriation: 883 - Foster Care

Funding Sources: DCF - Children and Family Services Fund Account

The Division of Children and Family Services (DCFS) provides selective placement for children in the custody of the Department of Human Services in approved foster homes or licensed facilities for a planned period of time when separation from a birth parent or legal guardian necessitates such separation. Foster Care is an integral part of the service delivery system of the Division of Children and Family Services.

Funding for this appropriation consists of general revenue (DCF-Children and Family Services Fund Account), refunds that consist of board reimbursements for spent general revenue and other funding which is indicated as various program support can also include sources such as federal awards, fees, and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

The Agency Base Level request for this appropriation is \$31,863,982 each year of the biennium with general revenue of \$28,163,982.

The Agency Change Level request for this appropriation is \$13,048,000 in FY2018 and \$16,873,000 in FY2019 with general revenue request of \$11,396,536 in FY2018 and \$16,561,653 in FY2019. The following delineates the agency request:

- \$11,396,536 in FY2018 and \$16,561,563 in FY2019 due to increased payments for the rising number of children in care, board payments, and the increase in adoption subsidies.
- \$1,651,464 for FY2018 and \$311,347 in FY2019 for unfunded appropriation to be utilized for client services if savings are generated in other areas.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 883 - Foster Care

Funding Sources: DCF - Children and Family Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	37,199,052	31,863,982	34,689,983	31,863,982	44,911,982	44,911,982	31,863,982	48,736,982	48,736,982
Total		37,199,052	31,863,982	34,689,983	31,863,982	44,911,982	44,911,982	31,863,982	48,736,982	48,736,982
Funding Sources										
General Revenue	4000010	32,857,544	28,163,982		28,163,982	39,560,518	39,560,518	28,163,982	44,725,635	44,725,635
Reimbursement	4000425	4,341,508	3,700,000		3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Total Funding		37,199,052	31,863,982		31,863,982	43,260,518	43,260,518	31,863,982	48,425,635	48,425,635
Excess Appropriation/(Funding)		0	0		0	1,651,464	1,651,464	0	311,347	311,347
Grand Total		37,199,052	31,863,982		31,863,982	44,911,982	44,911,982	31,863,982	48,736,982	48,736,982

Change Level by Appropriation

Appropriation: 883 - Foster Care
Funding Sources: DCF - Children and Family Services Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	31,863,982	0	31,863,982	100.0	31,863,982	0	31,863,982	100.0
C01	Existing Program	11,396,536	0	43,260,518	135.8	16,561,653	0	48,425,635	152.0
C05	Unfunded Appropriation	1,651,464	0	44,911,982	140.9	311,347	0	48,736,982	153.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	31,863,982	0	31,863,982	100.0	31,863,982	0	31,863,982	100.0
C01	Existing Program	11,396,536	0	43,260,518	135.8	16,561,653	0	48,425,635	152.0
C05	Unfunded Appropriation	1,651,464	0	44,911,982	140.9	311,347	0	48,736,982	153.0

Justification

C01	\$4,674,536 FY18 and \$7,639,653 FY19 for increased placements due to the rising number of children in care. \$4,666,000 FY18 and \$5,714,000 FY19 for board payments due to the rising number of children in care. \$2,056,000 FY18 and 3,208,000 FY19 increase in adoption subsidies to meet current obligations and accommodate new adoptions.
C05	\$1,651,464 FY18 and \$311,347 unfunded appropriation requested to be utilized for client services if savings are generated in other areas.

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Children and Family Services (DCFS). This Division is responsible for the protection of children, the continuation of the family-centered approach to service delivery to help strengthen and maintain natural families when possible, the expansion of programs such as therapeutic services, foster care prevention, management information systems and quality assurance and monitoring.

DCFS provides family supports to keep children at home, assist families when the families temporarily can't provide the necessary care for their children and help eliminate child maltreatment. DCFS attempts to keep families together and only separates children from their families as a last alternative. Specific services provided by the Division are: Support Services, Foster Care, Adoption Services and Protective Services.

The Division was operating under a Child Welfare Reform Federal Consent Decree until December, 2001. The original lawsuit (commonly known as "Angela R") was filed in 1991, alleging gross abuse and neglect of children of this State and the State's failure to protect those children. The consent decree was approved in 1994 and extended in 1999 and again in October 2001. In December 2001, the decree ended when the plaintiffs to the original lawsuit did not challenge DCFS compliance with the federal consent decree.

Funding for this appropriation includes general revenue (DCF-Children and Family Services Fund Account), federal revenues and other revenues, which is identified as various program support. The federal funds are derived from Title IV-E, Title IV-B, TANF, Child Abuse Prevention Treatment Act (CAPTA), Social Service Block Grant, Emergency Assessment funding, and Safe and Stable Families Act funding. Other revenues which are indicated as various program support are derived from many sources including federal awards, fees, third party reimbursements and maximization of federal claiming. These other revenues are considered to be non-federal and technically can be expended for any program or service within the Department.

Base Level:

The Agency Base Level Request for this appropriation is \$73,888,855 in FY2018 and \$73,921,694 in FY2019 with \$34,709,548 in FY2018 and \$34,725,314 in FY2019 of general revenue funding and 1040 budgeted base level positions.

Change Level:

The Agency Change Level Request is \$13,425,137 in FY2018 and \$19,397,343 in FY2019 with \$13,374,893 in FY2018 and \$16,428,459 in FY2019 in new general revenue and an increase of 185 positions in FY2018 and 252 in FY2018, and reflects the following:

- New Positions (179 in FY2018 and 246 in FY2019): Regular Salaries and Personal Services Matching of \$8,063,325 in FY2018 and \$10,940,531 in FY2019 to meet the need from the growing number of children in care.
- Discontinue Position (2): Regular Salaries and Personal Services Matching of (\$63,980) each year of the biennium.
- Transfer Positions Out (20): Regular Salaries and Personal Services Matching of (\$1,200,179) for each year of the biennium to support agency reorganization.
- Restore Unfunded Positions (28): Regular Salaries and Personal Services Matching of \$1,280,401 for each year of the biennium to provide direct service or provide direct support to field staff.
- Extra Help of \$1,031,570 for each year of the biennium.
- Operating Expenses of \$2,758,000 in FY2018 and \$5,431,000 in FY2019 which includes a transfer of (\$47,000) each year of the biennium to support agency reorganization and an increase of \$2,805,000 for FY2018 and \$5,478,000 for FY2019 for increased overhead associated with new staff, increased mileage reimbursements, and fuel purchases for transportation.
- Professional Fees and Services of \$1,556,000 for FY2018 and \$1,978,000 for FY2019 for increase in client services to the rising number of children in care.

The Executive Recommendation provides for the Agency Request for appropriation with \$3,374,893 in FY2018 and \$6,428,459 in FY2019 in new general revenue.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	38,019,263	36,559,363	39,297,324	36,589,285	42,307,105	42,265,946	36,615,885	44,390,494	44,349,335
#Positions	1,109	1,040	1,127	1,040	1,225	1,224	1,040	1,292	1,291
Extra Help 5010001	531,608	200,000	625,000	200,000	1,231,570	1,231,570	200,000	1,231,570	1,231,570
#Extra Help	53	65	65	65	65	65	65	65	65
Personal Services Matching 5010003	13,401,540	13,932,031	14,787,617	14,127,855	16,489,602	16,489,602	14,134,094	17,316,258	17,316,258
Overtime 5010006	0	1,200,000	4,000,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Operating Expenses 5020002	10,097,166	9,799,660	12,145,347	9,799,660	12,557,660	12,557,660	9,799,660	15,230,660	15,230,660
Conference & Travel Expenses 5050009	19,794	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Professional Fees 5060010	12,994,719	11,942,055	14,390,152	11,942,055	13,498,055	13,498,055	11,942,055	13,920,055	13,920,055
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	200,406	25,000	100,000	0	0	0	0	0	0
Total	75,264,496	73,688,109	85,375,440	73,888,855	87,313,992	87,272,833	73,921,694	93,319,037	93,277,878
Funding Sources									
General Revenue 4000010	22,158,989	34,509,173		34,709,548	48,084,441	38,084,441	34,725,314	51,153,773	41,153,773
Federal Revenue 4000020	40,148,956	40,261,924		40,372,200	38,221,693	38,221,693	40,389,273	41,157,406	41,157,406
Merit Adjustment Fund 4000055	0	111,220		0	0	0	0	0	0
Transfer to State Police 4000675	(1,268,671)	(1,674,208)		(1,674,208)	(1,674,208)	(1,674,208)	(1,674,208)	(1,674,208)	(1,674,208)
Various Program Support 4000730	14,225,222	480,000		481,315	370,095	370,095	481,315	370,095	370,095
Total Funding	75,264,496	73,688,109		73,888,855	85,002,021	75,002,021	73,921,694	91,007,066	81,007,066
Excess Appropriation/(Funding)	0	0		0	2,311,971	12,270,812	0	2,311,971	12,270,812
Grand Total	75,264,496	73,688,109		73,888,855	87,313,992	87,272,833	73,921,694	93,319,037	93,277,878

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	73,888,855	1,040	73,888,855	100.0	73,921,694	1,040	73,921,694	100.0
C01	Existing Program	12,424,325	179	86,313,180	116.8	18,396,531	246	92,318,225	124.9
C03	Discontinue Program	(63,980)	(2)	86,249,200	116.7	(63,980)	(2)	92,254,245	124.8
C05	Unfunded Appropriation	2,311,971	28	88,561,171	119.9	2,311,971	28	94,566,216	127.9
C07	Agency Transfer	(1,247,179)	(20)	87,313,992	118.2	(1,247,179)	(20)	93,319,037	126.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	73,888,855	1,040	73,888,855	100.0	73,921,694	1,040	73,921,694	100.0
C01	Existing Program	12,383,166	178	86,272,021	116.8	18,355,372	245	92,277,066	124.8
C03	Discontinue Program	(63,980)	(2)	86,208,041	116.7	(63,980)	(2)	92,213,086	124.7
C05	Unfunded Appropriation	2,311,971	28	88,520,012	119.8	2,311,971	28	94,525,057	127.9
C07	Agency Transfer	(1,247,179)	(20)	87,272,833	118.1	(1,247,179)	(20)	93,277,878	126.2

Justification

C01	\$8,063,325 FY18 and \$10,940,531 FY19 is requested for a total of 179 and 246 additional staff in FY18 and FY19 respectively. This request includes 163 additional field staff FY18 and 228 FY19: 105 additional Family Service Worker Specialists FY18 and 150 FY19; 40 additional DHS program Assistants FY18 and 60 FY19; 16 additional Family Service Worker Supervisors FY18 and 18 FY19. The Division also request additional Staff for central office and area offices to strengthen prevention and reunification programs including 1 Assistant Director N903 to oversee prevention and reunification programs. 10 DHS Program Managers for the Area Offices to manage the prevention programs on a regional level. 1 Family Service Worker Specialist C118 to be utilized in central office as a Reunification Specialist, 1 Contracts Manager C121 to supervise procurement of additional and strengthen current prevention services, 3 Admin Assistants to help with contract management for the Division, 1 Project Manager dedicated to prevention and reunification programs. 1,638,000 and 1,905,000 for increased mileage reimbursements and fuel purchases for transportation of children in care. \$112,000 each year of the biennium for wireless fees to upgrade all field staff to smart phone lines for security of client information. \$1,055,000 and \$ 3,461,000 for increases in overhead associated with new and current staff. \$1,556,000 and \$1,978,000 for FY18 and FY19 respectively for increases in client services due to the rising number of care.
C03	The Division is surrendering 2 positions that were given to the OPM pool.
C05	The Division is requesting unfunded restoration of 28 positions unbudgeted in FY17 due to funding constraints and 1,301,570 each year of the biennium for extra help to support field staff is savings allow in other areas.
C07	The Divisions is transferring 19 positions, there associated salary and match and 47,000 in overhead expenses to DHS Shared Services. The division is also transferring one position to the Division of Services to the Blind.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The TANF/Foster Care Program is used to assist with the costs of foster care maintenance for eligible children; administrative costs to manage the program; and training for staff and foster parents. The primary purpose of this program is to fund proper care for children who need placement outside their homes. This appropriation is also used to assist States in paying maintenance costs for adopted children with special needs, such as children who are older or who have disabilities. The primary purpose of this program is to advance the permanency of hard to place children in adoptive homes and avoid inappropriate and excessive numbers of foster care placements.

This appropriation also provides for Independent Living services for foster children age 16 and older. This service is intended to provide a transition to independent living by providing encouragement and assistance in obtaining a high school diploma or vocational skill training, as well as training in daily living skills.

Funding for this appropriation includes general revenue (DCF - Children and Family Services Fund Account), federal revenues, and other revenues, which are identified as various program support. Federal revenues include Title IV-E Adoption Subsidies, Title IV-B Family Preservation Funding, SSBG, and TANF. Other revenues which are indicated as various program support and consists of match out of board reimbursements.

The Agency Base Level request for this appropriation is \$56,120,193 each year of the biennium with general revenue of \$20,297,264.

The Agency Change Level request for this appropriation is \$20,061,686 in FY2018 and \$29,697,000 in FY2019 with general revenue request of \$6,470,686 in FY2018 and \$10,075,686 in FY2019. The following delineates the agency request:

- \$9,970,686 in FY2018 and \$15,075,686 in FY2019 due to the increased number of children in care for counseling, home studies, intensive family services, psych evaluations, and respite care.
- \$10,091,000 for FY2018 and \$14,621,314 in FY2019 for unfunded appropriation in case additional federal funding becomes available for IV-E eligible board payments and client services.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	58,945,633	56,120,193	60,230,751	56,120,193	76,181,879	76,181,879	56,120,193	85,817,193	85,817,193
Total		58,945,633	56,120,193	60,230,751	56,120,193	76,181,879	76,181,879	56,120,193	85,817,193	85,817,193
Funding Sources										
General Revenue	4000010	15,099,992	20,297,264		20,297,264	26,767,950	26,767,950	20,297,264	30,372,950	30,372,950
Federal Revenue	4000020	42,204,490	35,482,929		35,482,929	38,982,929	38,982,929	35,482,929	40,482,929	40,482,929
Various Program Support	4000730	1,641,151	340,000		340,000	340,000	340,000	340,000	340,000	340,000
Total Funding		58,945,633	56,120,193		56,120,193	66,090,879	66,090,879	56,120,193	71,195,879	71,195,879
Excess Appropriation/(Funding)		0	0		0	10,091,000	10,091,000	0	14,621,314	14,621,314
Grand Total		58,945,633	56,120,193		56,120,193	76,181,879	76,181,879	56,120,193	85,817,193	85,817,193

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	56,120,193	0	56,120,193	100.0	56,120,193	0	56,120,193	100.0
C01	Existing Program	9,970,686	0	66,090,879	117.8	15,075,686	0	71,195,879	126.9
C05	Unfunded Appropriation	10,091,000	0	76,181,879	135.7	14,621,314	0	85,817,193	152.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	56,120,193	0	56,120,193	100.0	56,120,193	0	56,120,193	100.0
C01	Existing Program	9,970,686	0	66,090,879	117.8	15,075,686	0	71,195,879	126.9
C05	Unfunded Appropriation	10,091,000	0	76,181,879	135.7	14,621,314	0	85,817,193	152.9

Justification

C01	The Division requests \$1,839,000 and \$3,245,000 FY19 for client services due to the increased number of children in care; services include counseling, home studies, intensive family services, psych evaluations and respite care. \$4,631,686 FY18 and \$6,822,686 FY19 for day care services. \$3,500,000 FY18 and \$5,000,000 FY19 federally funded appropriation to accommodate the growing number of federally subsidized adoptions.
C05	Unfunded appropriation is requested incase additional federal funding becomes available for IV-E eligible board payments and client services.

DHS - Child Care/Early Childhood Education

Enabling Laws

Act 92 of 2016

A.C.A. §19-5-306 et seq.

A.C.A. §19-6-465 et seq.

A.C.A. §20-76-105 et seq.

A.C.A. §20-78-219 et seq. .

A.C.A. §20-78-222 et seq.

A.C.A. §20-78-201 et seq.

A.C.A. §20-78-224 et seq.

A.C.A. §20-78-602 et seq.

A.C.A. §20-78-501 et seq.

A.C.A. §20-78-503 et seq.

A.C.A. §20-78-504 et seq.

A.C.A. §25-10-102 et seq.

A.C.A. §6-45-101 et seq.

A.C.A. §3-7-201 et seq.

History and Organization

The purpose of the Division of Child Care and Early Childhood Education is to improve the quality and enhance the coordination of child care and early childhood education programs within the State.

The creation of the Division consolidated three (3) existing boards into one. 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 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 five sections: one regulatory, three programmatic and one administrative. The Division currently has 190 budgeted positions in addition to 13 extra help positions. The name of the sections and a brief description of their functions follow:

Arkansas Better Chance Program

The Arkansas Better Chance Program (ABC) provides administration and oversight of all state funded pre-k programs (3 and 4 year old children at or below 200% of Federal Poverty Level) throughout the state. Approximately 30,000 children are enrolled in ABC programs. Agencies participating in ABC include school districts, educational cooperatives, non-profit agencies, Head Start agencies, community based providers, private providers, and family child care homes. ABC specialists monitor these agencies and provide technical assistance for programmatic, financial and data related issues.

The Department of Human Services, Division of Child Care and Early Childhood was awarded a grant from the U S Department of Education - Race To The Top - Preschool Development Grants. Funds will be used for improving preschool education. The awards may be limited to activities that develop or enhance the State of Arkansas infrastructure and deliver high-quality preschool programs, including quality improvement activities for 4-year-olds from families at or below 200 percent of the Federal poverty line. The State of Arkansas may subgrant a portion of the grant funds to local education agencies and other early learning providers (including but not limited to Head Start programs and licensed child care providers) for implementation of high-quality preschool programs. The funding will allow the State of Arkansas to allocate additional slots and improve slots for the targeted audience (4 year olds).

Child Care Licensing and Quality Accreditation

Licensing is responsible for performing on-site reviews of child care centers, in addition to licensed and registered homes, as well as conducting complaint investigations in these facilities. This unit is also responsible for maintaining the Criminal Records Check Systems (Act 1198 of 1997) in conjunction with the Arkansas State Police. This system checks the police record of all workers in child care centers, as well as licensed and registered homes.

The Placement and Residential Licensing Unit is responsible for licensing and monitoring youth residential facilities, child placement agencies, and adoption agencies and for investigating complaints involving those licensees. This Unit reports monthly to the Child Welfare Agency Review Board, a Governor appointed board which has final authority over licensure actions recommended by this Unit.

Better Beginnings, a quality rating improvement system for Arkansas, is a voluntary multi-step accreditation system that has established standards of quality for child care providers. This system is designed to assist facilities through a process to assess, improve, and communicate the level of quality to parents and the general public. When child care providers successfully complete the certification process, their facility earns a one, two, or three star rating. The ratings are posted on the Better Beginnings website for parents and others to review.

Child Care Development

The Child Care Development Fund has two primary functions: providing support to qualifying families who need child care assistance and improving the quantity and quality of child care services within the state. The Family Support Unit is responsible for determining eligibility and authorizing child care assistance. Child Care Assistance is provided to approximately 10,683 families and 18,229 children. Child Care Eligibility Specialists are located regionally across the state.

The Program Development Unit is responsible for all quality funds within the Child Care Development Fund and provides major outreach to improving the quantity and quality of child care in the State through numerous services to early care and education providers and to parents of young children.

Health and Nutrition

The Health and Nutrition Unit provides oversight for a large federally funded program within the Division. The Health and Nutrition Unit is comprised of five programs, four of the programs are federally funded by the United States Department of Agriculture (USDA) and one is funded by Department of Health and Human Services and is administered by the State. The USDA programs reimburse centers, private schools and sponsors for nutritional meals and snacks served. The programs are Child and Adult Care Food Program (CACFP), the National School Lunch Program (NSLP), the Special Milk Program (SMP) and the Summer Food Service Program (SFSP).

Department of Human Services
Division of Child Care and Early Childhood Education



Agency Commentary

The Division of Child Care and Early Childhood Education requests the following adjustments for 2018 - 2019 biennial budget. The change requests are as follows:

SFY2018

Appropriation 320 - \$17,500,000 in unfunded federal appropriation

Appropriation 898 - \$14,816,523 in funded federal appropriation

Appropriation 896 - \$150,579 in funded federal appropriation

Appropriation 896 - \$878,527 in unfunded federal appropriation

Appropriation 896 - (\$846,169) in unfunded appropriation and (70,566) in SGR transferring out

SFY2018

Appropriation 320 - \$17,500,000 in unfunded federal appropriation

Appropriation 898 - \$14,816,523 in funded federal appropriation

Appropriation 896 - \$149,179 in unfunded federal appropriation

Appropriation 896 - \$879,989 in unfunded federal appropriation

Appropriation 896 - (\$846,169) in unfunded appropriation and (70,566) in SGR transferring out

Appropriation 320 - Child Care Grants/Aids

The Division of Child Care and Early Childhood Education requests unfunded appropriation to accommodate the anticipated growth in the federal program which provides child care services for working families and continues to improve the quality of child care for all Arkansas children.

The unfunded appropriation will be available should the Agency receive unanticipated funding through an increase in existing funding source or newly opportunities to secure additional funding.

Unfunded Appropriation

Grants, Assistance and Aids

Commitment Item: 510:00:04

SFY2018

\$17,500,000

SFY2019

\$17,500,000

Appropriation 898 - Child Care Grants/Aids

The Division of Child Care and Early Childhood Education requests funded appropriation in the amount of \$14,816,523 for each year of the biennium to accommodate the High Quality Preschool Program (HQPP) grant. The Division of Child Care and Early Childhood Education was awarded a grant from the US Department of Education. These funds will be used for improving and expanding preschool education for four-years old from families at or below 200 percent of the federal poverty line. The State of Arkansas may subgrant a portion of the grant funds to local education agencies and other early learning providers (including but not limited to Head Start Programs and licensed child care providers) for implementation of high-quality preschool programs. This funding will allow the State of Arkansas to allocate additional slots and improve existing slots for the targeted audience.

The HQPP fully aligns with the Arkansas Better Chance Program. The components consist of high-quality professional development; child-to-instructional staff ratio of no more than 10 to 1; a full-day program inclusion of children with disabilities to ensure access to and full participation in all opportunities and developmentally-appropriate curricula, culturally and linguistically responsive instruction and evidence-based curricula and learning.

Funded Appropriation

Grants, Assistance and Aids

Commitment Item: 510:00:04

SFY2018

\$14,816,513

SFY2019

\$14,816,513

Appropriation 896 - Operations

The Division is restoring two (2) positions received through Miscellaneous Federal Grant (MFG) to administer the High Quality Preschool Program (HQPP) grant. The two positions will assist with conducting research, making presentations and quality assessment of the program. The activities are vital to ensure quality improvements to maintain quality ratings and to conduct trainings for enrolled participants. In addition, the Division is requesting to restore 16 unbudgeted positions to administer the programs offered for health, education, and early

requested is \$1,029,106.00 for the first year and \$1,028,568.00 for the second year of the biennium.

The Division is transferring 16 positions as part of the Agency's reorganization to Shared Services for the operation of finance, procurement, information technology, human resources and other supportive services.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Administrative Services Division.

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
NHS0110	\$350,000	CD	Merchants and Farmers Bank of Dumas, Bank of England

Statutory/Other Restrictions on use:

A.C.A. 20-78-503 - Arkansas Child Care Facilities Loan Guarantee Trust Fund A.C.A 20-78-501 - Moneys for Arkansas Child Care Facilities Loan Guarantee Trust Fund

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Revenue deposited per event. Interest deposited monthly.

Fund Balance Utilization:

Funds used to guarantee loans for the expansion or development of child care facilities in the state. Any interest at the end of the fiscal year which exceeds the amount necessary to cover loan defaults occurring during that fiscal year shall be made available for professional development and quality improvement activities and grants.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		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. This is done electronically.	0	0.00
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.	0	0.00
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.	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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.	0	0.00
Minimum Licensing Requirements for Child Care Family Homes	A.C.A. 20-78-210 - 220	N	Y	1	The Child Care Facility Learning 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.	0	0.00
Minimum Licensing Requirements for Registered Child Care Family Homes	A.C.A. 20-78-210	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.	0	0.00

**ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104**

AGENCY: 0710 DHS - Child Care/Early Childhood Education

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
GODDESS PRODUCTS	\$18,639	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 1

TOTAL EXPENDITURES FOR CONTRACTS AWARDED \$32,032,365

% OF MINORITY CONTRACTS AWARDED 0.06 %

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
320 Child Care Development-Discretionary	30,149,634	0	24,950,000	0	35,469,372	0	24,950,000	0	42,450,000	0	42,450,000	0	24,950,000	0	42,450,000	0	42,450,000	0
890 Food Program	70,149,779	0	80,291,250	0	80,291,250	0	80,291,250	0	80,291,250	0	80,291,250	0	80,291,250	0	80,291,250	0	80,291,250	0
896 Division of Child Care/Early Childhood	18,559,247	204	21,469,725	190	23,850,642	206	21,472,761	188	21,655,698	190	21,619,221	190	21,475,973	188	21,658,372	190	21,623,295	190
898 Child Care Grant/Aids	32,736,783	0	45,173,527	0	40,130,656	0	40,130,656	0	54,947,179	0	54,947,179	0	40,130,656	0	54,947,179	0	54,947,179	0
929 Child Care-Treasury Paying	0	0	36,786	0	120,863	0	36,786	0	36,786	0	36,786	0	36,786	0	36,786	0	36,786	0
Total	151,595,443	204	171,921,288	190	179,862,783	206	166,881,453	188	199,380,913	190	199,344,436	190	166,884,665	188	199,383,587	190	199,348,510	190

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	7,345,194	4.8	7,429,455	4.3		7,908,435	4.7	7,837,869	4.3	7,837,869	4.3	7,908,610	4.7	7,838,044	4.3	7,838,044	4.3
Federal Revenue	4000020	141,676,019	93.5	161,514,266	93.9		155,999,138	93.5	170,190,637	94.0	170,190,637	94.0	156,002,175	93.5	170,191,674	94.0	170,191,674	94.0
Special Revenue	4000030	158,599	0.1	519,007	0.3		519,094	0.3	519,094	0.3	519,094	0.3	519,094	0.3	519,094	0.3	519,094	0.3
Cash Fund	4000045	0	0.0	36,786	0.0		36,786	0.0	36,786	0.0	36,786	0.0	36,786	0.0	36,786	0.0	36,786	0.0
Merit Adjustment Fund	4000055	0	0.0	3,774	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support	4000730	2,415,631	1.6	2,418,000	1.4		2,418,000	1.4	2,418,000	1.3	2,418,000	1.3	2,418,000	1.4	2,418,000	1.3	2,418,000	1.3
Total Funds		151,595,443	100.0	171,921,288	100.0		166,881,453	100.0	181,002,386	100.0	181,002,386	100.0	166,884,665	100.0	181,003,598	100.0	181,003,598	100.0
Excess Appropriation/(Funding)		0		0			0		18,378,527		18,342,050		0		18,379,989		18,344,912	
Grand Total		151,595,443		171,921,288			166,881,453		199,380,913		199,344,436		166,884,665		199,383,587		199,348,510	

Budget exceeds Authorized in Child Care Grant/Aids (FC 898) due to a transfer from the Miscellaneous Federal Grant Holding Account.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
194	176	27	203	-9	9.28 %	203	175	7	182	21	13.79 %	204	183	7	190	14	10.29 %

Budget Number of Positions may exceed the Authorized Number due to transfers from the Miscellaneous Federal Grant Holding Account during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 320 - Child Care Development-Discretionary

Funding Sources: FWF - DHS 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 from the Temporary Assistance for Needy Families program (TANF) Program to obtain child care; thereby allowing parents to 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 \$24,950,000 each year of the biennium.

The Agency Change Level request is \$17,500,000 each year of the biennium for anticipated growth in the federal voucher program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 320 - Child Care Development-Discretionary

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	30,149,634	24,950,000	35,469,372	24,950,000	42,450,000	42,450,000	24,950,000	42,450,000	42,450,000
Total		30,149,634	24,950,000	35,469,372	24,950,000	42,450,000	42,450,000	24,950,000	42,450,000	42,450,000
Funding Sources										
Federal Revenue	4000020	30,149,634	24,950,000		24,950,000	24,950,000	24,950,000	24,950,000	24,950,000	24,950,000
Total Funding		30,149,634	24,950,000		24,950,000	24,950,000	24,950,000	24,950,000	24,950,000	24,950,000
Excess Appropriation/(Funding)		0	0		0	17,500,000	17,500,000	0	17,500,000	17,500,000
Grand Total		30,149,634	24,950,000		24,950,000	42,450,000	42,450,000	24,950,000	42,450,000	42,450,000

Change Level by Appropriation

Appropriation: 320 - Child Care Development-Discretionary
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	24,950,000	0	24,950,000	100.0	24,950,000	0	24,950,000	100.0
C05	Unfunded Appropriation	17,500,000	0	42,450,000	170.1	17,500,000	0	42,450,000	170.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	24,950,000	0	24,950,000	100.0	24,950,000	0	24,950,000	100.0
C05	Unfunded Appropriation	17,500,000	0	42,450,000	170.1	17,500,000	0	42,450,000	170.1

Justification

C05	The division is requesting unfunded appropriation for anticipated growth in the federal voucher program.
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Analysis of Budget Request

Appropriation: 890 - Food Program

Funding Sources: FWF - DHS Federal

The Child and Adult Care Food Program (CACFP) provides nutritious meals in public and non-profit licensed child care centers, 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 CACFP assists with initiating, maintaining, and expanding nonprofit food service programs for children or adult participants in nonresidential institutions which provide care. The program is intended to enable such institutions to integrate a nutritious food service with organized care services for enrolled participants. The National School Lunch Program provides reimbursement to schools, licensed child care institutions, juvenile detention centers and hospitals serving lunches to eligible children. Participating schools and other institutions will serve lunches that are nutritionally adequate and ensure that participating children gain a full understanding of the relationship between proper eating and good health. 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. The program generally operates during the months of May through September at site locations where regularly scheduled food services are provided for children. Sites may also participate in the program from September through May if the school is closed because of an emergency situation. Service institutions operating food programs for children on school vacation under a continuous year-round calendar may apply for participation in other months.

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

The Agency Base Level and total request for this appropriation is \$80,291,250 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 890 - Food Program

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	70,149,779	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250
Total		70,149,779	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250
Funding Sources										
Federal Revenue	4000020	70,149,779	80,291,250		80,291,250	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250
Total Funding		70,149,779	80,291,250		80,291,250	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		70,149,779	80,291,250		80,291,250	80,291,250	80,291,250	80,291,250	80,291,250	80,291,250

Analysis of Budget Request

Appropriation: 896 - DHS–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.

Funding for this appropriation consists of general revenue (DCC - Childcare and Early Childhood Education Fund Account), federal revenue, special revenue and other revenues. Federal revenue primarily includes funding from the Department of Health and Human Services Child Care Development Block Grant, Title IV-E Foster Care, and USDA Child Nutrition. Special revenue is comprised of Child Care Provider License Fees. Other revenue which is indicated as various program support is funding from the Arkansas Better Chance Program.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Base Level request for this appropriation is \$21,472,761 in FY2018 and \$21,475,973 in FY2019 with 188 budgeted Base Level positions.

The Agency Change Level request is \$182,937 in FY2018 and \$182,399 in FY2019 with a transfer of general revenue to other divisions of (\$70,566) each year for the following:

- Restore Positions (18): Regular Salaries and Personal Services Matching of \$932,037 in FY18 and \$932,899 in FY2019. The 2 positions established via MFG will not be transferred and will administer the High Quality Preschool Development grant.
- Transfer Positions Out (16): Regular Salaries and Personal Services Matching of (\$846,169) each year of the biennium to support Shared Services Division due to agency reorganization.
- Extra Help of \$60,592 for each year of the biennium.
- Operating Expenses of \$19,921 in FY2018 and \$18,521 in FY2019 to support (HQPP).
- Conference and Travel Expenses of \$16,556 each year of the biennium to support (HQPP).

The Executive Recommendation provides for the Agency Request with the exception of \$19,921 in FY2018 and \$18,521 in FY2019 in Operating Expenses and \$16,556 each year in Conference & Travel Expenses.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	6,941,549	6,690,155	7,393,834	6,693,355	6,750,577	6,750,577	6,695,955	6,753,877	6,753,877
#Positions		204	190	206	188	190	190	188	190	190
Extra Help	5010001	99,280	153,795	153,795	153,795	214,387	214,387	153,795	214,387	214,387
#Extra Help		9	13	13	13	13	13	13	13	13
Personal Services Matching	5010003	2,530,876	2,532,091	2,755,678	2,532,677	2,561,323	2,561,323	2,533,289	2,562,097	2,562,097
Overtime	5010006	21	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,016,132	4,566,890	4,567,990	4,566,890	4,586,811	4,566,890	4,566,890	4,585,411	4,566,890
Conference & Travel Expenses	5050009	87,500	73,250	72,500	72,500	89,056	72,500	72,500	89,056	72,500
Professional Fees	5060010	5,883,889	7,448,544	8,901,845	7,448,544	7,448,544	7,448,544	7,448,544	7,448,544	7,448,544
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		18,559,247	21,469,725	23,850,642	21,472,761	21,655,698	21,619,221	21,475,973	21,658,372	21,623,295
Funding Sources										
General Revenue	4000010	1,164,457	1,164,457		1,168,437	1,097,871	1,097,871	1,168,612	1,098,046	1,098,046
Federal Revenue	4000020	14,820,560	17,877,510		17,880,340	17,255,316	17,255,316	17,883,377	17,256,353	17,256,353
Special Revenue	4000030	158,599	480,984		480,984	480,984	480,984	480,984	480,984	480,984
Merit Adjustment Fund	4000055	0	3,774		0	0	0	0	0	0
Various Program Support	4000730	2,415,631	1,943,000		1,943,000	1,943,000	1,943,000	1,943,000	1,943,000	1,943,000
Total Funding		18,559,247	21,469,725		21,472,761	20,777,171	20,777,171	21,475,973	20,778,383	20,778,383
Excess Appropriation/(Funding)		0	0		0	878,527	842,050	0	879,989	844,912
Grand Total		18,559,247	21,469,725		21,472,761	21,655,698	21,619,221	21,475,973	21,658,372	21,623,295

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	21,472,761	188	21,472,761	100.0	21,475,973	188	21,475,973	100.0
C01	Existing Program	36,477	0	21,509,238	100.2	35,077	0	21,511,050	100.2
C05	Unfunded Appropriation	878,527	16	22,387,765	104.3	879,389	16	22,390,439	104.3
C06	Restore Position/Approp	114,102	2	22,501,867	104.8	114,102	2	22,504,541	104.8
C07	Agency Transfer	(846,169)	(16)	21,655,698	100.9	(846,169)	(16)	21,658,372	100.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	21,472,761	188	21,472,761	100.0	21,475,973	188	21,475,973	100.0
C01	Existing Program	0	0	21,472,761	100.0	0	0	21,475,973	100.0
C05	Unfunded Appropriation	878,527	16	22,351,288	104.1	879,389	16	22,355,362	104.1
C06	Restore Position/Approp	114,102	2	22,465,390	104.6	114,102	2	22,469,464	104.6
C07	Agency Transfer	(846,169)	(16)	21,619,221	100.7	(846,169)	(16)	21,623,295	100.7

Justification

C01	The Division of Child Care and Early Childhood is requesting funded appropriation in the amount of \$36,477. This appropriation will be utilized for maintenance and operations and travel, as required for the administration of the High Quality Preschool Development Grant.
C05	The Division of Child Care and Early Childhood Education is requesting unfunded appropriation in the amount of \$878,527 in positions to administer and provide direct support to the various programs and services of the Division. Included in these positions is Position Number: 22130372 which is being transferred to Shared Services, as a part of the Agency's reorganization.
C06	The Division of Child Care and Early Childhood Education is requesting appropriation in the amount of \$114,102 for salaries for staff to administer the High Quality Preschool Development grant.
C07	The Division of Child Care and Early Childhood Education is transferring \$846,169 in unfunded appropriation to the Agency's shared services created through the Agency's reorganization.

Analysis of Budget Request

Appropriation: 898 - DHS-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 allows maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within the State of Arkansas; promotes parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; encourages States to provide consumer education information to help parents make informed choices about child care; assists States to provide child care to parents trying to achieve independence from public assistance; and assist States in implementing the health, safety, licensing and registration standards established in State regulations. 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

Funding for this appropriation consists of general revenue (DGF - Department of Human Services Grants Fund Account), federal revenue, other revenue and special revenue. Federal revenues include Child Care Development Block Grant funding. Other revenue which is indicated as various program support consists of reimbursements. Special revenue was derived from Beer Tax collections due to the State before the sunset of the funding source.

The Agency Base Level request for this appropriation is \$40,130,656 each year of the biennium.

The Agency Change Level request is \$14,816,523 each year of the biennium to accommodate the HQPP program to provide quality child care services to four year olds who meet the income guidelines for the program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	32,736,783	45,173,527	40,130,656	40,130,656	54,947,179	54,947,179	40,130,656	54,947,179	54,947,179
Total		32,736,783	45,173,527	40,130,656	40,130,656	54,947,179	54,947,179	40,130,656	54,947,179	54,947,179
Funding Sources										
General Revenue	4000010	6,180,737	6,264,998		6,739,998	6,739,998	6,739,998	6,739,998	6,739,998	6,739,998
Federal Revenue	4000020	26,556,046	38,395,506		32,877,548	47,694,071	47,694,071	32,877,548	47,694,071	47,694,071
Special Revenue	4000030	0	38,023		38,110	38,110	38,110	38,110	38,110	38,110
Various Program Support	4000730	0	475,000		475,000	475,000	475,000	475,000	475,000	475,000
Total Funding		32,736,783	45,173,527		40,130,656	54,947,179	54,947,179	40,130,656	54,947,179	54,947,179
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		32,736,783	45,173,527		40,130,656	54,947,179	54,947,179	40,130,656	54,947,179	54,947,179

Budget exceeds Authorized Appropriation in Grants and Aid due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	40,130,656	0	40,130,656	100.0	40,130,656	0	40,130,656	100.0
C01	Existing Program	14,816,523	0	54,947,179	136.9	14,816,523	0	54,947,179	136.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	40,130,656	0	40,130,656	100.0	40,130,656	0	40,130,656	100.0
C01	Existing Program	14,816,523	0	54,947,179	136.9	14,816,523	0	54,947,179	136.9

Justification

C01	The Division of Child Care and Early Childhood Education is requesting funded appropriation to accomodate the High Quality Preschool Program for the state of Arkansas four year olds.								
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Analysis of Budget Request

Appropriation: 929 - Child Care-Treasury Paying

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 child care 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 non-refundable grants to child care facilities for start-up, development, training scholarships, or expansion.

The Agency Base Level and total request for this appropriation is \$36,786 each year of the biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 929 - Child Care-Treasury Paying

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Loan Guarantee/Grants 5900046	0	36,786	120,863	36,786	36,786	36,786	36,786	36,786	36,786
Total	0	36,786	120,863	36,786	36,786	36,786	36,786	36,786	36,786
Funding Sources									
Cash Fund 4000045	0	36,786		36,786	36,786	36,786	36,786	36,786	36,786
Total Funding	0	36,786		36,786	36,786	36,786	36,786	36,786	36,786
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	36,786		36,786	36,786	36,786	36,786	36,786	36,786

DHS - Behavioral Health Services

Enabling Laws

Act 93 of 2016
A.C.A §20-46-101 et seq.
A.C.A §25-10-102 et seq.

History and Organization

Act 383 of 1977 called for the renaming of the Department of Social and Rehabilitative Services to the "Department of Human Services". Reorganization of the Department of Human Services, brought about through the provisions of Act 348 of 1985, resulted in the transfer of operations of the two State operated Community Mental Health Centers (CMHCs) and responsibility of providing CMHCs statewide to the Department of Human Services. The authority and responsibility for operating the institutional programs remained with the State Hospital Board. Act 1162 of 1995 abolished the State Hospital Board, and Arkansas Youth Services Board, and created the DHS State Institutional System Board to provide oversight for State operated facilities of Behavioral Health and Youth Services. Unlike other State Agencies regulated by various Boards and Commissions, the State Institutional Systems Board has limited authority in terms of budgeting, purchasing, personnel, policies, or other matters ascribed to the Department of Human Services Director.

Act 1717 of 2003 created the Division of Behavioral Health Services within the Department of Human Services and transferred the Alcohol and Drug Abuse Prevention Program from the Department of Health to the new Division of Behavioral Health Services.

The Division of Behavioral Health Services' mission is to fulfill legislative mandate and administrative intent to provide leadership and devote its resources to facilitate effective prevention, quality treatment, and meaningful recovery. The goal of the Division of Behavioral Health Services is to facilitate services that are:

- Trauma informed
- Gender sensitive
- Recovery based
- Age informed
- Culturally and linguistically competent
- Client centered
- Family driven
- Evidence based/informed

Cost effective

Performance and outcome driven

The Division of Behavioral Health Services is organized into three functional components. Those components are as follows:

- **CENTRAL ADMINISTRATION.** The Division of Behavioral Health Services (DBHS) is Arkansas' Single State Agency for Behavioral Health services including both public mental health services and public alcohol and drug abuse prevention and treatment services. The Division of Behavioral Health Services fulfills its responsibility for the provision of public mental health services by operating the 222 bed Arkansas State Hospital (ASH) and the 290 bed Arkansas Health Center (AHC) skilled nursing facility, by contracting with thirteen local, private, nonprofit Community Mental Health Centers (CMHCs), and certifying two private, nonprofit specialty Community Mental Health Clinics. Priority populations to be served by the public mental health system are: adjudicated individuals found not guilty by reason of mental disease or defect; individuals assessed as potentially violent; other forensic clients; adults with serious mental illness (SMI) and children/adolescents with serious emotional disturbance (SED). Additionally, to the extent that funds are available, others with mental health problems are eligible for the services of the public mental health system. DBHS is responsible for administering a comprehensive and coordinated program for the prevention and treatment of alcohol and drug abuse in Arkansas. DBHS contracts with substance abuse treatment providers across the state to provide substance use disorder prevention, treatment, and recovery services throughout the State. Substance abuse treatment services span a continuum that includes detoxification, residential treatment, outpatient treatment, and education. Current specialized programs include those for methadone maintenance and treatment for women with children. In addition to substance abuse treatment, the Division of Behavioral Health Services is responsible for the statewide substance abuse prevention system.
- **ARKANSAS STATE HOSPITAL.** The Arkansas State Hospital is a 222 bed Joint Commission Accredited Acute Psychiatric Inpatient Hospital for treatment of those with mental or emotional disorders. Admissions are exclusive by court order subject to psychiatric evaluation. The Arkansas State Hospital includes 60-beds for acute inpatients, 126-beds for forensic patients, 18-beds for general adolescents, and 18-beds for adolescent sex offenders. All patients are billed for care and services net of any third party insurance coverage.
- **ARKANSAS HEALTH CENTER.** The Arkansas Health Center is a 290 bed facility. This center is a licensed skilled nursing facility that serves the needs of the elderly and persons with disabilities who require special services or programs that are not generally available through other nursing facilities. The program emphasizes the provision of services to special needs groups and individuals with cognitive dysfunctions. Services are available to all residents of Arkansas, provided individuals meet admission criteria.

The Division of Behavioral Health Services Central Administration focuses on the following programmatic areas:

Substance Abuse Treatment. DBHS is responsible for administering a comprehensive and coordinated program for the prevention and treatment of alcohol and drug abuse in Arkansas. As the Single State Authority, DBHS distributes federal funds from the Substance Abuse Prevention and Treatment (SAPT) Block Grant. DBHS operates with a policy and philosophy that the most effective services are community based and community-supported. In support of that, DBHS contracts with local programs to provide services for residents in all 75 counties in Arkansas. Services include but are not limited to individual, group, and family counseling, and residential treatment services. A total of 8 providers conduct assessment and treatment referral services within the 75 counties in Arkansas. DBHS also funds and oversees the Drug and Alcohol Safety Education Program (DASEP), which regulates the screening, assessment, and education of those who have received a Driving While Intoxicated (DWI) charge.

Substance Abuse Prevention. Arkansas has received Substance Abuse Prevention and Treatment (SAPT) Block Grant funds from SAMSHA since 1971. The DBHS submits an annual application (with assurances, certifications, and planned expenditures), a bi-annual plan, and an annual report outlining how this money is utilized including at least 20% of the SAPT Block Grant being set-aside for the substance abuse prevention efforts. The state and regional prevention efforts must align with the federally approved priorities that are outlined in the SAPT Block Grant Assessment that is funded through the US Department of Health and Human Services, SAMHSA as well as the federally approved Arkansas Prevention Strategic Plan. The strategic plan guides the administration of a comprehensive and coordinated program for substance abuse prevention. The prevention system forms a statewide infrastructure for providing resource support necessary to promote prevention capacity development at a local level. Funding is distributed to regional entities that are responsible for planning and implementing efforts in an assigned geographical region and the State agency and its contractors maintain responsibility for assuring there is coordination of and consistency in resources available to each region. The regional system provides a means for assuring a basic level of prevention activities are being provided in each county in the state.

Mental Health Treatment. There are thirteen Community Mental Health Centers (CMHCs) covering the state of Arkansas. The CMHCs are responsible for providing behavioral health services to indigent individuals in their respective catchment area. The CMHCs also serve as the Single Point of Entry (SPOE) for adults in to the public mental health system. Created by Act 861 of 1989, each CMHC has a contractual obligation to perform initial SPOE screenings for individuals who live in their respective catchment areas to determine if the individual meets the criteria for admission to inpatient programs of the State Mental Health System, to determine if appropriate alternatives to inpatient treatment are clinically appropriate and available, and arrange for the provision of alternative outpatient services if inpatient or crisis residential services are not recommended.

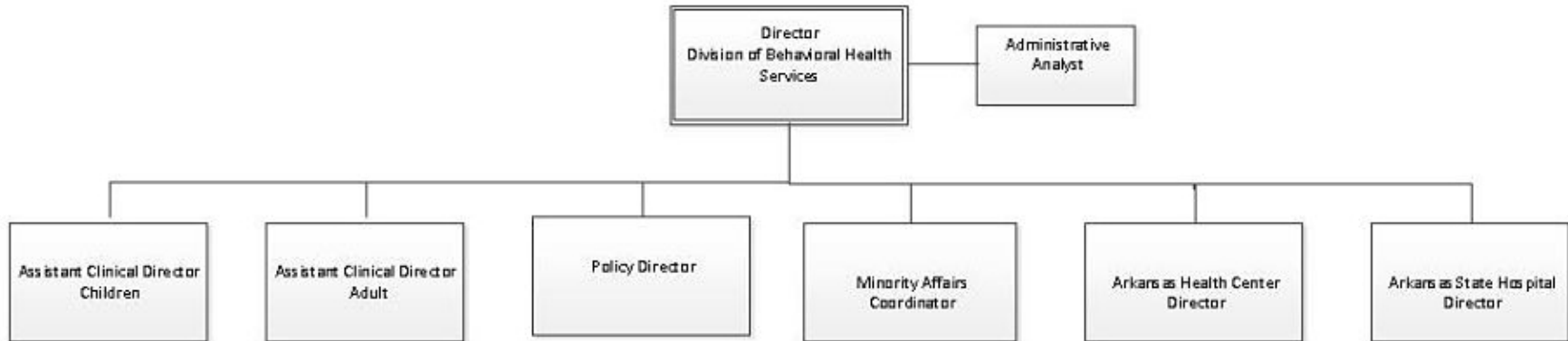
DBHS provides funding for the purchase of local acute care (psychiatric) beds for Arkansas adults who have no other funding source to pay for a psychiatric crisis situation. The funds are distributed through the community mental health centers and are based on population data. Community mental health centers utilize clinical criteria to determine the least restrictive safe alternative available and refer to inpatient psychiatric hospitals when needed. This funding allows individuals to be treated in local communities rather than in a centralized location.

The Projects for Assistance in Transition from Homelessness (PATH) program is a grant created under the McKinney Act. It provides funding for Community Mental Health Centers to deliver services to individuals that are seriously mentally ill or seriously mentally ill with co-occurring substance abuse disorders, and who are homeless or at imminent risk of becoming homeless. There are currently four CMHCs providing PATH services.

DBHS also ensures mental and behavioral health care is available to children and youth throughout the state. Outpatient mental health services are available through certified community providers and as such, must comply with State requirements that meet nationally accepted standards for delivering services. DBHS recognizes that in order to successfully treat children and youth, family and community involvement is key. To support this belief, the Department of Human Services (DHS) has increased department wide efforts to create and build a System of Care (SOC) that is a coordinated network providing an array of services, of which mental health is a part.

The Child and Adolescent Service System Program (CASSP) was established in Arkansas by Act 964 of 1991 and in 2001 through Act 1517. CASSP is based on the concept developed by the National Institute of Mental Health that focuses on the need for interagency collaboration and coordination across systems in delivering multiple services to seriously emotionally disturbed children. CASSP service teams are available throughout the state to develop multi-agency plans and wraparound plans of care for individual children and adolescents with serious emotional disturbance when the current system is not adequately meeting their needs.

Arkansas Department of Human Services Division of Behavioral Health Services



Agency Commentary

The Division of Behavioral Health Services (DBHS) provides an integrated system of public mental health care drug prevention and treatment services to Arkansas residents. Behavioral health services provided by DBHS include acute psychiatric care for adults; forensic psychiatric services; skilled nursing home services; adolescent inpatient services; outpatient substance abuse services; outpatient mental health services; specialized women's services for women and women with children; substance abuse prevention; and detoxification services. Funding for DBHS programs consists of a combination of general revenue, federal grants, Medicaid, Medicare, patient collections, and various miscellaneous funding sources. These services are provided by contracted substance abuse treatment providers, Community Mental Health Centers, and Prevention Resource Providers.

DBHS is requesting the restoration of 101 positions, with associated salary and fringe, within the DHS - Administration Paying Account (DBHS Admin). The majority of these positions are needed to meet our established staffing patterns at the Division's two 24/7 patient care facilities. Patient care services at the Arkansas State Hospital include, but are not limited to, the administration of medications, patient education

groups, crisis intervention, on-going assessments, and treatment planning. Many of the residents of the Arkansas Health Center are ventilator dependent, tracheotomy patients, require wound care, require tube feedings, suction, insulin injections, etc. Staffing shortages in any unit at either facility cause patient care to suffer and could result in the loss of Medicaid certification funding. The request to restore these positions is an unfunded appropriation request. DBHS is requesting that six of the requested restored positions to be surrendered to DFA.

DBHS is requesting to transfer twenty positions and appropriation that include Salary, Personal Services Matching and Operations to support the Agency's reorganization. The appropriation total for this request is \$1,566,245 in the 1st year of the biennium and \$1,578,437 in the second year of the biennium. The projected SGR that supports the appropriation is also requested to transfer. The requested SGR transfer to support the Agency's reorganization is \$831,989 in the 1st year of the biennium and \$838,390 in the 2nd year of the biennium.

The DBHS Admin total request that adjusts unfunded, reallocated, and transferred appropriation for each year of the biennium in Salary, Extra Help, Personal Services Matching, Operating Expenses, Professional Fees and Capital Outlay for unexpected expenditures in the applicable line items total \$11,804,691 in unfunded appropriation for FY2018 and \$11,804,691 in unfunded appropriation for FY2019.

DBHS is requesting \$6,416,979 unfunded appropriation for each year of the biennium in the State Operations, Mental Health Transfer appropriation to restore appropriation to the previous authorized level to be used if funding becomes available.

DBHS is requesting \$1,775,000 unfunded appropriation for each year of the biennium in the Community Mental Health Centers appropriation to restore appropriation to the previous authorized level to be used if funding becomes available.

DBHS is requesting \$3,371,892 unfunded appropriation for each year of the biennium in Acute Mental Health Centers - Per Capita to be used if funding becomes available.

DBHS is requesting \$1,742,362 unfunded appropriation to restore appropriation to the previous authorized level for each year of the biennium in the Community Alcohol Safety Operations appropriation to be used if funding becomes available.

DBHS is requesting \$3,500,000 unfunded appropriation for each year of the biennium in the Alcohol and Drug Abuse Prevention appropriation to be used if funding becomes available.

DBHS is requesting \$2,447,468 unfunded appropriation to restore appropriation to the previous authorized level for each year of the biennium in the Mental Health Grants appropriation in anticipation of future funding increases from various grants and awards.

DBHS is requesting \$1,223,203 unfunded appropriation in the 1st year of the biennium and \$613,719 in the 2nd year of the biennium in DHS Various Building Construction to support several renovations that include buildings, a generated and resurfacing parking lots at the two facilities if funding becomes available.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Administrative Services Division.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Behavioral Health Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
AR SPANISH INTERPRETERS & TRANSLATORS	\$9,385		X				
GODDESS PROJECTS INC	\$69,444	X					
K HALL & SONS PRODUCE INC	\$52,636	X					
PHOENIX YOUTH AND FAMILY SERVICES	\$180,407	X					
SPA CHEMICAL INC	\$1,985		X				
WOMENS COUNCIL ON AFRICAN AMERICAN	\$50,000	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 6

TOTAL EXPENDITURES FOR CONTRACTS AWARDED \$77,581,372

% OF MINORITY CONTRACTS AWARDED 0.45 %

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
193 State Operations	20,369,942	0	20,649,934	0	27,066,913	0	20,649,934	0	27,066,913	0	20,649,934	0	20,649,934	0	27,066,913	0	20,649,934	0
196 Community Mental Health Centers	7,100,805	0	7,005,603	0	8,780,603	0	7,005,603	0	8,780,603	0	7,005,603	0	7,005,603	0	8,780,603	0	7,005,603	0
1EN Community Alcohol Safety	2,510,544	0	2,319,147	0	4,094,167	0	2,319,147	0	4,061,509	0	4,061,509	0	2,319,147	0	4,061,509	0	4,061,509	0
1ET Alcohol & Drug Abuse Prevention	17,341,051	0	20,770,069	0	21,770,069	0	20,770,069	0	24,270,069	0	24,270,069	0	20,770,069	0	24,270,069	0	24,270,069	0
2MN Mental Health Grants	6,665,429	0	7,342,148	0	9,789,616	0	7,342,148	0	9,789,616	0	9,789,616	0	7,342,148	0	9,789,616	0	9,789,616	0
655 Acute Mental Health Services-Per Capita	503,188	0	503,188	0	3,875,080	0	503,188	0	3,875,080	0	503,188	0	503,188	0	3,875,080	0	503,188	0
896 Division of Behavioral Health Services	92,428,369	1,113	94,055,812	1,066	104,039,440	1,167	94,260,922	1,066	104,333,404	1,140	96,337,912	1,140	94,300,437	1,066	104,360,727	1,140	96,365,235	1,140
938 Patient Benefits-Cash in Treasury	25,746	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
K50 Drug Abuse Prev/Treat - 89th	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NOT REQUESTED FOR THE BIENNIIUM																		
937 Canteen - Cash in Treasury	0	0	0	0	349,048	0	0	0	0	0	0	0	0	0	0	0	0	0
F71 DBH Juv. Drug Courts	0	0	0	0	500,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	146,945,074	1,113	152,720,901	1,066	180,339,936	1,167	152,926,011	1,066	182,252,194	1,140	162,692,831	1,140	152,965,526	1,066	182,279,517	1,140	162,720,154	1,140

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	79,314,634	54.0	82,370,394	53.9		82,742,468	54.1	81,910,479	54.2	81,910,479	54.2	82,764,251	54.1	81,925,861	54.2	81,925,861	54.2
Federal Revenue	4000020	23,308,978	15.9	28,739,133	18.8		28,744,640	18.8	28,899,386	19.1	28,899,386	19.1	28,745,674	18.8	28,899,386	19.1	28,899,386	19.1
Special Revenue	4000030	1,649,427	1.1	1,470,031	1.0		1,470,031	1.0	1,470,031	1.0	1,470,031	1.0	1,470,031	1.0	1,470,031	1.0	1,470,031	1.0
Cash Fund	4000045	25,746	0.0	75,000	0.0		75,000	0.0	75,000	0.0	75,000	0.0	75,000	0.0	75,000	0.0	75,000	0.0
Merit Adjustment Fund	4000055	0	0.0	256,076	0.2		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
State Administration of Justice	4000470	1,286,217	0.9	1,472,464	1.0		1,472,464	1.0	1,472,464	1.0	1,472,464	1.0	1,472,464	1.0	1,472,464	1.0	1,472,464	1.0
Various Program Support	4000730	41,360,072	28.1	38,337,803	25.1		38,421,408	25.1	37,366,442	24.7	37,366,442	24.7	38,438,106	25.1	37,378,383	24.7	37,378,383	24.7
Total Funds		146,945,074	100.0	152,720,901	100.0		152,926,011	100.0	151,193,802	100.0	151,193,802	100.0	152,965,526	100.0	151,221,125	100.0	151,221,125	100.0
Excess Appropriation/(Funding)		0		0			0		31,058,392		11,499,029		0		31,058,392		11,499,029	
Grand Total		146,945,074		152,720,901			152,926,011		182,252,194		162,692,831		152,965,526		182,279,517		162,720,154	

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
1,168	1005	65	1070	98	13.96 %	1,169	1003	63	1066	103	14.20 %	1,167	983	83	1066	101	15.77 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 196 - Community Mental Health Centers

Funding Sources: DBA - Mental Health Services Fund Account

This appropriation for State Assistance to Community Mental Health Centers provides the per capita funding of core services at the private non-profit Community Mental Health Centers (CMHCs). Special Language contained in Section 15 of Act 261 of 2014 sets the apportionment of funds on the basis of three dollars and six cents (\$3.06) per capita for the current biennium. Section 12 provides Allocation Restrictions for the maximum allocation of funds per CMHC. Section 13 provides a methodology for changing the Allocation Restrictions maximum allocation in the event that unforeseen circumstances occur. Section 14 in this Act established that every Mental Health Center eligible to receive any of the funds appropriated, as a condition of receiving any such funds, be subject to an annual audit of the overall operations of the CMHCs by the Division of Legislative Audit and submit a budget and go through the budget procedures process in the same manner as State Departments and Agencies. Section 16 sets the conditions for receiving funds under this appropriation to only locally-operated Centers and Clinics licensed or certified by the Division of Behavioral Health Services and 1) meet minimum standards of performance in the delivery of Mental Health Services as defined by the Department of Human Services, Behavioral Health Services Division; 2) supply statistical data to DHS-Division of Behavioral Health Services; 3) establish and maintain a sound financial management system in accordance with guidelines as set forth by DHS-Division of Behavioral Health Services; 4) establish and maintain community support programs as defined; 5) and the Board of Directors of each Center or Clinic shall adopt and submit an annual plan for the delivery of community support services for persons with long-term, severe mental illness as defined.

Funding for this appropriation is general revenue (DBA - Behavioral Health Services Fund Account) and other revenues which are indicated as various program support that become available, such as funding certified under the 45 day rule.

The Agency Base Level request for this appropriation is \$7,005,603 each year of the biennium.

The Agency Change Level request is \$1,775,000 each year of the biennium to restore appropriation to the previous authorized amount, should additional funding become available.

The Executive Recommendation is Base Level.

Appropriation Summary

Appropriation: 196 - Community Mental Health Centers

Funding Sources: DBA - Mental Health Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	7,100,805	7,005,603	8,780,603	7,005,603	8,780,603	7,005,603	7,005,603	8,780,603	7,005,603
Total	7,100,805	7,005,603	8,780,603	7,005,603	8,780,603	7,005,603	7,005,603	8,780,603	7,005,603
Funding Sources									
General Revenue 4000010	7,100,805	7,005,603		7,005,603	7,005,603	7,005,603	7,005,603	7,005,603	7,005,603
Total Funding	7,100,805	7,005,603		7,005,603	7,005,603	7,005,603	7,005,603	7,005,603	7,005,603
Excess Appropriation/(Funding)	0	0		0	1,775,000	0	0	1,775,000	0
Grand Total	7,100,805	7,005,603		7,005,603	8,780,603	7,005,603	7,005,603	8,780,603	7,005,603

Change Level by Appropriation

Appropriation: 196 - Community Mental Health Centers
Funding Sources: DBA - Mental Health Services Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,005,603	0	7,005,603	100.0	7,005,603	0	7,005,603	100.0
C05	Unfunded Appropriation	1,775,000	0	8,780,603	125.3	1,775,000	0	8,780,603	125.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,005,603	0	7,005,603	100.0	7,005,603	0	7,005,603	100.0
C05	Unfunded Appropriation	0	0	7,005,603	100.0	0	0	7,005,603	100.0

Justification

C05	DBHS is requesting unfunded appropriation for each year of the biennium in Grants and Aid for the Community Mental Health Centers to be used if funding is available
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Analysis of Budget Request

Appropriation: 1EN - Community Alcohol Safety

Funding Sources: MHS - Highway Safety Special Fund

Act 1219 of 1999 transferred the Community Alcohol Safety Program from the State Highway and Transportation Department to the Arkansas Department of Health effective July 1, 1999. Act 1717 of 2003 transferred this appropriation from the Department of Health by a Type 1 transfer as provided for in Arkansas Code Annotated §25-2-104 to the Department of Human Services, Division of Behavioral Health Services.

The Community Alcohol Safety program addresses offenders arrested for DWI. Individuals arrested are evaluated by the Alcohol Safety Education Program (ASEP). The ASEP consists of 14 different sub-grantees throughout the State that provide counselors, conduct pre-sentence investigation, and provide information to the public related to DWI issues.

Funding for this appropriation includes the State Administration of Justice Fund and Special Revenues. The Special Revenue received is derived from the Drug and Alcohol Safety Education Program. Funding associated with this appropriation is allowed to be counted against the Maintenance of Effort requirement for the Substance Abuse Prevention and Treatment (SAPT) Federal Block Grant that is payable out of the Alcohol and Drug Abuse Prevention appropriation.

The Agency Base Level request for this appropriation is \$2,319,147 each year of the biennium.

The Agency Change level request is \$1,742,362 each year of the biennium to be used should additional funding become available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1EN - Community Alcohol Safety
Funding Sources: MHS - Highway Safety Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	20,788	0	0	0	0	0	0
#Positions	0	0	0	0	0	0	0	0	0
Personal Services Matching 5010003	0	0	9,870	0	0	0	0	0	0
Operating Expenses 5020002	22	0	2,000	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	2,510,522	2,319,147	4,061,509	2,319,147	4,061,509	4,061,509	2,319,147	4,061,509	4,061,509
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	2,510,544	2,319,147	4,094,167	2,319,147	4,061,509	4,061,509	2,319,147	4,061,509	4,061,509
Funding Sources									
Special Revenue 4000030	1,649,427	1,470,031		1,470,031	1,470,031	1,470,031	1,470,031	1,470,031	1,470,031
State Administration of Justice 4000470	861,117	849,116		849,116	849,116	849,116	849,116	849,116	849,116
Total Funding	2,510,544	2,319,147		2,319,147	2,319,147	2,319,147	2,319,147	2,319,147	2,319,147
Excess Appropriation/(Funding)	0	0		0	1,742,362	1,742,362	0	1,742,362	1,742,362
Grand Total	2,510,544	2,319,147		2,319,147	4,061,509	4,061,509	2,319,147	4,061,509	4,061,509

Change Level by Appropriation

Appropriation: 1EN - Community Alcohol Safety
Funding Sources: MHS - Highway Safety Special Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,319,147	0	2,319,147	100.0	2,319,147	0	2,319,147	100.0
C05	Unfunded Appropriation	1,742,362	0	4,061,509	175.1	1,742,362	0	4,061,509	175.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,319,147	0	2,319,147	100.0	2,319,147	0	2,319,147	100.0
C05	Unfunded Appropriation	1,742,362	0	4,061,509	175.1	1,742,362	0	4,061,509	175.1

Justification

C05	DBHS is requesting unfunded appropriation for each year of the biennium in Grants and Aid for the DASEP providers to be used if funding is available								
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Analysis of Budget Request

Appropriation: 1ET - Alcohol & Drug Abuse Prevention

Funding Sources: MDA - Drug Abuse Prevention and Treatment Fund

Act 1717 of 2003 transferred this appropriation from the Department of Health by a Type 1 transfer as provided for in Arkansas Code Annotated §25-2-104 to the Department of Human Services, Division of Behavioral Health Services. This program provides funding for alcohol and drug services which include detoxification, residential treatment, outpatient treatment, methadone maintenance treatment and Special Women's Services.

Funding for this appropriation is derived from a mix of sources that includes general revenue (DBA - Behavioral Health Services Fund Account), federal, Administration of Justice funds and other revenue. Federal revenue is comprised of Substance Abuse Prevention and Treatment Block Grant, Social Service Block Grant, U. S. Department of Education, and State Incentive Grant. Other funding which is indicated as various program support can include sources such as, City of Little Rock funds, Robert Wood Johnson funds, court costs and fees.

The Agency Base Level request for this appropriation is \$20,770,069 each year of the biennium.

The Agency Change Level request is \$3,500,000 each year of the biennium to be used should additional funding become available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1ET - Alcohol & Drug Abuse Prevention

Funding Sources: MDA - Drug Abuse Prevention and Treatment Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	17,341,051	20,770,069	21,770,069	20,770,069	24,270,069	24,270,069	20,770,069	24,270,069	24,270,069
Total		17,341,051	20,770,069	21,770,069	20,770,069	24,270,069	24,270,069	20,770,069	24,270,069	24,270,069
Funding Sources										
General Revenue	4000010	1,239,998	1,275,023		1,275,023	1,275,023	1,275,023	1,275,023	1,275,023	1,275,023
Federal Revenue	4000020	15,443,817	18,871,698		18,871,698	18,871,698	18,871,698	18,871,698	18,871,698	18,871,698
State Administration of Justice	4000470	425,100	623,348		623,348	623,348	623,348	623,348	623,348	623,348
Various Program Support	4000730	232,136	0		0	0	0	0	0	0
Total Funding		17,341,051	20,770,069		20,770,069	20,770,069	20,770,069	20,770,069	20,770,069	20,770,069
Excess Appropriation/(Funding)		0	0		0	3,500,000	3,500,000	0	3,500,000	3,500,000
Grand Total		17,341,051	20,770,069		20,770,069	24,270,069	24,270,069	20,770,069	24,270,069	24,270,069

Change Level by Appropriation

Appropriation: 1ET - Alcohol & Drug Abuse Prevention
Funding Sources: MDA - Drug Abuse Prevention and Treatment Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	20,770,069	0	20,770,069	100.0	20,770,069	0	20,770,069	100.0
C05	Unfunded Appropriation	3,500,000	0	24,270,069	116.9	3,500,000	0	24,270,069	116.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	20,770,069	0	20,770,069	100.0	20,770,069	0	20,770,069	100.0
C05	Unfunded Appropriation	3,500,000	0	24,270,069	116.9	3,500,000	0	24,270,069	116.9

Justification

C05	DBHS is requesting unfunded appropriation for each year of the biennium in Grants and Aid for the Substance Abuse Treatment and Prevention providers to be used if funding is available
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Analysis of Budget Request

Appropriation: 2MN - Mental Health Grants

Funding Sources: PWE - Grants Paying

This appropriation provides authority for the Mental Health Block Grant, the Mental Health Homeless Grant, Child Mental Health Incentive - ACTION grant and other miscellaneous federal grants. Grants/Aids are used primarily for support of the private non-profit Community Mental Health Centers.

Funding for this appropriation is comprised 100% from federal sources.

The Agency Base Level request for this appropriation is \$7,342,148 each year of the biennium.

The Agency Change Level request is \$2,447,468 each year of the biennium to be used should additional funding become available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2MN - Mental Health Grants

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	6,665,429	7,342,148	9,789,616	7,342,148	9,789,616	9,789,616	7,342,148	9,789,616	9,789,616
Total	6,665,429	7,342,148	9,789,616	7,342,148	9,789,616	9,789,616	7,342,148	9,789,616	9,789,616
Funding Sources									
Federal Revenue 4000020	6,665,429	7,342,148		7,342,148	7,342,148	7,342,148	7,342,148	7,342,148	7,342,148
Total Funding	6,665,429	7,342,148		7,342,148	7,342,148	7,342,148	7,342,148	7,342,148	7,342,148
Excess Appropriation/(Funding)	0	0		0	2,447,468	2,447,468	0	2,447,468	2,447,468
Grand Total	6,665,429	7,342,148		7,342,148	9,789,616	9,789,616	7,342,148	9,789,616	9,789,616

Change Level by Appropriation

Appropriation: 2MN - Mental Health Grants
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,342,148	0	7,342,148	100.0	7,342,148	0	7,342,148	100.0
C05	Unfunded Appropriation	2,447,468	0	9,789,616	133.3	2,447,468	0	9,789,616	133.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,342,148	0	7,342,148	100.0	7,342,148	0	7,342,148	100.0
C05	Unfunded Appropriation	2,447,468	0	9,789,616	133.3	2,447,468	0	9,789,616	133.3

Justification

C05	DBHS is requesting unfunded appropriation for each year of the biennium in Grants and Aid for the Community Mental Health Centers to be used if funding is available
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Analysis of Budget Request

Appropriation: 655 - Acute Mental Health Services–Per Capita

Funding Sources: DBA - Mental Health Services Fund Account

This appropriation provides a per capita funding amount for private non-profit Community Mental Health Centers (CMHCs) as first established in Act 1589 of 2001. The amount of available funds for this appropriation shall be determined by the Director of the Department of Human Services and apportioned on a per capita basis up to a maximum of \$3.48 per capita each fiscal year of the biennium as set out in section 24 of Act 261 of 2014. Section 25 requires the Division of Behavioral Health Services to develop an evaluation and monitoring program to ensure all expenditures are made consistent with the intent of this appropriation and sets, as a condition of receiving funds, requirements for quarterly reporting from the CMHCs. Section 26 of this Act describes the Legislative findings and intent of this appropriation.

This appropriation is a 100% general revenue payable appropriation (DBA - Behavioral Health Services Fund Account).

The Agency Base Level request for this appropriation is \$503,188 each year of the biennium.

The Agency Change Level request is \$3,371,892 each year of the biennium to be used should additional funding become available.

The Executive Recommendation is Base Level.

Appropriation Summary

Appropriation: 655 - Acute Mental Health Services-Per Capita

Funding Sources: DBA - Mental Health Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	503,188	503,188	3,875,080	503,188	3,875,080	503,188	503,188	3,875,080	503,188
Total		503,188	503,188	3,875,080	503,188	3,875,080	503,188	503,188	3,875,080	503,188
Funding Sources										
General Revenue	4000010	503,188	503,188		503,188	503,188	503,188	503,188	503,188	503,188
Total Funding		503,188	503,188		503,188	503,188	503,188	503,188	503,188	503,188
Excess Appropriation/(Funding)		0	0		0	3,371,892	0	0	3,371,892	0
Grand Total		503,188	503,188		503,188	3,875,080	503,188	503,188	3,875,080	503,188

Change Level by Appropriation

Appropriation: 655 - Acute Mental Health Services–Per Capita
Funding Sources: DBA - Mental Health Services Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	503,188	0	503,188	100.0	503,188	0	503,188	100.0
C05	Unfunded Appropriation	3,371,892	0	3,875,080	770.1	3,371,892	0	3,875,080	770.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	503,188	0	503,188	100.0	503,188	0	503,188	100.0
C05	Unfunded Appropriation	0	0	503,188	100.0	0	0	503,188	100.0

Justification

C05	DBHS is requesting unfunded appropriation for each year of the biennium in Grants and Aid for the Community Mental Health Centers to be used if funding is available								
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Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

Reorganization of the Department of Human Services in 1985 by Act 348 created the Division of Mental Health Services (DMHS) and included responsibility for the Arkansas State Hospital and two other state operated Community Mental Health Centers (CMHC) located in Little Rock and Jonesboro as well as the Arkansas Health Center (formally known as the Benton Services Center). Since the reorganization, initiatives have focused on development of an integrated, client-centered community-based public mental health system that prioritizes adults with serious and persistent mental illness and children and adolescents with serious emotional disturbance. The responsibility, accountability and authority for the provision of services are placed at the community level, since most individuals serviced by the public mental health system reside in the community rather than institutions. Included in these initiatives was conversion of the two state-operated CMHCs to private non-profit status, the Little Rock CMHC on July 1 of 1993 and then the Jonesboro CMHC on July 1 of 1997.

Act 1717 of 2003 created the Division of Behavioral Health Services (DBHS), which placed under its responsibility all current programs of DMHS and, in addition, under Arkansas Code Annotated §25-2-104 transferred to DBHS by Type 1 transfer the Bureau of Alcohol and Drug Abuse Prevention from the Department of Health.

The Division of Behavioral Health Services is organized into three functional components. Those components are Central Administration, Arkansas State Hospital, and Arkansas Health Center.

The Division of Behavioral Health Services is responsible for ensuring the provision of mental health services throughout the State of Arkansas. Community-based services are provided statewide through contractual arrangements with fifteen private, non-profit Community Mental Health Centers (CMHCs), their affiliates, and three mental health clinics. There are 15 catchment areas in which the CMHCs have service sites in 69 of the 75 counties. Services are provided from 135 sites throughout the State of Arkansas.

The Division of Behavioral Health Services is responsible for the oversight and operation of the Arkansas State Hospital (ASH), a psychiatric inpatient treatment facility for those with mental or emotional disorders. The Arkansas State Hospital includes a 90-bed acute inpatient unit, a 88-bed forensic unit, a 36-bed adolescent unit, and a 20-bed adolescent sex offenders unit.

The Division also operates the Arkansas Health Center (AHC), a 310-bed long-term care psychiatric nursing facility which serves the needs of elderly Arkansans with disabilities who require specialized services and programs not generally available through community nursing homes. The program emphasizes the provision of services to special needs groups and individuals with cognitive dysfunctions. Services are available to all residents of Arkansas, provided individuals meet admission criteria.

Funding for this appropriation includes general revenue (DBA - Behavioral Health Services Fund Account), federal and other revenues. Federal revenue includes sources such as Mental Health Block grant, Access to Recovery grant, and Substance Abuse Prevention and Treatment (SAPT) Block grant. Other revenue which is indicated as various program support includes sources such as Medicaid and Medicare reimbursements, refunds, patient collections and rent.

896 - Administration Paying Account

Base Level:

The Agency Base Level Request for this appropriation is \$94,260,922 in FY2018 and \$94,300,437 in FY2019 with \$53,308,720 in FY2018 and \$53,330,503 in FY2019 of general revenue funding and 1,066 budgeted base level positions.

Change Level:

The Agency Change Level Request is \$10,072,482 in FY2018 and \$10,060,290 in FY2019 with a transfer of general revenue to other divisions of (\$831,989) in FY2018 and (\$838,390) in FY2019, and reflects the following:

- Discontinue Positions (6): Regular Salaries and Personal Services Matching of \$165,964 each year of the biennium.
- Transfer Out Positions (21): Regular Salaries and Personal Services Matching of \$1,248,641 in FY2018 and \$1,248,781 in FY2019.
- Restore Unfunded Positions (101): Regular Salaries and Personal Services Matching of \$3,559,199 each year of the biennium.
- Extra Help of \$199,935 for each year of the biennium.
- Operating Expenses of \$2,090,438 in FY2018 and \$2,078,986 in FY2019 which includes a transfer out of (\$311,604) for FY2018 and (\$323,056) for FY2019 to Shared Services and additional unfunded appropriation of \$2,402,042 each year of the biennium.
- Professional Fees of \$3,643,515 each year of the biennium.
- Capital Outlay of \$2,000,000 each year of the biennium for unexpected equipment expenditures.

193 - DHS State Operations

Base Level:

The Agency Base Level Request for the Grants/Patient Services line item is \$18,050,522 each year of the biennium.

The Agency Base Level and total request for the Mental Health Center Transfer line item is \$2,599,382 each year of the biennium.

Change Level:

The Agency Change Level Request for appropriation in the Grants/Patient Services line item is \$6,416,979 for each year of the biennium.

896 - Administration Paying Account

The Executive Recommendation provides for the Agency Request with the exception of \$199,935 each year in Extra Help, \$2,402,042 each year in Operating Expenses, \$3,643,515 each year in Professional Fees, and \$1,750,000 each year in Capital Outlay.

193 - DHS State Operations

The Executive Recommendation is Base Level.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	38,194,640	37,863,127	40,701,756	37,857,051	39,273,344	39,273,344	37,886,151	39,301,844	39,301,844
#Positions		1,113	1,066	1,167	1,066	1,140	1,140	1,066	1,140	1,140
Extra Help	5010001	5,475,740	5,832,583	6,032,518	5,832,583	6,032,518	5,832,583	5,832,583	6,032,518	5,832,583
#Extra Help		313	332	335	335	335	335	335	335	335
Personal Services Matching	5010003	16,351,531	15,516,741	16,818,290	15,727,927	16,450,228	16,450,228	15,738,342	16,460,503	16,460,503
Overtime	5010006	4,536,149	4,212,006	4,212,006	4,212,006	4,212,006	4,212,006	4,212,006	4,212,006	4,212,006
Operating Expenses	5020002	20,134,508	24,224,263	24,224,263	24,224,263	26,314,701	23,912,659	24,224,263	26,303,249	23,901,207
Conference & Travel Expenses	5050009	71,334	75,725	75,725	75,725	75,725	75,725	75,725	75,725	75,725
Professional Fees	5060010	7,453,546	6,331,367	9,974,882	6,331,367	9,974,882	6,331,367	6,331,367	9,974,882	6,331,367
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants/Patient Services	5100004	20,352,933	18,050,552	24,467,531	18,050,552	24,467,531	18,050,552	18,050,552	24,467,531	18,050,552
Capital Outlay	5120011	210,921	0	2,000,000	0	2,000,000	250,000	0	2,000,000	250,000
Mental Hlth Center Transfer	5900046	17,009	2,599,382	2,599,382	2,599,382	2,599,382	2,599,382	2,599,382	2,599,382	2,599,382
Total		112,798,311	114,705,746	131,106,353	114,910,856	131,400,317	116,987,846	114,950,371	131,427,640	117,015,169
Funding Sources										
General Revenue	4000010	70,470,643	73,586,580		73,958,654	73,126,665	73,126,665	73,980,437	73,142,047	73,142,047
Federal Revenue	4000020	1,199,732	2,525,287		2,530,794	2,685,540	2,685,540	2,531,828	2,685,540	2,685,540
Merit Adjustment Fund	4000055	0	256,076		0	0	0	0	0	0
Various Program Support	4000730	41,127,936	38,337,803		38,421,408	37,366,442	37,366,442	38,438,106	37,378,383	37,378,383
Total Funding		112,798,311	114,705,746		114,910,856	113,178,647	113,178,647	114,950,371	113,205,970	113,205,970
Excess Appropriation/(Funding)		0	0		0	18,221,670	3,809,199	0	18,221,670	3,809,199
Grand Total		112,798,311	114,705,746		114,910,856	131,400,317	116,987,846	114,950,371	131,427,640	117,015,169

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	94,260,922	1,066	94,260,922	100.0	94,300,437	1,066	94,300,437	100.0
C03	Discontinue Program	(165,964)	(6)	94,094,958	99.8	(165,964)	(6)	94,134,473	99.8
C05	Unfunded Appropriation	11,804,691	101	105,899,649	112.3	11,804,691	101	105,939,164	112.3
C07	Agency Transfer	(1,566,245)	(21)	104,333,404	110.7	(1,578,437)	(21)	104,360,727	110.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	94,260,922	1,066	94,260,922	100.0	94,300,437	1,066	94,300,437	100.0
C03	Discontinue Program	(165,964)	(6)	94,094,958	99.8	(165,964)	(6)	94,134,473	99.8
C05	Unfunded Appropriation	3,809,199	101	97,904,157	103.9	3,809,199	101	97,943,672	103.9
C07	Agency Transfer	(1,566,245)	(21)	96,337,912	102.2	(1,578,437)	(21)	96,365,235	102.2

Justification

C03	These positions are being surrendered to DFA.
C05	DBHS is requesting unfunded appropriation for each year of the biennium in Professional Fees for specific contract staff to ensure flexibility in maintaining adequate staffing standards .
C07	DBHS is requesting to transfer Salary, Personal Services Matching and Operations appropriation for 20 positions that will support the Agency's reorganization. The projected SGR that supports this appropriation is also requested to transfer. This request is for each year of the biennium.

Change Level by Appropriation

Appropriation: 193 - State Operations
Funding Sources: DBA - Behavioral Health Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	20,649,934	0	20,649,934	100.0	20,649,934	0	20,649,934	100.0
C05	Unfunded Appropriation	6,416,979	0	27,066,913	131.1	6,416,979	0	27,066,913	131.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	20,649,934	0	20,649,934	100.0	20,649,934	0	20,649,934	100.0
C05	Unfunded Appropriation	0	0	20,649,934	100.0	0	0	20,649,934	100.0

Justification

C05	DBHS is requesting unfunded appropriation for each year of the biennium in Grants and Aid for the Community Mental Health Centers to be used if funding is available								
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Analysis of Budget Request

Appropriation: 938 - Patient Benefits–Cash in Treasury

Funding Sources: NHS - Cash in Treasury

The Patient Benefits appropriation provides funds on a cash basis to meet patient needs such as recreational activities and personal items. Cash funds are derived from proceeds from parking meters, interest and private donations.

The Agency Base Level and total request for this appropriation is \$75,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 938 - Patient Benefits–Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Patient Benefit Fund 5900046	25,746	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total	25,746	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Funding Sources									
Cash Fund 4000045	25,746	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Total Funding	25,746	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	25,746	75,000		75,000	75,000	75,000	75,000	75,000	75,000

Appropriation Summary

Appropriation: 937 - Canteen – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	349,048	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	0	0	349,048	0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2017-2019 BIENNIUM

Appropriation Summary

Appropriation: F71 - DBH Juv. Drug Courts

Funding Sources: DBA - Mental Health Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Various Expenses - Juvenile Drug 5900046	0	0	500,000	0	0	0	0	0	0
Total	0	0	500,000	0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2017-2019 BIENNIUM

DHS - Medical Services

Enabling Laws

Act 03 of 2016
Act 191 of 2016
A.C.A. §25-10-102
A.C.A. §20-77-All subsections

History and Organization

MEDICAID PROGRAM OVERVIEW

Medicaid is a joint federal-state program of medical assistance for eligible individuals based on financial need and/or health status.

LEGAL STRUCTURE AND HISTORY

Title XIX of the Social Security Act created grant programs popularly called "Medicaid" in 1965. Medicaid furnishes medical assistance to those who have insufficient incomes and resources to meet the costs of necessary medical services. Medicaid provides rehabilitation and other services to help families and individuals become or remain independent and able to care for themselves.

Each state has some type of Medicaid program to meet the federal mandates and requirements as laid out in Title XIX. Arkansas, however, established a medical care program 26 years before passage of the federal laws requiring health care for the needy: Section 7 of Act 280 of 1939 and Act 416 of 1977 authorized the State of Arkansas to establish and maintain a medical care program for the indigent and vested responsibility for regulating and administering the program in the Department of Human Services (DHS). This program receives federal grants under Title XIX. Thus Arkansas Medicaid is a joint federal and state program that pays for necessary medical services to eligible persons who are not able to pay for such services. The Medicaid program was implemented in Arkansas January 1, 1970. DHS administers the Medicaid program through its Division of Medical Services (DMS).

ADMINISTRATION & FUNDING

Arkansas's Medicaid program is detailed in the Arkansas Medicaid State Plan and in Provider Manuals. The Centers for Medicare and Medicaid Services (CMS) administers the Medicaid Program for the U.S. Department of Health and Human Services. CMS authorizes federal funding

levels and approves each state's Medicaid State Plan, ensuring compliance with human services federal regulations.

Funding is shared between the federal government and the states, with the federal government matching the state share at an authorized rate between 50 and 90 percent, depending on the state, program and nature of the expenditure. The federal participation rate is adjusted each year to compensate for changes in the per capita income of each state relative to the nation as a whole.

Arkansas funds approximately 30.31% of Arkansas Medicaid program-related costs; the federal government funds approximately 69.69%. State funds are drawn directly from appropriated state general revenues, license fees, drug rebates, recoveries and, if necessary, the Medicaid Trust Fund.

Administrative costs for Arkansas Medicaid are generally funded 50% by Arkansas and 50% by the federal government, with some specialized activities funded 75% or 90% by the federal government.

ELIGIBILITY

Individuals are certified as eligible for Medicaid services through the state's county Human Services Offices or District Social Security Offices. The Social Security Administration automatically sends SSI recipient information to DHS. Eligibility depends on age, income, and assets. Most people who can get Medicaid are in one of these groups:

- Age 65 and older
- Under age 19
- Blind
- Disabled
- Pregnant
- The parent or the relative who is the caretaker of a child with an absent, disabled, or unemployed parent
- Live in a nursing home
- Under age 21 and in foster care
- In medical need of certain home- and community-based services
- Have breast or cervical cancer
- Disabled, including working disabled

SERVICES

Medicaid pays for a wide range of medical services. Limits, if applicable, may be daily, weekly, monthly, or annually. There are also services

that have an overall dollar amount limit per time period. Some services require a referral from the beneficiaries' PCPs, and/or prior authorization. Services may be rendered by both private and public providers. All services, by definition or regulation, fall into one of the following groups:

- **Mandatory Services** are specific services required by the federal government. They include such things as child health services, family planning, home health, in-patient and out-patient hospital services, physician services, and early and periodic screening, diagnosis, and treatment (EPSDT) for children under age 21.
- **Optional Services** are services beyond the mandatory services which the state has elected to provide. Many of these optional services enable recipients to receive care in less costly home- or community-based settings. The Arkansas Medicaid program's optional services are approved in advance by CMS. Optional services are federally funded at the same level as mandatory services.
- **Waiver and Demonstration Services** are CMS approved services that, by design, waive one or more of the basic tenets of the federal Medicaid program, such as the requirement that benefits must be uniform throughout all geographic areas of the state or must be comparable in amount, duration, and scope for all population groups. Waiver and demonstration services allow states to provide services in different or more creative ways. Arkansas has approximately ten active waiver or demonstration programs including such programs as AR Kids First, Independent Choices, and Women's Health.

MEDICAID PROVIDERS

Arkansas Medicaid has approximately 12,055 actively PARTICIPATING providers, meaning these providers have performed services to Medicaid members and submitted claims to Arkansas Medicaid in the last year. Arkansas Medicaid processes over forty-four million claims annually, with an average processing time of 2.6 days. All Medicaid claims are processed through the Medicaid Management Information System (MMIS), an automated system certified by CMS. DMS receives federal matching funds at 50%, 75%, and 90% for MMIS functions.

ORGANIZATION

The DHS - Division of Medical Services houses two major programs under one administration:

Medicaid

DHS is the single state agency authorized and responsible for regulating and administering the Medicaid program. DHS administers the Medicaid Program through DMS. The Centers for Medicare and Medicaid Services (CMS) administers the Medicaid Program for the U.S. Department of Health and Human Services. CMS authorizes federal funding levels and approves each state's State Plan, ensuring compliance with federal regulations. Individuals are certified as eligible for Medicaid services by DHS field staff located in DHS County Offices or by District Social Security Offices.

Long Term Care

Each year, more than 25,000 Arkansans who have chronic, long-term medical needs require services in long-term care facilities. These individuals live in 226 nursing facilities, 42 intermediate care facilities for persons with developmental disabilities, 88 assisted living facilities, 61 residential care facilities, and one post-acute head injury retraining residential facilities that are licensed to provide long-term care services in Arkansas. The OLTC also surveys 38 Adult Day Care and Adult Day Health Care facilities and 23 Alzheimer's Special Care Units which make up the long-term care facilities regulated and licensed by the OLTC.

Improving the quality of life for residents and protecting their health and safety through enforcing state and federal standards are primary goals of the OLTC. Using qualified health care professionals, the OLTC inspects all facilities to ensure residents receive the care they need in a clean, safe environment and are treated with dignity and respect.

In addition to surveying facilities, the OLTC administers the Nursing Home Administrator Licensure program, Criminal Background program, Certified Nursing Assistant registry and training program, processes Medical Needs Determinations for Nursing Home and Waivers and operates a Complaints Unit.

The DMS administers its two major programs through a total of seven administrative and program areas:

- Long Term Care
- Program and Administrative Support
- Programs and Provider Management
- Pharmacy
- Policy, Program & Contract Oversight
- Medicaid Information Management
- Health Care Innovation

DMS operations are administered by approximately 326 employees--151 long-term care employees and 175 employees working in the remaining six areas. Each of the seven program areas provides a variety of informational resources concerning the delivery of program services, and monitors program performance to ensure that resources are utilized in the most cost effective and efficient manner.

PROGRAM ACHIEVEMENTS

DMS Medicaid Pharmacy Program

The Pharmacy Program continues to implement clinical edits and audits on medications which serve to assure appropriate utilization and patient safety, and prevent waste and abuse which ultimately results in cost containment. With the creation of an additional analyst position in

the Pharmacy unit in 2009, Arkansas Medicaid has been better able to identify brand name drugs for which a generic equivalent is available. Once identified, an upper limit payment per unit is applied on the generic and its brand equivalent, thus shifting utilization to the generic and containing costs in the program. Currently, there are occurring drug shortages and limited generic availability causing the removal or increase in upper limit prices that have been previously applied by the Pharmacy program.

In addition to the numerous edits and audits applied using the Point of Sale Prior Authorization (POS PA) system, manual review is placed on medications whose standards are outside of POS and other table driven edits. For example there may be required testing or certain lab values that must be met prior to these drugs being given. Patient profiles are reviewed by the Pharmacy unit to assure these values are met prior to the drug being dispensed. The state has been successful in placing criteria on many new specialty drugs that have been introduced preventing spending on these very expensive medications. The program has also been successful in implementing quantity edits and other criteria on opiates to curb the abuse of these highly addictive and abused medications. Criteria have also been placed on a number of psychotropic medications for children thus reducing the quantities and numbers of prescriptions.

In order to control cost on pharmacy claims and meet federal requirements the Pharmacy Program is changing its payment methodology for covered outpatient drugs to a model based on actual acquisition cost plus a professional dispensing fee. The professional dispensing fee will increase but will be offset by a lower ingredient reimbursement which will show significant overall savings for the State. In addition, the Pharmacy Program has made significant changes in its Preferred Drug List (PDL) process which will maximize State Supplemental rebates by adding additional classes of medications.

Contract Monitoring Unit

The Contract Monitoring Unit's primary responsibility is to monitor DMS contracts for quality and compliance. As part of the review, the Unit works with contractors and DMS contract administrators to ensure the contract continues to meet the needs of the parties and that the contracts reflect the work being performed. The Unit also reviews RFP's and contracts prior to implementation for completeness and measurability.

Program Budgeting and Analysis Unit

The Program Budgeting and Analysis Unit was developed in 2009 to assist in analyzing waiver budget information, estimate the cost of proposed rate or program expansions, and prepare required periodic reports. This unit also analyzes overall DMS expenditures by category of service, aid category, provider type and at a program-specific level to identify trends and assist in management decision making.

Third Party Liability

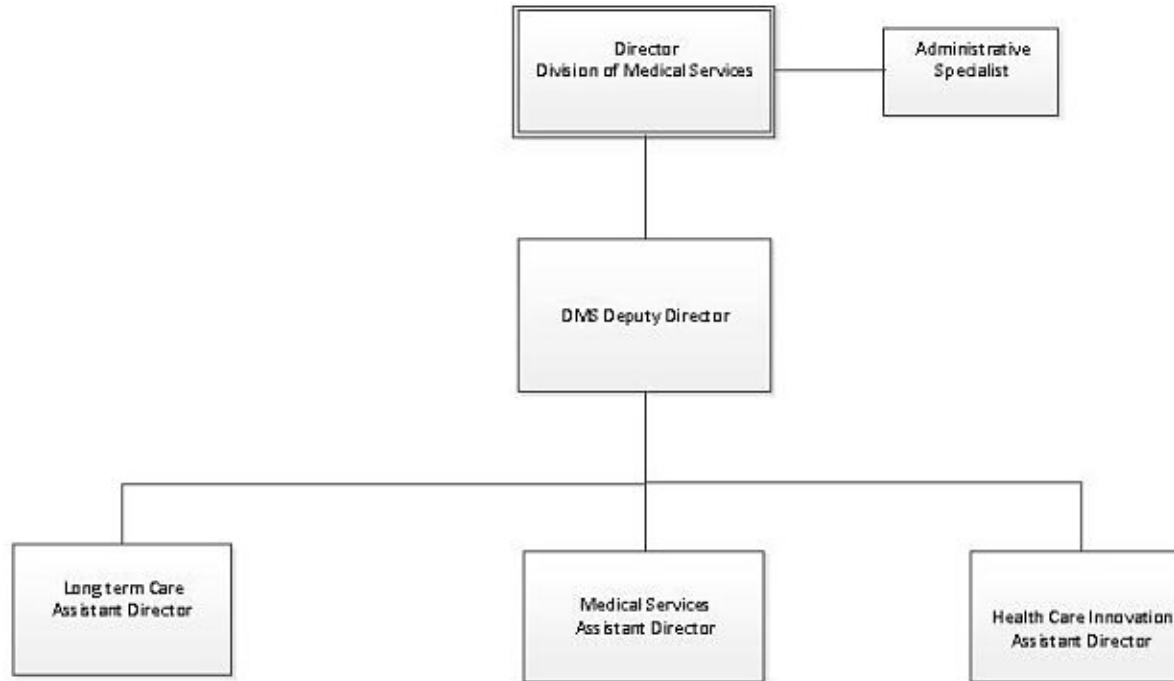
Third Party Liability (TPL) collections and cost avoidance totaled \$58,884,041 for SFY 15. To enhance collections, Arkansas Medicaid has contracted with HMS to identify and update TPL information in the MMIS and to implement electronic billing for the collection of post payment recoveries. The identification and updating of TPL information thus increases cost avoidance and limiting Arkansas Medicaid's liability for payments. TPL has contracted with HMS to further increase saving through a HIPP (Health Premium Payment Program). Estate Recovery

collection process has been enhanced with the use of Data Scout Pro to identify potential properties of the estate.

Health Care Innovation

The Health Care Innovation Area is responsible for coordinating the operations and activities to redesign the Arkansas Medicaid payment and service delivery systems. This unit works with multi-payers, staff and contractors to design and deliver episodes of care for acute conditions; implement new models of population-based health care for chronic conditions (e.g. patient-centered medical homes and health homes); develop and coordinate infrastructure requirements; and facilitate stakeholder, provider and beneficiary engagement through the Arkansas Health Care Payment Improvement Initiative.

Arkansas Department of Human Services
Division of Medical Services



Agency Commentary

The Division of Medical Services (DMS) of the Department of Human Services (DHS) provides financial assistance for necessary medical services to families and individuals whose incomes and/or resources are insufficient to meet the costs of those services or who otherwise meet Arkansas Medicaid eligibility requirements. The Division of Medical Services administers the Arkansas Medicaid Program including the State Child Health Insurance Program (SCHIP), as well as operating the Office of Long Term Care (OLTC).

The Division of Medical Services is financed by a mixture of funding sources, including: State General Revenues, prescription drug rebates, Tobacco Settlement Funds, Tobacco Tax Revenues, Quality Assurance Fees, Arkansas Soft Drink Tax Revenues, transfers from other State Agencies for services to specific Medicaid eligibility population groups, and Federal Medicaid funds (Social Security Title XIX), SCHIP funds (Social Security title XXI).

Medicaid services are organized in four general program areas:

1. Prescription Drugs
2. Long Term Care
3. Hospital and Medical Services
4. Tobacco Settlement Medicaid Expansion

These four general program areas encompass 67 different programs and services offered through the Arkansas Medicaid Program. It should be noted that the Arkansas Works Program is accounted for in the Hospital and Medical Services general program area.

The Medicaid Program was implemented in Arkansas on January 1, 1970. Individuals are certified as eligible for Medicaid Services by DHS field staff located in County Offices or by District Social Security Offices.

Growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation. The increases in the Medicaid eligibility population as well as the number and types of services utilized by the population influences the rise in expenditures. Growth in the Hospital Medical Program expenditures is due in part to an increase in eligibles, medical inflation, and increased utilization in specific areas, i.e. mental health services, therapy services, and the various waiver programs.

Growth in the Arkansas Medicaid program, both in terms of expenditures and number of beneficiaries served, continues to outpace growth in staffing. This is accomplished through better program management, increased use of technology, and continued process improvements.

Arkansas Medicaid management and staff are committed to ensuring that all Medicaid-eligible Arkansans have access to the best medical services possible. Arkansas Medicaid management and staff work with providers and their professional organizations across the state to increase the use of technology in the delivery and administration of services, to identify and support use of the best evidence-based practices, and to ensure access to those services in all areas of the state.

Medicaid Transformation Savings

As directed by the Governor's Office and the Medicaid Task Force the Department of Human Services has worked extensively with the Stephen Group, as well as independently as a department, to develop plans for the reduction of both total spend and General Revenue need for the Medicaid program. The current budget reflects drops in anticipated General Revenue needs based on the successful implementation of transformation programs in Behavioral Health, Development Disabilities and Long Term Care. The Division has reduced the SFY 2018 General Revenue request by \$54 million and the SFY 2019 General Revenue request by \$56.7 million. The corresponding reduction in Federal spending is \$146 million in SFY2018 and \$153.3 million in SFY2019. Total planned spending reductions are \$200 million in SFY2018 and \$210 million in SFY2019. These initiatives will be brought to the legislature this fall seeking approval of the transformation packages for each area. The decreased need for General Revenue is almost entirely tied to the successful implementation of these savings packages. Should these packages stall or fail to be approved the Department will be forced to reevaluate its General revenue needs and make a supplemental request for the funding needed as a result of lost programmatic savings from these saving initiatives.

Medicaid Operations

In State Fiscal Year (SFY) 2015, Medicaid's fiscal agent, Hewlett Packard (HP), processed more than 44 million claims for more than 12,055 providers on behalf of more than 993,910 Arkansans. HP responded to more than 92,889 voice calls, 90,249 automated calls, nearly 51,998 written inquiries, and conducted over 2,598 provider visits, 36 virtual trainings and 22 workshops around the state.

Medicaid processes 99% of claims within 30 days with the average claim being processed in under 2.6 days. That means on average providers are receiving payments within a week of the claim submissions.

Medicaid is a critical component of health care financing for children and pregnant women. Through ARKids First and other programs, Medicaid insures approximately 501,878 children. In SFY 2014, Medicaid paid for 18,837 of the individuals born in Arkansas, or about 49% of the total births.

The Division of Medical Services is on the cutting edge of discovering efficiencies to improve access to programs while containing program costs. Faced with the challenge of promoting the efficiency of the Medicaid Program, Arkansas Medicaid has improved the access of Medicaid recipients to mainstream private-sector medical care by combining state of the art technology with a self-administered managed-care program

that provides health care innovations to citizens of Arkansas.

Long Term Care

The Office of Long Term Care (OLTC) is the unit of state government responsible for the regulation of long term care facilities in Arkansas. These facilities include Nursing Homes, Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/ID), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, and Assisted Living Facilities (ALF). In total, the OLTC is responsible for regulating 460 facilities, serving in excess of 22,000 disabled Arkansans daily. Regulating facilities includes conducting on-site inspections of facilities (which frequently occurs multiple times in a year), investigations of complaints against facilities, medical need determinations for placement into facilities, and licensure of facilities and facility administrators.

The OLTC also performs criminal record background checks on the employees and applicants of facilities it regulates, and the OLTC is responsible for the administration of the training and certification of Certified Nursing Assistants (CNAs), who are long term care facility caregivers that are employed in long term care facilities and hospital-based facilities.

Implementation of New Laws and Current Innovations

Patient Protection and Affordable Care Act of 2010 (ACA)

The June 28, 2012 ruling by The Supreme Court of the United States (SCOTUS) upheld substantially all of the ACA of 2010. In a five to four decision, the SCOTUS upheld that The US Congress has the authority and power to enact the mandatory federal mandate under its taxation authority. However, in regards to Medicaid expansion in the ACA, States have the right to not expand, effectively delegating that decision to individual States. DMS has included the impact of Medicaid expansion as "Private Option" or Health Care Independence Program as outlined in Act 1496 of 2013 and Act 257 of 2014 in our Biennium Budget for SFYs 2014 and 2015. Beginning January 1, 2017, with CMS approval pending DHS plans to implement the Arkansas Works program directed under ACT 2 of the 2016 2nd Extraordinary Session as a replacement to the Health Care Independence Program. Major changes to the program include encouraging employer based insurance, incentivizing work and work opportunities, promoting personal responsibility and enhancing program integrity.

For reference as a high-level projection, the State elected Medicaid expansion in accordance with the ACA. It is estimated that approximately 272,000 Arkansans would qualify (having incomes equal to or less than 138% of the FPL) through 2021. Total costs for the program are projected to be \$1,630,373,382 in the first year of full enrollment (SFY2017) including costs related to individuals enrolled in the Private Option and those determined to be medically frail who are cared for in the traditional Medicaid program, but are funded at enhanced federal participation rates under the Affordable Care Act. Beginning January 1, 2017 this rate is 95% Federal and 05% State.

Arkansas Payment Improvement Initiative (APII)

In 2011, the Department of Human Services, through its Division of Medical Services (Arkansas Medicaid), undertook creating a statewide initiative to create a more patient-centered health care system. This initiative was conceived and implemented in collaboration with its multipayer partners, Arkansas Blue Cross Blue Shield and QualChoice of Arkansas.

The goals of AHCPII are to improve the health of Arkansans, enhance the patient experience of care, including quality, access and outcome, and reduce, or at least control the cost of health care in Arkansas. These goals are known collectively as the "Triple Aim."

For SFY 2015-16, DMS, through its Health Care Innovation (HCI) team, continued and expanded implementation of Retrospective Episodes of Care (EOC) and Patient Centered Medical Homes (PCMH).

In addition to the initial 14 EOCs currently in production, four (4) more Episodes are being developed for a projected Fall 2016 launch date: Urinary Tract Infection (URI); Appendectomy (Appy); Hysterectomy (Hyst); and Uncomplicated Pediatric Pneumonia that presents in the Emergency Department. Historical data and medical literature are being examined to determine whether two additional Episodes could be considered for a subsequent launch date in 2017.

Medical Homes (PCMH) continue to gain acceptance within and beyond Medicaid. Currently, in the third year of enrollment (2016), 878 out of 1,010 eligible Medicaid PCPs (primary care providers) participate in the PCMH program, or 87% eligible PCPs; this is an increase from the first year's enrollment of 659 PCPs. This level of PCP participation equates to 323,000 Medicaid beneficiaries who are receiving the benefit of their PCP's enrollment in the program.

One benefit of participating in a PCMH is that PCPs are eligible for Shared Savings when certain conditions are met. The first year of PCMH Shared Savings saw 19 PCPs receive payments in excess of \$5 million. Overall, PCMHs helped Arkansas save about \$34 million in Medicaid costs for the 2014 calendar year.

PROGRAM REQUESTS

While understanding there is a limited amount of State dollars available for additional funding levels, the following requests are required to maintain critical programs and provide for the inescapable increases and federal mandates of the Medicaid Program:

Request #1 - Growth: The growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation and which are generally unaffected by DMS policy decisions. For example, in a declining economy, the Medicaid eligible population generally

increases, resulting in an increase in the number of individuals accessing services without any changes in Medicaid policy. Additionally, because Medicaid is an entitlement program, if the number and/or types of services utilized by the eligible population changes, the cost to the Arkansas Medicaid program could increase accordingly. Finally, there is a significant number of facilities that receive reimbursement for services to Medicaid recipients using a cost-based methodology. For these facilities (UAMS, ACH, nursing homes, the State Hospital, etc.), as medical costs continue to climb, so do DMS expenditures. DMS change level requests, which are based on historical cost trends and anticipated socioeconomic conditions, provide for modest growth rate of 5% in most all program categories except for Pharmacy which projects a growth rate of 8.5%. This funding request also includes the Shortfall Other Funding: The SFY 2016 and SFY 2017 Medicaid budget were funded using one-time money and accumulated balances, resulting from the receipt of ARRA funds over SFY 2009-2011, such as the Medicaid Trust Fund in place of additional general revenue. These one-time funds including the Medicaid Trust Fund balance were largely depleted during SFY2014; therefore the amount from the base level is not available for SFY 2018 and SFY 2019.

Request #2 - FMAP Rate Change: This request results from a change in the Federal Medical Assistance Percentage, a projected rate of 70.87% for FFY 2018, and projected rate of 70.87% for FFY 2019. This decrease in federal matching affects almost all Medicaid programs.

Request #3 - Unfunded Appropriation: Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. In addition, unfunded appropriation will allow Arkansas Medicaid to participate in new demonstration grants contained in the Affordable Care Act, as appropriate. This request is for appropriation only.

ADMINISTRATIVE REQUESTS

The Division of Medical Services' (DMS) primary responsibility is the management of the Arkansas Medicaid Program. DMS consists of seven organizational units: (1) Medical Services (2) Pharmacy (3) Office of Long-Term Care (4) Medicaid Management Information (5) Policy, Program & Contract Oversight and Performance (6) Program and Administrative Support and (7) Health Care Innovation. These units set policy and manage funding for the delivery of health services to Medicaid recipients. In addition, the Office of Long Term Care sets policy and monitors the delivery of services in private nursing homes. Collectively, the units of DMS provide program information and monitor program performance to ensure that resources are utilized in the most cost effective and efficient manner.

Request #1 - Restore Pool Positions: The Division of Medical Services requests of nine (9) growth pool positions to support DMS business operations: There are many changes taking place in Medicaid and these positions are needed to support all programs in the division. All positions are necessary in all areas of DMS to meet the challenges of establishing and maintain current and new health initiatives this biennial period.

This request is for positions and unfunded appropriation only.

Request #2 - Restore Positions: DMS requests restoration of thirteen (13) unbudgeted positions. There are many changes taking place in the Medicaid program and these positions may be needed as support positions within some of the new areas necessary to meet the challenges of this biennial period. This will allow the Division the flexibility to fill these positions as they were needed in SFY16 and SFY17.

This request is for positions and unfunded appropriation only.

Request #3 -General Revenue Increase: This request results from accounting for 5% growth rate. Also with the implementation of the new MMIS and Eligibility systems, increased support is needed for the Project Management Office. Administration increase includes the oversight, management and implementation of many new contracts for programs and systems development due to the health care law changes and innovations across Department of Human Services to provide the best service and care to citizens' of Arkansas.

Request #4 - Unfunded Appropriation: Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Request #5-Position Transfer: This request results from the DHS reorganization plan set forth by Director Gillespie. The Department has changed sections and leadership models that necessitate the transfer of positions to be in line with directives.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Administrative Services Division.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Medical Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
AR SPANISH INTERPRETERS & TRANSLATOR	\$2,320		X				
ESYSTEMS INC	\$21,163,680				X		
GODDESS PRODUCTS INC	\$5,929	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>3</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$238,630,905</u>
% OF MINORITY CONTRACTS AWARDED	<u>8.11 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
4KS Nursing Home Quality	842,556	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,000,000	0	1,500,000	0	1,500,000	0	1,000,000	0
642 Medicaid Expansion-Medical Svcs	50,889	1	69,083	1	113,521	2	69,285	1	117,596	2	114,142	2	69,285	1	117,769	2	114,142	2
648 Medicaid Exp-Prescription Drugs	4,009,744	0	4,553,782	0	4,553,782	0	4,553,782	0	4,781,471	0	4,553,782	0	4,553,782	0	5,020,545	0	4,553,782	0
648 Medicaid Exp-Hospital & Medical Services	13,640,024	0	42,510,440	0	62,510,440	0	42,510,440	0	49,635,962	0	42,510,440	0	42,510,440	0	49,742,238	0	42,510,440	0
876 Nursing Home Closure Costs	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
878 Long Term Care Facility Receivership	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
896 Division of Medical Services	26,396,922	331	27,782,170	326	34,124,888	330	27,171,070	317	30,812,832	270	24,313,591	270	27,182,805	317	32,279,182	270	24,321,377	270
897 ARKIDS B Program	79,719,476	0	132,222,020	0	147,323,782	0	132,222,020	0	153,833,121	0	132,222,020	0	132,222,020	0	160,774,777	0	132,222,020	0
897 Hospital & Medical Services	5,101,914,119	0	5,585,140,144	0	6,689,382,816	0	5,585,140,144	0	6,660,893,014	0	6,660,893,014	0	5,585,140,144	0	7,019,281,760	0	7,019,281,760	0
897 Prescription Drugs	451,546,473	0	477,143,960	0	517,370,558	0	477,143,960	0	557,701,197	0	517,701,197	0	477,143,960	0	601,705,798	0	561,705,798	0
897 Private Nursing Home Care	656,024,021	0	683,113,654	0	724,218,533	0	683,113,654	0	713,607,064	0	703,607,064	0	683,113,654	0	734,715,275	0	724,715,275	0
898 Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898 Infant Infirmary	27,794,285	0	27,098,423	0	32,098,423	0	27,098,423	0	33,453,344	0	28,453,344	0	27,098,423	0	34,876,011	0	29,876,011	0
898 Public Nursing Home Care	189,026,009	0	205,112,018	0	264,136,947	0	205,112,018	0	261,265,379	0	211,265,379	0	205,112,018	0	267,603,340	0	217,603,340	0
Total	6,550,964,518	332	7,188,495,694	327	8,479,583,690	332	7,187,884,796	318	8,469,850,980	272	8,328,883,973	272	7,187,896,531	318	8,909,866,695	272	8,760,153,945	272

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	989,635,030	15.1	1,065,241,269	14.8	1,065,111,725	14.8	1,246,227,923	16.4	1,143,690,206	15.1	1,065,112,306	14.8	1,357,687,487	16.9	1,296,300,920	16.2	
Federal Revenue	4000020	5,084,005,699	77.6	5,550,652,002	77.2	5,550,284,606	77.2	5,893,824,408	77.4	5,884,899,970	77.7	5,550,285,986	77.2	6,217,199,276	77.2	6,199,765,792	77.6	
Trust Fund	4000050	48,056,739	0.7	44,331,747	0.6	44,331,747	0.6	44,331,747	0.6	43,831,747	0.6	44,331,747	0.6	44,331,747	0.6	43,831,747	0.5	
Drug Rebates	4000200	52,022,896	0.8	40,859,589	0.6	40,859,589	0.6	40,859,589	0.5	40,859,589	0.5	40,859,589	0.6	40,859,589	0.5	40,859,589	0.5	
General Improvement Fund	4000265	0	0.0	0	0.0	0	0.0	0	0.0	70,000,000	0.9	0	0.0	0	0.0	20,000,000	0.3	
Hospital Assessment Fee	4000281	65,547,399	1.0	77,000,000	1.1	77,000,000	1.1	77,000,000	1.0	77,000,000	1.0	77,000,000	1.1	77,000,000	1.0	77,000,000	1.0	
ICF/MR Provider Fee	4000282	6,547,648	0.1	10,870,062	0.2	10,870,062	0.2	10,870,062	0.1	10,870,062	0.1	10,870,062	0.2	10,870,062	0.1	10,870,062	0.1	
Quality Assurance Fee	4000395	85,783,680	1.3	69,889,227	1.0	69,889,227	1.0	69,889,227	0.9	69,889,227	0.9	69,889,227	1.0	69,889,227	0.9	69,889,227	0.9	
Reimbursement	4000425	0	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	
Tobacco Settlement	4000495	8,077,352	0.1	28,215,911	0.4	28,216,011	0.4	28,527,670	0.4	28,217,738	0.4	28,216,011	0.4	28,763,415	0.4	28,217,825	0.4	
Transfer from Medicaid Match	4000550	4,329,645	0.1	13,764,573	0.2	13,764,573	0.2	13,764,573	0.2	13,764,573	0.2	13,764,573	0.2	13,764,573	0.2	13,764,573	0.2	
Various Program Support	4000730	206,958,430	3.2	287,571,314	4.0	287,457,256	4.0	188,181,741	2.5	188,181,741	2.5	287,467,030	4.0	193,126,413	2.4	193,126,413	2.4	
Total Funds		6,550,964,518	100.0	7,188,495,694	100.0	7,187,884,796	100.0	7,613,576,940	100.0	7,571,304,853	100.0	7,187,896,531	100.0	8,053,591,789	100.0	7,993,726,148	100.0	
Excess Appropriation/(Funding)		0		0		0		856,274,040		757,579,120		0		856,274,906		766,427,797		
Grand Total		6,550,964,518		7,188,495,694		7,187,884,796		8,469,850,980		8,328,883,973		7,187,896,531		8,909,866,695		8,760,153,945		

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
329	295	19	314	15	10.33 %	326	290	26	316	10	11.04 %	331	285	42	327	4	13.90 %

Analysis of Budget Request

Appropriation: 4KS - Nursing Home Quality

Funding Sources: TLT - Long Term Care Trust Fund

The Nursing Home Quality of Life appropriation provides for two (2) new approaches to nursing home care. These approaches are as follows:

- Eden Alternative approach
- Greenhouse Project approach

Both the Eden Alternative and the Greenhouse Project are attempts to create a new model for long-term care facilities that emphasizes a more home style environment over traditional institutional settings. Evidence indicates that residents of facilities operated under either approach perform significantly better than residents of traditional long-term care facilities.

The Eden Alternative approach allows residents choices in their everyday living that are traditionally dictated to the resident by the facility. These choices include, among others, the choice of meals (what is served and when) and the care routine. It also utilizes permanent assignments of caregivers to create familiarity and trust.

The Greenhouse Project approach utilizes Eden Alternative principles, but with a strikingly different physical plant. Greenhouse Project facilities are constructed on the premise that the elders will thrive in a nursing home if it's built to resemble living in one's own house. This means that facilities are built in small, separate units with each unit housing its own kitchen and laundry, and with no more than ten (10) beds - all of which are private rooms. This gives residents more privacy and more control over their lives. Additionally, Greenhouse Project facilities stress resident participation. This is performed in a number of ways. For example:

- Residents are encouraged to participate in meal planning and preparation. The facility is constructed so that residents can both gather around the kitchen and observe or participate in meal preparation. This gives them meaningful experiences and allows a time for interaction between the elders and the staff.
- Residents are encouraged to use their skills and interests for the benefit of other residents. An emphasis is placed on what residents can do rather than just their physical ailments and disabilities.
- The use of "universal" workers. Under this concept, each unit or house is staffed by the same CNAs and nurses who not only perform traditional care, but also perform laundry and meal preparation. This aids in worker retention by varying the duties of the workers. It also allows the workers to better learn the desires and abilities of residents, and to encourage their participation in various aspects of their own care, as if they were home. The staffs are assigned only to one particular unit or house allowing the elders to become better acquainted with their caregivers.

Facilities that adopt the Eden Alternative/Greenhouse Project model are operated at the same cost as traditional facilities. Once a facility has adopted the model, there is no additional cost, making the on going project cost-neutral. The cost of building a facility to meet Greenhouse Project requirements are approximately the same as for a traditional facility.

There are, however, one-time or initial startup costs for training and physical plant changes for existing facilities. In order to encourage the adoption of the Eden Alternative/Greenhouse Project model, the U. S. Department of Health and Human Services' proposed that the Arkansas Department of Human Services utilize some of the funding collected that is associated with the imposition of civil penalties levied on long-term care facilities in the Long-Term Care Trust Fund.

As the licensing and regulatory agency, the Office of Long Term Care believes that encouraging the adoption of these models benefits the State of Arkansas in a number of ways. First, the models provide a higher level of care for residents, at little or no cost to the State. Second, the adoption of these models results in an inarguable increase in the quality of life for residents. Third, adoption of this proposal places Arkansas in a leadership role in remaking the long-term care model, and demonstrates the State's commitment to seeking improvement in long-term care.

Funding for this program is derived from other revenues which are indicated as the Long-Term Care Trust Fund. This fund consists of all moneys and interest received from the imposition of civil penalties levied by the state on long-term care facilities found to be out of compliance with the requirements of federal or state law or regulations. Under this appropriation, funds are targeted for Eden Alternative/Greenhouse Project related grants to facilities. The funding would be provided by grants for:

- Eden Alternative Associate Training to providers; and
- Greenhouse Project development for new construction of facilities.

The Agency Base Level and total request for this appropriation is \$1,500,000 each year of the biennium.

The Executive Recommendation is to reduce the appropriation to \$1,000,000 each year of the biennium.

Appropriation Summary

Appropriation: 4KS - Nursing Home Quality

Funding Sources: TLT - Long Term Care Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	842,556	1,500,000	1,500,000	1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000
Total	842,556	1,500,000	1,500,000	1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000
Funding Sources									
Trust Fund 4000050	842,556	1,500,000		1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000
Total Funding	842,556	1,500,000		1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	842,556	1,500,000		1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000

Change Level by Appropriation

Appropriation: 4KS - Nursing Home Quality
Funding Sources: TLT - Long Term Care Trust Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0
C03	Discontinue Program	(500,000)	0	1,000,000	66.7	(500,000)	0	1,000,000	66.7

Analysis of Budget Request

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

The Medicaid Expansion Program provides appropriation for the administration component of the Medicaid Expansion Program established by Initiated Act 1 of 2000 for the Division of Medical Services. The expanded Medicaid programs are as follows:

1. Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001);
2. Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001);
3. Expansion of non-institutional coverage and benefits to adults aged 65 and over. Referred to as ARSeniors, this program extends full Medicaid benefits to adults age 65 and over who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002);

Funding for this appropriation is derived from tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

Base Level:

The Agency Base Level Request for this appropriation is \$69,285 with 1 budgeted position for each year of the biennium.

Change Level:

The Agency Change Level Request is \$48,311 in FY2018 and \$51,736 in FY2019, and reflects the following:

- Restore Unfunded Position (1): Regular Salaries and Personal Services Matching of \$44,857 each year of the biennium.
- Operating Expenses of \$3,454 in FY2018 and \$6,879 in FY2019.

The Executive Recommendation provides for the Agency Request with the exception of \$3,454 in FY2018 and \$6,879 in FY2019 in Operating Expenses.

Appropriation Summary

Appropriation: 642 - DHS Medicaid Expansion Program
Funding Sources: PTA - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	34,934	40,396	69,476	40,396	72,645	72,645	40,396	72,645	72,645
#Positions		1	1	2	1	2	2	1	2	2
Personal Services Matching	5010003	12,918	14,318	26,227	14,520	27,128	27,128	14,520	27,128	27,128
Operating Expenses	5020002	2,320	12,369	15,818	12,369	15,823	12,369	12,369	15,996	12,369
Conference & Travel Expenses	5050009	717	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		50,889	69,083	113,521	69,285	117,596	114,142	69,285	117,769	114,142
Funding Sources										
Federal Revenue	4000020	25,348	34,541		34,643	36,370	36,370	34,643	36,456	36,456
Tobacco Settlement	4000495	25,541	34,542		34,642	36,369	36,369	34,642	36,456	36,456
Total Funding		50,889	69,083		69,285	72,739	72,739	69,285	72,912	72,912
Excess Appropriation/(Funding)		0	0		0	44,857	41,403	0	44,857	41,230
Grand Total		50,889	69,083		69,285	117,596	114,142	69,285	117,769	114,142

Change Level by Appropriation

Appropriation: 642 - DHS Medicaid Expansion Program
Funding Sources: PTA - Medicaid Expansion Program Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	69,285	1	69,285	100.0	69,285	1	69,285	100.0
C01	Existing Program	3,454	0	72,739	105.0	3,627	0	72,912	105.2
C05	Unfunded Appropriation	44,857	1	117,596	169.7	44,857	1	117,769	170.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	69,285	1	69,285	100.0	69,285	1	69,285	100.0
C01	Existing Program	0	0	69,285	100.0	0	0	69,285	100.0
C05	Unfunded Appropriation	44,857	1	114,142	164.7	44,857	1	114,142	164.7

Justification

C01	"Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019. "
C05	The Division of Medical Services request the restoration of one (1) unbudgeted position. There are many changes taking place in the Medicaid program and these positions have been utilized and are needed as support positions. All positions are necessary in all areas of DMS to meet the challenges of this biennial period. The Division of Medical Services request the restoration of one (1) unbudgeted position. There are many changes taking place in the Medicaid program and these positions have been utilized and are needed as support positions. All positions are necessary in all areas of DMS to meet the challenges of this biennial period.

Analysis of Budget Request

Appropriation: 648 - Tobacco-Delay Draw-Paying

Funding Sources: PTD - Medicaid Expansion Program Account

Medicaid Expansion Program - Prescription Drugs referenced on page 165

The Medicaid Expansion Program - Prescription Drugs provides appropriation for the prescription drugs component of the Medicaid Expansion Program established by Initiated Act 1 of 2000. This appropriation is funded through tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Base Level request for this appropriation is \$4,553,782 each year of the biennium.

The Agency Change Level request for this appropriation is \$227,689 in FY2018 and \$634,114 in FY2019. This request is to meet demands due to program growth.

The Executive Recommendation provides for Base Level.

Medicaid Expansion Program - Hospital and Medical Services referenced on page 166

The Medicaid Expansion Program - Hospital and Medical Services provides appropriation for the Hospital/Medical component of the Medicaid Expansion Program established by Initiated Act 1 of 2000. This appropriation is funded through tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Base Level request for this appropriation is \$42,510,440 each year of the biennium.

The Agency Change Level request for this appropriation is \$7,125,522 in FY2018 and \$8,464,601 in FY2019.

- \$2,125,522 in FY2018 and \$3,464,601 in FY2019 to meet demands due to program growth.
- Unfunded Appropriation of \$5,000,000 for each year in the biennium to respond to federal and state mandates to the extent funds are available.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 648 - Tobacco-Delay Draw-Paying - Prescription Drugs

Funding Sources: PTD - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Medicaid Exp-Prescrip Drugs 5100004	4,009,744	4,553,782	4,553,782	4,553,782	4,781,471	4,553,782	4,553,782	5,020,545	4,553,782
Total	4,009,744	4,553,782	4,553,782	4,553,782	4,781,471	4,553,782	4,553,782	5,020,545	4,553,782
Funding Sources									
Federal Revenue 4000020	53,870	69,690		69,690	200,000	69,690	69,690	511,541	69,690
Tobacco Settlement 4000495	3,955,874	4,484,092		4,484,092	4,581,471	4,484,092	4,484,092	4,509,004	4,484,092
Total Funding	4,009,744	4,553,782		4,553,782	4,781,471	4,553,782	4,553,782	5,020,545	4,553,782
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	4,009,744	4,553,782		4,553,782	4,781,471	4,553,782	4,553,782	5,020,545	4,553,782

Appropriation Summary

Appropriation: 648 - Tobacco-Delay Draw-Paying - Hospital/Medical Services

Funding Sources: PTD - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Medicaid Exp-Hosp/Med Svcs 5100004	13,640,024	42,510,440	62,510,440	42,510,440	49,635,962	42,510,440	42,510,440	49,742,238	42,510,440
Total	13,640,024	42,510,440	62,510,440	42,510,440	49,635,962	42,510,440	42,510,440	49,742,238	42,510,440
Funding Sources									
Federal Revenue 4000020	9,544,087	29,625,526		29,625,526	31,538,495	29,625,526	29,625,526	31,336,646	29,625,526
Tobacco Settlement 4000495	4,095,937	12,884,914		12,884,914	13,097,467	12,884,914	12,884,914	13,405,592	12,884,914
Total Funding	13,640,024	42,510,440		42,510,440	44,635,962	42,510,440	42,510,440	44,742,238	42,510,440
Excess Appropriation/(Funding)	0	0		0	5,000,000	0	0	5,000,000	0
Grand Total	13,640,024	42,510,440		42,510,440	49,635,962	42,510,440	42,510,440	49,742,238	42,510,440

Change Level by Appropriation

Appropriation: 648 - Tobacco-Delay Draw-Paying
Funding Sources: PTD - Medicaid Expansion Program Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,553,782	0	4,553,782	100.0	4,553,782	0	4,553,782	100.0
C01	Existing Program	227,689	0	4,781,471	105.0	466,763	0	5,020,545	110.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,553,782	0	4,553,782	100.0	4,553,782	0	4,553,782	100.0
C01	Existing Program	0	0	4,553,782	100.0	0	0	4,553,782	100.0

Justification

C01	<p>Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.</p> <p>""Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.</p> <p>"</p>
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Change Level by Appropriation

Appropriation: 648 - Tobacco-Delay Draw-Paying
Funding Sources: PTD - Medicaid Expansion Program Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	42,510,440	0	42,510,440	100.0	42,510,440	0	42,510,440	100.0
C01	Existing Program	2,125,522	0	44,635,962	105.0	2,231,798	0	44,742,238	105.2
C05	Unfunded Appropriation	5,000,000	0	49,635,962	116.8	5,000,000	0	49,742,238	117.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	42,510,440	0	42,510,440	100.0	42,510,440	0	42,510,440	100.0
C01	Existing Program	0	0	42,510,440	100.0	0	0	42,510,440	100.0
C05	Unfunded Appropriation	0	0	42,510,440	100.0	0	0	42,510,440	100.0

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 69.67% for SFY 2018 and 69.67% for SFY 2019. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Analysis of Budget Request

Appropriation: 876 - Nursing Home Closure Costs

Funding Sources: TLT - Long Term Care Trust Fund

Nursing Home Closure Costs appropriation is available in the event the Division of Medical Services finds it necessary to take over the operation of a nursing home in an emergency situation. The purpose of any take-over would be for the protection of the health or property of residents of long-term care facilities, including, but not limited to, the payment for the costs of relocation of residents to other facilities, maintenance and operation of a facility pending correction of deficiencies or closure, and reimbursement of residents for personal funds lost.

Funding for this appropriation is derived from other revenues which are indicated as the Long-Term Care Trust Fund. This fund consists of all moneys and interest received from the imposition of civil penalties levied by the state on long-term care facilities found to be out of compliance with the requirements of federal or state law or regulations.

The Agency Base Level and total request for this appropriation is \$50,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 876 - Nursing Home Closure Costs

Funding Sources: TLT - Long Term Care Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses 5900046	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Funding Sources									
Trust Fund 4000050	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000

Analysis of Budget Request

Appropriation: 878 - Long Term Care Facility Receivership

Funding Sources: DLT - Long Term Care Facility Receivership Fund

As authorized by Arkansas Code Annotated §20-10-901 et seq., the Long Term Care Facility Receivership appropriation is used to pay the expenses of receivers appointed, if a nursing home is placed in receivership. Payment may not be made from this account until a court of law has found that a nursing home has insufficient funds to pay a receiver after all other operating expenses of the facility have been paid. The funding for this appropriation is from reimbursement at the beginning of a biennium from the general revenue fund account of the state apportionment fund prior to the distribution of revenue stabilization law with a maximum amount of one hundred thousand dollars (\$100,000).

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 878 - Long Term Care Facility Receivership

Funding Sources: DLT - Long Term Care Facility Receivership Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses 5900046	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Funding Sources									
Reimbursement 4000425	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	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
Grand Total	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

Act 348 of 1985 authorized the reorganization of the Department of Human Services. As part of this reorganization, the Division of Social Services became the Division of Economic and Medical Services. Act 164 of 1995 eliminated the Division of Economic and Medical Services, creating the Division of Medical Services, while functions at the county level were assigned to the Division of County Operations (formerly the Division of Program Operations). The Division of Medical Services' primary responsibility is management of the Arkansas Medicaid program, which was created by the passage of Title XIX of the Social Security Act of 1965, with Arkansas implementing the program on January 1, 1970.

Medicaid enables states to furnish:

- Medical assistance to those who have insufficient income and resources to meet the costs of necessary medical services.
- Rehabilitation and other services to help these families and individuals become or remain independent and able to care for themselves.

Each state has some sort of Medicaid program to meet the federal mandates and requirements as laid out in Title XIX. Arkansas, however, established a medical care program 26 years before passage of the federal laws requiring health care for the needy: Section 7 of Act 280 of 1939 and Act 416 of 1977 authorized the State of Arkansas to establish and maintain a medical care program for the indigent and vested responsibility for regulating and administering the program in the Arkansas Department of Human Services. This program receives federal grants under Title XIX. Thus Arkansas Medicaid is a joint federal and state program that provides necessary medical services to eligible persons who are not able to pay for such services. Individuals are certified as eligible for Medicaid services through the state's county Human Services Offices or District Social Security Offices. The Social Security Administration automatically sends SSI recipient information to DHS.

The Arkansas Medicaid Program is divided into three (3) forms of services:

1. Services Mandated by the Federal Government
2. Optional Services Chosen by Arkansas
3. Waivers Approved by the Centers for Medicare and Medicaid Services (CMS)

These services are as follows:

Services Mandated by the Federal Government:

- Child Health Services - Early and Periodic Screening, Diagnosis and Treatment (EPSDT) (Under Age 21)
- Family Planning Services and Supplies (All Ages)
- Federally Qualified Health Center (FQHC) (All Ages)
- Home Health Services (All Ages)

- Hospital Services - Inpatient and Outpatient (All Ages)
- Laboratory and X-Ray (All Ages)
- Certified Nurse-Midwife Services (All Ages)
- Medical and Surgical Services of a Dentist (All Ages)
- Nurse Practitioner (Pediatric, Family, Obstetric-Gynecologic and Gerontological) (All Ages)
- Nursing Facility Services (Age 21 and Older)
- Physician Services (All Ages)
- Rural Health Clinic (RHC) (All Ages)
- Transportation (to and from medical providers when medically necessary) (All Ages)

Optional Services Chosen by Arkansas:

- Ambulatory Surgical Center Services (All Ages)
- Audiological Services (Under Age 21)
- Certified Registered Nurse Anesthetist (CRNA) Services (All Ages)
- Child Health Management Services (CHMS) (Under Age 21)
- Chiropractic Services (All Ages)
- Dental Services (All Ages)
- Developmental Day Treatment Clinic Services (DDTCS) (Preschool and Age 18 and Older)
- Developmental Rehabilitation Services (Under Age 3)
- Domiciliary Care Services (All Ages)
- Durable Medical Equipment (DME) (All Ages)
- End-Stage Renal Disease (ESRD) Facility Services (All Ages)
- Hearing Aid Services (Under Age 21)
- Hospice Services (All Ages)
- Hyperalimentation Services (All Ages)
- Independent Choices (Age 18 and Older)
- Inpatient Psychiatric Services (Under Age 21)
- Intermediate Care Facility (ICF) Services (All Ages)
- Licensed Mental Health Practitioner Services (Under Age 21)
- Medical Supplies (All Ages)
- Medicare Crossovers (All Ages)
- Nursing Facility Services (Under Age 21)
- Occupational, Physical, Speech Therapy Services (Under Age 21)
- Orthotic Appliances (All Ages)
- PACE (Program of All-Inclusive Care for the Elderly) (Age 55 and Older)
- Personal Care Services (All Ages)

- Podiatrist Services (All Ages)
- Portable X-Ray (All Ages)
- Prescription Drugs (All Ages)
- Private Duty Nursing Services (All Ages)
- Prosthetic Devices (All Ages)
- Rehabilitative Hospital Services (All Ages)
- Rehabilitative Services for:
 - Persons with Mental Illness (RSPMI) (All Ages)
 - Persons with Physical Disabilities (RSPD) and Youth and Children (Under Age 21)
- Respiratory Care Services (Under Age 21)
- School-Based Mental Health Services (Under Age 21)
- Targeted Case Management:
 - Children's Services (Title V), SSI, TEFRA, EPSDT, Division of Children and Family Services and Division of Youth Services (Under Age 21)
 - Beneficiaries with a Developmental Disability (All Ages)
 - Adults (Age 60 and Older)
 - Pregnant Women (All Ages)
- Tuberculosis Services (All Ages)
- Ventilator Equipment (All Ages)
- Visual Care Services (All Ages)

Waivers Approved by the Centers for Medicare and Medicaid Services (CMS):

- Alternatives for Adults with Physical Disabilities (Age 21-64)
- ARKids B (Age 18 and Under)
- Autism (Age 18 months-6 years)
- Developmental Disabilities Services (DDS- Alternative Community Services) (All Ages)
- ElderChoices (Age 65 and Older)
- Living Choices (Assisted Living) (Age 21 and Older)
- Non-Emergency Transportation (All Ages)
- Tax Equity Fiscal Responsibility Act of 1982 (TEFRA) (Under Age 21)
- Women's Health (Family Planning) (All Ages)

The Arkansas Medicaid Program does have limitations on the services that are provided. The major benefit limitations on services for adults (age 21 and older) are as follows:

- Twelve visits to hospital outpatient departments allowed per state fiscal year.
- A total of twelve office visits allowed per state fiscal year for any combination of the following: certified nurse midwife, nurse practitioner,

- physician, medical services provided by a dentist, medical services furnished by an optometrist, and Rural Health Clinics.
- One basic family planning visit and three (3) periodic family planning visits per state fiscal year. Family planning visits are not counted toward other service limitations.
 - Lab and x-ray services limited to total benefit payment of \$500 per state fiscal year, except for EPSDT beneficiaries.
 - Three pharmaceutical prescriptions are allowed per month (family planning and tobacco cessation prescriptions are not counted against benefit limit; unlimited prescriptions for nursing facility beneficiaries and EPSDT beneficiaries under age 21). Extensions will be considered up to a maximum of six (6) prescriptions per month for beneficiaries at risk of institutionalization. Beneficiaries receiving services through the Assisted Living waiver may receive up to nine (9) medically necessary prescriptions per month. Medicare-Medicaid beneficiaries (dual eligibles) receive their drugs through the Medicare Part D program as of January 1, 2006.
 - Inpatient hospital days limited to 24 per state fiscal year, except for EPSDT beneficiaries and certain organ transplant patients.
 - Co-insurance: Some beneficiaries must pay 10% of first Medicaid covered day of hospital stay.
 - Beneficiaries in the Working Disabled aid category must pay 25% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some additional services.
 - Some beneficiaries must pay \$.50 - \$3 of every prescription, and \$2 on the dispensing fee for prescription services for eyeglasses. Beneficiaries in the Working Disabled aid category must pay a higher co-payment for these services and also must pay co-payments for some additional services.

Additional Information for limitations relating to children:

- The families of some children are responsible for co-insurance, co-payments, or premiums.
- Co-insurance: ARKids B beneficiaries must pay 10% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some outpatient and DME services.
- Co-Pay: ARKids B beneficiaries must pay a co-payment for most services; for example \$10.00 for most office visits and \$5.00 for most prescription drugs (and must use generic drugs and manufacturer rebates, if available). ARKids B beneficiaries annual cost-sharing is capped at 5% of the family's gross annual income.
- Premiums: Based on family income certain TEFRA beneficiaries must pay a premium. TEFRA families whose income is at or below 150% of the Federal Poverty level cannot be assessed a premium.

Any and all exceptions to benefit limits are based on medical necessity.

The Division consists of the Director's Office and eight (8) distinct organizational units:

Program and Provider Management: The Office of Program and Provider Management includes the following operations: Provider & Member Relations, Dental, Visual and EPSDT, Behavioral Health and Utilization Review. The Provider and Member Relations, Dental, Visual and EPSDT section administers the Dental, Visual and Child Health Services (EPSDT) Medicaid programs and oversees the non-emergency transportation program, Medicaid Managed Care Systems and ConnectCare programs. This section also assists providers and beneficiaries in resolving matters related to billing and coverage. The Utilization Review section develops healthcare policies based on recognized standards of care, current healthcare initiatives and participation from community stakeholders to ensure adequate coverage benefits for Medicaid

beneficiaries. Utilization review monitors the quality and medical necessity of services delivered by Medicaid health care providers. In addition this section is responsible for the prior authorization of medically necessary services such as transplants, extension of benefits, prosthetics, hearing aids, hyperalimentation services and out of state transportation.

Medicaid Information Management: The Office of Medicaid Information Management is responsible for administering the Medicaid Management Information System (MMIS) which processes all Medicaid claims. The MMIS Systems and Support Unit procures and administers the contracted fiscal agent that operates the MMIS. This Unit also monitors the fiscal agent's contract compliance, performs quality assurance reviews on how the MMIS operates, manages requests for modifications to the MMIS, develops enhancements to the MMIS, and develops and produces reports from the Medicaid data warehouse.

Long Term Care: The Office of Long Term Care (OLTC) is the unit of state government responsible for the regulation of long term care facilities in Arkansas. These facilities include Nursing Homes, Intermediate Care Facilities for the Mentally Retarded (ICF/MR), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, Assisted Living Facilities (ALF) and Psychiatric Residential Treatment Facilities (PRTF). This regulation of facilities includes conducting on-site inspections of facilities, investigations of complaints against facilities, medical need determinations for placement into facilities, and licensure of facilities and facility administrators. In addition, the Office of Long Term Care administers a criminal record background check on the employees and applicants and of facilities the Office regulates, and the Office is responsible for the administration of the training and certification of Certified Nursing Assistance (CNAs), who are long-term care facility caregivers that are employed in long term care facilities and hospital-based facilities. The Office of Long Term Care includes the following operations: Quality Assurance & Support, Survey & Certification, Special Programs, Abuse & Neglect, and State Regulated Facilities.

Program and Administrative Support: The Office of Program and Administrative Support includes the following operations: Financial Activities, Provider Reimbursement and Third Party Liability. The Financial Activities unit performs such functions as program and operational budgeting, expenditure monitoring and evaluation, federal and state reporting, and administrative support such as personnel management, contract issuance and management, requests for proposals, and the preparation of interagency agreements. The Provider Reimbursement unit is responsible for maintaining rate files, establishing and administering methodologies for provider reimbursements, including cost reports and cost settlements, and financial aspects of the Office of Long Term Care such as budgeting, reimbursement, and audits of provider cost reports. The Third Party Liability area is responsible for implementing cost-avoidance procedures to prevent the payment of Medicaid monies when other (third) parties such as private insurance companies should pay the claim. In addition, in those instances where cost-avoidance is not successful, the Third Party Liability unit is responsible for pursuing recoupment of Medicaid monies.

Pharmacy: The Pharmacy Office is responsible for assuring that medically necessary pharmaceutical therapy is provided to Arkansas Medicaid recipients. It seeks to deliver these services cost effectively while complying with all state and federal requirements. The OBRA 90 statute requires states to cover all outpatient drugs by a manufacturer who signs a rebate agreement with the Centers for Medicare / Medicaid (CMS) as well as to establish a Drug Utilization Review (DUR) Board which is under the direction of the Pharmacy Office. The Office researches clinical data, develops the clinical criteria and edits for various drugs and drug classes, then works directly with the state's fiscal agent to apply the criteria and edits within the software, is the project manager for the stated evidenced-based prescription drug program, researches and reviews claims information to assist providers, beneficiaries and interested parties and researches exception criteria to assist

physicians.

Policy, Program and Contract Oversight: The Policy, Program and Contract Oversight consists of three units. The Program Planning and Development (PPD) unit develops and maintains the Medicaid State Plan and the State's Child Health Insurance Program Plan, both required by CMS. This Unit develops and maintains fifty-seven (57) different Medicaid provider policy manuals, which include information on covered services, benefit limits, prior approvals, and billing procedures. The Waiver Quality Assurance unit is responsible for monitoring operation of the Medicaid waiver programs. The Waiver QA unit assures compliance with CMS requirements for operating the waivers through case reviews, data analysis, technical assistance to operating agencies, communication and coordination with CMS, developing new waivers and amendments to existing waivers, and developing QA strategies and interagency agreements for the waivers. The Contract Oversight unit is responsible for assisting program and contract staff in developing performance indicators for contracts and monitoring the performance of all Division of Medical Services contractors.

Healthcare Innovation: The Health Care Innovation Unit is responsible for directing the operations and activities to redesign the Medicaid payment and service delivery systems by working with multi-payers, staff, and contractors to design and deliver episodes of care for acute conditions; implement new models of population based health for chronic conditions; develop and coordinate infrastructure requirements; and facilitate stakeholder, provider and patient engagement. Arkansas Medicaid is creating a patient-centered health care system that embraces the triple aim: (1) improving the health of the population; (2) enhancing the patient experience of care, including quality, access, and reliability; and (3) reducing, or at least controlling, the cost of health care. This will be accomplished by transforming the vast majority of care and payment from a fee for service models to models that reward and support providers for delivering improved outcomes and high quality, cost effective care.

Coordination of Coverage: The Coordination of Coverage Unit is responsible for coordinating any DMS efforts in the implementation of the Affordable Care Act, identifying potential improvement in the Medicaid consumer experience, and ongoing coordination of coverage for Medicaid recipients as they move in and out of Medicaid and other health insurance plans through the upcoming health insurance exchange. In addition, this new team will participate in other Medicaid changes, and will coordinate with all areas within DMS, several other DHS Divisions, and other State agencies.

The Agency is funded through general revenue (DEM - Medical Services Fund Account), federal and other revenues. Federal revenue is provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as various program support are derived from Third Party Liability Recovery, Nurse Aide Training and Long-Term Care Licensure Fees.

Base Level:

The Agency Base Level Request for this appropriation is \$27,171,070 in FY2018 and \$27,182,805 in FY2019 with \$7,067,957 in FY2018 and \$7,068,538 in FY2019 in general revenue funding and 317 budgeted base level positions.

Change Level:

The Agency Change Level Request is \$3,641,762 in FY2018 and \$5,096,377 in FY2019 with \$3,028,073 in FY2018 and (\$553,668) in FY2019 in general revenue funding and a reduction of (47) positions, and reflects the following:

- Discontinue Position (1): Regular Salaries and Personal Services Matching of (\$36,238) each year of the biennium.
- Transfer Positions Out (67): Regular Salaries and Personal Services Matching of (\$4,391,377) in FY2018 and (\$4,396,192) in FY2019 to support agency reorganization.
- Restore Unfunded Positions 12: Regular Salaries and Personal Services Matching of \$1,119,051 in FY2018 and \$1,119,917 in FY2019 to take care of the many changes taking place in the Medicaid program.
- Restore Pool Positions 9: Regular Salaries and Personal Services Matching of \$695,768 each year of the biennium needed to take care of the many changes taking place in the Medicaid program.
- Extra Help of \$110,132 for each year of the biennium.
- Operating Expenses of \$6,154,856 in FY2018 and \$7,613,420 in FY2019 which includes a transfer out of (\$234,253) each year of the biennium to support agency reorganization and an increase of \$1,389,109 for FY2018 and \$2,847,673 for FY2019 for growth. Additional Unfunded Appropriation of \$5,000,000 each year of the biennium to respond to federal and state mandates to the extent funds are available.
- Conference Fees and Travel of (\$10,430) for each year of the biennium to support agency reorganization.

The Executive Recommendation provides for the Agency Request in appropriation and funding with the exception of the following:

- Extra Help of \$110,132 for each year of the biennium.
- Operating Expenses increase of \$6,389,109 for FY2018 and \$7,847,673 for FY2019.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	15,613,089	15,569,802	16,603,442	15,048,530	13,116,696	13,116,696	15,058,030	13,122,996	13,122,996
#Positions		331	326	330	317	270	270	317	270	270
Extra Help	5010001	73,068	201,892	201,892	201,892	312,024	201,892	201,892	312,024	201,892
#Extra Help		7	8	8	8	8	8	8	8	8
Personal Services Matching	5010003	5,182,420	5,237,732	5,555,974	5,147,904	4,466,942	4,466,942	5,150,139	4,468,428	4,468,428
Overtime	5010006	9	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,977,629	4,279,284	8,270,120	4,279,284	10,434,140	4,045,031	4,279,284	11,892,704	4,045,031
Conference & Travel Expenses	5050009	136,919	233,728	233,728	233,728	223,298	223,298	233,728	223,298	223,298
Professional Fees	5060010	433,626	755,132	755,132	755,132	755,132	755,132	755,132	755,132	755,132
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	90,508	0	0	0	0	0	0	0	0
Professional Admin Fee	5900044	889,654	1,499,600	2,499,600	1,499,600	1,499,600	1,499,600	1,499,600	1,499,600	1,499,600
Total		26,396,922	27,782,170	34,124,888	27,171,070	30,812,832	24,313,591	27,182,805	32,279,182	24,321,377
Funding Sources										
General Revenue	4000010	7,197,500	7,197,500		7,067,957	10,096,030	10,096,030	7,068,538	6,514,870	6,514,870
Federal Revenue	4000020	17,488,478	17,147,678		16,780,179	11,431,097	11,161,039	16,781,559	16,029,705	14,301,949
Various Program Support	4000730	1,710,944	3,436,992		3,322,934	3,056,522	3,056,522	3,332,708	3,504,558	3,504,558
Total Funding		26,396,922	27,782,170		27,171,070	24,583,649	24,313,591	27,182,805	26,049,133	24,321,377
Excess Appropriation/(Funding)		0	0		0	6,229,183	0	0	6,230,049	0
Grand Total		26,396,922	27,782,170		27,171,070	30,812,832	24,313,591	27,182,805	32,279,182	24,321,377

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	27,171,070	317	27,171,070	100.0	27,182,805	317	27,182,805	100.0
C01	Existing Program	1,389,109	0	28,560,179	105.1	2,847,673	0	30,030,478	110.5
C03	Discontinue Program	(36,238)	(1)	28,523,941	105.0	(36,238)	(1)	29,994,240	110.3
C04	Reallocation	(244,683)	0	28,279,258	104.1	(244,683)	0	29,749,557	109.4
C05	Unfunded Appropriation	6,229,183	12	34,508,441	127.0	6,230,049	12	35,979,606	132.4
C06	Restore Position/Approp	695,768	9	35,204,209	129.6	695,768	9	36,675,374	134.9
C07	Agency Transfer	(4,391,377)	(67)	30,812,832	113.4	(4,396,192)	(67)	32,279,182	118.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	27,171,070	317	27,171,070	100.0	27,182,805	317	27,182,805	100.0
C01	Existing Program	0	0	27,171,070	100.0	0	0	27,182,805	100.0
C03	Discontinue Program	(36,238)	(1)	27,134,832	99.9	(36,238)	(1)	27,146,567	99.9
C04	Reallocation	(244,683)	0	26,890,149	99.0	(244,683)	0	26,901,884	99.0
C05	Unfunded Appropriation	1,119,051	12	28,009,200	103.1	1,119,917	12	28,021,801	103.1
C06	Restore Position/Approp	695,768	9	28,704,968	105.6	695,768	9	28,717,569	105.6
C07	Agency Transfer	(4,391,377)	(67)	24,313,591	89.5	(4,396,192)	(67)	24,321,377	89.5

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
C03	Transfer position back to DFA, no longer needed.
C04	Transfer travel and operational budget to Shared Services to support the transfer of positions.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only. The Division of Medical Services request the restoration of twelve (12) unbudgeted positions. There are many changes taking place in the Medicaid program and these positions have been utilized and are needed as support positions. All positions are necessary in all areas of DMS to meet the challenges of this biennial period.
C06	The Division of Medical Services request the restoration of nine (9) Pool positions. These were requested and granted in last FY and are still needed to take care of the many changes taking place in the Medicaid program. All positions are necessary in all areas of DMS to meet the challenges of this biennial period.
C07	Transfer of 67 positions (salaries and personnel matching) to realign with DHS new reorganizational chart, mission and directives.

Analysis of Budget Request

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants Paying

Private Nursing Home Care Appropriation referenced on page 186

The Private Nursing Home Care appropriation pays expenses for individuals who reside in nursing homes and are eligible to receive Medicaid Benefits. The residents in nursing home facilities have chronic medical needs. The referring physician must certify medical need with documented evidence of why services are needed in order for a person to be admitted and remain in a nursing home. Each Medicaid certified nursing facility evaluates each nursing home applicant's need for nursing home services. A thorough and complete evaluation must be conducted to ensure that individuals who do not require nursing home services are not admitted to nursing facilities. For Medicaid eligible recipients, the Office of Long Term Care cannot guarantee Medicaid reimbursement for any applicant admitted prior to approval by the Office of Long Term Care Medical Needs Determination section. No applicant with diagnoses or other indicators of mental illness, mental retardation, or developmental disabilities may be admitted to nursing home care prior to evaluation and approval by the Office of Long Term Care.

In general, nursing homes provide total care for their residents--meeting needs from social to dietary to medical. They are staffed by licensed nurses and certified nursing assistants. Nursing homes accept a variety of payment methods, such as private pay (which includes insurance), Medicaid, and Medicare. No age requirement applies to nursing home placements.

In addition to the provider payments noted above, Act 689 of 1987 created the Long-Term Care Aide Training program. Under this Act, the Office of Long Term Care was required to establish a training program to be completed by all aides in long term care facilities who provide personal care to residents. This program consists of 75 hours of training and is payable from the Private Nursing Home Care appropriation.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, various program support which can include nursing home administration fees and Medicaid match, miscellaneous transfers derived from Arkansas Code Annotated §17-24-305(b)(1)(A), and the Medicaid Trust Fund. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$683,113,654 each year of the biennium with general revenue of \$139,044,877.

The Agency Change Level request for this appropriation is \$30,493,410 in FY2018 and \$51,601,621 in FY2019 with general revenue request of (\$50,550) in FY2018 and \$4,057,811 in FY2019. The following delineates the agency request:

- \$20,493,410 in FY2018 and \$41,601,621 in FY2019 for growth.

\$10,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request on the growth, but not the unfunded appropriation.

Prescription Drugs Appropriation referenced on page 187

The Prescription Drugs appropriation is an optional Medicaid service chosen by Arkansas. The program allows eligible recipients to obtain prescription medication through participating pharmacies in Arkansas. Reimbursement for the program is based on the drug cost and the fee for dispensing pharmaceuticals. The Omnibus Budget Reconciliation Act of 1990 authorized rebates from pharmaceutical manufacturers. The federal share is returned and the amount retained by the state is calculated based upon the state matching rate for Medicaid.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as drug rebates, the Medicaid Trust Fund, and various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$477,143,960 each year of the biennium with general revenue of \$116,078,745.

The Agency Change Level request for this appropriation is \$80,557,237 in FY2018 and \$124,561,838 in FY2019 with general revenue reduction request of (\$4,630,642) in FY2016 and an increase of \$6,686,565 in FY2019. The following delineates the agency request:

- \$40,557,237 in FY2018 and \$84,561,838 in FY2019 for growth.
- \$40,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request on the growth, but not the unfunded appropriation.

Hospital and Medical Services Appropriation referenced on page 188

The Hospital and Medical Services appropriation is one of several federally supported and state administered assistance programs within the Medicaid program and consists of many services including inpatient and outpatient hospital, community mental health centers, community health centers, rural health clinics, home health, private duty nursing, personal care, hospice, practitioners such as physicians, dentists, audiologist, psychologist, speech, occupational and physical therapists, maternity clinics, family planning, laboratory and x-ray services, case management, transportation and Early and Periodic Screening, Diagnosis and Treatment (EPSDT) for children under 21 years of age which is the Child Health Services Program. Waiver services are also included in this appropriation. Waiver services are those that the Centers for Medicare and Medicaid Services have waived traditional provisions of the Medicaid regulations and allow deviations in how and where the services are provided and include programs such as Elderchoices, DDS-Non-institutional Waiver and Adults with Physical Disabilities.

Payments are made directly to providers for services for individuals who are eligible for Medicaid services. The State establishes reimbursement rates and the methodology for rate setting. However, the Centers for Medicare and Medicaid Services must approve the state's policy(ies) and regulations in order for the State to be in compliance with guidelines established in federal law.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as Medicaid Trust Fund, intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, hospital assessment fee per Act 562 of 2009 (as amended per Act 19 of 2011), and as various program support which can include matching funds from UAMS (from general revenue), Department of Education (from cash funds), Arkansas Children's Hospital, DHS Divisions (from general revenue) for services such as Therapies, Transportation, Waiver services, UPL-Upper Payment Limit match, DSH-Disproportionate Share Hospital payments, etc. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$5,585,140,144 each year of the biennium with general revenue of \$792,162,845.

The Agency Change Level request for this appropriation is \$1,075,752,870 in FY2018 and \$1,434,141,616 in FY2019 with general revenue request of \$182,927,053 in FY2018 and \$280,676,723 in FY2019. The following delineates the agency request:

- \$404,752,870 in FY2018 and \$765,841,616 in FY2019 for growth.
- (\$54,000,000) in FY2018 and (\$56,700,000) in FY2019 during the biennium, the division expects to see the effects of program savings due to the transformation plan being implemented in SFY2017.
- \$725,000,000 each year in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for Agency Request for appropriation and \$80,089,339 in FY2018 and \$219,290,156 in FY2019 in new general revenue funding. General improvement funds are also being recommended in the amount of \$70,000,000 in FY2018 and \$20,000,000 in FY2019 to fully subsidize these required funding levels.

ARKIDS B Program Appropriation referenced on page 189

The ArkKids B program appropriation provides medical services for children who are without medical insurance coverage. Many of the parents of these children are employed but are unable to afford the necessary coverage for their children. The parents earn sufficient salaries that make them ineligible for coverage by Medicaid, thereby leaving the children without medical care.

ArkKids B Program is an optional Medicaid service chosen by Arkansas and is authorized through a federal waiver to the Medicaid program that expands coverage to children in families with income at or below 200 percent of the federal poverty level. Services are available only to

children through 18 years of age and are otherwise ineligible to receive Medicaid benefits. Each child must have a Primary Care Physician who will either provide the needed services or make the appropriate referral for medically necessary treatment. A patient co-payment is required per physician visit and per prescription. Effective July 1, 2006, DHS set an annual cap on cost-sharing (co-payments and coinsurance) for ARKids B families. The annual cost-sharing cap is 5% of the family's annual gross (before taxes) income.

The ARKids B Program appropriation has two (2) components and they are as follows:

- Prescription Drugs
- Hospital/Medical

Prescription Drugs component has coverage limits based on medical necessity with a \$5 per prescription co-pay and the recipient must use generic and rebate manufactures.

Generally, the Hospital/Medical component benefits include such programs as inpatient hospital, physician visits, vision care (1 visit per year for routine exam and 1 pair of eyeglasses), dental services (2 visits per year for cleaning, x-rays, no orthodontia), medical supplies, home health services and emergency room services, ambulance (emergency only), ambulatory surgical center, durable medical equipment (\$500 per year), family planning, FQHC, nurse midwife, outpatient mental and behavior health (\$2,500 limit), podiatry, RHC and speech therapy with some form of co-pay required. Immunizations and preventative health screenings per protocols provided by the primary care physician or Division of Health require no patient co-payments.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as the Medicaid Trust Fund, and as various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$132,222,020 each year of the biennium.

The Agency Change Level request for this appropriation is \$21,611,101 in FY2018 and \$28,552,757 in FY2019. The following delineates the agency request:

- \$6,611,101 in FY2018 and \$13,552,757 in FY2019 for growth.
- \$15,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account - Private Nursing Home Care

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Private Nursing Home Care	5100004	656,024,021	683,113,654	724,218,533	683,113,654	713,607,064	703,607,064	683,113,654	734,715,275	724,715,275
Total		656,024,021	683,113,654	724,218,533	683,113,654	713,607,064	703,607,064	683,113,654	734,715,275	724,715,275
Funding Sources										
General Revenue	4000010	109,480,364	139,044,877		139,044,877	138,994,327	138,994,327	139,044,877	143,102,688	143,102,688
Federal Revenue	4000020	461,507,262	476,061,905		476,061,905	496,605,865	496,605,865	476,061,905	513,605,715	513,605,715
Quality Assurance Fee	4000395	84,934,728	67,780,041		67,780,041	67,780,041	67,780,041	67,780,041	67,780,041	67,780,041
Various Program Support	4000730	101,667	226,831		226,831	226,831	226,831	226,831	226,831	226,831
Total Funding		656,024,021	683,113,654		683,113,654	703,607,064	703,607,064	683,113,654	724,715,275	724,715,275
Excess Appropriation/(Funding)		0	0		0	10,000,000	0	0	10,000,000	0
Grand Total		656,024,021	683,113,654		683,113,654	713,607,064	703,607,064	683,113,654	734,715,275	724,715,275

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account - Prescription Drugs

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Prescription Drugs	5100004	451,546,473	477,143,960	517,370,558	477,143,960	557,701,197	517,701,197	477,143,960	601,705,798	561,705,798
Total		451,546,473	477,143,960	517,370,558	477,143,960	557,701,197	517,701,197	477,143,960	601,705,798	561,705,798
Funding Sources										
General Revenue	4000010	89,388,953	116,078,745		116,078,745	111,448,103	111,448,103	116,078,745	122,765,310	122,765,310
Federal Revenue	4000020	310,134,624	320,205,626		320,205,626	365,393,505	365,393,505	320,205,626	398,080,899	398,080,899
Drug Rebates	4000200	52,022,896	40,859,589		40,859,589	40,859,589	40,859,589	40,859,589	40,859,589	40,859,589
Total Funding		451,546,473	477,143,960		477,143,960	517,701,197	517,701,197	477,143,960	561,705,798	561,705,798
Excess Appropriation/(Funding)		0	0		0	40,000,000	0	0	40,000,000	0
Grand Total		451,546,473	477,143,960		477,143,960	557,701,197	517,701,197	477,143,960	601,705,798	561,705,798

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account - Hospital and Medical Services

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Hospital and Medical Services	5100004	5,101,914,119	5,585,140,144	6,689,382,816	5,585,140,144	6,660,893,014	6,660,893,014	5,585,140,144	7,019,281,760	7,019,281,760
Total		5,101,914,119	5,585,140,144	6,689,382,816	5,585,140,144	6,660,893,014	6,660,893,014	5,585,140,144	7,019,281,760	7,019,281,760
Funding Sources										
General Revenue	4000010	768,097,543	792,162,846		792,162,845	974,789,898	872,252,181	792,162,845	1,072,839,568	1,011,453,001
Federal Revenue	4000020	4,057,656,735	4,413,457,560		4,413,457,561	4,680,592,481	4,680,592,481	4,413,457,561	4,936,434,921	4,936,434,921
Trust Fund	4000050	47,214,183	42,781,747		42,781,747	42,781,747	42,781,747	42,781,747	42,781,747	42,781,747
General Improvement Fund	4000265	0	0		0	0	70,000,000	0	0	20,000,000
Hospital Assessment Fee	4000281	61,000,000	77,000,000		77,000,000	77,000,000	77,000,000	77,000,000	77,000,000	77,000,000
ICF/MR Provider Fee	4000282	5,836,455	9,983,017		9,983,017	9,983,017	9,983,017	9,983,017	9,983,017	9,983,017
Tobacco Settlement	4000495	0	10,812,363		10,812,363	10,812,363	10,812,363	10,812,363	10,812,363	10,812,363
Transfer from Medicaid Match	4000550	4,329,645	13,764,573		13,764,573	13,764,573	13,764,573	13,764,573	13,764,573	13,764,573
Various Program Support	4000730	157,779,558	225,178,038		225,178,038	126,168,935	126,168,935	225,178,038	130,665,571	130,665,571
Total Funding		5,101,914,119	5,585,140,144		5,585,140,144	5,935,893,014	5,903,355,297	5,585,140,144	6,294,281,760	6,252,895,193
Excess Appropriation/(Funding)		0	0		0	725,000,000	757,537,717	0	725,000,000	766,386,567
Grand Total		5,101,914,119	5,585,140,144		5,585,140,144	6,660,893,014	6,660,893,014	5,585,140,144	7,019,281,760	7,019,281,760

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account - ARKids B Program

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
ARKids B Program	5100004	79,719,476	132,222,020	147,323,782	132,222,020	153,833,121	132,222,020	132,222,020	160,774,777	132,222,020
Total		79,719,476	132,222,020	147,323,782	132,222,020	153,833,121	132,222,020	132,222,020	160,774,777	132,222,020
Funding Sources										
General Revenue	4000010	4,422,360	0		0	0	0	0	0	0
Federal Revenue	4000020	75,297,116	132,222,020		132,222,020	138,833,121	132,222,020	132,222,020	145,774,777	132,222,020
Total Funding		79,719,476	132,222,020		132,222,020	138,833,121	132,222,020	132,222,020	145,774,777	132,222,020
Excess Appropriation/(Funding)		0	0		0	15,000,000	0	0	15,000,000	0
Grand Total		79,719,476	132,222,020		132,222,020	153,833,121	132,222,020	132,222,020	160,774,777	132,222,020

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	683,113,654	0	683,113,654	100.0	683,113,654	0	683,113,654	100.0
C01	Existing Program	20,493,410	0	703,607,064	103.0	41,601,621	0	724,715,275	106.1
C05	Unfunded Appropriation	10,000,000	0	713,607,064	104.5	10,000,000	0	734,715,275	107.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	683,113,654	0	683,113,654	100.0	683,113,654	0	683,113,654	100.0
C01	Existing Program	20,493,410	0	703,607,064	103.0	41,601,621	0	724,715,275	106.1

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only. Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	477,143,960	0	477,143,960	100.0	477,143,960	0	477,143,960	100.0
C01	Existing Program	40,557,237	0	517,701,197	108.5	84,561,838	0	561,705,798	117.7
C05	Unfunded Appropriation	40,000,000	0	557,701,197	116.9	40,000,000	0	601,705,798	126.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	477,143,960	0	477,143,960	100.0	477,143,960	0	477,143,960	100.0
C01	Existing Program	40,557,237	0	517,701,197	108.5	84,561,838	0	561,705,798	117.7

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	5,585,140,144	0	5,585,140,144	100.0	5,585,140,144	0	5,585,140,144	100.0
C01	Existing Program	404,752,870	0	5,989,893,014	107.2	765,841,616	0	6,350,981,760	113.7
C03	Discontinue Program	(54,000,000)	0	5,935,893,014	106.3	(56,700,000)	0	6,294,281,760	112.7
C05	Unfunded Appropriation	725,000,000	0	6,660,893,014	119.3	725,000,000	0	7,019,281,760	125.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	5,585,140,144	0	5,585,140,144	100.0	5,585,140,144	0	5,585,140,144	100.0
C01	Existing Program	404,752,870	0	5,989,893,014	107.2	765,841,616	0	6,350,981,760	113.7
C03	Discontinue Program	(54,000,000)	0	5,935,893,014	106.3	(56,700,000)	0	6,294,281,760	112.7
C05	Unfunded Appropriation	725,000,000	0	6,660,893,014	119.3	725,000,000	0	7,019,281,760	125.7

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
C03	During the biennium the division expects to see the effects of program savings due the transformation plan being implemented in SFY2017. These expected changes are the culmination of projections of efficiencies from Behavioral Health, Dev. Disabilities, Aging and Long Term Care.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	132,222,020	0	132,222,020	100.0	132,222,020	0	132,222,020	100.0
C01	Existing Program	6,611,101	0	138,833,121	105.0	13,552,757	0	145,774,777	110.2
C05	Unfunded Appropriation	15,000,000	0	153,833,121	116.3	15,000,000	0	160,774,777	121.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	132,222,020	0	132,222,020	100.0	132,222,020	0	132,222,020	100.0

Justification

C01	Growth rate 5%.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Child and Family Life Institute Appropriation referenced on page 197

Arkansas Code Annotated §20-78-104 authorized Arkansas Children's Hospital to provide administration for the Child Health and Family Life Institute (CHFLI). Children's Hospital and UAMS, Department of Pediatrics act in conjunction by either contract or cooperative agreement for necessary activities in the delivery of services through the CHFLI. The mission of the institute is "an initiated state effort to explore, develop, and evaluate new and better ways to address medically, socially, and economically interrelated health and developmental needs of children with special health care needs and their families. Utilizing a multidisciplinary collaboration of professionals, the Institute's priorities include wellness and prevention, screening and diagnosis, treatment and intervention, training and education, service access, public policy and advocacy, research and evaluation". Programs include such services as KIDS FIRST - a pediatric day health treatment program for preschool age children at risk for developmental delay; CO-MEND Councils of volunteer/local community activities with pooled resources to assist families; Outreach offers specialized health care at the local level for children who live in areas without specialized care available; Community Pediatrics-a support system with a pediatric team available to provide services in medically underserved areas; Children-at-Risk - diagnostic and treatment for children who have been abused and their families; Pediatric Psychology; Developmental/Physical Medicine and Rehabilitation for children with severe disabilities; and Adolescent Medicine. Children's Hospital is specifically to fund the KIDS FIRST Program as a priority when considering program funding decisions within the Institute. The Department of Pediatrics is the administrative oversight entity for cooperative agreements or contracts for the delivery of services.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account).

The Agency Base Level and total request for this appropriation is \$2,100,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Infant Infirmary Appropriation referenced on page 198

The Infant Infirmary Nursing Home appropriation provides for services to infants with special needs. The facilities are licensed as Private Pediatric Intermediate Care Facilities for the Mentally Retarded (ICFs/MR). Facilities receiving reimbursement through this appropriation are Arkansas Pediatric Facility, Brownwood Life Care Center, Millcreek of Arkansas and Easter Seals Children's Rehabilitation Center. These programs provide a valuable service in that many children are admitted to one of these programs when discharged from a hospital and need continuing attention and medical oversight but not on-going medical treatment.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, the Medicaid Trust

Fund, and various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$27,098,423 each year of the biennium with general revenue of \$5,217,301.

The Agency Change Level request for this appropriation is \$6,354,921 in FY2018 and \$7,777,588 in FY2019 with general revenue request of \$157,442 in FY2018 and \$489,350 in FY2019. The following delineates the agency request:

- \$1,354,921 in FY2018 and \$2,777,588 in FY2019 for growth.
- \$5,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request on the growth, but not the unfunded appropriation.

Public Nursing Home Care Appropriation referenced on page 199

The Public Nursing Home Care appropriation includes Title XIX Medicaid reimbursement for services provided in the six (6) Human Development Centers (Intermediate Care Facilities for the Mentally Retarded-ICFs/MR), the Arkansas Health Center and the thirty-one (31) 15 Bed or Less (ICFs/MR) programs across the State. Services include 24 hour a day residential, medical, psychological, education and training, life skills training and therapy services needed through staffing and case plan determination. Annual staffings are required to reassess the progress of each individual and adjustments are made in case plans when necessary to help each person attain the goals and objectives established in the case plans.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, various program support which can include matching funds from the Human Development Centers (from general revenue), the DDS Small 10 Beds Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)(from general revenue), the Arkansas Health Center (from mixed funding). Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$205,112,018 each year of the biennium with general revenue of \$3,440,000.

The Agency Change Level request for this appropriation is \$56,153,361 in FY2018 and \$62,491,322 in FY2019 with general revenue request of (\$15,178) in FY2018 and \$1,218,400 in FY2019. The following delineates the agency request:

- \$6,153,361 in FY2018 and \$12,491,322 in FY2019 for growth.

\$50,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request on the growth, but not the unfunded appropriation.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account - Child & Family Life Institute

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Child & Family Life Inst 5100004	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Total	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Funding Sources									
General Revenue 4000010	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Total Funding	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account - Infant Infirmary

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Infant Infirmary	5100004	27,794,285	27,098,423	32,098,423	27,098,423	33,453,344	28,453,344	27,098,423	34,876,011	29,876,011
Total		27,794,285	27,098,423	32,098,423	27,098,423	33,453,344	28,453,344	27,098,423	34,876,011	29,876,011
Funding Sources										
General Revenue	4000010	6,717,301	5,217,301		5,217,301	5,374,743	5,374,743	5,217,301	5,706,651	5,706,651
Federal Revenue	4000020	19,516,839	18,884,891		18,884,891	20,082,370	20,082,370	18,884,891	21,173,129	21,173,129
ICF/MR Provider Fee	4000282	711,193	887,045		887,045	887,045	887,045	887,045	887,045	887,045
Quality Assurance Fee	4000395	848,952	2,109,186		2,109,186	2,109,186	2,109,186	2,109,186	2,109,186	2,109,186
Total Funding		27,794,285	27,098,423		27,098,423	28,453,344	28,453,344	27,098,423	29,876,011	29,876,011
Excess Appropriation/(Funding)		0	0		0	5,000,000	0	0	5,000,000	0
Grand Total		27,794,285	27,098,423		27,098,423	33,453,344	28,453,344	27,098,423	34,876,011	29,876,011

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account - Public Nursing Home

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Public Nursing Home Care	5100004	189,026,009	205,112,018	264,136,947	205,112,018	261,265,379	211,265,379	205,112,018	267,603,340	217,603,340
Total		189,026,009	205,112,018	264,136,947	205,112,018	261,265,379	211,265,379	205,112,018	267,603,340	217,603,340
Funding Sources										
General Revenue	4000010	4,331,009	3,440,000		3,440,000	3,424,822	3,424,822	3,440,000	4,658,400	4,658,400
Federal Revenue	4000020	132,781,340	142,942,565		142,942,565	149,111,104	149,111,104	142,942,565	154,215,487	154,215,487
Hospital Assessment Fee	4000281	4,547,399	0		0	0	0	0	0	0
Various Program Support	4000730	47,366,261	58,729,453		58,729,453	58,729,453	58,729,453	58,729,453	58,729,453	58,729,453
Total Funding		189,026,009	205,112,018		205,112,018	211,265,379	211,265,379	205,112,018	217,603,340	217,603,340
Excess Appropriation/(Funding)		0	0		0	50,000,000	0	0	50,000,000	0
Grand Total		189,026,009	205,112,018		205,112,018	261,265,379	211,265,379	205,112,018	267,603,340	217,603,340

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,100,000	0	2,100,000	100.0	2,100,000	0	2,100,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,100,000	0	2,100,000	100.0	2,100,000	0	2,100,000	100.0

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	27,098,423	0	27,098,423	100.0	27,098,423	0	27,098,423	100.0
C01	Existing Program	1,354,921	0	28,453,344	105.0	2,777,588	0	29,876,011	110.2
C05	Unfunded Appropriation	5,000,000	0	33,453,344	123.5	5,000,000	0	34,876,011	128.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	27,098,423	0	27,098,423	100.0	27,098,423	0	27,098,423	100.0
C01	Existing Program	1,354,921	0	28,453,344	105.0	2,777,588	0	29,876,011	110.2
C05	Unfunded Appropriation	0	0	28,453,344	105.0	0	0	29,876,011	110.2

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	205,112,018	0	205,112,018	100.0	205,112,018	0	205,112,018	100.0
C01	Existing Program	6,153,361	0	211,265,379	103.0	12,491,322	0	217,603,340	106.1
C05	Unfunded Appropriation	50,000,000	0	261,265,379	127.4	50,000,000	0	267,603,340	130.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	205,112,018	0	205,112,018	100.0	205,112,018	0	205,112,018	100.0
C01	Existing Program	6,153,361	0	211,265,379	103.0	12,491,322	0	217,603,340	106.1
C05	Unfunded Appropriation	0	0	211,265,379	103.0	0	0	217,603,340	106.1

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only. Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

DHS - County Operations

Enabling Laws

Act 192 of 2016
Act 191 of 2016

Administration (Central Office Operations)

- A.C.A. §25-10-102

Economic and Medical Services Enrollment for the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program), Medicaid and TEA Programs.

- A.C.A. §25-102-102
- Food Stamp/SNAP - Food Stamp Act of 1977 renamed the Food and Nutrition Act of 2008 and reauthorized by the Agricultural Act of 2014
- Medicaid - Titles XIX and XXI of Social Security Act/Section 7 of Act 280 of 1939 and Act 416 of 1977; Act 849 of 1999 and Act 747 of 2001 (ARKids First Program)
- Medicaid Expansion (Tobacco Settlement) - Act 1574 of 2001
- TEA Program (Cash Assistance) - Title IV-A of the Social Security Act; Act 1058 of 1997; Act 1264 of 2001; Act 1306 of 2003 and Act 1705 of 2005

County Operations Assistance - Community Services (Funding for the provision of services and activities designed to reduce poverty and hunger, revitalize low-income communities and increase self-sufficiency.)

- Commodity Distribution and Emergency Food - Emergency Food Assistance Act of 1983
- Food Stamp Employment and Training - Food Stamp Act of 1977, renamed the Food and Nutrition Act of 2008
- Refugee Resettlement Program - Title IV of the Immigration and Nationality Act
- Community Services Block Grant - Public Law 97-35 Federal Omnibus Reconciliation Act of 1981; Public Law 105-285 Coats Human Services Reauthorization Act of 1998
- Homeless Assistance - Emergency Solutions Grant - Public Law 97-35 Federal Omnibus Reconciliation Act of 1981; McKinney-Vento Homeless Assistance Act of 1987, Title IV as amended; the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH)

- Act of 2009 consolidated three homeless assistance programs administered by HUD under the McKinney-Vento Homeless Assistance Act into a single grant program, and revised the Emergency Shelter Grants program and renamed it the Emergency Solutions Grants Program.
- Aid to the Aged, Blind and Disabled - Title XVI of the Social Security Act; P.L. 93-66 and P.L. 93-233
- Low-Income Home Energy Assistance-Public Law 97-35 Federal Omnibus Reconciliation Act of 1981

History and Organization

Mission: The mission of the Division of County Operations is to ensure the delivery of quality human services that strengthen the health and well being of Arkansas's children, families and adults.

History: The Arkansas Department of Public Welfare was created in 1935 to give public assistance to dependent children, the aged, and the blind. There have been several changes and significant growth in services since that time. Child Welfare was added in 1936. In 1937, Aid to Families with Dependent Children (AFDC), General Relief, and Commodity Distribution were added along with medical care for the indigent. The Food Stamp Program began in 1962. In 1971, the Department of Public Welfare was transferred to the Department of Social and Rehabilitative Services and was renamed the Division of Social Services. Later, the Prescription Drug, optional Medicaid and the Child Support programs were added. Act 348 of 1985 mandated a change in the name of the agency to the Division of Economic and Medical Services in the Department of Human Services. The Child Support Enforcement Unit was transferred to the Revenue Division of the Department of Finance and Administration effective July 1, 1993. Act 1198 of 1995 dissolved the Division of Economic and Medical Services and created a new Division of Medical Services, while the Economic Services component merged with the Division of County Operations. The reorganized Division of County Operations has responsibility for 83 county offices and one processing center in the 75 counties and is also responsible for administering several programs, including: Transitional Employment Assistance (TEA) and Work Pays eligibility, Supplemental Nutrition Assistance Program (Food Stamps), Medicaid eligibility, Private Option eligibility, ARKids First, Commodity Distribution, Community Services and Emergency Services.

On August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act was signed into law. This Act initiated the most significant reform of public welfare programs in sixty years by placing time limits on the receipt of cash assistance benefits and requiring non-exempt adults to move into the workforce. Act 1058 of 1997, the Arkansas Personal Responsibility and Public Assistance Reform Act, created the Transitional Employment Assistance Program on July 1, 1997 replacing the former AFDC and AFDC Jobs programs. This Act also established the TEA Advisory Council to advise and assist all state agencies with the implementation and evaluation of the new TEA Program. In September 1997, Arkansas implemented the ARKids First Program designed to provide medical care to thousands of children of working parents whose income is not high enough to provide health insurance.

Act 1567 of 1999 amended the Arkansas Personal Responsibility and Public Assistance Reform Act by establishing the Arkansas Transitional Employment Board and enacted other provisions to strengthen

the Arkansas TEA Program. The original Act was amended by Act 1264 of 2001 giving additional authority to the Transitional Employment Board to oversee funding to child care programs provided for current and former TEA recipients as well as low-income working families. The original Act was amended again by Act 1306 of 2003 to add several new targets and outcomes for the TEA Program.

Act 1705 of 2005 transferred overall responsibility for the administration of the TEA program to the Department of Workforce Services (DWS) with specific responsibility to provide case management services. The DHS Division of County Operations continues to provide eligibility determinations, benefit issuance and other support functions for this program.

Act 1498 of 2013 established the Health Care Independence Program on January 1, 2014. This program is also known as the "Private Option". The Act allows individuals age 19-64 with low income (equal to or less than 138% of the Federal Poverty Level) to enroll in a private health care plan. Medicaid funds are used to pay the monthly premium for eligible individuals so that they can enroll in one of the Qualified Health Plans offered through the Federally Facilitated Health Insurance Market Place.

**Department of Human Services
Division of County Operations**



Agency Commentary

ADMINISTRATION - Appropriation 896

ADMINISTRATION (PWP4500)- The mission of the Division of County Operations (DCO) is "To ensure the delivery of quality human services that strengthen the health and wellbeing of Arkansas's children, families and adults." To accomplish this mission, the central and county offices work together to ensure compliance with a host of State and Federal laws and regulations. Central Office support provided to the County Offices includes: information systems development and operations, policy development and distribution, contract and grant development, program and provider monitoring, quality assurance, fraud investigations, Americans with Disabilities Act compliance and training for staff and providers.

There has been significant growth in the number of Arkansans applying for public assistance benefits. Additionally, new Federal requirements have increased the workload and complexity for determining eligibility for services. To meet these growing needs, the Division of County Operations is currently completing a comprehensive transformation of the public assistance eligibility system in Arkansas through a higher level of IT modernization. Accomplishments include document imaging, electronic records, automated workflows, on-line applications, processing center technology and the development of a new eligibility system for the 1.5 million Arkansans that receive public assistance benefits.

We request continued use of \$10,138,818 from the Department of Human Services (DHS) Federal Reimbursement/Other Holding fund in each year of the biennium to support costs related to Medicaid enrollment, processing case changes and program integrity.

POSITION RESTORATIONS SALARIES/FRINGE (Unfunded Appropriation) - A recurring request for the Division of County Operations is the restoration of positions left unbudgeted due to insufficient funding. The Agency is requesting that 54 positions be restored without funding in the 2017 - 2019 Biennium. These positions support the determination of eligibility for the Supplemental Nutrition Assistance Program (formerly known as the Food Stamp Program), Medicaid, Transitional Employment Assistance and Work Pays programs. Without restoration, these positions will be eliminated on June 30, 2017. These reinstated positions allow the Agency to operate in a continuous hiring/training mode to minimize the negative impact of vacancies on customer service and program compliance. The restoration of 54 positions equates to less than one position for each of the 83 offices throughout the State. The number of positions allowed to be filled by the Agency is strictly controlled by the authorized salary budget. We have used 100% of the 54 positions reinstated in the 2015-2017 Legislative Session while managing within budget restrictions. DCO provides access to over \$5.1 Billion in public assistance programs which offer a health and nutrition safety net to low-income Arkansans. The benefits authorized by DCO create about \$25.5 Billion in taxable revenue each year, and provide critical services to our very poorest citizens.

POSITION TRANSFERS IN (Unfunded Appropriation) - 4 positions transferred to the Division of County Operations. Three positions came from OFA and one position came from DBHS. These positions will have direct responsibility for quality customer service and meeting the agency's goals for timeliness and accuracy. Unfunded appropriation in the amount of \$199,012 for each year.

POSITION TRANSFERS OUT - (SGR and Unfunded Appropriation) for nine positions that will be transferred out of the Division of County Operations to DHS Shared Services. These positions will have direct responsibility for inventory control, personnel services, and financial services on behalf of DCO. Also, SGR and Unfunded Appropriation in for Maintenance and Operating Services for the nine positions going to DHS Shared Services. Total for FY 2018 is \$359,307 with \$279,160 general revenue and \$80,148 unfunded and for FY 2019 the total is \$360,048 with \$279,530 general revenue and \$80,518 unfunded. During State Fiscal Session 2016, Long Term and Support Service (LTSS) program was transferred to Division of Aging and Adult Services. Division of County Operations is requesting transfer of \$2,153,253 in SGR to DAAS to support the LTSS program.

EXTRA HELP INCREASES (Unfunded Appropriation) - To provide appropriation for position that will have direct responsibility for quality customer service and meeting the agency's goals for timeliness and accuracy. \$239,760 for each year.

OPERATING EXPENSES INCREASES (Unfunded Appropriation) - The Division of County Operations is requesting additional unfunded appropriation in the amount of \$2,315,073 in 2018 and \$1,455,552 in 2019 in the biennium for the following:

- Unfunded Appropriation in the Amount of \$615,552 in 2018 and \$615,552 in 2019 for increases related to the below breakout:
 - Increased cost of postage and mailing costs for client notices for the Supplemental Nutrition Assistance Program (SNAP), Medicaid and Transitional Employment Assistance (TEA). The total appropriation request is \$200,000 in 2018 and \$200,000 in 2019.
 - Increase in lease costs for 52 county offices that have not had a lease increase in five years. The total appropriation request is \$279,540 in 2018 and \$279,540 in 2019.
 - Increase in costs of wired services that has increased 11% each of the last two years. The amount of long distance cost has increased due to client call volume. The total appropriation request is \$136,012 in 2018 and \$136,012 in 2019.
- Unfunded Appropriation in the amount of \$1,699,521 in 2018 and \$840,000 in 2019 for the relocation of two DHS County Offices. Below is the breakout:

- Little River County Office. The County Judge lacks funds to complete repairs needed and hire adequate staff to complete the janitorial service, which is included in the rent. The building needs a complete new heat and air system and the duct work totally revamped along with new carpet, paint and ceiling and floor tile. The lobby area will only accommodate approximately 4 clients at one time. The total appropriation request is \$171,220 in 2018 and \$75,000 in 2019.
- Washington County Office. Washington County is separated into 2 offices down the street from each other. The parking lot for the main office will not accommodate staff and clients on most days. Due to the number of clients in this booming area, DCFS and OCC constantly needs additional space to service the clients but we have exceeded the building capacity at both locations. Typically clients are lined outside the office and down the sidewalk waiting to access the lobby. The total appropriation request is \$1,528,301 in 2018 and \$765,000 in 2019.
- Unfunded Appropriation in the amount of \$2,048,585 in 2018 and \$2,148,406 in 2019 for the relocation of two DHS County Offices. Below is the breakout:
 - Nutrition Education services are provided on a Statewide basis to SNAP recipients and information in schools, community events, the local DHS County Offices, and other sites Federal appropriation of \$43,034 in 2018 and \$43,034 in 2019 to support the expenditure
 - Employment and Training (E & T) activities are provided through local schools, Adult ABAWD (able-bodied adult without dependent children) and who live in one of the search training, education, work experience and vocational training. The Agency support the expenditure of 100% Federal funds for these contracts. Agency requests unfunded federal appropriation of \$2,005,551 in 2018 and \$2,105,372 in 2019 to support the expenditures of 100% federal funds for these contracts.

INFORMATION TECHNOLOGY (Unfunded Appropriation) - The Division of County Operations requests Unfunded Appropriation in the amount of \$827,846 in 2018 and \$899,530 in 2019 for various Information Technology initiatives including employment verification data matching, SNAP development in the Integrated Eligibility and Benefits Management System, document imaging activities, data warehouse operations, email services and electronic data storage. These ongoing IT costs are expected to increase in the biennium and are critical to the continuing operation of the Agency. These requests are reflected in DCO's IT Plan. The summary below provides additional details about the Agency IT requests:

- Employment Verification Data Match - This technical service agreement, "The Work Number" provides real time employment information and is used by caseworkers, investigators and quality assurance staff to identify potential fraud. The agreement is being rebid and the Agency expects the cost to increase by 5% each fiscal year. The request is for unfunded appropriation in the amount of \$68,930 in 2018 and \$140,614 in 2019. This request is reflected on pages 27 - 28 of the DCO IT Plan.

- Integrated Eligibility and Benefits Management System - This increase is for ongoing costs related to the replacement of the current system used to establish eligibility for 1.5 million Arkansans that receive public assistance benefits. The current system is outdated and inefficient, which makes it costly to run and labor intensive to change. The replacement of the current system will allow the Agency to handle eligibility and benefit management more efficiently and accurately. The Agency requests unfunded appropriation in the amount of \$628,645 in 2018 and \$628,645 in 2019. This request is reflected on pages 31 - 33 of the DCO IT Plan.
- Various Information Technology (IT) Initiatives - The Agency requests unfunded appropriation in the amount of \$130,271 in 2018 and \$130,271 in 2019 for various IT initiatives. This includes additional costs for document imaging maintenance and report development in the Electronic Data Warehouse. These requests are reflected in pages 28 - 30 of the DCO IT Plan.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) ADMINISTRATION - Appropriation 896

The Food and Nutrition Act of 2008 authorizes the Supplemental Nutrition Assistance Program (SNAP) to increase the limited food purchasing power of low-income households to alleviate hunger and malnutrition. The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) pays 100% of the cost of the food benefits and 50% of all administrative costs. National benefit levels are established by FNS annually. More than \$656 Million in SNAP benefits were issued to 659,887 Arkansans in State Fiscal Year 2015. The Division issues SNAP benefits through a Statewide Electronic Benefits Transfer (EBT) System. According to USDA, every \$5 in new SNAP benefits generates \$9.00 in total community spending. The majority of SNAP benefits are redeemed the month they are issued, SNAP acts as an immediate economic stimulus to struggling local economies. New SNAP benefits also generate additional economic activity as families are able to increase their overall food purchasing power. The SNAP Program is an integral part of the Division's efforts to strengthen the health and well-being of children, families and adults. The Agency is conducting additional program outreach, especially to the elderly, and is improving access to services through online applications and other web-based service applications.

DCO caseworkers located in the DHS county offices throughout the State determine eligibility for the Supplemental Nutrition Assistance Program. This eligibility is based on household size, monthly family income and resources.

The Division works with the University of Arkansas at Pine Bluff and the University of Arkansas Cooperative Extension Service to provide Nutrition Education services to SNAP recipients. The USDA Food and Nutrition Service provides 100% Federal funds for these educational activities.

The Division contracts directly with local schools, Adult Education Centers and non-profits to provide Employment and Training activities to SNAP recipients in as many counties as possible. Currently, these contracts are paid with 100% Federal funds. During this biennium, the

SNAP Employment and Training Program will expand to a 50/50 3rd Party Reimbursement model where we will be expanding our coverage area throughout the state.

Medicaid is a federally supported and State administered assistance program that provides medical services for certain low-income individuals and families. The program is financed jointly with State and Federal funds. The State administers the program within broad Federal requirements and guidelines. The Federal requirements allow some discretion in determining income and resource criteria for the eligibility and categories of assistance. The services provided under the Medicaid program assist the division with our mission to strengthen the health and well-being of Arkansas's children, families and adults.

Medical Services are provided to eligible individuals who are Aged (65 or older), Blind, Disabled, children under the age of 19, pregnant, or caretaker relatives of children. Individuals who are eligible to receive cash assistance under the Supplemental Security Income (SSI) Program automatically receive Medicaid services. The State provides for an optional "Medically Needy" group, which includes persons whose incomes are above the income levels for the other categories of Medicaid, but who have medical expenses greater than their excess income.

The ARKids First Program, established in September 1997, provides health insurance to children of low-income working families who do not have health insurance coverage offered through their employer. ARKids is one of the most successful children's health care programs in the nation. In August 2000, the program name was changed to ARKids B when the regular Medicaid program for children with family incomes below 100% of the Federal poverty level was brought under the ARKids First umbrella as ARKids A. DCO determines eligibility for both the ARKids A and the ARKids B Programs.

The Arkansas Works Act of 2016 created the Arkansas Works Program to replace the Health Care independence Program. Arkansas Works will allow individuals ages 19 - 64 with low income (equal to or less than 138% of the Federal Poverty Level) to enroll in a private health care plan or Employer-Sponsored Insurance offered by participating employers. It also promotes self-sufficiency through referrals for job training and job search services available through the Arkansas Department of Workforce Services. Medicaid funds are used to pay the monthly premium for eligible individuals so that they can enroll in one of the Qualified Health Plans offered through the Federally Facilitated Health Insurance Market Place or participating Employer-Sponsored insurance.

TOBACCO SETTLEMENT - MEDICAID EXPANSION - Appropriation 642

The goal of the Medicaid Expansion program is to create a separate and distinct component of the Arkansas Medicaid Program that improves the health of Arkansans by expanding health care coverage and benefits to specific populations. The Tobacco Settlement Funds are utilized to expand Medicaid coverage to the following eligibility groups:

- Pregnant Women Expansion - Increased the income eligibility limit from 133% to 200% of the Federal poverty level.

- Hospital Benefit Coverage - Increased the number of benefit days from 20 to 24 and decreased the co-pay on the first day of hospitalization from 22% to 10%.
- 65 and Over Expansion (AR Senior) - Increased coverage to the 65 and over population for persons at 80% of the Qualified Medicare Beneficiary (QMB) Level effective January 1, 2003.

TRANSITIONAL EMPLOYMENT ASSISTANCE (TEA) - Appropriation 897

TRANSITIONAL EMPLOYMENT ASSISTANCE (TEA) PROGRAM (PWD7600 - TEA Cash Assistance and PWD7500 - TEA Employment Services) - The Transitional Employment Assistance (TEA) Program was implemented on July 1, 1997, in accordance with Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and Arkansas Act 1058, the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997. The TEA Program replaced the Aid to Families with Dependent Children (AFDC) Program as the focal point of the State's welfare reform effort and plays a critical role in the Division's mission to strengthen the well-being of children, families and adults. Act 1567 of 1999 amended Act 1058 of 1997 by establishing the Arkansas Transitional Employment Board. Act 1264 of 2001 and Act 1306 of 2003 enacted other provisions to strengthen the Arkansas TEA Program. Arkansas Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS). Under this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remains with the Division of County Operations (DCO), while DWS is responsible for the provision of case management services and overall administration of the program. Act 1705 also created the Work Pays program which is an extension of the TEA program for former TEA recipients who are working. DWS has overall responsibility for Work Pays with eligibility determination and benefit delivery remaining with DCO. Both Programs are funded with State General Revenue and the Federal Temporary Assistance for Needy Families (TANF) Block Grant.

TEA Program eligibility is limited to economically needy families with children under the age of 18 who are U.S. citizens or aliens lawfully admitted to the United States under specific criteria and are residing in Arkansas. The parent(s) living with the children must cooperate in child support enforcement activities, if applicable to the family, and must sign and comply with a Personal Responsibility Agreement, which includes ensuring that their children are immunized and that they attend school. All able-bodied parents must also actively engage in work related activities as a condition of the family's on-going eligibility. TEA cash assistance is limited to a maximum of twenty-four (24) months in an adult's lifetime. For those former TEA recipients who are employed at least 24 hours per week and meet the minimum Federal work participation rates, an additional twenty-four (24) months of Work Pays benefits are available.

Assistance under the TEA and Work Pays Programs may include: monthly cash assistance payments to help meet the family's basic needs; employment services such as work experience, job search, and job readiness activities; assistance with basic and vocational education; assistance with supportive services such as childcare, transportation and other expenses related to work activity; case management services;

and eligibility for extended support services to help the parent retain a job after the cash assistance case closes due to employment.

State General Revenue (SGR) funds are transferred each year of the biennium from the Department of Workforce Services to the DHS Grants Fund to support the payment of services provided to TEA clients. This will be authorized through Special Language in each Agency's appropriation act that allows the transfer of SGR to the DHS Grants Fund if needed. Unfunded appropriation of \$3,640,650 is requested by DCO each year of the biennium for this transfer.

STATE SUPPLEMENTARY PAYMENTS FOR THE AGED, BLIND AND DISABLED (AABD) - Appropriation 396

This program provides supplementary payments to individuals residing in Arkansas who are, or would be except for their income, eligible for basic Federal Supplemental Security Income (SSI) payments. These payments are made in accordance with Section 1616 of the Social Security Act and Section 212 of Public Law 93-66.

In the early 1970s, an amendment to the Medicaid State Plan allowed individuals in the Aged, Blind and Disabled (AABD) categories that were not eligible under SSI criteria, but meet the State Medicaid eligibility criteria, to receive SSI benefits.

Through an agreement entered into between the Social Security Administration (SSA) and the Department of Human Services, SSA makes these payments to individuals determined eligible by SSA. The State has budgeted \$4,000 per fiscal year to be paid to the Social Security Administration for the purpose of making the payments to eligible individuals and for administrative fees for determining eligibility.

COMMUNITY SERVICES/SOCIAL SERVICES BLOCK GRANT - Appropriation 898

COMMUNITY SERVICES/SOCIAL SERVICES BLOCK GRANT PROGRAM (PWE9700) - The Community Services Block Grant helps low-income persons become more independent by providing a range of services through the local Community Action Agencies. These services help persons in need become more employable, better educated, better trained to handle their finances and improve their housing, and make use of available social services. It also helps them become more involved in improving their community.

Social Services Block Grant (SSBG) funds are used to provide supportive services to help low-income children and families achieve and maintain self-sufficiency. These services include case management, employment services, nutrition, emergency assistance, and other social services to address the needs of families in crisis. SSBG funds also provide special services and supportive activities for the disabled through

job placement, employment counseling, and referrals to community resources and opportunities.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) - Appropriation 898

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (PWE9400) - The purpose of the SNAP Employment and Training (E & T) Program (formerly the Food Stamp Employment and Training Program) is to provide Employment and Training activities which promote long term self-sufficiency to SNAP recipients classified as an ABAWD (able-bodied adult without dependent children) and who live in one of the counties where an E & T Program is operational. Services include independent job search, job search training, education, work experience and vocational training. Client reimbursements for expenses associated with participation in the E & T Program, such as travel reimbursements, are funded with 50% State General Revenue and 50% Federal funds.

The agency is requesting additional appropriation for the SNAP E & T program; to provide Employment & Training services and to promote self-sufficiency through employment for able-bodied adult SNAP recipients with or without dependents, other adult work registered individuals as well as volunteers who wish to improve their employability potential. The Agency is requesting unfunded Federal appropriation of \$3,980,845 in 2018 and \$4,180,487 in 2019. Funding is 100% Federal funds.

HOMELESS ASSISTANCE/EMERGENCY SOLUTIONS PROGRAM - Appropriation 426

HOMELESS ASSISTANCE/EMERGENCY SOLUTIONS (FWF2100) - The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), enacted into law on May 20, 2009, consolidated three of the separate homeless assistance programs administered by the U.S. Department of Housing and Urban Development (HUD) under the McKinney-Vento Homeless Assistance Act into a single grant program, and revised the Emergency Shelter Grants program and renamed it as the Emergency Solutions Grants (ESG) program. The ESG program is designed to be the first step in a continuum of assistance to help clients quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. The Homeless Assistance Program also provides Federal funds to local communities to renovate, rehabilitate or convert small buildings for emergency shelters for the homeless. Funds can be used for the provision of essential services and the payment of maintenance, operation, insurance, utilities, and furnishings of these facilities. Funds can also be used to address the needs of homeless people in emergency or transitional shelters to quickly assist people to regain stability in permanent housing after experiencing a housing crisis and/or homelessness. These funds are distributed each year on a competitive basis.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM - Appropriation 411

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) (FWF3400) - This program provides Federal funds to assist low-income households with their home energy expenses. Through grants to local Community Action Agencies, a one-time winter/summer assistance payment or a crisis intervention energy payment is made directly to an energy supplier for eligible households.

REFUGEE RESETTLEMENT PROGRAM - Appropriation 412

REFUGEE RESETTLEMENT PROGRAM (FWF4400) - The Refugee Resettlement Program (RRP) serves refugee residents for the first five (5) years of their residency in the United States that have been admitted for humanitarian reasons. Cash and medical assistance are available to the refugee for the first eight (8) months following entry with social services available for the full five year period. The Division of County Operations administers the cash and medical assistance programs for eligible participants. The Federal Office of Refugee Resettlement contracts directly with an Agency outside of the Department of Human Services for the social services aspects of the program. Participation in this program has recently increased. The Lutheran Immigration and Refugees Services will be opening a new Refugee Placement Program in Northwest Arkansas in the coming year. This will add 100 refugees to the number settling in Arkansas. In addition, Catholic Charities will be opening an additional Remote Refugee site in Little Rock. This will add 35 more refugees to the amount Catholic Charities serves each year.

The Agency is requesting unfunded Federal appropriation of \$110,160 in 2018 and \$110,160 in 2019. The funding is 100% Federal funds.

EMERGENCY FOOD PROGRAM - Appropriation 410

THE EMERGENCY FOOD ASSISTANCE PROGRAM/COMMODITY SUPPLEMENTAL FOOD PROGRAM (FWF2900) - The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP) utilize surplus U. S. Department of Agriculture commodities to supplement low-income food programs in Arkansas. Agencies such as Food Banks and Community Action Agencies have sub-grant agreements with the Division of County Operations Commodity Distribution Unit to provide food to soup kitchens, food pantries and mass food distribution sites. The purpose of the Commodity Supplemental Food Program (CSFP) is to improve the health of low-income pregnant and breastfeeding women, other new mothers up to one year postpartum, infants, children up to age six, and, elderly people at least 60 years of age by supplementing their diets with nutritious USDA commodity foods. It provides administrative funds to States for the cost of distributing USDA foods to these groups.

SALVAGE AND CONTAINER FUND - APPROPRIATION 930

SALVAGE AND CONTAINER (SAC) FUND (NHS0201) - The Commodity Distribution Program receives U. S. Department of Agriculture (USDA) donated foods for distribution to school districts, food banks, soup kitchens and food pantries. The donated foods are distributed through a contract with a local warehouse. In the event that the donated food is damaged or destroyed from improper storage, care or handling, it is classified as a "food loss" claim. Compensation of the value of the donated food is provided by the contractor to the distributing Agency (Division of County Operations - Commodity Distribution Program) and deposited in the Salvage and Container (SAC) Fund. Upon approval by the USDA, these funds may be used for training, equipment and vehicle purchases utilized by the Commodity Distribution Program for enhancements to the program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HUMAN SERVICES
 FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Administrative Services Division.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Semi-Annual report to the Arkansas Legislature on Voter Registration	Act 964 of 1995 (Voter Registration Act)	N	Y	1	A semi-annual report on the status of implementation of the National Voter Registration Act of 1993 is provided to the Arkansas Legislative Council at six month intervals.	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - County Operations

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
AR SPANISH INTERPRETERS & TRANSLATORS	\$125,860		X				
ARKANSAS COMMUNITY ACTION AGENCIES	\$232,861	X					
AVANT JANITORIAL SERVICE	\$19,732	X					
BETTER COMMUNITY DEVELOPMENT INC	\$68,054	X					
BROADWAY SECURITY INC	\$36,980	X					
GODDESS PROJECTS INC	\$125,166	X					
JESSICA D STERLING	\$63,279	X					
LARR ENTERPRIZE INC	\$78,000	X					
SOUTHERN MAIN JANITORIAL SERVICES	\$27,063	X					
VERNON MEEKS	\$18,008	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>10</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$41,660,311</u>
% OF MINORITY CONTRACTS AWARDED	<u>1.76 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
396 Cty-Aid To Aged, Blind, Disabled	0	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0
410 Cty-Emergency Food Program	723,947	0	729,295	0	729,295	0	729,295	0	729,295	0	729,295	0	729,295	0	729,295	0	729,295	0
411 Cty-Low Income Energy Assistance Prgm	24,267,200	0	28,000,000	0	29,470,000	0	28,000,000	0	28,000,000	0	28,000,000	0	28,000,000	0	28,000,000	0	28,000,000	0
412 Cty-Refugee Resettlement Program	648	0	12,000	0	24,000	0	12,000	0	122,160	0	12,000	0	12,000	0	122,160	0	12,000	0
426 Cty-Homeless Assistance Grant	1,563,076	0	2,638,091	0	2,638,091	0	2,638,091	0	2,638,091	0	2,638,091	0	2,638,091	0	2,638,091	0	2,638,091	0
59H Hunger Coalition	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0
642 Medicaid Expansion-County Ops	2,602,109	60	2,816,195	60	2,885,980	60	2,825,998	60	2,825,998	60	2,825,998	60	2,828,468	60	2,828,468	60	2,828,468	60
896 Division of County Operations	114,507,100	1,779	117,353,382	1,728	123,099,006	1,782	117,680,205	1,728	124,650,774	1,777	119,459,268	1,777	117,757,492	1,728	124,040,294	1,777	119,536,804	1,777
897 TANF Block Grant	8,703,431	0	14,637,000	0	18,277,650	0	14,637,000	0	18,277,650	0	14,637,000	0	14,637,000	0	18,277,650	0	14,637,000	0
898 Community Srvs. Block Grant	8,635,043	0	9,783,146	0	9,783,146	0	9,783,146	0	9,783,146	0	9,783,146	0	9,783,146	0	9,783,146	0	9,783,146	0
898 Supplemental Nutrition Assist(SNAP)	157,325	0	343,235	0	343,235	0	343,235	0	4,324,080	0	343,235	0	343,235	0	4,523,722	0	343,235	0
930 Cty-Commodity Distrib & Salvage Container	6,007	0	139,676	0	291,300	0	139,676	0	139,676	0	139,676	0	139,676	0	139,676	0	139,676	0
NOT REQUESTED FOR THE BIENNIUM																		
1DK Cty-Shelter Plus Care Program	1,680,985	0	0	0	2,008,800	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	163,841,984	1,839	177,451,133	1,788	190,549,616	1,842	177,787,759	1,788	192,489,983	1,837	179,566,822	1,837	177,867,516	1,788	192,081,615	1,837	179,646,828	1,837

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	46,656,247	28.5	48,638,926	27.4	49,052,585	27.6	46,620,172	26.2	46,620,172	26.2	49,083,859	27.6	46,651,076	26.2	46,651,076	26.2	
Federal Revenue	4000020	110,132,397	67.2	117,213,428	66.1	117,370,985	66.0	120,223,412	67.5	120,223,412	67.5	117,449,506	66.0	120,373,246	67.5	120,373,246	67.5	
Cash Fund	4000045	6,007	0.0	139,676	0.1	139,676	0.1	139,676	0.1	139,676	0.1	139,676	0.1	139,676	0.1	139,676	0.1	
Merit Adjustment Fund	4000055	0	0.0	281,461	0.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Tobacco Settlement	4000495	1,301,054	0.8	1,408,097	0.8	1,412,999	0.8	1,412,999	0.8	1,412,999	0.8	1,414,234	0.8	1,414,234	0.8	1,414,234	0.8	
Various Program Support	4000730	5,746,279	3.5	9,769,545	5.5	9,811,514	5.5	9,811,514	5.5	9,811,514	5.5	9,780,241	5.5	9,780,241	5.5	9,780,241	5.5	
Total Funds		163,841,984	100.0	177,451,133	100.0	177,787,759	100.0	178,207,773	100.0	178,207,773	100.0	177,867,516	100.0	178,358,473	100.0	178,358,473	100.0	
Excess Appropriation/(Funding)		0		0		0		14,282,210		1,359,049		0		13,723,142		1,288,355		
Grand Total		163,841,984		177,451,133		177,787,759		192,489,983		179,566,822		177,867,516		192,081,615		179,646,828		

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
1,936	1847	89	1936	0	4.60 %	1,931	1746	19	1765	166	9.58 %	1,842	1736	52	1788	54	5.75 %

Analysis of Budget Request

Appropriation: 396 - Cty-Aid To Aged, Blind, Disabled

Funding Sources: DGF - DHS Grants Fund

In 1974, the Aid to Aged, Blind and Disabled (AABD) program was converted to the Supplemental Security Income (SSI) Program through an amendment to the Medicaid State Plan. This amendment allowed individuals in the AABD categories that were not eligible under SSI criteria, but meet the State Medicaid eligibility criteria to receive SSI benefits. The Aid to Aged, Blind and Disabled appropriation provides cash assistance to individuals residing in Arkansas to supplement their SSI payments. These payments are made in accordance with section 1616 of the Social Security Act and section 212 of P. L. 93-66.

Through an agreement entered into between the Social Security Administration (SSA) and the Department of Human Services, the Social Security Administration makes these payments to individuals determined eligible by SSA. The State pays Social Security Administration for making the payments to eligible individuals and for administrative fees for determining eligibility.

Funding for this appropriation is from general revenues through the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306(10)(A)(iii).

The Agency Base Level and total request for this appropriation is \$4,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 396 - Cty-Aid To Aged, Blind, Disabled

Funding Sources: DGF - DHS Grants Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Funding Sources									
General Revenue 4000010	0	4,000		4,000	4,000	4,000	4,000	4,000	4,000
Total Funding	0	4,000		4,000	4,000	4,000	4,000	4,000	4,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	4,000		4,000	4,000	4,000	4,000	4,000	4,000

Analysis of Budget Request

Appropriation: 410 - Cty-Emergency Food Program

Funding Sources: FWF - DHS Federal

The Emergency Food Program provides food on an emergency basis for families in need and the homeless. Donated food is also made available for Disaster Assistance. Additionally, Division of County Operations (DCO) utilizes surplus USDA commodities to supplement low-income food programs in Arkansas. Agencies such as Food Banks and Community Program Action Agencies have agreements with DCO to provide food through soup kitchens, food pantries and mass distribution to households.

This appropriation also includes the Commodity Supplemental Food Program which provides food to seniors in need on a monthly basis. The caseload level can be adjusted each Federal Fiscal year based on availability of food products and administrative funding. Community Action Agencies throughout the State have agreements with DCO to distribute food to this client base.

Funding for this appropriation is 100% federal from the U. S. Department of Agriculture, Food and Consumer Services.

The Agency Base Level and total request for this appropriation is \$729,295 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 410 - Cty-Emergency Food Program

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	723,947	729,295	729,295	729,295	729,295	729,295	729,295	729,295	729,295
Total		723,947	729,295	729,295	729,295	729,295	729,295	729,295	729,295	729,295
Funding Sources										
Federal Revenue	4000020	723,947	729,295		729,295	729,295	729,295	729,295	729,295	729,295
Total Funding		723,947	729,295		729,295	729,295	729,295	729,295	729,295	729,295
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		723,947	729,295		729,295	729,295	729,295	729,295	729,295	729,295

Analysis of Budget Request

Appropriation: 411 - Cty-Low Income Energy Assistance Prgm

Funding Sources: FWF - DHS Federal

The Low Income Home Energy Assistance (LIHEAP) program provides federal funds to assist low-income households with the cost of their home energy expenses such as gas, electricity, propane, etc. The agency administers the Winter/Summer Assistance Program and Crisis Intervention Program. Assistance is provided in the form of a one-time per year payment to the energy supplier of an eligible household, or in some cases, directly to the applicant. The Crisis Intervention Program provides assistance to eligible households in energy related emergencies. Eligibility is based on 150% of current Office of Management and Budget (OMB) income poverty guidelines for all households.

Funding for this appropriation is 100% federal from the U. S. Department of Health and Human Services, Administration for Children and Families.

The Agency Base Level and total request for this appropriation is \$28,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 411 - Cty-Low Income Energy Assistance Prgm

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	24,267,200	28,000,000	29,470,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000
Total		24,267,200	28,000,000	29,470,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000
Funding Sources										
Federal Revenue	4000020	24,267,200	28,000,000		28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000
Total Funding		24,267,200	28,000,000		28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		24,267,200	28,000,000		28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000

Analysis of Budget Request

Appropriation: 412 - Cty-Refugee Resettlement Program

Funding Sources: FWF - DHS Federal

The Refugee Resettlement Program provides temporary assistance to refugees and entrants to the state to help in becoming self-sufficient and self-reliant. This program was established by the 1980 Immigration and Nationality Act and authorizes cash assistance and medical assistance for up to eight months following entry. Social services may be provided to refugees for up to five years. Refugees may apply for cash, medical and the supplemental nutrition assistance program (SNAP) assistance at Department of Human Services offices in their county of residence.

Due to the steady decline in eligibles, Arkansas chose to discontinue the optional Social Services component of the program effective October 1, 2002. Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) will continue to be available through the county offices to any new arrivals entering the state in the future. The federal Office of Refugee Resettlement contracts directly with an agency outside of DHS for the social services aspects of the program.

Funding for this appropriation is 100% federal from the U. S. Department of Health and Human Services, Administration for Children and Families and is available to states as well as non-profit organizations to help offset costs related to resettlement efforts.

The Agency Base Level request for this appropriation is \$12,000 each year of the biennium.

The Agency Change Level request is for \$110,160 each year due to increasing caseloads within the State.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 412 - Cty-Refugee Resettlement Program

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	648	12,000	24,000	12,000	122,160	12,000	12,000	122,160	12,000
Total		648	12,000	24,000	12,000	122,160	12,000	12,000	122,160	12,000
Funding Sources										
Federal Revenue	4000020	648	12,000		12,000	12,000	12,000	12,000	12,000	12,000
Total Funding		648	12,000		12,000	12,000	12,000	12,000	12,000	12,000
Excess Appropriation/(Funding)		0	0		0	110,160	0	0	110,160	0
Grand Total		648	12,000		12,000	122,160	12,000	12,000	122,160	12,000

Change Level by Appropriation

Appropriation: 412 - Cty-Refugee Resettlement Program
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	12,000	0	12,000	100.0	12,000	0	12,000	100.0
C05	Unfunded Appropriation	110,160	0	122,160	1,018.0	110,160	0	122,160	1,018.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	12,000	0	12,000	100.0	12,000	0	12,000	100.0
C05	Unfunded Appropriation	0	0	12,000	100.0	0	0	12,000	100.0

Justification

C05	The Agency requests \$110,160 in unfunded Federal appropriation in each year of the Biennium for the Refugee Resettlement Program due to increasing caseloads in the State. This program provides temporary assistance to refugees and entrants to the State to help them become self-sufficient and self-reliant. The Lutheran Immigration and Refugees Services will be opening a new Refugee Placement Program in Northwest Arkansas in the coming year. This will add 100 refugees to the number settling in Arkansas. In addition, Catholic Charities will be opening an additional Remote Refugee Site in Little Rock. This will add 35 refugees to the amount Catholic Charities settles each year. This will increase the number of refugee we serve from 35 a year to 170 a year. No State General Revenue funds are being requested.
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Analysis of Budget Request

Appropriation: 426 - Cty-Homeless Assistance Grant

Funding Sources: FWF - DHS Federal

The Homeless Assistance Grant is a federal program through the U. S. Department of Housing and Urban Development. This program is designed to assist local communities in helping to improve the quality of life for the homeless by providing grants for renovation, rehabilitation or conversion of buildings to be used as emergency shelters. Funds can be used for paying for operations, maintenance, insurance, utilities, and furnishings, essential social services that are connected with the shelters and for prevention efforts. The estimated homeless count in the State of Arkansas for 2011 is 19,135. Funding for this appropriation is 100% federal.

The Agency Base Level and total request for this appropriation is \$2,638,091 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 426 - Cty-Homeless Assistance Grant

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,563,076	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091
Total		1,563,076	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091
Funding Sources										
Federal Revenue	4000020	1,563,076	2,638,091		2,638,091	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091
Total Funding		1,563,076	2,638,091		2,638,091	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,563,076	2,638,091		2,638,091	2,638,091	2,638,091	2,638,091	2,638,091	2,638,091

Analysis of Budget Request

Appropriation: 59H - Hunger Coalition

Funding Sources: DCO - County Operations Account

This appropriation was originally authorized by Act 1385 of 2009. Arkansas food banks have reported an increase in utilization which is attributed to poor economic conditions and local disasters coupled with the increased cost of food storage and transportation. To address this need, the State Food Purchasing Program was created and funded with state general revenues generated from an increase in the tax on cigarettes and other tobacco products provided in Act 180 of 2009. The Division of County Operations grants these funds to the Arkansas Hunger Relief Alliance for distribution to the local food distribution networks for the purpose of purchasing Arkansas products through the State Food Purchasing Program.

Funding for this appropriation is 100% general revenue (DCO - County Operations Fund Account).

The Agency Base Level and total request for this appropriation is \$995,113 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59H - Hunger Coalition

Funding Sources: DCO - County Operations Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	995,113	995,113	995,113	995,113	995,113	995,113	995,113	995,113	995,113
Total		995,113	995,113	995,113	995,113	995,113	995,113	995,113	995,113	995,113
Funding Sources										
General Revenue	4000010	995,113	995,113		995,113	995,113	995,113	995,113	995,113	995,113
Total Funding		995,113	995,113		995,113	995,113	995,113	995,113	995,113	995,113
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		995,113	995,113		995,113	995,113	995,113	995,113	995,113	995,113

Analysis of Budget Request

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

This appropriation is for the additional administrative costs to the Division of County Operations associated with the Medicaid Expansion Programs established by Initiated Act 1 of 2000. The expanded Medicaid programs are as follows:

1. Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001);
2. Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001);
3. Expansion of non-institutional coverage and benefits to adults aged 65 and over. Referred to as ARSeniors, this program extends full Medicaid benefits to adults age 65 and over who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002); and

Funding for this appropriation is derived from tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Base Level and total request for this appropriation is \$2,825,998 in FY2018 and \$2,828,468 in FY2019 with 60 budgeted Base Level positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 642 - DHS Medicaid Expansion Program
Funding Sources: PTA - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,745,287	1,763,026	1,815,789	1,763,826	1,763,826	1,763,826	1,765,826	1,765,826	1,765,826
#Positions		60	60	60	60	60	60	60	60	60
Personal Services Matching	5010003	699,231	707,374	724,396	716,377	716,377	716,377	716,847	716,847	716,847
Operating Expenses	5020002	157,591	295,795	295,795	295,795	295,795	295,795	295,795	295,795	295,795
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Data Processing Services	5900044	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total		2,602,109	2,816,195	2,885,980	2,825,998	2,825,998	2,825,998	2,828,468	2,828,468	2,828,468
Funding Sources										
Federal Revenue	4000020	1,301,055	1,408,098		1,412,999	1,412,999	1,412,999	1,414,234	1,414,234	1,414,234
Tobacco Settlement	4000495	1,301,054	1,408,097		1,412,999	1,412,999	1,412,999	1,414,234	1,414,234	1,414,234
Total Funding		2,602,109	2,816,195		2,825,998	2,825,998	2,825,998	2,828,468	2,828,468	2,828,468
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,602,109	2,816,195		2,825,998	2,825,998	2,825,998	2,828,468	2,828,468	2,828,468

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Division of County Operations was established originally in Act 348 of 1985 in the reorganization of the Department of Human Services under the title of Program Operations. Act 164 of 1995 amended Arkansas Code Annotated §25-10-102 and created the Division of Medical Services, renamed the Division of Program Operations to County Operations and transferred functions that were a part of the Division of Economic and Medical Services to County Operations. Functions transferred to the Division of County Operations were Aid to Families with Dependent Children, Food Stamp Program (now called Supplemental Nutrition Assistance Program - SNAP), Project Success and the Community Services Block Grant.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, eliminated the open-ended federal entitlement program of Aid to Families with Dependent Children (AFDC) and created a federal block grant program for states to provide cash assistance to families on a time-limited basis under the Temporary Assistance to Needy Families (TANF) program. The Arkansas Personal Responsibility and Public Assistance Reform Act, Act 1058 of 1997 was enacted during the 81st General Assembly and signed by the Governor on April 3, 1997, thereby establishing the Transitional Employment Assistance (TEA) program. With the enactment of these laws, the AFDC and Project Success programs were eliminated and replaced by the TEA program. Enacted during the 85th General Assembly and signed by the Governor, Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS) and also created the Work Pays program, which is an extension of the TEA program for former TEA recipients who are working. Pursuant to this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remains with the Division of County Operations while DWS is responsible for the provision of case management services and overall administration of the program.

The Division of County Operations has the primary responsibility for providing the leadership and support in each of the eighty-three (83) county offices in the 75 counties, a new Access Arkansas Center is being constructed in Batesville and will process approximately 28,000 applications and reevaluations each month, many of which are being filed online. The Division of County Operations is responsible for administering the SNAP, TEA, Medicaid and ARKids Programs to citizens across Arkansas. Additional programs administered at the county level though local organizations include the Community Services Block Grant; Energy and Weatherization Assistance for low income elderly, people with disabilities and families with children; Homeless and Housing Assistance; and Commodity Distribution. The Division is responsible for the physical office space in each of the counties including rent, utilities, telephone charges, janitorial services and other items needed at the local level. The Division coordinates the services of the various DHS Divisions at the local level and provides clerical support. The Division currently has four (4) distinct areas of operation: Field Operations, Program Planning and Development, Community Services and Administrative Support.

Funding for this appropriation is derived from a mix of sources that includes general revenue (DCO - County Operations Fund Account), federal and other revenues. Federal funding sources include revenues derived from administrative costs for TEA, SNAP, Community Services Block Grant, Refugee Resettlement, Emergency Shelter, Commodities, Child Health Insurance (CHIP) and Medicaid (Regular and Enhanced)

programs. Other funding which is indicated as various program support can also include sources such as Title XIX match, miscellaneous collections, federal awards, fees, third party reimbursements and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Base Level request for this appropriation is \$117,680,205 in FY2018 and \$117,757,492 in FY2019 with \$47,900,033 in FY2018 and \$47,931,301 in FY2019 in general revenue funding and 1,728 budgeted Base Level positions.

The Agency Change Level Request is \$6,970,569 in FY2018 and \$6,282,802 in FY2019 with a transfer of general revenue funding to other divisions of (\$2,432,413) in FY2018 and (\$2,432,783) in FY2019, and reflects the following:

- Transfer Positions Out (5): Regular Salaries and Personal Services Matching of (\$359,307) in FY2018 and (\$360,048) in FY2019 to support the Agency reorganization.
- Restore Positions (54): Regular Salaries and Personal Services Matching of \$1,995,660 in FY2018 and \$1,996,650 in FY2019 to provide support the determination of eligibility for the SNAP, Medicaid, TEA and Work Pays programs. Restoration of these positions allows the division to more efficiently manage vacancies and reduce delays in customer services by operating in a continuous hiring/training mode.
- Extra Help of \$239,760 for each year of the biennium.
- Operating Expenses of \$2,266,550 in FY2018 and \$1,407,029 in FY2019 which includes a transfer out of (\$48,525) each year to Shared Services to support the Department reorganization as well as an increase of \$2,315,075 in FY2018 and \$1,455,554 in FY2019 to replace two (2) County Offices due to inadequate conditions and inadequate environments to serve clients and also to cover increases in postage, mailing and wired Services for client notices for SNAP, TEA and Medicaid programs.
- Professional Fees of \$2,048,585 in FY2018 and \$2,148,406 in FY2019 for projected increases in funding for SNAP Employment and Training and SNAP Nutrition Education services.
- Professional Admin Fee of \$827,846 in FY2018 and \$899,530 in FY2019 for increasing costs of various Information Technology Services.

The Executive Recommendation provides for the Agency Request with the exception of the following:

- Operating Expenses increase of \$2,315,075 in FY2018 and \$1,455,554 in FY2019.
- Professional Fees of \$2,048,585 in FY2018 and \$2,148,406 in FY2019.
- Professional Admin Fee of \$827,846 in FY2018 and \$899,530 in FY2019.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	56,878,261	56,327,345	59,024,939	56,380,045	57,449,579	57,449,579	56,442,645	57,512,379	57,512,379
#Positions		1,779	1,728	1,782	1,728	1,777	1,777	1,728	1,777	1,777
Extra Help	5010001	357,762	390,052	390,052	390,052	629,812	629,812	390,052	629,812	629,812
#Extra Help		30	37	37	37	37	37	37	37	37
Personal Services Matching	5010003	21,542,919	21,686,532	22,736,256	21,980,655	22,498,949	22,498,949	21,995,342	22,513,685	22,513,685
Overtime	5010006	163	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	25,217,098	25,147,460	25,147,460	25,147,460	27,414,010	25,098,935	25,147,460	26,554,489	25,098,935
Conference & Travel Expenses	5050009	137,642	167,081	167,081	167,081	167,081	167,081	167,081	167,081	167,081
Professional Fees	5060010	5,448,803	6,499,735	6,499,735	6,499,735	8,548,320	6,499,735	6,499,735	8,648,141	6,499,735
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	20,000	20,000	0	0	0	0	0	0
Professional Admin Fee	5900044	4,924,452	7,090,177	9,088,483	7,090,177	7,918,023	7,090,177	7,090,177	7,989,707	7,090,177
Total		114,507,100	117,353,382	123,099,006	117,680,205	124,650,774	119,459,268	117,757,492	124,040,294	119,536,804
Funding Sources										
General Revenue	4000010	45,583,121	47,486,374		47,900,033	45,467,620	45,467,620	47,931,307	45,498,524	45,498,524
Federal Revenue	4000020	63,177,700	59,816,002		59,968,658	62,821,085	62,821,085	60,045,944	62,969,684	62,969,684
Merit Adjustment Fund	4000055	0	281,461		0	0	0	0	0	0
Various Program Support	4000730	5,746,279	9,769,545		9,811,514	9,811,514	9,811,514	9,780,241	9,780,241	9,780,241
Total Funding		114,507,100	117,353,382		117,680,205	118,100,219	118,100,219	117,757,492	118,248,449	118,248,449
Excess Appropriation/(Funding)		0	0		0	6,550,555	1,359,049	0	5,791,845	1,288,355
Grand Total		114,507,100	117,353,382		117,680,205	124,650,774	119,459,268	117,757,492	124,040,294	119,536,804

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	117,680,205	1,728	117,680,205	100.0	117,757,492	1,728	117,757,492	100.0
C04	Reallocation	(48,525)	0	117,631,680	100.0	(48,525)	0	117,708,967	100.0
C05	Unfunded Appropriation	6,550,555	54	124,182,235	105.5	5,791,845	54	123,500,812	104.9
C07	Agency Transfer	(359,307)	(5)	123,822,928	105.2	(360,048)	(5)	123,140,764	104.6
C08	Technology	827,846	0	124,650,774	105.9	899,530	0	124,040,294	105.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	117,680,205	1,728	117,680,205	100.0	117,757,492	1,728	117,757,492	100.0
C04	Reallocation	(48,525)	0	117,631,680	100.0	(48,525)	0	117,708,967	100.0
C05	Unfunded Appropriation	2,186,895	54	119,818,575	101.8	2,187,885	54	119,896,852	101.8
C07	Agency Transfer	(359,307)	(5)	119,459,268	101.5	(360,048)	(5)	119,536,804	101.5
C08	Technology	0	0	119,459,268	101.5	0	0	119,536,804	101.5

Justification

C04	Transferring SGR and Unfunded Appropriation for 9 positions and associated operational cost to DHS Shared Services.
C05	The agency requests Unfunded Salary and Fringe Appropriation for the restoration of 54 position, Extra Help \$239,760, Operating Expenses, Professional Fees & Services.
C07	The agency requests transfer of 4 positions along with unfunded salary and fringe appropriation to other DHS Division to improve the delivery of service.
C08	The agency request unfunded Information Technology appropriation for increasing costs for various Information Technology Services.

Analysis of Budget Request

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants Paying

With the enactment of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997, open-ended entitlement for Aid to Families with Dependent Children (AFDC) was replaced with federal block grant funding to states. The Arkansas program is entitled Transitional Employment Assistance (TEA). The Arkansas 81st General Assembly passed Act 1058 of 1997 declaring that welfare reform is one of the major human service priorities of state government and establishes the goals of achieving a significant reduction in the number of citizens who are enrolled in such programs, transforming a "one-size fits all" welfare system that fosters dependence, low self-esteem, and irresponsible behavior to one that rewards work and fosters self-reliance, responsibility and family stability. Act 1567 of 1999 amended Act 1058 of 1997 by establishing the Arkansas Transitional Employment Board. Act 1264 of 2001 and Act 1306 of 2003 enacted other provisions to strengthen the Arkansas TEA Program. Arkansas Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS). Under this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remains with the Division of County Operations (DCO) while DWS is responsible for the provision of case management services and overall administration of the program. Act 1705 of 2005 also created the Work Pays program, which is an extension of the TEA program for former TEA recipients who are working. DWS has overall responsibility for the Work Pays program with eligibility determination and benefit delivery remaining with DCO.

TEA Program eligibility is limited to economically needy families with children under the age of 18 who are U.S. citizens or aliens lawfully admitted to the United States under specific criteria and are residing in Arkansas. The parent(s) living with the children must cooperate in child support enforcement activities, if applicable to the family, and must sign and comply with a Personal Responsibility Agreement, which includes ensuring that their children are immunized and that they attend school. All able-bodied parent(s) must actively engage in work related activities as a condition of the family's ongoing eligibility. TEA cash assistance is limited to a maximum of twenty-four (24) months in an adult's lifetime. For those former TEA recipients who are employed at least 24 hours per week and meet the minimum federal work participation rates, an additional twenty-four (24) months of Work Pays benefits are available.

Assistance under the TEA and Work Pays Programs may include: monthly cash assistance payments to help meet the family's basic needs; employment services such as work experience, job search, and job readiness activities; assistance with basic and vocational education; assistance with supportive services such as childcare, transportation and other expenses related to work activity; case management services; and eligibility for extended support services to help the parent retain a job after the cash assistance case closes due to employment.

Congress reauthorized the TANF program through the Deficit Reduction Act of 2005. Although the Act requires States to meet higher rates of work participation, no significant changes were made in the program design beyond the State initiatives and organizational changes prescribed by Act 1705 of 2005.

Funding for this appropriation is derived from the federal Temporary Assistance for Needy Families (TANF) block grant and general revenue

from the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306 (10)(A)(iv) and general revenue fund transfers from the Department of Workforce Services as authorized in Section 9 of Act 271 of 2014 for FY2015. Other funding which is indicated as various program support can also include sources such as the payback of the federal share of overpayment collections on AFDC and interest on TEA cash assistance.

The Agency Base Level request for this appropriation is \$14,637,000 each year of the biennium.

The Agency Change Level request is for \$3,640,650 each year of the biennium for services provided to Transitional Employment Assistance (TEA) Program participants.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
TANF Block Grant	5100004	8,703,431	14,637,000	18,277,650	14,637,000	18,277,650	14,637,000	14,637,000	18,277,650	14,637,000
Total		8,703,431	14,637,000	18,277,650	14,637,000	18,277,650	14,637,000	14,637,000	18,277,650	14,637,000
Funding Sources										
Federal Revenue	4000020	8,703,431	14,637,000		14,637,000	14,637,000	14,637,000	14,637,000	14,637,000	14,637,000
Total Funding		8,703,431	14,637,000		14,637,000	14,637,000	14,637,000	14,637,000	14,637,000	14,637,000
Excess Appropriation/(Funding)		0	0		0	3,640,650	0	0	3,640,650	0
Grand Total		8,703,431	14,637,000		14,637,000	18,277,650	14,637,000	14,637,000	18,277,650	14,637,000

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	14,637,000	0	14,637,000	100.0	14,637,000	0	14,637,000	100.0
C05	Unfunded Appropriation	3,640,650	0	18,277,650	124.9	3,640,650	0	18,277,650	124.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	14,637,000	0	14,637,000	100.0	14,637,000	0	14,637,000	100.0
C05	Unfunded Appropriation	0	0	14,637,000	100.0	0	0	14,637,000	100.0

Justification

C05	The Agency requests \$3,640,650 in unfunded appropriation in both years of the Biennium for services provided to Transitional Employment Assistance (TEA) Program participants. This additional appropriation will support State General Revenue funds that will be transferred from the Department of Workforce Services (DWS) to the Department of Human Services (DHS) to pay these client services. No State General Revenue funds are being requested.								
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Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The Community Services Block Grant program helps low-income persons become more independent by providing a range of services through local Community Action Agencies. The services are designed to impact the causes of poverty and assist low-income persons gain the skills necessary for employment, offer better educational and training activities to handle finances, improve housing, make use of social services available to them and become involved in community activities. Additionally, the program provides funds for involvement of low-income persons in community development activities, essential services to homeless persons and development of innovative approaches, at both the local and state level, to meet the nutritional needs of low-income persons. Eligibility is based on current OMB poverty income guidelines.

Social Services Block Grant (SSBG) funds are used to provide supportive services to help low-income children and families achieve and maintain self-sufficiency. These services include case management, employment services, nutrition, emergency assistance, and other social services to address the needs of families in crisis. SSBG funds also provide special services and supportive activities for the disabled through job placement, employment counseling, and referrals to community resources and opportunities.

Supplemental Nutrition Assistance Program (SNAP) - The Employment and Training (E & T) Program (formerly the Food Stamp Employment and Training Program) provides Employment and Training activities which promote long term self sufficiency to SNAP recipients classified as an ABAWD (able-bodied adult without dependent children) and who live in one of the counties where an E & T Program is operational. Services include independent job search, job search training, education, work experience and vocational training. Client reimbursements for expenses associated with participation in the E & T Program, such as travel reimbursements, are funded with 50% State General Revenue and 50% Federal funds.

Supplemental Nutrition Assistance Program (SNAP) - The Farmers Market Program has been established by U.S. Department of Agriculture (USDA) to allow consumers to have access to locally grown farm fresh produce, enable farmers the opportunity to expand their customer base, and cultivate consumer loyalty with the farmers who grow the produce. In order to participate in the Electronic Benefits Transfer (EBT) Farmers Market Program, each market must be authorized by the USDA Food and Nutrition Service (FNS) to accept Supplemental Nutrition Assistance Program (SNAP) benefits. The USDA provides funds for the purchase of Point of Sale devices and monthly wireless fees so fruits and vegetables can be purchased by SNAP recipients with their Electronic Benefits Transfer card. The grants are paid with 100% Federal funds.

Funding for this appropriation is derived from the federal Community Services Block Grant, U. S. Department of Health and Human Services, Administration for Children and Families, federal Social Services Block Grant (SSBG) funds, federal USDA funds and general revenue from the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306(10)(A)(ii) and §19-5-306(10)(A)(xi).

The Agency Base Level request for the Supplemental Nutrition Assistance Program line item is \$343,235 each year of the biennium.

The Agency Base Level and total request for the Community Services Block Grant line item is \$9,783,146 each year of the biennium.

The Agency Change Level request for the Supplemental Nutrition Assistance Program line item is \$3,980,845 in FY2018 and \$4,180,487 in FY2019 to provide Employment & Training (E&T) services to promote sufficiency through employment for able-bodied adult SNAP recipients.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Suppl Nutrition Assist(SNAP)	5100004	157,325	343,235	343,235	343,235	4,324,080	343,235	343,235	4,523,722	343,235
Community Svcs. Block Grant	5100004	8,635,043	9,783,146	9,783,146	9,783,146	9,783,146	9,783,146	9,783,146	9,783,146	9,783,146
Total		8,792,368	10,126,381	10,126,381	10,126,381	14,107,226	10,126,381	10,126,381	14,306,868	10,126,381
Funding Sources										
General Revenue	4000010	78,013	153,439		153,439	153,439	153,439	153,439	153,439	153,439
Federal Revenue	4000020	8,714,355	9,972,942		9,972,942	9,972,942	9,972,942	9,972,942	9,972,942	9,972,942
Total Funding		8,792,368	10,126,381		10,126,381	10,126,381	10,126,381	10,126,381	10,126,381	10,126,381
Excess Appropriation/(Funding)		0	0		0	3,980,845	0	0	4,180,487	0
Grand Total		8,792,368	10,126,381		10,126,381	14,107,226	10,126,381	10,126,381	14,306,868	10,126,381

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	9,783,146	0	9,783,146	100.0	9,783,146	0	9,783,146	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	9,783,146	0	9,783,146	100.0	9,783,146	0	9,783,146	100.0

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	343,235	0	343,235	100.0	343,235	0	343,235	100.0
C05	Unfunded Appropriation	3,980,845	0	4,324,080	1,259.8	4,180,487	0	4,523,722	1,318.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	343,235	0	343,235	100.0	343,235	0	343,235	100.0
C05	Unfunded Appropriation	0	0	343,235	100.0	0	0	343,235	100.0

Justification

C05	The Agency requests \$3,980,845 in unfunded Federal appropriation in 2018 and \$4,180,487 in unfunded Federal appropriation in 2019 for the SNAP Employment and Training (E&T) New 3rd Party Program. This program provides Employment & Training (E&T) services to promote sufficiency through employment for able-bodied adult SNAP recipients with or without dependents, other adults work registered individuals as well as volunteers who wish to improve their employability potential. Funding is 100% Federal. No State General Revenue funds are being requested.
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Analysis of Budget Request

Appropriation: 930 - Cty-Commodity Distrib & Salvage Container

Funding Sources: NHS - Cash in Treasury

The Commodity Distribution and Salvage Container Program receives United States Department of Agriculture (USDA) donated foods for distribution to school districts, food banks, soup kitchens and food pantries, etc. The donated foods are distributed through a contract with a local warehouse. In the event, that the donated food is damaged or destroyed from improper storage, care or handling, it is classified as a "food loss" claim. Compensation of the value of the donated food is provided by the contractor and/or recipient agency, to the distributing agency (Division of County Operations Commodity Distribution Program). Compensation is deposited in the Salvage and Container Cash Fund. Upon approval by USDA, these funds may be used for training, equipment and vehicle purchases utilized by the Commodity Distribution Program for enhancements to the program.

The Agency Base Level and total request for this appropriation is \$139,676 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 930 - Cty-Commodity Distrib & Salvage Container

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	2,370	130,186	281,810	130,186	130,186	130,186	130,186	130,186	130,186
Conference & Travel Expenses	5050009	3,637	9,490	9,490	9,490	9,490	9,490	9,490	9,490	9,490
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		6,007	139,676	291,300	139,676	139,676	139,676	139,676	139,676	139,676
Funding Sources										
Cash Fund	4000045	6,007	139,676		139,676	139,676	139,676	139,676	139,676	139,676
Total Funding		6,007	139,676		139,676	139,676	139,676	139,676	139,676	139,676
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		6,007	139,676		139,676	139,676	139,676	139,676	139,676	139,676

Appropriation Summary

Appropriation: 1DK - Cty-Shelter Plus Care Program

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,680,985	0	2,008,800	0	0	0	0	0	0
Total		1,680,985	0	2,008,800	0	0	0	0	0	0
Funding Sources										
Federal Revenue	4000020	1,680,985	0		0	0	0	0	0	0
Total Funding		1,680,985	0		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,680,985	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2017-2019 BIENNIUM

DHS - Developmental Disabilities Services

Enabling Laws

Act 91 of 2016

A.C.A. §20-14-501 et seq.

A.C.A. §20-48-101 et seq.

A.C.A. §20-48-201 et seq.

A.C.A. §20-48-401 et seq.

A.C.A. §25-10-102

History and Organization

DIRECTOR'S OFFICE

DDS Director's Office is responsible for the overall coordination of services for people with developmental disabilities in the state. The DDS Director's Office is the primary point of contact between the agency and the public. Responsibilities include the goals, the philosophical framework, and strategic plan within which the agency operates. The DDS Director's Office is also responsible for working with the DDS Board in carrying out the Board's directives related to the Human Development Centers; is responsible for coordinating efforts of multiple groups such as the Governor's Developmental Disabilities Council, Advocacy Services, Arkansas Waiver Association, Human Development Centers Statewide Parent Group, Early Intervention Inter-agency Coordinating Council and any other interested groups whose primary interest is services and service needs of people with disabilities.

Facilities Management assists the five (5) Human Development Centers' in planning capital and maintenance projects; serves as liaison with Arkansas Building Authority architects and engineers; assists with the development of operating and capital improvement budgets.

Risk Assessment is responsible for the development, maintenance, revision and monitoring of the Division's risk assessment plan in accordance with established rules and regulations; and serves as the Division's liaison with the department level risk assessment coordination unit.

CHILDREN'S SERVICES

The Children's Services Section is responsible for intake, eligibility determination, and individualized service plan development, referrals for services, and program and administrative oversight for five (5) programs: Part C Early Intervention; Part B Early Childhood; DDS Special

Needs; Integrated Support Services; and Arkansas' Title V program for children with special health care needs. Thirty-four (34) DDS Specialists throughout the state coordinate service activities for approximately 8,000 person's age 0 through 22. DDS Specialists serves as the intake point for the DDS Waiver for individuals with developmental disabilities that are under age 22 and still in school. The Service Specialists are responsible for processing requests for program assistance, obtaining evaluation information, determining eligibility for services, providing case management, making referrals for appropriate services and providing support to families.

Children's Services (CS) is Arkansas' Title V program for Children with Special Health Care Needs (CSHCN). Children's Services serves approximately 12,500 children and youth by providing referral and resource information and payment for medical services for eligible individuals. Of those, over 2,900 are children with Medicaid coverage that have requested Children's Services as their case manager; some are children with ARKids First B that have medical needs which may not be met by that program; and about 1,000 are children that may have private insurance, but no Medicaid coverage and have asked for financial assistance in paying for medical care.

Part C of IDEA- Early Intervention (E.I.) was originally enacted by Congress in 1975 to ensure that children with disabilities have the opportunity to receive a free appropriate public education. The most recent amendments were passed by Congress in December 2004, with Part C final regulations published in September 2011. DDS serves as the Lead Agency in the Department of Human Services for Part C Early Intervention. The EI program serves infants and toddlers, birth to two (2) years of age, with a developmental delay. The Lead Agency assures access to appropriate services. 12 Program Coordinators provide coordination activities for eligible children and families throughout the state.

Part B Early Childhood is responsible for monitoring compliance with federal and contractual regulations and requirements relative to education and related services for children 3 to 5. This area provides consultations and technical assistance in DDS licensed community programs and Individualized Education Plan (IEP) completed by an interdisciplinary team that serves as the guide for services.

Integrated Services provides services to DDS eligible individuals who have multi-agency and multiple-service needs. Individually identified wrap-around services are provided in the community and allow the individual to remain in the community without institutionalization.

DDS Special Needs program provides limited assistance to eligible families in need of services not available through other programs. Eligible services may include respite, purchase of equipment, purchase of services required for integration into the community. Eligibility requirements exist.

WAIVER SERVICES

Waiver Services Section has primary responsibility for the Alternative Community Services (ACS) Home and Community Based Medicaid Waiver Service program/service delivery inclusive of ages zero to death. This program provides for diversion and de-institutionalization for persons who request or need a change. Maximum Waiver capacity is 4,143 individuals served at any given time with approximately 4,000 unduplicated persons served on a fiscal year basis. Within the 4,143 capitation, there are 95 Human Development Center/Arkansas State Hospital (HDC/ACS) and 60 Division of Children and Family Services (DCFS) reserved capacity.

This Section is organized into four (4) Units: Administration, Waiver Applications/Technical Support inclusive of staff and programmatic training, Waiver Program/Technical Support and Policy and Procedure/Technical Support specifically in the areas of information technology and reporting. All Units provide technical assistance and support to individuals, families, providers and other persons as requested or needed.

The Administration Unit is responsible to oversee all Section operations and activities, assure business functions, serve as the final DDS appeals body for all Waiver issues and coordinate and assure effective cross Sectional and Divisional communications.

The Applications Unit has primary responsibility for processing new and priority applications, maintaining a list of persons requesting services and releasing individuals from the wait list when vacant positions in the Waiver occur. Processing includes tracking and trending through the issuance of the initial plans of care. Training development needs are met across all Unit levels.

The Program Unit has primary responsibility to implement and coordinate the activities specific to service delivery, inclusive of approval of all plans of care initially and annually thereafter, or as needs may change and choice options are exercised. It is responsible for tracking, trending, discovery and remediation of the Division of Medical Services audit outcomes.

The Policy/Procedure Unit has primary responsibility for the development of waiver renewals and revisions; researching and answering waiver inquiries; revision of the ACS Provider Manual; maintenance of a comprehensive Waiver database and tracking, trending, discovery and remediation of Centers for Medicaid and Medicare Services Quality Assurance framework compliance.

QUALITY ASSURANCE

The Quality Assurance section includes the intake, outreach, eligibility, and regulatory units for DDS. The Quality Assurance section also participates in various quality improvement activities, such as the State's Payment Improvement Initiative and DD Assessment Project.

The DDS Certification and Licensure Unit performs licensure and certification of DDS Providers, licensure of Center-based Services and certification of Waiver Providers who serve individuals with developmental disabilities. Staff conducts monitoring activities for Developmental Day Treatment Clinic Services (DDTCS) and ACS Waiver.

The DDS Adult Intake and Referral unit in QA is responsible for intake and referral for all adults seeking DDS services and assists individuals and families with respite and other service needs. The QA Medicaid Income Eligibility Unit reviews thousands of files for financial eligibility each year.

The Outreach Unit conducts interviews with a sample of persons served by the ACS Waiver and Intermediate Care Facilities for Persons with Intellectual and Developmental Disabilities, using the National Core Indicators (NCI) survey tool, to determine satisfaction with their services.

Units in QA also include psychological eligibility determination, investigation of service concerns, incident reporting, policy development, and technical assistance for provider organizations.

POLICY AND PLANNING

The Policy and Planning section develops strategic policy priority and provides policy counsel to the leadership of DDS. Specifically, the Office of Policy and Planning works with the Division's leadership by: developing strategic policy priorities; planning and coordinating the implementation of policy initiatives that support these priorities; engaging Divisions within the Department of Human Services to ensure coordination and integration of policy initiatives with other Divisional and Departmental initiatives; leading cross Divisional initiatives and supporting the implementation of Division policy initiatives; conducting stake holder outreach activities and synthesizing input and ideas from the stake holders to inform the Divisions policy formulation process and oversees independent assessment process and contract.

CONWAY HUMAN DEVELOPMENT CENTER

Before Special Education services were available, Conway Human Development Center (CHDC) opened September 1, 1959, resultant of Arkansans seeking learning opportunities for children with developmental disabilities. CHDC was the first of six Human Development Centers in Arkansas. CHDC's mission is to provide services and support to people with developmental disabilities by helping them maximize their capabilities and achieve the best possible quality of life. The comprehensive services include medical services, special education, domestic skill development, personal skill development, habilitation training, workshop opportunities, employment training, and recreational opportunities. CHDC offers medical services to include: physicians, nursing, physical therapy, occupational therapy, speech therapy, dental, orthotics, audiology services, physician peer review, psychology peer review, infection control and comprehensive dysphasia screening and bone density screening. CHDC also provides chapel services and a specialized library. Today, CHDC provides these comprehensive services to children who are school age with behavioral and medical needs and to adults (including seniors) with habilitation/employment needs and/or significant health care needs. With the present licensed capacity of five hundred eighteen (518), CHDC provides these services in a residential home-like setting, including special residential settings for children with intense behavioral needs.

ARKADELPHIA HUMAN DEVELOPMENT CENTER

The Arkadelphia Human Development Center opened in October of 1968. The facility currently serves an adult population and offers a primary emphasis on adult enrichment, vocational training and transitional placement for people who wish to live in community settings. The Center also serves as a "safety net" for people in the community who are experiencing challenges and need a temporary respite or step back to a structured setting. The facility's capacity is one hundred thirty-five (135) and residential options are: three (3) male residences that house adults with multiple disabilities; two (2) residences for adult males and two (2) for adult females who are diagnosed with mental illness/mental retardation and whose conduct has placed them or others in jeopardy in the community; and one (1) group home for older adult females. Since 2003 the Center has partnered with Rainbow of Challenges to help create community housing and job opportunities for all people with developmental disabilities. In 2008 the Center partnered with the Volunteer Council, the City of Arkadelphia, Arkansas, Department of Environmental Quality, West Central Waste District, Arkadelphia Public Schools and private businesses to create the Clark County Recycling Cooperative which operates from the Center's campus and provides job opportunities for people served by the Center.

In 2011, the Center entered into a contract with Arkansas Parks and Tourism to create information packets to be sent out about the State and various opportunities around Arkansas. This provides our clients with the training and normalization as they earn pay for work performed.

JONESBORO HUMAN DEVELOPMENT CENTER

The Jonesboro Human Development Center opened in November of 1974 on property purchased by residents of Northeast Arkansas and donated to the state for purposes of constructing the facility. JHDC provides services to a maximum of one hundred twenty-eight (128) adults who have developmental challenges. Living arrangements include nine (9) homes which range from 16-person houses with private, semi-private, and multi-bed bedrooms to a seven (7) - person home offering private bedroom space. Services offered at the facility are designed to focus on the individual needs of the people who reside there and include medical, psychological/psychiatric, vocational and recreational services. The center operates an on-campus employment center which contracts with local industry to provide job opportunities for those living at the center. The focus of the JHDC is to (1) assist people in gaining skills to help them transition to the most appropriate, least restrictive setting possible and (2) assist people in maintaining skills as they enter the retirement years of their lives. The facility provides twenty-four (24) hour residential services in a manner to give those who live there respect, dignity, training, and support.

BOONEVILLE HUMAN DEVELOPMENT CENTER

The Booneville Human Development Center (BHDC) opened in July of 1973. BHDC provides services to a maximum of one hundred thirty-eight (138) adults with developmental disabilities, age nineteen (19) or older. This facility provides an array of training programs and living options for individuals. It serves people who are ambulatory and have no severe medical needs but, who may need intensive psychiatric, psychological and other behavioral services due to the presence of a mental illness. People live in the least restrictive setting for their needs, from semi-independent group houses to dormitories with extensive supervision. The Center's pre-vocational program includes rug weaving, an art project, recycling and jobs in food service.

SOUTHEAST ARKANSAS HUMAN DEVELOPMENT CENTER

Southeast Arkansas Human Development Center (SEAHDC), the last of the six human development centers to be constructed by the state, is built on 179 acres of land donated by the citizens of Bradley County. The Center, a part of the Bradley County community since 1978, provides services to ninety-three (93) persons of varying disabilities and ages. Services are provided for adult males and females who need behavioral supports, a Special Treatment Unit for adult females requiring more intensive supervision due to their behaviors, adult transitioning services to prepare them for a less restrictive environment and an adult enrichment program. SEAHDC is a nationally accredited organization with a strong commitment to persons it serves and the surrounding community. It has been called one of the nation's "elite" organizations. SEAHDC has now extended its community outreach to include a training and meeting center. Through this program, training opportunities and meeting space will be provided to community programs and the community as a whole.

Arkansas Department of Human Services Division of Developmental Disabilities



Agency Commentary

Administration - Appropriation 896

The Division of Developmental Disabilities Services believes individuals and their families should have choices when selecting the appropriate services in their local community. This allows each individual to maximize his or her abilities while enjoying a quality of life that matches those abilities. It also will prevent individuals from being forced to access more expensive and intrusive services. The Division is responsible for the overall coordination of services for Arkansans with developmental disabilities. The Division's Director's office is the point of contact for the public. The Director's office also coordinates with interested groups to provide as many service options as possible, oversees the five human development centers and provides administrative support. Within the Division, there are four sections: Financial Services, Waiver, Children and Quality Assurance/Licensure.

POSITION RESTORATIONS SALARIES/FRINGE (unfunded appropriation) The Division of Developmental Disabilities Services (DDS) request unfunded salary and fringe appropriation to restore (C05) 254 position that are critical to provide flexibility in the provision of quality and continuity of care, and insure the health and safety of the residents at the five (5) Human Development Centers (HDCS') and those recipients of service living in the community.

POSITION TRANSFER OUT - DDS requests permission to transfer (C07) 25 positions to DHS Shared Services along with the funding to support this transfer.

DDS requests permission to surrender (C03) 14 positions to DFA.

OPERATING EXPENSES -The Division of Developmental Disabilities Services request unfunded appropriation (C05) for operating expenses to cover increased cost of care for the HDC clients which includes travel, supplies, food, medical supplies, and house hold items. In addition, the Division needs to replace worn items in the living units of the HDCs. \$1,437,146 both years.

VOCATIONAL TRAINEES - The Division of Developmental Disabilities Services request unfunded appropriation (C05) to provide for an increase in vocational training opportunities for individuals residing at the HDCs. \$12,000 both years.

CONFERENCE AND TRAVEL - The Division of Developmental Disabilities Services request unfunded appropriation (C05) to provide for continued availability of training opportunities to keep staff abreast of current service delivery options. \$21,272 both years.

PROFESSIONAL FEES - The Division of Developmental Disabilities Services request unfunded appropriation (C05) to cover the implementation cost of moving currently used mainframe based applications to more efficient web-based applications and pay for the introduction of comprehensive electronic health records and to cover increased funding to support infrastructure contracts to meet national performance measures. \$371,789 both years.

DATA PROCESSING SERVICES - The Division of Developmental Disabilities Services request unfunded appropriation (C05) to the increase in Data processing fees. \$100,000 both years.

PURCHASE OF SERVICE - The Division of Developmental Disabilities Services request unfunded appropriation (C05) to provide a part time General Physician in order to meet additional medical needs of aging population. \$614,323 both years.

CAPITAL OUTLAY - The Division of Developmental Disabilities Services request unfunded appropriation (C05) to replace worn items that are no longer cost effective to repair and reduce down time due to equipment breakdown. \$208,355 both years.

GRANTS/PATIENT SERVICES

GRANTS IN AID - The Division of Developmental Disabilities Services requests federally funded appropriation (C01) for potential for growth in the federal programs.

CHILDREN'S MEDICAL SERVICES

GRANTS IN AID - The Division of Developmental Disabilities Services requests federally funded appropriation (C01) for potential for growth in the federal programs.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Administrative Services Division.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Developmental Disabilities Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
ANGELA DENISE IVERSON/BERTHA BANKS WHITE	\$1,500	X					
AR SPANISH INTERPRETERS & TRANSLATORS	\$35,597		X				
DORIS A NELSON/WIMBLEY YOLANDA S	\$1,000	X					
ELMER DEATON/ GODDESS PRODUCTS INC	\$336,569	X					
HERNANDEZ ESTEBAL L/ MARQUEZ EDI	\$1,000		X				
K HALL & SONS PRODUCE INC	\$166,204	X					
LEBEAUX LORRIE/PECOLA WIGGINS	\$750	X					
MARTISHA WHITE/RHONDA BROADNAX	\$1,000	X					
SHARECE DANIELLE SMITH/THELMA JEAN SAMS	\$1,500	X					
VANTAGE VEHICLE INTERNATIONAL INC	\$63,448				X		

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>10</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$23,442,843</u>
% OF MINORITY CONTRACTS AWARDED	<u>2.53 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
147 Special Olympics	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0
397 Children's Medical Services	1,492,740	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0
408 Children's Medical Services-Federal	663,061	0	1,144,083	0	1,446,205	0	1,144,083	0	1,446,205	0	1,446,205	0	1,144,083	0	1,446,205	0	1,446,205	0
59J Autism Treat/Coord	0	0	273,974	0	273,974	0	273,974	0	273,974	0	273,974	0	273,974	0	273,974	0	273,974	0
653 DDS-State Operations	3,295,783	0	5,054,325	0	6,819,242	0	5,054,325	0	6,819,242	0	5,054,325	0	5,054,325	0	6,819,242	0	5,054,325	0
657 Community Programs	9,500	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
658 Grants to Community Providers	15,742,660	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0
896 Division of Developmental Disabilities Srvs	137,559,521	2,643	140,895,805	2,454	156,513,293	2,708	140,765,143	2,454	153,430,475	2,669	153,227,474	2,669	140,843,973	2,454	153,509,296	2,669	153,306,295	2,669
982 Inter-Divisional Programs	46,536	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0
Total	158,988,569	2,643	165,326,923	2,454	183,011,450	2,708	165,196,261	2,454	179,928,632	2,669	177,960,714	2,669	165,275,091	2,454	180,007,453	2,669	178,039,535	2,669

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	67,563,710	42.5	67,632,830	40.9		67,566,127	40.9	67,179,187	40.6	67,179,187	40.6	67,586,669	40.9	67,199,853	40.6	67,199,853	40.6
Federal Revenue	4000020	20,030,765	12.6	23,161,427	14.0		23,195,548	14.0	25,266,414	15.3	25,266,414	15.3	23,253,836	14.1	25,323,455	15.3	25,323,455	15.3
Special Revenue	4000030	9,500	0.0	50,000	0.0		50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0
Transfer to Medicaid Match	4000660	(13,061,561)	(8.2)	(12,868,843)	(7.8)		(12,836,261)	(7.8)	(12,836,261)	(7.8)	(12,836,261)	(7.8)	(12,836,261)	(7.8)	(12,836,261)	(7.8)	(12,836,261)	(7.8)
Various Program Support	4000730	84,446,155	53.1	87,351,509	52.8		87,220,847	52.8	85,785,435	51.9	85,785,435	51.9	87,220,847	52.8	85,785,435	51.8	85,785,435	51.8
Total Funds		158,988,569	100.0	165,326,923	100.0		165,196,261	100.0	165,444,775	100.0	165,444,775	100.0	165,275,091	100.0	165,522,482	100.0	165,522,482	100.0
Excess Appropriation/(Funding)		0		0			0		14,483,857		12,515,939		0		14,484,971		12,517,053	
Grand Total		158,988,569		165,326,923			165,196,261		179,928,632		177,960,714		165,275,091		180,007,453		178,039,535	

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
2,709	2445	37	2482	227	9.75 %	2,713	2286	152	2438	275	15.74 %	2,708	2290	164	2454	254	15.44 %

Analysis of Budget Request

Appropriation: 147 - Special Olympics

Funding Sources: DEA - Developmental Disabilities Services Fund

This appropriation is for a grant to the Arkansas Special Olympics, Inc. This program provides sports training and competitive opportunities throughout the year for athletes who are developmentally challenged.

Funding for this appropriation is 100% general revenue (DEA-Developmental Disabilities Services Fund Account).

The Agency Base Level and total request for this appropriation is \$178,768 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 147 - Special Olympics

Funding Sources: DEA - Developmental Disabilities Services Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	178,768	178,768	178,768	178,768	178,768	178,768	178,768	178,768	178,768
Total		178,768	178,768	178,768	178,768	178,768	178,768	178,768	178,768	178,768
Funding Sources										
General Revenue	4000010	178,768	178,768		178,768	178,768	178,768	178,768	178,768	178,768
Total Funding		178,768	178,768		178,768	178,768	178,768	178,768	178,768	178,768
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		178,768	178,768		178,768	178,768	178,768	178,768	178,768	178,768

Analysis of Budget Request

Appropriation: 397 - Children's Medical Services

Funding Sources: DGF - DHS Grants Fund

The State Children's Medical Services (CMS) program provides services to children with special health care needs. CMS assists in the provision of services through service teams, satellite offices and parent support groups. In addition to the children with special health care needs, CMS also assists children with special needs on the Tax Equity and Fiscal Responsibility Act (TEFRA) program. TEFRA considers just the child and the child's income for eligibility and is broader in scope than Medicaid. A medical condition must be present to be eligible.

CMS programs are community based with staff at the local level making decisions on behalf of the families receiving services. CMS staff members assist families by coordinating care in areas such as assessments, arranging medical appointments, determining additional needed services, payment authorization, coordinating parent support groups, arranging respite care and transportation, and coordinating the TEFRA program.

Funding for this appropriation is 100% general revenue (DGF - Department of Human Services Grants Fund Account).

The Agency Base Level and total request for this appropriation is \$1,729,279 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 397 - Children's Medical Services

Funding Sources: DGF - DHS Grants Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,492,740	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279
Total		1,492,740	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279
Funding Sources										
General Revenue	4000010	1,492,740	1,729,279		1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279
Total Funding		1,492,740	1,729,279		1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,492,740	1,729,279		1,729,279	1,729,279	1,729,279	1,729,279	1,729,279	1,729,279

Analysis of Budget Request

Appropriation: 408 - Children's Medical Services-Federal

Funding Sources: FWF - DHS Federal

The Federal Children's Medical Services (CMS) appropriation is a companion to the State Children's Medical Services appropriation 397 and provides for community based services for children with special health care needs, including chronic illnesses and physical disabilities. Examples of services include therapies, medications, transportation, medical treatments and equipment. The community based offices allow for more rapid responses to the needs of the children and their families. This appropriation supports the programs and services detailed in the State CMS program appropriation.

Funding for this appropriation is 100% federal revenue consisting of Title V funding.

Then Agency Base Level request is \$1,144,083 each year of the biennium.

The Agency Change Level request is \$302,122 each year of the biennium to support an increase in the federal funded program, in accordance with the grant award guidelines.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 408 - Children's Medical Services-Federal

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	663,061	1,144,083	1,446,205	1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205
Total		663,061	1,144,083	1,446,205	1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205
Funding Sources										
Federal Revenue	4000020	663,061	1,144,083		1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205
Total Funding		663,061	1,144,083		1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		663,061	1,144,083		1,144,083	1,446,205	1,446,205	1,144,083	1,446,205	1,446,205

Change Level by Appropriation

Appropriation: 408 - Children's Medical Services-Federal
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,144,083	0	1,144,083	100.0	1,144,083	0	1,144,083	100.0
C01	Existing Program	302,122	0	1,446,205	126.4	302,122	0	1,446,205	126.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,144,083	0	1,144,083	100.0	1,144,083	0	1,144,083	100.0
C01	Existing Program	302,122	0	1,446,205	126.4	302,122	0	1,446,205	126.4

Justification

C01	This request will support the increase in the federal funded program, in accordance with the grant award guidelines.
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Analysis of Budget Request

Appropriation: 59J - Autism Treat/Coord

Funding Sources: DEA - Developmental Disabilities Services Fund Account

An increasing number of Arkansans are being diagnosed with Autism Spectrum Disorders. Children and adults with Autism Spectrum Disorders require specialized treatment. To address this need, state general revenues generated from an increase in the tax on cigarettes and other tobacco products as a result of Act 180 of 2009 were provided to the Division of Developmental Disabilities Services.

The Division of Developmental Disabilities Services is working closely with the Legislative Task Force on Autism to identify and prioritize needed services to this population.

Funding is 100% general revenue (DEA - Developmental Disabilities Services Fund Account).

The Agency Base Level and total request for this appropriation is \$273,974 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59J - Autism Treat/Coord

Funding Sources: DEA - Developmental Disabilities Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	273,974	273,974	273,974	273,974	273,974	273,974	273,974	273,974
Total	0	273,974	273,974	273,974	273,974	273,974	273,974	273,974	273,974
Funding Sources									
General Revenue 4000010	0	273,974		273,974	273,974	273,974	273,974	273,974	273,974
Total Funding	0	273,974		273,974	273,974	273,974	273,974	273,974	273,974
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	273,974		273,974	273,974	273,974	273,974	273,974	273,974

Analysis of Budget Request

Appropriation: 657 - Community Programs

Funding Sources: SDT - DDS Dog Track Special Revenue Fund

The Community Programs appropriation is utilized to provide services for eligible individuals through licensed community providers. Pursuant to Arkansas Code Annotated §23-111-503, this appropriation is funded by fees generated from proceeds of the Southland Greyhound Park. Generally, this appropriation is used to supplement contracts with community providers for a wide range of services provided to individuals with developmental disabilities.

Funding for this appropriation includes 100% special revenue consisting of two-thirds (2/3) of the net proceeds derived from the three (3) additional days of racing authorized by the Arkansas Racing Commission for any dog racing meet, and is to be used for the sole benefit for Community Programs of the Division of Developmental Disabilities Services.

The Agency Base Level and total request for this appropriation is \$50,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 657 - Community Programs

Funding Sources: SDT - DDS Dog Track Special Revenue Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Community Programs 5900046	9,500	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total	9,500	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Funding Sources									
Special Revenue 4000030	9,500	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding	9,500	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	9,500	50,000		50,000	50,000	50,000	50,000	50,000	50,000

Analysis of Budget Request

Appropriation: 658 - Grants to Community Providers

Funding Sources: DEA - Developmental Disabilities Services Fund Account

The Grants to Community Providers appropriation provides for community based services through private non-profit service providers throughout the state for individuals who do not meet Medicaid eligibility criteria for services such as speech, occupational and physical therapy, adult development and preschool services. In addition to grants to community providers for contracted services, this appropriation provides Medicaid Match paid by warrant for Developmental Day Treatment Clinic Services (5 day week clinics that provide work training for adults and preschool training for children), Therapy, Personal Care and Case Management.

Funding for this appropriation is 100% general revenue (DEA - Developmental Disabilities Services Fund Account).

The Agency Base Level and total request for this appropriation is \$15,892,045 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 658 - Grants to Community Providers

Funding Sources: DEA - Developmental Disabilities Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	15,742,660	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045
Total		15,742,660	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045
Funding Sources										
General Revenue	4000010	15,742,660	15,892,045		15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045
Total Funding		15,742,660	15,892,045		15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		15,742,660	15,892,045		15,892,045	15,892,045	15,892,045	15,892,045	15,892,045	15,892,045

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Developmental Disabilities (DDS). This Division administers state programs and services for people with developmental disabilities. Arkansas Statutes define a developmental disability as impairment generally attributable to mental retardation, cerebral palsy, epilepsy or autism. Services through DDS are available for persons diagnosed as having a disability occurring prior to age 22.

In addition to the coordination of community programs and services for individuals with disabilities, DDS is responsible for the management and operation of five (5) state-owned and controlled Human Development Centers (HDCs). These institutional facilities provide 24-hour residential services, habilitation, medical services, therapies and education at the following:

Conway HDC: Provides comprehensive services including a skilled nursing facility for children and adults. Primary emphasis is on medical services, special education, domestic and personal skill development, habilitation training, workshop opportunities, employment training, recreation opportunities and development.

Arkadelphia HDC: Provides comprehensive services for adults of all functioning levels except for those with severe medical needs. Primary emphasis is on adult enrichment, vocational training and transitional placement.

Jonesboro HDC: Provides comprehensive services for adults of all functioning levels except those with severe medical needs. Primary emphasis is on serving individuals with a primary diagnosis of mental retardation.

Booneville HDC: Provides varied services for adults who are ambulatory with no severe medical needs. Primary emphasis is training programs and living options for those that do not require extensive medical care, but may need behavioral services due to mental illness.

Southeast Arkansas (Warren) HDC: Provides both institutional and group home services for adults. Primary emphasis includes functional training for daily living skills and vocational training.

Funding for this appropriation consists of general revenue (DEA - Developmental Disabilities Services Fund Account), federal revenue and other revenue. Federal revenue primarily includes Title XIX, Title V, Early Intervention, Foster Grandparent and Social Service Block Grant funding. Other funding, which is indicated as various program support can also include sources such as the Special Education Fund, Target Case Management, and Medicaid reimbursements.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance

for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

896 - Administration Paying Account

Base Level:

The Agency Base Level Request for this appropriation is \$140,765,143 in FY2018 and \$140,843,973 in FY2019 with \$49,316,226 in FY2018 and \$49,336,768 in FY2019 in general revenue funding and 2,454 budgeted Base Level positions.

Change Level:

The Agency Change Level Request is \$12,426,782 in FY2018 and \$12,426,650 in FY2019 with general revenue transfer to other divisions of (\$386,940) in FY2018 and (\$386,816) in FY2019, and reflects the following:

- Discontinue Position (14): Regular Salaries and Personal Services Matching of (\$447,992) each year of the biennium.
- Transfer Positions Out (25): Regular Salaries and Personal Services Matching of (\$2,103,729) in FY2018 and (\$2,104,975) in FY2019 to support Shared Services Division due to the agency reorganization.
- Restore Unfunded Positions (254): Regular Salaries and Personal Services Matching of \$6,970,743 in FY2018 and \$6,970,611 in FY2019 to provide flexibility in the provision of quality and continuity of care and ensure the health and safety of the residents at the five (5) Human Development Centers.
- Extra Help of \$1,027,262 for each year of the biennium.
- Overtime of \$1,199,000 for each year of the biennium.
- Operating Expenses of \$1,407,392 for each year of the biennium to cover increased cost of care for the HDC clients.
- Professional Fees of \$371,789 for each year of the biennium to cover the implementation cost of moving to a more efficient web-based applications and pay for the introduction of comprehensive electronic health records.
- Conference and Travel Expenses of \$21,272 each year of the biennium to provide continued availability of training opportunities of current service delivery options.
- Capital Outlay of \$703,001 for each year of the biennium to replace worn down inefficient equipment.
- Professional Admin Fee of \$100,000 for each year of the biennium.
- Vocational Trainees of \$12,000 for each year of the biennium to provide an increase in vocational training opportunities for individuals residing at HDC.
- Purchase of Service of \$614,323 for each year of the biennium to provide a part time General Physician in order to meet additional medical needs of the aging population.

653 - DHS State Operations

Base Level:

The Agency Base Level request for the Grants/Patient Services line item is \$4,987,134 each year of the biennium.

The Agency Base Level and total request for the Children and Adolescent Services line item is \$67,191 each year of the biennium in appropriation and general revenue funding.

Change Level:

The Agency Change Level request for the Grants/Patient Services line item is \$1,764,917 to allow for increases in this federally funded program.

896 - Administration Paying Account

The Executive Recommendation provides for the Agency Request with the exception Capital Outlay, which is Recommended at \$500,000 each year.

653 - DHS State Operations

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	72,106,055	71,207,865	79,291,519	71,252,518	75,914,585	75,914,585	71,315,118	75,977,985	75,977,985
#Positions		2,643	2,454	2,708	2,454	2,669	2,669	2,454	2,669	2,669
Extra Help	5010001	1,693,765	1,883,682	1,889,553	1,883,682	2,910,944	2,910,944	1,883,682	2,910,944	2,910,944
#Extra Help		191	200	200	200	200	200	200	200	200
Personal Services Matching	5010003	29,547,761	29,138,744	32,760,921	29,513,429	32,060,655	32,060,655	29,529,659	32,076,076	32,076,076
Overtime	5010006	2,223,900	1,111,000	2,310,000	1,111,000	2,310,000	2,310,000	1,111,000	2,310,000	2,310,000
Extra Salaries	5010008	0	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Operating Expenses	5020002	26,011,988	28,925,660	30,392,871	28,925,660	30,333,052	30,333,052	28,925,660	30,333,052	30,333,052
Conference & Travel Expenses	5050009	55,082	78,131	99,403	78,131	99,403	99,403	78,131	99,403	99,403
Professional Fees	5060010	473,563	946,358	1,318,147	946,358	1,318,147	1,318,147	946,358	1,318,147	1,318,147
DDS-State Operations	5060010	53,385	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants/Patient Services	5100004	3,092,543	4,987,134	6,752,051	4,987,134	6,752,051	4,987,134	4,987,134	6,752,051	4,987,134
Capital Outlay	5120011	342,364	550,000	703,000	0	703,001	500,000	0	703,001	500,000
Foster Grandparent Stipends	5900038	149,855	0	0	0	0	0	0	0	0
Professional Admin Fee	5900044	511,624	600,000	600,000	600,000	700,000	700,000	600,000	700,000	700,000
Vocational Trainees	5900046	156,108	227,000	239,000	227,000	239,000	239,000	227,000	239,000	239,000
Purchase of Service	5900047	4,437,311	6,200,365	6,881,879	6,200,365	6,814,688	6,814,688	6,200,365	6,814,688	6,814,688
Children & Adolescent Svcs	5900047	0	67,191	67,191	67,191	67,191	67,191	67,191	67,191	67,191
Total		140,855,304	145,950,130	163,332,535	145,819,468	160,249,717	158,281,799	145,898,298	160,328,538	158,360,620

Funding Sources										
General Revenue	4000010	50,103,006	49,450,120		49,383,417	48,996,477	48,996,477	49,403,959	49,017,143	49,017,143
Federal Revenue	4000020	19,367,704	22,017,344		22,051,465	23,820,209	23,820,209	22,109,753	23,877,250	23,877,250
Transfer to Medicaid Match	4000660	(13,061,561)	(12,868,843)		(12,836,261)	(12,836,261)	(12,836,261)	(12,836,261)	(12,836,261)	(12,836,261)
Various Program Support	4000730	84,446,155	87,351,509		87,220,847	85,785,435	85,785,435	87,220,847	85,785,435	85,785,435
Total Funding		140,855,304	145,950,130		145,819,468	145,765,860	145,765,860	145,898,298	145,843,567	145,843,567
Excess Appropriation/(Funding)		0	0		0	14,483,857	12,515,939	0	14,484,971	12,517,053
Grand Total		140,855,304	145,950,130		145,819,468	160,249,717	158,281,799	145,898,298	160,328,538	158,360,620

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	140,765,143	2,454	140,765,143	100.0	140,843,973	2,454	140,843,973	100.0
C01	Existing Program	494,646	0	141,259,789	100.4	494,646	0	141,338,619	100.4
C03	Discontinue Program	(447,992)	(14)	140,811,797	100.0	(447,992)	(14)	140,890,627	100.0
C05	Unfunded Appropriation	14,483,857	254	155,295,654	110.3	14,484,971	254	155,375,598	110.3
C07	Agency Transfer	(1,865,179)	(25)	153,430,475	109.0	(1,866,302)	(25)	153,509,296	109.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	140,765,143	2,454	140,765,143	100.0	140,843,973	2,454	140,843,973	100.0
C01	Existing Program	494,646	0	141,259,789	100.4	494,646	0	141,338,619	100.4
C03	Discontinue Program	(447,992)	(14)	140,811,797	100.0	(447,992)	(14)	140,890,627	100.0
C05	Unfunded Appropriation	14,280,856	254	155,092,653	110.2	14,281,970	254	155,172,597	110.2
C07	Agency Transfer	(1,865,179)	(25)	153,227,474	108.9	(1,866,302)	(25)	153,306,295	108.8

Justification

C01	To replace worn items that are no longer cost effective to repair and reduce downtime due to equipment breakdown.
C03	14 Surrendered positions to DFA.
C05	Request for unfunded salary and fringe appropriation to restore 240 position that are critical to provide flexibility in the provision of quality and continuity of care, and ensure the health and safety of the residents at the five (5) Human Development Centers (HDCs) and those recipients of service living in the community.
C07	DDS requests to transfer 25 positions to DHS Shared Services. Positions are in the area of Finance, Procurement, Technology, and Human Resources. The transfer will include General Revenue and Appropriation.

Change Level by Appropriation

Appropriation: 653 - DDS-State Operations
Funding Sources: PWP - Administrative Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	5,054,325	0	5,054,325	100.0	5,054,325	0	5,054,325	100.0
C01	Existing Program	1,764,917	0	6,819,242	134.9	1,764,917	0	6,819,242	134.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	5,054,325	0	5,054,325	100.0	5,054,325	0	5,054,325	100.0
C01	Existing Program	0	0	5,054,325	100.0	0	0	5,054,325	100.0

Justification

C01	Potential for growth in the federal programs.
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Analysis of Budget Request

Appropriation: 982 - Inter-Divisional Programs

Funding Sources: DEA - Developmental Disabilities Services Fund Account

The DHS Inter-Divisional Program appropriation provides integrated services and programs for individuals with complex needs requiring the combined efforts of multiple DHS Divisions. The programs/services are for individualized “wrap around” services (e.g. respite care, in-home assistance, out of home support, etc.) to supplement and enhance available program options. These individualized services are alternatives to out-of-state placements and in-state residential options that allow the individual to remain in the community. The Division of Developmental Disabilities (DDS) staff coordinates the provision of services to ensure that those individuals with special needs that cross divisional lines receive needed services.

Funding for this appropriation is 100% general revenue (DEA - Developmental Disabilities Services Fund Account).

The Agency Base Level and total request for this appropriation is \$108,644 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 982 - Inter-Divisional Programs
Funding Sources: DEA - Developmental Disabilities Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	46,536	108,644	108,644	108,644	108,644	108,644	108,644	108,644	108,644
Total	46,536	108,644	108,644	108,644	108,644	108,644	108,644	108,644	108,644
Funding Sources									
General Revenue 4000010	46,536	108,644		108,644	108,644	108,644	108,644	108,644	108,644
Total Funding	46,536	108,644		108,644	108,644	108,644	108,644	108,644	108,644
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	46,536	108,644		108,644	108,644	108,644	108,644	108,644	108,644

DHS - Services For The Blind

Enabling Laws

Act 89 of 2016
A.C.A. §25-10-201 et seq.

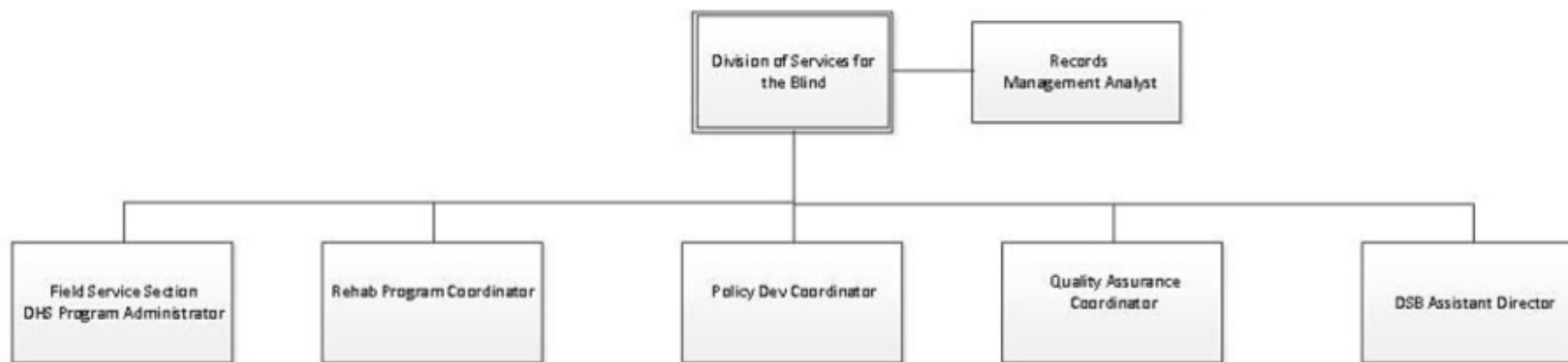
History and Organization

During the 1940s and early 1950s, blind Arkansans received rudimentary services from generically trained “home teachers” employed by the Arkansas Department of Public Welfare. Services consisted of non-specialized instruction in independent living skills and monthly stipends paid from Aid to Aged, Blind and Disabled funding. Little effort was made in vocational skills development or job placement other than the operation of vending stands in predominantly federal locations.

In 1955, the emphasis shifted from welfare to rehabilitation, and the state responsibility for services to blind persons was transferred to the Department of Education, Division of Arkansas Rehabilitation Services. However, blind persons were still provided generic services within the general population of disabled consumers. Later, the Arkansas General Assembly recognized the value of specialized services to blind persons, and passed Arkansas Act 180 of 1965 creating the division of Rehabilitation Services for the Blind within the State Board of Vocational Education. Over the next two decades, the General Assembly would pass laws to combine and separate services to blind persons within various state departments several times until passing Act 481 of 1983.

Act 481 established the Division of State Services for the Blind (DSB) within the Department of Human Services, and vested responsibility for DSB within a policy-making board. Five of the seven members represent statewide consumer, civic and professional organizations involved in state services to blind persons. The two remaining members represent the public at large. By law, four of the seven DSB board members must be blind or severely visually impaired. All members are appointed by the Governor and confirmed by the Senate. The DSB Board is a policy making body responsible for rehabilitation services provided to blind Arkansans of all ages. It sets program policy and employs a Commissioner (director) to oversee agency operations within applicable federal and state law. Because of the governing structure of the board, DSB is recognized federally as a Commission within the requirements of the Rehabilitation Act. The Division of State Services for the Blind is also designated as the state-licensing agency for the Randolph Sheppard Vending Facility Program for Arkansas.

Department of Human Services Division of Services for the Blind



Agency Commentary

The DHS Division of Services for the Blind (DSB) is responsible for the provision of vocational rehabilitation and related social services to blind and severely visually impaired persons age 14 and above in Arkansas. Services are provided through the Vocational Rehabilitation (VR) Program and the Older Individuals who are Blind (OIB) Program. Specially trained counselors travel the state to arrange for, purchase or deliver services necessary to the vocational rehabilitation goals of blind persons in Arkansas. OIB Services are provided via a professional services contract with statewide coverage. Both programs are funded by the federal Rehabilitation Services Administration through formula grants based upon the elevated incidence of disability in the Arkansas population. For VR, the division is required to provide a hard match (not in-kind) of 21.3%, and to maintain its previous year matching level, termed "Maintenance of Effort". For OIB, the match rate is 10%, which DSB is able to supplement by in-kind donations from the medical communities in Arkansas and the technological communities in Arkansas and across the nation.

For the 2017-2019 biennium DSB seeks approval of two* federally funded requests above base level. No additional general revenue is required for the two VR (jobs) program requests.

FEDERAL APPROPRIATION REQUEST:

*(1) PRE-EMPLOYMENT TRANSITION SERVICES - RESTORATION OF 6 "TRANSITION TO EMPLOYMENT" COUNSELORS FOR BLIND YOUTH PREVIOUSLY AUTHORIZED UNDER MFG.

DSB seeks FY 2018 \$220,892 and FY 2019 \$220,292 in Commitment Item 00 in federal appropriation in fund center 896 to restore six Miscellaneous Federal Grant (MFG) positions to continue career exploration and other direct services to high school age youth and to increase quality and frequency of rehabilitation services to them in their local communities. All six positions are Certified Vocational Rehabilitation Counselors assigned to the pre-employment transition program newly created under the 2014 Workforce Innovation and Opportunity Act (WIOA). One such restored position serves as a credentialed Benefits Counselor, assigned to advise youth and other clients on how to achieve growing independence through managing employment as a natural complement to other benefits with the targeted goal being reduction and eventual elimination of dependence on public support.

Additionally, DSB seeks FY 2018 \$82,085 and FY 2019 \$81,944 in Commitment Item 03, Personal Services Matching, as the calculated match for the six "Transition" Counselors requested above. Finally, the division requests \$65,385 each year in federal appropriation in fund center 896, Commitment Item 02, Maintenance and Operations, for FY 2018 and 2019 for operating expenses for the six L098C Certified Vocational Rehabilitation Counselor MFG Positions requested above. No additional general revenue is required for restoration of these 6 positions or related costs.

*(2) VOCATIONAL REHABILITATION PROGRAM - CONTINUATION

DSB requests \$225,000 in federal appropriation in Commitment Item 02, fund center 896, for FY2018 and FY2019. \$65,000 of this amount is for the AWARE Client Database System annual upgrade and maintenance support each year and \$160,000 is for routine replacements of personal computer desktops, laptops and software licenses.

Additionally, DSB seeks \$487,267 per year in Commitment Item 10 in operating fund center 896 to address potential contracting needs emanating from recent changes to the Rehabilitation Act under federal WIOA. The act and its recently released regulations strongly encourage Memoranda of Understanding and Memoranda of Agreement with public and private service providers across the state and related contracting.

Finally, the division seeks federal appropriation of \$25,000 for FY2018 and FY2019 in operating Fund Center 896, Commitment Item 11 to provide for possible expenditure for Capital Outlay. The request is to enable DSB to purchase equipment that is normally purchased as Maintenance & Operation (M&O) in the event the item exceeds the M&O cost ceiling and becomes Capital Outlay or to enable DSB to replace a federally funded vehicle used for itinerant travel to consumer's homes or places of employment should usage demand replacement in accordance with state standards.

No additional general revenue is required for any of the above fund center 896 requests.

In fund center 898, Assistance Grants and Aid Commitment Item 04, DSB seeks to restore the MFG amount of \$800,000 per year in federal VR appropriation to purchase adaptive equipment, braille instruction, surgical procedures and other specialized services to enable job-seekers who are blind to gain independence and secure appropriate employment. No additional general revenue is required for any of the above VR request.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Administrative Services Division.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Services For The Blind

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
AR SPANISH INTERPRETERS & TRANSLATORS	\$1,120		X				
GODDESS PRODUCTS INC	\$3,246	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 2

TOTAL EXPENDITURES FOR CONTRACTS AWARDED \$1,885,019

% OF MINORITY CONTRACTS AWARDED 0.36 %

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
896 Division of Services for the Blind	4,787,360	75	6,655,954	82	6,707,870	76	6,101,088	76	7,206,717	82	7,206,717	82	6,104,667	76	7,209,555	82	7,209,555	82
898 Purchase of Services	3,981,703	0	5,819,977	0	5,019,977	0	5,019,977	0	5,819,977	0	5,019,977	0	5,019,977	0	5,819,977	0	5,019,977	0
Total	8,769,063	75	12,475,931	82	11,727,847	76	11,121,065	76	13,026,694	82	12,226,694	82	11,124,644	76	13,029,532	82	12,229,532	82

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue 4000010	1,883,424	21.5	1,883,424	15.1			1,883,424	16.9	1,883,424	14.5	1,883,424	15.4	1,883,424	16.9	1,883,424	14.5	1,883,424	15.4
Federal Revenue 4000020	6,885,639	78.5	10,587,835	84.9			9,237,641	83.1	11,143,270	85.5	10,343,270	84.6	9,241,220	83.1	11,146,108	85.5	10,346,108	84.6
Merit Adjustment Fund 4000055	0	0.0	4,672	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds	8,769,063	100.0	12,475,931	100.0			11,121,065	100.0	13,026,694	100.0	12,226,694	100.0	11,124,644	100.0	13,029,532	100.0	12,229,532	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	8,769,063		12,475,931				11,121,065		13,026,694		12,226,694		11,124,644		13,029,532		12,229,532	

Budget exceeds Authorized in Purchase of Services (FC 898) due to a transfer from the Miscellaneous Federal Grant Holding Account.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
76	66	10	76	0	13.16 %	76	70	12	82	-6	7.89 %	76	71	11	82	-6	6.58 %

Budget Number of Positions may exceed the Authorized Number due to transfers from the Miscellaneous Federal Grant Holding Account during the 2015-2017 Biennium.

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

In 1983, Act 481 was passed, creating the Division of State Services for the Blind (DSB). The Act removed the Division from the jurisdiction of the Department of Rehabilitation Services and made it an autonomous state agency within the Department of Human Services. The Division is responsible for its own State Plan under the Federal Rehabilitation Act. Agency direction and performance responsibility lies with a seven (7) member consumer board comprised of organization representatives involved in providing services for people who have visual impairments. The member organizations include those such as Arkansas Lions, Blinded Veterans Association, Lions World Services for the Blind, Arkansas School for the Blind, and the Arkansas Affiliate of the National Federation of the Blind. By law, the majority of the members of the Board must be persons who are blind. This organizational structure was maintained in the reorganization of the Department when Act 348 of 1985 was passed. Services to individuals with visual impairments are provided by agency staff and by contracting with service providers who specialize in services for people with visual impairments.

DSB serves consumers through three interdependent units: Field Services, Vending Facility Program, and the DSB Directors Office. These three service units were designed by the DSB Board to offer two advantages to the State of Arkansas:

- First, to enhance the personal self-sufficiency of consumers eliminating costs associated with unnecessary skilled care; and
- Second, to maximize the potential contributions made by consumers as citizens and taxpayers.

The agency is funded through general revenue (DSB - State Services for the Blind Fund Account). Federal funding sources include revenues derived from the federal Department of Education - Rehabilitation Services Administration, Social Security Administration; as well as, federal grant funding such as the Social Services Block Grant. Other revenues which are indicated as various program support can include sources such as M&R proceeds and refunds.

896 DHS - Administrative Paying Account

The Agency Base Level request for Operations is \$11,121,065 in FY2018 and \$11,124,644 in FY2019 with \$1,073,552 each year in general revenue funding and 76 budgeted Base Level positions.

The Agency Change Level request for Operations totals \$1,905,629 in FY2018 and \$1,904,888 in FY2019 and includes the following:

- Restore Positions (6): Regular Salaries and Personal Services Matching of \$302,977 in FY 2018 and \$302,236 in FY 2019 to restore six Miscellaneous Federal Grant (MFG) positions. All six positions are Certified Vocational Rehabilitation Counselors assigned to the pre-employment transition program newly created under the 2014 Workforce Innovation and Opportunity Act.

- Operating Expenses of \$290,385 each year broken down as follows:
 - \$65,385 each year in support of the six L098C Certified Vocational Rehabilitation Counselor MFG Positions requested above.
 - \$160,000 for routine replacements of personal computer desktops, laptops and software licenses.
 - \$65,000 for the AWARE Client Database System annual upgrade and maintenance support each year.
- Professional Fees of \$487,267 each year to address potential contracting needs emanating from recent changes to the Rehabilitation Act under federal WIOA. The act and its recently released regulations strongly encourage Memoranda of Understanding and Memoranda of Agreement with public and private service providers across the state and related contracting.
- Capital Outlay of \$25,000 each year to enable DSB to purchase equipment that is normally purchased as Maintenance & Operation (M&O) in the event the item exceeds the M&O cost ceiling and becomes Capital Outlay or to enable DSB to replace a federally funded vehicle used for itinerant travel to consumer's homes or places of employment should usage demand replacement in accordance with state standards.

898 DHS - Grants Paying Account

The Agency Base Level request for the Purchase of Services line item is \$5,019,977 each year of the biennium with general revenue of \$809,872 each year.

The Agency Change Level request for the Purchase of Services line item is \$800,000 per year to restore appropriation currently approved through a Miscellaneous Federal Grant to purchase adaptive equipment, braille instruction, surgical procedures and other specialized services to enable job-seekers who are blind to gain independence and secure appropriate employment.

896 DHS - Administrative Paying Account

The Executive Recommendation provides for the Agency Request.

898 DHS - Grants Paying Account

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,603,306	3,057,681	2,904,731	2,822,913	3,043,805	3,043,805	2,825,813	3,046,105	3,046,105
#Positions		75	82	76	76	82	82	76	82	82
Extra Help	5010001	42,361	384,174	384,174	384,174	384,174	384,174	384,174	384,174	384,174
#Extra Help		12	12	30	30	30	30	30	30	30
Personal Services Matching	5010003	1,020,733	1,147,844	1,090,828	1,078,131	1,160,216	1,160,216	1,078,810	1,160,754	1,160,754
Operating Expenses	5020002	947,098	1,650,022	1,584,637	1,584,637	1,875,022	1,875,022	1,584,637	1,875,022	1,875,022
Conference & Travel Expenses	5050009	72,801	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Professional Fees	5060010	55,413	176,233	663,500	176,233	663,500	663,500	176,233	663,500	663,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Purchase of Services	5100004	3,981,703	5,819,977	5,019,977	5,019,977	5,819,977	5,019,977	5,019,977	5,819,977	5,019,977
Capital Outlay	5120011	45,648	185,000	25,000	0	25,000	25,000	0	25,000	25,000
Total		8,769,063	12,475,931	11,727,847	11,121,065	13,026,694	12,226,694	11,124,644	13,029,532	12,229,532

Funding Sources										
General Revenue	4000010	1,883,424	1,883,424		1,883,424	1,883,424	1,883,424	1,883,424	1,883,424	1,883,424
Federal Revenue	4000020	6,885,639	10,587,835		9,237,641	11,143,270	10,343,270	9,241,220	11,146,108	10,346,108
Merit Adjustment Fund	4000055	0	4,672		0	0	0	0	0	0
Total Funding		8,769,063	12,475,931		11,121,065	13,026,694	12,226,694	11,124,644	13,029,532	12,229,532
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		8,769,063	12,475,931		11,121,065	13,026,694	12,226,694	11,124,644	13,029,532	12,229,532

Budget exceeds Authorized Appropriation in Regular Salaries, Personal Services Matching, Operating Expenses, Capital Outlay, Purchase of Services and Number of Positions due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	6,101,088	76	6,101,088	100.0	6,104,667	76	6,104,667	100.0
C01	Existing Program	25,000	0	6,126,088	100.4	25,000	0	6,129,667	100.4
C06	Restore Position/Approp	855,629	6	6,981,717	114.4	854,888	6	6,984,555	114.4
C08	Technology	225,000	0	7,206,717	118.1	225,000	0	7,209,555	118.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	6,101,088	76	6,101,088	100.0	6,104,667	76	6,104,667	100.0
C01	Existing Program	25,000	0	6,126,088	100.4	25,000	0	6,129,667	100.4
C06	Restore Position/Approp	855,629	6	6,981,717	114.4	854,888	6	6,984,555	114.4
C08	Technology	225,000	0	7,206,717	118.1	225,000	0	7,209,555	118.1

Justification

C01	CHANGE IN EXISTING PROGRAM CAPITAL OUTLAY-DSB seeks federal appropriation of \$25,000 for FY2018 and FY2019 in operating Fund Center 896, Commitment Item 11 to provide for possible expenditure for Capital Outlay. The request is to enable DSB to purchase equipment that is normally purchased as Maintenance & Operation (M&O) in the event the item exceeds the M&O cost ceiling and becomes Capital Outlay or to enable DSB to replace a federally funded vehicle used for itinerant travel to consumer's homes or places of employment should usage demand replacement in accordance with state standards. No additional general revenue is required.
C06	RESTORE POSITION/APPROPRIATION- DSB seeks FY 2018 \$220,892 and FY 2019 \$220,292 in Commitment Item 00 in federal appropriation in fund center 896 to restore six Miscellaneous Federal Grant (MFG) positions to continue career exploration and other direct services to high school age youth and to increase quality and frequency of rehabilitation services to them in their local communities. All six positions are Certified Vocational Rehabilitation Counselors assigned to the pre-employment transition program newly created under the 2014 Workforce Innovation and Opportunity Act (WIOA). One such restored position serves as a credentialed Benefits Counselor, assigned to advise youth and other clients on how to achieve growing independence through managing employment as a natural complement to other benefits with the targeted goal being reduction and eventual elimination of dependence on public support. Additionally, DSB seeks FY 2018 \$82,085 and FY 2019 81,944 in Commitment Item 03, Personal Services Matching, as the calculated match for the six "Transition" Counselors requested above. Finally, the division requests \$65,385 each year in federal appropriation in fund center 896, Commitment Item 02, Maintenance and Operations, for FY 2018 and 2019 for operating expenses for the six L098C Certified Vocational Rehabilitation Counselor MFG Positions requested above. No additional general revenue is required for restoration of these 6 positions or related costs. Additionally, DSB seeks \$487,267 per year in Commitment Item 10 in operating fund center 896 to address potential contracting needs emanating from recent changes to the Rehabilitation Act under federal WIOA. The act and its recently released regulations strongly encourage Memoranda of Understanding and Memoranda of Agreement with public and private service providers across the state and related contracting. No additional general revenue is required.
C08	TECHNOLOGY MAINTENANCE AND OPERATIONS: DSB requests \$225,000 in federal appropriation in commitment item 02, fund center 896, for FY2018 and FY2019. \$65,000 of this amount is for the AWARE Client Database System annual upgrade and maintenance support each year and \$160,000 is for routine replacements of personal computer desktops, laptops and software licenses. No additional general revenue is required.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	5,019,977	0	5,019,977	100.0	5,019,977	0	5,019,977	100.0
C06	Restore Position/Approp	800,000	0	5,819,977	115.9	800,000	0	5,819,977	115.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	5,019,977	0	5,019,977	100.0	5,019,977	0	5,019,977	100.0
C06	Restore Position/Approp	0	0	5,019,977	100.0	0	0	5,019,977	100.0

Justification

C06	RESTORE POSITION/APPROPRIATION-In fund center 898, Assistance Grants and Aid Commitment Item 04, DSB seeks to restore the MFG amount of \$800,000 per year in federal VR appropriation to purchase adaptive equipment, braille instruction, surgical procedures and other specialized services to enable job-seekers who are blind to gain independence and secure appropriate employment. No additional general revenue is required.
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DHS - Youth Services

Enabling Laws

Act 90 of 2016
A.C.A. §9-27-501 et seq
A.C.A. §9-27-330
A.C.A. §9-27-331
A.C.A. §9-28-201 et seq
A.C.A. §9-28-601 et seq
A.C.A. §9-28-701 et seq
A.C.A. §9-28-801 et seq
A.C.A. §25-10-102
A.C.A. §25-10-401 et seq

History and Organization

MISSION STATEMENT

The Division of Youth Services (DYS) provides in a manner consistent with public safety, a system of high quality programs to address the needs of the juveniles who come in contact with the juvenile justice system by:

- Providing effective community-based prevention, diversion, and graduated sanction programs.
- Providing leadership for coordination, collaboration, and improvement of the Arkansas juvenile justice system.
- Providing supervision and effective treatment for juvenile offenders in the community.
- Operating safe and secure juvenile correctional facilities in a manner consistent with best practices in the field and with effective treatment programming for the population served in the community.

DYS HISTORY and STATUTORY RESPONSIBILITIES

Act 199 of 1905 established Arkansas' first reform schools, one near Little Rock and the other near Alexander. Under Act 67 of 1917, the Boys' Reform or "Industrial School" was relocated to Pine Bluff; both the boys' and girls' industrial schools were placed under the administration of independent boards appointed by the Governor. Act 526 of 1921 provided the placement of both industrial schools under the management and control of a single Board of Managers. Act 60 of 1937 established the first industrial school at Wrightsville; in 1949, the Fargo Industrial School near Brinkley was opened. From 1953 until 1968, each of the four industrial or "training" schools had its own Board of Managers. In 1968, the four boards were condensed into one.

In 1968, training school operations were placed under the Department of Rehabilitation Services which resulted in providing a diagnostic and reception service at the then Benton State Hospital, implementation of a parole service to provide aftercare services to youth released from the training schools, and the establishment of a central office for training schools.

In 1971, under Act 38, the Executive Department of the State of Arkansas underwent a major reorganization. Consequently, juvenile services was separated from its former parent agency, The Division of Rehabilitation Services, and placed under the director of the newly created Department of Social and Rehabilitative Services.

Aided by a grant from the Federal Law Enforcement Assistance Act (FLEAA), in 1974 the Juvenile Services Office began developing a comprehensive state plan for delinquency prevention and control. In 1976, the plan, entitled "A Systems Approach to Services for Youth", was published with the intended outcome of providing "a foundation for the unification of all aspects of youth services into a coordinated, goal directed system of viable services for troubled youth".

In 1977, the original Division of Youth Services was created as a part of the Department of Human Services. During the eight-year existence of the Division of Youth Services, the number of training schools was reduced to two - Pine Bluff and Alexander. The Wrightsville Training School was transferred to the Department of Correction.

Act 348 of 1985 merged the Division of Youth Services with the new Division of Children and Family Services. As a component of its new parent agency, the Office of Youth Services continued to be responsible for operation of the two youth services centers and management of funding for the contracted community-based programs serving delinquent youth. The Youth Services Board continued its role of overseeing the management of the Youth Services Centers.

The Division of Youth Services (DYS) was established October 1, 1993, pursuant to Act 1296 as a response to the State's obligation to juveniles involved with the juvenile justice system. The Division was charged with a number of responsibilities under Act 1296. The first was to coordinate communication among the various components of the juvenile justice system. The second was to oversee reform of the state's juvenile justice system, which included closing the Pine Bluff Youth Services Center, establishing serious offender programs in its place, and expanding the system of community-based services. The third was to provide Family-in-Need-of-Services (FINS) to prevent youth delinquency. Other functions set out in the Act include conducting research into the causes, nature, and treatment of juvenile delinquency and

related problems; development of programs for early intervention and prevention of juvenile delinquency; and maintaining information files on juvenile delinquents in the state.

Act 1113 of 1995 required the Division to expand community-based services. This Act provides for contracts for the establishment of Therapeutic Group Homes and Independent Living Programs.

Act 1261 of 1995 established the powers and duties of the Division.

Act 1333 of 1997 also established the Department of Human Services State Institutional System Board to oversee all real property owned and operated by the Department for Youth Services and mental health treatment facilities. The former Youth Services Board was eliminated.

Act 1030 of 1999 requires the Division to separate juvenile offenders committed to a facility operated by the Division based upon: 1) the age of the juvenile offender; 2) the seriousness of the crime or crimes committed by the juvenile offender; or 3) whether the juvenile offender has been adjudicated delinquent of a sex offense as defined under A.D.A 12-12-903(a)(12). Act 1192 of 1999 allows the court to make a determination to designate a juvenile as an extended juvenile jurisdiction offender. Act 1272 of 1999 requires the Division to establish a separate facility to house offenders between the ages of eighteen and twenty-one who have been committed to the Division.

Act 559 of 2001 allows the court to make a determination to transfer an offender under the age of eighteen years from the Department of Correction to the Division of Youth Services. Act 1048 of 2001 allows for dissemination of juvenile aftercare and custody information to law enforcement officials, criminal justice agencies, and officials for the administration of criminal justice. Act 1468 of 2001 released the obligation to repay existing revolving loans for juvenile detention centers located in Independence County, Yell County, Jefferson County, Washington County and Miller County. The Division of Youth Services has no obligation to utilize or fund detention centers or facilities. Act 1583 of 2001 provides for the Division to exempt placements of delinquent youth committed to the Division from the permit of approval process. Act 1794 of 2001 protects DYS employees of the Alexander Youth Service Center from loss of pay as a result of the privatization of the center.

Act 1265 of 2003 provides for juvenile sex offender assessment, registration, and DNA samples.

Act 1255 of 2005 to assure the continuity of education, requires that students who are adjudicated to the Division of Youth Services and complete high school requirements for a diploma shall be issued a diploma from the last school district attended. Act 1530 of 2005 adopts a new interstate compact for juveniles.

Act 742 of 2007 provided for the protection of the confidentiality of juvenile records. Act 855 of 2007 renamed Alexander Juvenile Correctional Facility to Arkansas Juvenile Assessment and Treatment Center.

Act 972 of 2009 established a System of Education within the Division of Youth Services. This act established a partnership between the

Division of Youth Services and the Arkansas Department of Education to implement a system of education in residential facilities operated by DYS that conform to the guidelines established by the Department of Education as set for in A.C.A. §9-28-205.

Act 1478 of 2013 exempts the Division of Youth Services from the jurisdiction of the Claims Commission over claims for acts committed by juveniles released by the division, whether or not the juvenile is subject to conditions of aftercare or probation. Act 1258 of 2013 concerning contracts between the Division of Youth Services and Community-Based Providers requires legislative review of all changes.

PRIMARY ACTIVITIES PROVIDED BY DYS

The Division of Youth Services (DYS) provides the following services through contracted providers: a) management and operation of the Arkansas Juvenile Assessment and Treatment Center, assessment services for adjudicated youth committed to DYS; b) seven juvenile programs for serious and chronic juvenile offenders committed to DYS; c) residential alternative services for adjudicated youth committed to DYS; d) community based residential treatment and emergency shelter programs for juveniles whose emotional or behavioral problems cannot be resolved in their own home; e) non-residential services provided by contracted community based programs; and f) The Juvenile Justice and Delinquency Prevention (JJDP) Act authorizes funds for the support of local prevention programs and monitoring of local detention facilities. In addition, the Division directly manages the placement, case management, and release functions for committed youth.

DYS' Executive Staff continues to work to reinforce working relationships with juvenile courts throughout Arkansas. The goal of this effort is to make sure all partners involved within the juvenile justice system are fully aware of the various programs, other than residential placement, that are available to Arkansas youth. DYS accredits a continued reduction of commitments of the effort of the Juvenile System Partners. DYS continues to be committed to the youth of Arkansas by continuing to put in place evidence-based and promising practice programs that are proven effective to reduce commitments and future involvement with the juvenile justice system.

GOVERNING BOARD

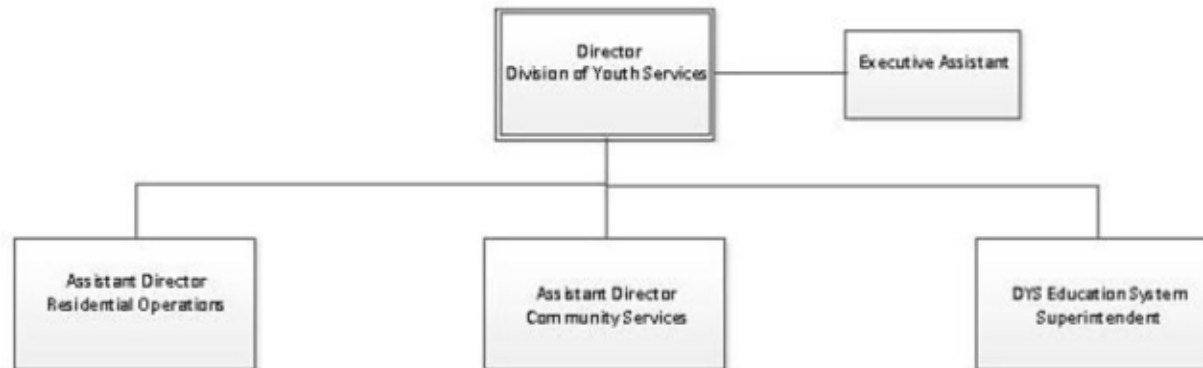
Pursuant to Act 1513 of 2013, the Arkansas Coalition for Juvenile Justice Board (ACJJ) was changed from an advisory board to a governing board. The ACJJ Board oversees the federal Title II grant funds, Title V grant funds, Challenge, and Juvenile Accountability Incentive Block Grant funds awarded by the Office of Juvenile Justice and Delinquency Prevention, U.S. Department of Justice.

ORGANIZATION

The Division of Youth Services is located within the Department of Human Services.

Division of Youth Services - Organizational Charts

Department of Human Services Division of Youth Services



Agency Commentary

The Division of Youth Services (DYS) 2017-2019 Biennial Budget request is for appropriation and funds to support state funded community and residential programs for juveniles. This request emphasizes the availability of community services for at-risk juveniles. The following items reflect the major components included in the Division's change level requests:

- General Revenue to meet increased demand for community services to reduce secure confinement and commitments to DHS;
- General Revenue to meet statutory requirements to provide an array of community-based sanctions;
- Transfers to support DHS Shared Services; and
- Unfunded appropriation to allow the Division to respond to needs.

The budget amount requested is essential to the Division's effort to have available to each juvenile a system of services and placements that will ensure a timely and appropriate response to each juvenile's needs.

Administration Operations - Appropriation 896

The administration programs include the operational cost to support the various residential, community based, federal, and educational programs for the Division. The Division is requesting to continue Base Level to support these necessary activities.

The Division is requesting to transfer 25 positions and the associated operating costs to DHS Shared Services for the operations of finance, procurement, technology, and human resources functions. The Division also requests to transfer the portion of general revenue, currently a part of the Division allotment, to DHS Shared Services to support the function of these staff members to support the mission of the Division and DHS.

The Division is requesting unfunded appropriation in both years of the biennium in Capital Outlay to return the appropriated line item to its current authorized level for any equipment replacements that may arise.

In addition, the Division is requesting unfunded appropriation in both years of the biennium in the Statewide Prevention/Intervention Youth Development Services line to return the appropriated line item to its current authorized level. This will allow for any additional prevention and intervention youth grants funded from the Attorney General's Office settlements for Boys and Girls Clubs.

Community Services - Appropriation 2RB

The community services programs provide a wide range of non-residential and short-term non-secure residential programs for Families in Need of Services (FINS), juvenile offenders, youth at risk of becoming juvenile offenders, and juveniles discharged from a DYS residential program who need aftercare and re-entry assistance. These services include casework and therapy services, including outpatient treatment for sex offenders, substance abuse recovery, and other specialized and individualized programs; intensive supervision and tracking; mentoring and workforce engagement; family-based treatment, counseling, and parenting classes; day reporting services, including educational services for youth who are not enrolled in school; emergency shelters to provide short-term housing, intensive supervision, respite care, and transitional housing; electronic monitoring; and drug testing. Community services are provided by privately operated non-profit organizations and the University of Arkansas for Medical Sciences for juveniles up to age 21. Services are available in all 75 counties for court-involved and at-risk youth in each of the 28 judicial districts to prevent and minimize the effects of delinquency on youth, families, and the community; to reduce incarceration in both the juvenile and adult criminal justice systems; and to assist youth and families in supported re-entry following incarceration or residential treatment. The Division is requesting to continue Base Level to support these necessary activities.

The Division is requesting general revenue funded appropriation in both years of the biennium to increase the capacity of DYS community-based services and programs to meet increased demand from juvenile courts and communities; to reduce length-of-stay for DYS-committed youth in secure, residential programs by making therapeutic services and more intensive supervision available in the community; and to reduce or eliminate the need for courts to commit low-risk youth to DYS solely to provide that youth services that are lacking or inaccessible in the community. Additional general revenue is needed to purchase additional units of casework, specialized therapy, electronic monitoring, and other services to meet locally-identified needs that will reduce incarceration of youth while maintaining or improving public safety. In addition, funds are needed to purchase new services, including supervised independent living services for older youth who may not or should not return to their original home environment. The Division also requires funding to begin widespread implementation of the Juvenile Detention Alternatives Initiative, a model program that has been successfully piloted in two counties and has reduced incarceration and detention of youth in those counties by up to 85 percent.

The Division is requesting unfunded appropriation in both years of the biennium to provide additional appropriation for contracted services as funds are needed for contract adjustments, if other revenues become available.

Community Based Sanctions - Appropriation 2QZ

The community based sanctions services are mandated by Ark. Code Annotated §9-28-701 et seq., to provide an array of sanctions for courts to respond to adjudicated delinquent juveniles who are noncompliant with court orders or conditions of supervision. Sanctions provide court with alternatives to detention and incarceration of youth, and allow courts to respond to the needs of youth for structure, discipline, and services. The Division is requesting to continue Base Level to support these necessary activities.

The Division is requesting general revenue funded appropriation in both years of the biennium to provide expanded and enhanced services as part of the array of sanctions, which will further reduce secure confinement of youth while maintaining or improving public safety. This includes purchasing additional units of electronic monitoring, drug screens, and casework, as well as support for alternatives to detention, such as day and evening reporting centers and specialized court programs for non-compliant or high-needs youth.

The Division is requesting unfunded appropriation in both years of the biennium to provide additional appropriation for contracted services as funds are needed for contract adjustments, if other revenues become available.

Juvenile Accountability Incentive Block Grant - Appropriation 2RA

The Juvenile Accountability Block Grant (JABG) program is a federal program designed to promote greater accountability in the juvenile justice system and target 17 specified program purpose areas. These federal funds are designated for local units of government. The Division is requesting to continue Base Level to support these necessary activities.

The Division is requesting unfunded appropriation in both years of the biennium to allow for possible increases in federal funding provided through the Juvenile Accountability Incentive Block Grant.

Federal Child and Youth Service Grants - Appropriation 2RC

Title I, part D provides residential education funding to help provide education continuity for children and youths in state-run institutions for juveniles so that these youths can make successful transitions to school or employment once they are released. Funds are allocated by formula to State Education Agencies (SEAs), which make subgrants to the state agencies responsible for educating neglected or delinquent youths. To be eligible, juvenile institutions must provide 20 hours a week of instruction from nonfederal funds. Funds are awarded to Local Education Agencies (LEAs) with high proportions of youths in local correctional facilities to support dropout prevention programs for at-risk youths. The programs support supplemental instruction in core subject areas, such as reading and mathematics, as well as tutoring, counseling, and transition services.

Title II federal funding provides additional community based services through the Juvenile Justice and Delinquency Prevention Program (JJDP). JJDP funds are used at the local level to develop comprehensive strategies for prevention, community policing, reducing disproportionate minority confinement, ensuring separation of children from adults in jails and lockups, removing non-offending youth from correctional facilities, and promoting gender specific services to meet the unique needs of females.

Social Services Block Grants (SSBG) enables each state to meet the needs of its residents through locally relevant social services. DYS utilizes this funding for independent and transitional living services, prevention and intervention services, residential treatment services, and special services for youth involved in or at risk of involvement with criminal activity. The Division is requesting to continue Base Level to support these necessary activities.

The Division is requesting unfunded appropriation in both years of the biennium to allow for possible increases in federal funding. These grants may include Title I, Title II, and Social Services Block Grant (SSBG).

Residential Services - Appropriation 2YH

The residential services programs provides services for juveniles committed to DYS needing a secure and/or specialized treatment environment and are operated through contracts with private non-profit and for-profit providers.

The Division operates residential programs at eight locations that house and treat the state's most serious, chronic, or violent juvenile offenders committed to the Division by the state's district courts. These facilities are as follows:

- Arkansas Juvenile Assessment and Treatment Center
- Dermott Juvenile Correctional Facility
- Dermott Juvenile Treatment Center
- Lewisville Juvenile Treatment Center
- Harrisburg Juvenile Treatment Center
- Colt Juvenile Treatment Center
- Mansfield Juvenile Treatment Center-Males
- Mansfield Juvenile Treatment Center-Females

The Arkansas Juvenile Assessment and Treatment Center (AJATC) provides centralized intake for juveniles committed to the Division. The target population of juveniles assigned to this facility is the most serious violent offenders, difficult to place sexual offenders, and juveniles who disrupted a placement due to behavior management issues. Arkansas Juvenile Assessment and Treatment Center emphasizes cognitive behavioral treatment, education, and substance abuse treatment.

The remaining seven (7) juvenile residential facilities are designed to provide intensive treatment with emphasis on education and substance abuse counseling. These programs work with males 13 to 18 years old, and females 13 to 21 years old, who have committed one or more Y, A, or B felonies; committed two or more times to DYS; committed two or more felonies or committed a misdemeanor offense and who have documented history of two or more prior adjudications of a delinquent act. Committed females are only housed at either Mansfield JTC-Females or AJATC. Adjudicated youths age 18 to 21 are housed in the Dermott Juvenile Correctional Facility.

Residential specialty treatment facilities provide for alternative placements and specialized residential treatment programs. They are available for youth needing sex offender treatment, substance abuse treatment, therapeutic group homes, and residential psychiatric placement and counseling. UAMS provides and coordinates the medical services of all juveniles committed throughout the State of Arkansas (8 sites) and the Juvenile Detention Centers. The Division is requesting to continue Base Level to support these necessary activities.

The Division is requesting unfunded appropriation in both years of the biennium for Residential Services contracts associated with the seven facilities (Colt, Harrisburg, Mansfield-males, Mansfield-females, Dermott, Dermott 18-21, Lewisville), if other revenues become available.

The Division is requesting unfunded appropriation in both years of the biennium for Residential Services to allow additional funding to convert the Juvenile Detention Centers MOUs to new Intergovernmental contracts, if other revenues become available.

The Division is requesting unfunded appropriation in both years of the biennium for Residential Services contracts associated with all DYS facilities (Colt, Harrisburg, Mansfield-males, Mansfield-females, Dermott, Dermott 18-21, Lewisville and AJATC) to provide for educational needs while juveniles are at the facilities, if other revenues become available.

The Division is requesting unfunded appropriation in both years of the biennium to provide additional appropriation for contracted services as funds are needed for contract adjustments, if other revenues become available.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HUMAN SERVICES
 FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Administrative Services Division.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
ACJJ Annual Report to the Governor (JJDP)	Federal Mandate JJDP Prevention Act of 2002	N	N	500	This report is continued to be in compliance with the federally mandated Juvenile Justice Delinquency Prevention Act of 2002	0	0.00
Compliance Monitoring Report	Federal Mandate - JJDP Prevention Act of 2002	N	N	3	This report is continued to be in compliance with the federally mandated Juvenile Justice Delinquency Prevention (JJDP) Act of 2002	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Division of Youth Services System of Education	Act 972 of the Regular Session 87th General Assemb	N	Y	1	This report is to be provided annually on March 1 to the House Committee on Aging, Children and Youth, Legislative and Military Affairs and to the Senate Committee on Children and Youth. The report is to contain information regarding the state of the Division of Youth services System of Education.	0	0.00
Three Year State Plan & Three Year Update Juvenile Justice Delinquency Prevention (JJDP)	Federal Mandate JJDP Prevention Act of 2002	N	N	1	This report is continued to be in compliance with the federally mandated Juvenile Justice Delinquency Prevention Act of 2002	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
 Fiscal Year 2016
 Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Youth Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
AR SPANISH INTERPRETERS & TANSLATORS	\$637		X				
GODDESS PRODUCTS INC	\$8,851	X					
PHOENIX YOUTH AND FAMILY SERVICESI	\$799,840	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>3</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$47,073,146</u>
% OF MINORITY CONTRACTS AWARDED	<u>1.73 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QZ Community Based Sanctions	2,480,444	0	2,480,444	0	2,550,000	0	2,480,444	0	3,812,000	0	2,480,444	0	2,480,444	0	3,812,000	0	2,480,444	0
2RA Juvenile Account Incentive Block Grant	279,932	0	212,021	0	1,671,520	0	212,021	0	712,021	0	712,021	0	212,021	0	712,021	0	712,021	0
2RB Community Services	15,774,620	0	14,154,434	0	20,150,017	0	14,154,434	0	18,971,100	0	16,971,100	0	14,154,434	0	18,971,100	0	16,971,100	0
2RC Federal Child & Youth Service Grants	4,145,454	0	4,371,921	0	6,262,546	0	4,371,921	0	6,262,546	0	4,371,921	0	4,371,921	0	6,262,546	0	4,371,921	0
2YH Residential Services	25,447,380	0	27,612,244	0	29,291,690	0	27,612,244	0	33,694,172	0	27,612,244	0	27,612,244	0	33,694,172	0	27,612,244	0
896 Division of Youth Services	6,442,880	89	8,009,946	91	10,099,188	91	8,027,794	91	8,091,677	66	6,575,631	66	8,031,254	91	8,093,406	66	6,577,360	66
Total	54,570,710	89	56,841,010	91	70,024,961	91	56,858,858	91	71,543,516	66	58,723,361	66	56,862,318	91	71,545,245	66	58,725,090	66

Funding Sources		%		%		%		%		%		%		%		%	
General Revenue	4000010	47,960,935	87.9	47,790,608	84.1	47,859,675	84.2	49,956,281	84.7	49,124,725	84.5	47,862,801	84.2	49,959,392	84.7	49,127,836	84.5
Federal Revenue	4000020	4,195,253	7.7	5,161,640	9.1	5,145,512	9.0	5,139,965	8.7	5,139,965	8.8	5,145,846	9.0	5,138,583	8.7	5,138,583	8.8
Trust Fund	4000050	279,932	0.5	212,021	0.4	212,021	0.4	212,021	0.4	212,021	0.4	212,021	0.4	212,021	0.4	212,021	0.4
Merit Adjustment Fund	4000055	0	0.0	35,091	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to Ar Pub Defender	4000603	(96,796)	(0.2)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)	(240,000)	(0.4)
Transfer to DFA Disbursing	4000610	(400,000)	(0.7)	(400,000)	(0.7)	(400,000)	(0.7)	(400,000)	(0.7)	(400,000)	(0.7)	(400,000)	(0.7)	(400,000)	(0.7)	(400,000)	(0.7)
Various Program Support	4000730	2,631,386	4.8	4,281,650	7.5	4,281,650	7.5	4,281,650	7.3	4,281,650	7.4	4,281,650	7.5	4,281,650	7.3	4,281,650	7.4
Total Funds		54,570,710	100.0	56,841,010	100.0	56,858,858	100.0	58,949,917	100.0	58,118,361	100.0	56,862,318	100.0	58,951,646	100.0	58,120,090	100.0
Excess Appropriation/(Funding)		0		0		0		12,593,599		605,000		0		12,593,599		605,000	
Grand Total		54,570,710		56,841,010		56,858,858		71,543,516		58,723,361		56,862,318		71,545,245		58,725,090	

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
88	78	10	88	0	11.36 %	90	73	14	87	3	18.89 %	91	76	15	91	0	16.48 %

Analysis of Budget Request

Appropriation: 2QZ - Community Based Sanctions

Funding Sources: DYS - Youth Services Fund Account

The Community Based Sanctions appropriation is used by the Division of Youth Services (DYS) to ensure appropriate sanctions for juveniles adjudicated delinquent. This program is intended to provide a range of sanction alternatives for juveniles who are adjudicated delinquent and for those who fail to comply with aftercare plans or orders of the Court.

The intent of this program is to provide more options for the Courts and Community Based Providers in working with juveniles in the community rather than committing them to DYS. The primary goal of graduated (progressive) sanctions is to reduce problem behaviors, and include the following examples:

- Verbal Warnings
- Contracts with conditions (curfews, increased treatment, increased drug testing, etc.)
- Community Service/Work Crew hours
- Day Reporting
- Electronic Monitoring
- Short Term Confinement (requires court involvement)
- Long Term Confinement (requires court involvement)

Funding for this appropriation is general revenue (DYS-Youth Services Fund Account) and other revenues which are indicated as various program support that become available, such as funding certified under the 45 day rule.

The Agency Base Level request for this appropriation is \$2,480,444 each year of the biennium.

The Agency Change Level request is \$1,331,556 each year of the biennium, which includes new general revenue funding of \$831,556 and \$500,000 unfunded appropriation in order to provide expanded and enhances services.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 2QZ - Community Based Sanctions

Funding Sources: DYS - Youth Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	2,480,444	2,480,444	2,550,000	2,480,444	3,812,000	2,480,444	2,480,444	3,812,000	2,480,444
Total		2,480,444	2,480,444	2,550,000	2,480,444	3,812,000	2,480,444	2,480,444	3,812,000	2,480,444
Funding Sources										
General Revenue	4000010	2,480,444	2,480,444		2,480,444	3,312,000	2,480,444	2,480,444	3,312,000	2,480,444
Total Funding		2,480,444	2,480,444		2,480,444	3,312,000	2,480,444	2,480,444	3,312,000	2,480,444
Excess Appropriation/(Funding)		0	0		0	500,000	0	0	500,000	0
Grand Total		2,480,444	2,480,444		2,480,444	3,812,000	2,480,444	2,480,444	3,812,000	2,480,444

Change Level by Appropriation

Appropriation: 2QZ - Community Based Sanctions
Funding Sources: DYS - Youth Services Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,480,444	0	2,480,444	100.0	2,480,444	0	2,480,444	100.0
C01	Existing Program	831,556	0	3,312,000	133.5	831,556	0	3,312,000	133.5
C05	Unfunded Appropriation	500,000	0	3,812,000	153.7	500,000	0	3,812,000	153.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,480,444	0	2,480,444	100.0	2,480,444	0	2,480,444	100.0
C01	Existing Program	0	0	2,480,444	100.0	0	0	2,480,444	100.0
C05	Unfunded Appropriation	0	0	2,480,444	100.0	0	0	2,480,444	100.0

Justification

C01	To provide a continuum of community based sanctions in each judicial district as required by A.C.A. 9-28-701 et seq. This will include enhancing existing services such as electronic monitoring, drug screens, and casework. Additional services will include juvenile detention alternatives initiative.
C05	Unfunded appropriation in both years of the biennium to provide additional appropriation for contracted services as funds are needed for contract adjustments, if other revenues become available.

Analysis of Budget Request

Appropriation: 2RA - Juvenile Account Incentive Block Grant

Funding Sources: TYS - Juvenile Accountability Incentive Block Grant (JAIBG) Trust Fund

The Juvenile Accountability Incentive Block Grant (JAIBG) appropriation is a federal program administered by the Office of Juvenile Justice and Delinquency Prevention program within the US Department of Justice. The JAIBG is designed to promote greater accountability in the juvenile justice system by targeting 16 specified program purpose areas, including the following:

- Graduated sanctions for juvenile offenders
- Construction of juvenile detention or correctional facilities
- Hiring of judges/probation officers/public defenders and pre-trial services
- Hiring prosecutors
- Funding to prosecutors, including technology, equipment and training programs
- Training for law enforcement & court personnel
- Juvenile gun courts
- Juvenile drug courts
- Juvenile records system
- Inter-agency information sharing programs
- Accountability based programs
- Risk and Needs assessment
- School safety accountability based programs
- Restorative justice programs
- Juvenile courts and probation programs
- Hiring/training detention & corrections personnel

Funding for this appropriation is 100% federal JAIBG funds that are designated for local units of government. The State established and utilizes an interest bearing trust fund to deposit program funds received through a grant award under the JAIBG program. State and local governments that are eligible to receive JAIBG funds must establish a coordinated enforcement plan developed by a Juvenile Crime Enforcement Coalition (JCEC) at either the state or local level for the purpose of reducing juvenile crime.

The Agency Base Level request for this appropriation is \$212,021 each year of the biennium.

The Agency Change Level request is \$500,000 each year of the biennium for anticipated increases in federal funding through the Juvenile Accountability Incentive Block Grant.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2RA - Juvenile Account Incentive Block Grant

Funding Sources: TYS - Juvenile Accountability Incentive Block Grant (JAIBG) Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	279,932	212,021	1,671,520	212,021	712,021	712,021	212,021	712,021	712,021
Total	279,932	212,021	1,671,520	212,021	712,021	712,021	212,021	712,021	712,021
Funding Sources									
Trust Fund 4000050	279,932	212,021		212,021	212,021	212,021	212,021	212,021	212,021
Total Funding	279,932	212,021		212,021	212,021	212,021	212,021	212,021	212,021
Excess Appropriation/(Funding)	0	0		0	500,000	500,000	0	500,000	500,000
Grand Total	279,932	212,021		212,021	712,021	712,021	212,021	712,021	712,021

Change Level by Appropriation

Appropriation: 2RA - Juvenile Account Incentive Block Grant

Funding Sources: TYS - Juvenile Accountability Incentive Block Grant (JAIBG) Trust Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	212,021	0	212,021	100.0	212,021	0	212,021	100.0
C05	Unfunded Appropriation	500,000	0	712,021	335.8	500,000	0	712,021	335.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	212,021	0	212,021	100.0	212,021	0	212,021	100.0
C05	Unfunded Appropriation	500,000	0	712,021	335.8	500,000	0	712,021	335.8

Justification

C05	Unfunded appropriation in both years of the biennium to allow for possible increases in federal funding provided through the Juvenile Accountability Incentive Block Grant.								
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Analysis of Budget Request

Appropriation: 2RB - Community Services

Funding Sources: DYS - Youth Services Fund Account

The Community Services appropriation is utilized by the Division of Youth Services (DYS) to purchase services from community based providers for non-committed youth who are considered at risk or low risk, and for juveniles transferred from a DYS residential program to after-care. These services include electronic monitoring, intensive supervision and tracking, day services (educational services for youth admitted to the program who are not enrolled in school), crime prevention/intervention and after-care supervision for state custody youth.

In addition to non-residential programs offered, emergency shelter services are provided along with community based non secure residential treatment for juveniles whose emotional and/or behavioral problems cannot be remedied in his/her home. These services are available in each of the 28 judicial districts, and are provided by privately operated, nonprofit organizations to juveniles up to 18 years of age. After-care services are provided to juveniles up to 21 years of age.

Funding for this appropriation is general revenue (DYS-Youth Services Fund Account) and other revenues which are indicated as various program support that become available, such as Targeted Case Management and Rehab funding.

The Agency Base Level request for this appropriation is \$14,154,434 each year of the biennium.

The Agency Change Level request is \$4,816,666 each year of the biennium with new general revenue funding of \$2,816,666 to increase the capacity of DYS community-based services and programs to meet increased demand from juvenile courts and communities.

The Executive Recommendation provides for Base Level in addition to \$2,816,666 each year in appropriation and new general revenue funding.

Appropriation Summary

Appropriation: 2RB - Community Services

Funding Sources: DYS - Youth Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	15,774,620	14,154,434	20,150,017	14,154,434	18,971,100	16,971,100	14,154,434	18,971,100	16,971,100
Total		15,774,620	14,154,434	20,150,017	14,154,434	18,971,100	16,971,100	14,154,434	18,971,100	16,971,100
Funding Sources										
General Revenue	4000010	15,475,974	14,126,334		14,126,334	16,943,000	16,943,000	14,126,334	16,943,000	16,943,000
Various Program Support	4000730	298,646	28,100		28,100	28,100	28,100	28,100	28,100	28,100
Total Funding		15,774,620	14,154,434		14,154,434	16,971,100	16,971,100	14,154,434	16,971,100	16,971,100
Excess Appropriation/(Funding)		0	0		0	2,000,000	0	0	2,000,000	0
Grand Total		15,774,620	14,154,434		14,154,434	18,971,100	16,971,100	14,154,434	18,971,100	16,971,100

Change Level by Appropriation

Appropriation: 2RB - Community Services
Funding Sources: DYS - Youth Services Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	14,154,434	0	14,154,434	100.0	14,154,434	0	14,154,434	100.0
C01	Existing Program	2,816,666	0	16,971,100	119.9	2,816,666	0	16,971,100	119.9
C05	Unfunded Appropriation	2,000,000	0	18,971,100	134.0	2,000,000	0	18,971,100	134.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	14,154,434	0	14,154,434	100.0	14,154,434	0	14,154,434	100.0
C01	Existing Program	2,816,666	0	16,971,100	119.9	2,816,666	0	16,971,100	119.9
C05	Unfunded Appropriation	0	0	16,971,100	119.9	0	0	16,971,100	119.9

Justification

C01	Funded appropriation in both years of the biennium for Community Services contracts to comply with section 3 (5), Act 1261 of 1995; to establish state funded prevention, intervention, and diversion programs to address the needs of at-risk and delinquent youth. This is critical to reduce incarcerations, and to divert youth from the cradle-to-prison pipeline. This will include enhancing existing services such as electronic monitoring, drug screens, casework, youth shelter/respite care, therapy, adolescent sexual adjustment treatment, and home studies. Additional services will include supervised independent living, and juvenile detention alternatives initiative.
C05	Unfunded appropriation in both years of the biennium to provide additional appropriation for contracted services as funds are needed for contract adjustments, if other revenues become available.

Analysis of Budget Request

Appropriation: 2RC - Federal Child & Youth Service Grants

Funding Sources: FWF - DHS Federal

This appropriation enables the Division of Youth Services to provide grants to various entities for delinquency programs in accordance with the U.S. Department of Justice. Programs focus on training local officials and staff to work with juveniles to prevent delinquency at the local level by developing comprehensive strategies for prevention, community policing, reducing disproportionate minority confinement, ensuring separation of children from adults in confinement when detention is unavoidable, removing non-offending youth from correctional facilities and promoting gender specific services to meet the needs of females to prevent them entering the juvenile justice system.

Funding for this appropriation is 100% federal revenue. The federal funds are derived from Juvenile Justice and Delinquency Prevention grants (JJPD), Social Service Block Grants (SSBG) and Title I funding.

The Agency Base Level request for this appropriation is \$4,371,921 each year of the biennium.

The Agency Change Level request is \$1,890,625 each year of the biennium to support any increases in federal funding.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 2RC - Federal Child & Youth Service Grants

Funding Sources: FWF - DHS Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	4,145,454	4,371,921	6,262,546	4,371,921	6,262,546	4,371,921	4,371,921	6,262,546	4,371,921
Total		4,145,454	4,371,921	6,262,546	4,371,921	6,262,546	4,371,921	4,371,921	6,262,546	4,371,921
Funding Sources										
Federal Revenue	4000020	4,145,454	4,371,921		4,371,921	4,371,921	4,371,921	4,371,921	4,371,921	4,371,921
Total Funding		4,145,454	4,371,921		4,371,921	4,371,921	4,371,921	4,371,921	4,371,921	4,371,921
Excess Appropriation/(Funding)		0	0		0	1,890,625	0	0	1,890,625	0
Grand Total		4,145,454	4,371,921		4,371,921	6,262,546	4,371,921	4,371,921	6,262,546	4,371,921

Change Level by Appropriation

Appropriation: 2RC - Federal Child & Youth Service Grants
Funding Sources: FWF - DHS Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,371,921	0	4,371,921	100.0	4,371,921	0	4,371,921	100.0
C05	Unfunded Appropriation	1,890,625	0	6,262,546	143.2	1,890,625	0	6,262,546	143.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	4,371,921	0	4,371,921	100.0	4,371,921	0	4,371,921	100.0
C05	Unfunded Appropriation	0	0	4,371,921	100.0	0	0	4,371,921	100.0

Justification

C05	Unfunded appropriation in both years of the biennium to allow for possible increases in federal funding. These grants can include Title I, Title II, and Social Services Block Grant (SSBG).
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Analysis of Budget Request

Appropriation: 2YH - Residential Services

Funding Sources: DYS - Youth Services Fund Account

This appropriation provides residential services for juveniles committed to the Division of Youth Services. Following evaluation at the state operated observation and assessment facility; juveniles are placed in an appropriate program in a secure and/or specialized treatment environment. The Division operates seven juvenile residential facilities that house and treat the state's most serious chronic or violent juvenile offenders committed to the Division by the State's District Courts.

Residential services are provided to juveniles through contracts with private community providers and include the following:

Arkansas Juvenile Assessment & Treatment Center (AJATC)

Provides centralized intake for all juveniles assigned to DYS and is assigned for the most serious violent/sexual offenders and for those that disrupt placement due to behavior issues. This facility houses 143 youth.

Eight Regional Juvenile Treatment Centers

Provide services for males age 14-18, females age 14-21 (housed at the Mansfield female unit) and males age 18-21 housed at the Dermott Juvenile Correctional Facility (JCF). These facilities house a total of 204 youth.

Alternative placement and Specialized Treatment Programs

The Division contracts with 12 different provider groups throughout the state to provide specialized treatment including Psychiatric/Therapeutic Treatments, Sex Offender Treatment and Substance Abuse Treatment.

Funding for this appropriation is general revenue (DYS-Youth Services Fund Account) and other revenues which are indicated as various program support that become available, such as Targeted Case Management and Rehab funding.

The Agency Base Level request for this appropriation is \$27,612,244 each year of the biennium.

The Agency Change Level request for appropriation is \$6,081,928 each year of the biennium for contracted services as funds are needed for contract adjustments associated with DYS facilities.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 2YH - Residential Services
Funding Sources: DYS - Youth Services Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	25,447,380	27,612,244	29,291,690	27,612,244	33,694,172	27,612,244	27,612,244	33,694,172	27,612,244
Total		25,447,380	27,612,244	29,291,690	27,612,244	33,694,172	27,612,244	27,612,244	33,694,172	27,612,244
Funding Sources										
General Revenue	4000010	23,114,640	23,358,694		23,358,694	23,358,694	23,358,694	23,358,694	23,358,694	23,358,694
Various Program Support	4000730	2,332,740	4,253,550		4,253,550	4,253,550	4,253,550	4,253,550	4,253,550	4,253,550
Total Funding		25,447,380	27,612,244		27,612,244	27,612,244	27,612,244	27,612,244	27,612,244	27,612,244
Excess Appropriation/(Funding)		0	0		0	6,081,928	0	0	6,081,928	0
Grand Total		25,447,380	27,612,244		27,612,244	33,694,172	27,612,244	27,612,244	33,694,172	27,612,244

Change Level by Appropriation

Appropriation: 2YH - Residential Services
Funding Sources: DYS - Youth Services Fund Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	27,612,244	0	27,612,244	100.0	27,612,244	0	27,612,244	100.0
C05	Unfunded Appropriation	6,081,928	0	33,694,172	122.0	6,081,928	0	33,694,172	122.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	27,612,244	0	27,612,244	100.0	27,612,244	0	27,612,244	100.0
C05	Unfunded Appropriation	0	0	27,612,244	100.0	0	0	27,612,244	100.0

Justification

C05	Unfunded appropriation in both years of the biennium to provide additional appropriation for contracted services as funds are needed for contract adjustments associated with DYS facilities, educational needs, and converting the Juvenile Detention Centers MOUs to new intergovernmental contracts, if other revenues become available.
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Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Division of Youth Services was created by Act 1296 of 1993 to be entirely devoted “to handling the problems of youths involved with the juvenile justice system.” The primary responsibilities of DYS as it functions today are to coordinate components of the juvenile justice system, establish serious offender programs, expand community based-services, and provide services to delinquent and Family-in-Need-of-Services (FINS) youth. Other responsibilities of the agency include research related to juvenile delinquency and related problems, development of programs for early intervention and prevention of juvenile delinquency and maintenance of information on juvenile delinquents in the state. This appropriation provides administrative support for the Division of Youth Services.

Funding for this appropriation includes general revenue (DYS - Youth Services Fund Account), federal revenues, and other revenues that become available, which are indicated as various program support. The federal funds are derived from Juvenile Justice and Delinquency Prevention Program (JJDP) funds, Juvenile Accountability Block Grant (JAPBG) funds and Title I funds. Various program support can also include sources such as Carl Perkins Grant funding, McArthur Private Grant funding and Attorney General’s Office settlements.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee’s health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Base Level request for this appropriation is \$8,027,794 in FY2018 and \$8,031,254 in FY2019 with \$7,894,203 in FY2018 and \$7,897,329 in FY2019 in general revenue funding and 91 budgeted Base Level positions.

The Agency Change Level Request is \$63,883 in FY2018 and \$62,152 in FY2019 with a transfer of general revenue funding to other divisions of (\$1,551,616) in FY2018 and (\$1,551,631) in FY2019 and a reduction of (25) positions, and reflects the following:

- Transfer Positions Out (25): Regular Salaries and Personal Services Matching of (\$1,228,330) in FY2018 and (\$1,230,061) in FY2019 to support agency reorganization.
- Operating Expenses of (\$305,333) each year of the biennium to support reorganization.
- Conference and Travel Expenses of (\$23,500) each year of the biennium to support agency reorganization.
- Capital Outlay of \$105,000 each year of the biennium for any equipment replacements that may arise.
- Statewide Prevention/Intervention Youth Development Services of \$1,516,046 each year of the biennium for additional prevention/intervention youth grants funded from the Attorney General's Office settlements for Boys and Girls Clubs.

The Executive Recommendation provides for the Agency Request with the exception of \$1,516,046 each year for the Statewide Prevention/Intervention Youth Development Services line item.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,344,699	3,265,972	3,650,965	3,267,172	2,374,383	2,374,383	3,269,972	2,375,783	2,375,783
#Positions	89	91	91	91	66	66	91	66	66
Extra Help 5010001	0	40,008	40,008	40,008	40,008	40,008	40,008	40,008	40,008
#Extra Help	0	34	34	34	34	34	34	34	34
Personal Services Matching 5010003	1,201,434	1,214,073	1,297,276	1,230,721	895,180	895,180	1,231,381	895,509	895,509
Overtime 5010006	203	8,004	8,004	8,004	8,004	8,004	8,004	8,004	8,004
Operating Expenses 5020002	1,794,067	3,013,339	3,013,339	3,013,339	2,708,006	2,708,006	3,013,339	2,708,006	2,708,006
Conference & Travel Expenses 5050009	43,342	114,500	114,500	114,500	91,000	91,000	114,500	91,000	91,000
Professional Fees 5060010	38,377	354,050	354,050	354,050	354,050	354,050	354,050	354,050	354,050
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	20,758	0	105,000	0	105,000	105,000	0	105,000	105,000
Statewide Prevention/Inerventio 5900048	0	0	1,516,046	0	1,516,046	0	0	1,516,046	0
Total	6,442,880	8,009,946	10,099,188	8,027,794	8,091,677	6,575,631	8,031,254	8,093,406	6,577,360
Funding Sources									
General Revenue 4000010	6,889,877	7,825,136		7,894,203	6,342,587	6,342,587	7,897,329	6,345,698	6,345,698
Federal Revenue 4000020	49,799	789,719		773,591	768,044	768,044	773,925	766,662	766,662
Merit Adjustment Fund 4000055	0	35,091		0	0	0	0	0	0
Transfer to Ar Pub Defender 4000603	(96,796)	(240,000)		(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)
Transfer to DFA Disbursing 4000610	(400,000)	(400,000)		(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Total Funding	6,442,880	8,009,946		8,027,794	6,470,631	6,470,631	8,031,254	6,472,360	6,472,360
Excess Appropriation/(Funding)	0	0		0	1,621,046	105,000	0	1,621,046	105,000
Grand Total	6,442,880	8,009,946		8,027,794	8,091,677	6,575,631	8,031,254	8,093,406	6,577,360

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	8,027,794	91	8,027,794	100.0	8,031,254	91	8,031,254	100.0
C04	Reallocation	(328,833)	0	7,698,961	95.9	(328,833)	0	7,702,421	95.9
C05	Unfunded Appropriation	1,621,046	0	9,320,007	116.1	1,621,046	0	9,323,467	116.1
C07	Agency Transfer	(1,228,330)	(25)	8,091,677	100.8	(1,230,061)	(25)	8,093,406	100.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	8,027,794	91	8,027,794	100.0	8,031,254	91	8,031,254	100.0
C04	Reallocation	(328,833)	0	7,698,961	95.9	(328,833)	0	7,702,421	95.9
C05	Unfunded Appropriation	105,000	0	7,803,961	97.2	105,000	0	7,807,421	97.2
C07	Agency Transfer	(1,228,330)	(25)	6,575,631	81.9	(1,230,061)	(25)	6,577,360	81.9

Justification

C04	DYS requests to transfer Position and supporting operational cost to DHS Shared services. A total of the transfer of 328,833 of which 319,198 is general revenue funded.
C05	Capital Outlay: unfunded appropriation in both years of the biennium in Capital Outlay to return the appropriated line item to its current authorized level for any equipment replacements that may arise. Statewide Prevention/Intervention Youth Development Services: unfunded appropriation in both years of the biennium in the Statewide Prevention/Intervention Youth Development Services line to return the appropriated line item to its current authorized level. This will allow for any additional prevention and intervention youth grants funded from the Attorney General's Office settlements for Boys and Girls Clubs.
C07	Division of Youth Services request transfer of positions to DHS Shared Services. Shared Services has been created to provide agency wide services in the area of finance, procurement, human resources, information technology and other support functions.

OFFICE OF MEDICAID INSPECTOR GENERAL

Enabling Laws

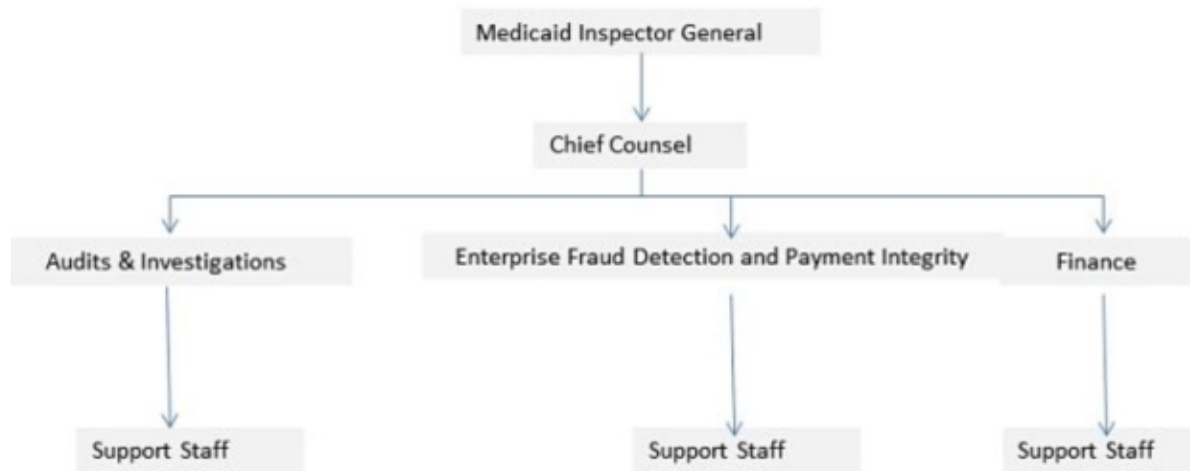
Act 214 of 2016
A.C.A. §20-77-2501 et. seq.
A.C.A. §20-77-2513

History and Organization

The mission of the Office of Medicaid Inspector General (OMIG) is to prevent, detect, and investigate fraud, waste, and abuse within the medical assistance program which is federally required under 42 CFR §455 *et al.* This mission is achieved through auditing Medicaid providers and medical assistance program functions; recovering improperly expended funds; and referring appropriate cases for criminal prosecution. OMIG works closely with providers and the medical assistance program to prevent fraud, waste, and abuse.

Prior to 2013, the program integrity function was housed within the Department of Human Services (DHS), Division of Medical Services (DMS). In order to maximize recovery of improper Medicaid payments and create a more efficient and accountable structure, the state's process for detecting and combating Medicaid fraud and abuse was reorganized and streamlined by Act 1499 of 2013. The Act created the "Office of Medicaid Inspector General," by consolidating the program integrity positions from DMS with two new positions of Medicaid Inspector General and its chief counsel to perform the Medicaid fraud detection, prevention, and recovery functions into a single office within the Office of the Governor effective July 1, 2013. *See Ark. Code Ann. §20-77-2501.*

On June 20, 2015, Governor Asa Hutchinson appointed Elizabeth Smith as Medicaid Inspector General for the State of Arkansas. Prior to this appointment, Inspector General Smith served as chief legal counsel to Governor Hutchinson. Smith has practiced law for over twenty years, including eight years as associate general counsel for the University of Arkansas for Medical Sciences, two years as an assistant attorney general, two years as an associate for Mitchell Williams Selig Gates and Woodyard representing health care providers, and seven and a half years as deputy prosecuting attorney for the 6th Judicial District of Arkansas.



Agency Commentary

The Office of the Medicaid Inspector General is tasked with detecting and preventing fraud, waste, and abuse in the Arkansas Medicaid program. The Office of the Medicaid Inspector General consists of 39 budgeted positions for SFY17 including two positions for the Payment Integrity Unit created in SFY16.

Request #1 - The Office of the Medicaid Inspector General (OMIG) requests additional appropriation and funding for SFY18 and SFY19. OMIG requests additional state appropriation and general revenue of \$69,093 for SFY18 and \$69,293 for SFY19. OMIG receives a minimum of 50% funding from the Medical Assistance Program federal grant. OMIG requests total additional appropriation and funding of \$137,711 for SFY18 and \$140,161 for SFY19 which will come from state general revenue and Medicaid Title XIX (Medical Assistance Program).

The Office of the Medicaid Inspector General (OMIG) audits the providers of Medicaid services. With the ever changing Medicaid programs and state and federal requirements, OMIG is tasked to protect both federal and state funds. OMIG has projected that in order to fulfill the federal requirements and state statute requirements, additional appropriation and funding is required in the following commitment items: regular salaries, personal services matching, operating expenses, conference and travel expenses. OMIG requests a continuance of appropriation and funding for capital outlay commitment item.

Request #2 - The Office of the Medicaid Inspector General (OMIG) is currently reviewing with the Department of Human Services Information Technology Systems on the Enterprise Medicaid Fraud and Abuse Detection (EMFAD) proposal.

As required by statute, CMS must fund a minimum of 80% of the program. The state is liable for a maximum of 20% of the funding, not to exceed a total appropriation of \$4,500,000. OMIG projects the EMFAD program to be implemented in SFY19.

Request #3 - The Office of the Medicaid Inspector General (OMIG) is requesting continuation of cash fund appropriation for the Payment Integrity Unit approved by the PEER Subcommittee of Legislative Council in SFY17.

Fulfillment of these requests will allow the agency to primarily fund facilities and IT infrastructure for the EMFAD program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
OFFICE OF THE MEDICAID INSPECTOR GENERAL
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	8	13	21	68 %
Black Employees	0	9	9	29 %
Other Racial Minorities	0	1	1	3 %
Total Minorities			10	32 %
Total Employees			31	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Office of the Medicaid Inspector General - Enterprise Fraud Program Quarterly Report	A.C.A. 20-77-2513 (c)	N	Y	10	Statutory Requirement	20	4.00
Office of the Medicaid Inspector General Annual Report	A.C.A. 20-77-2109 (e)	Y	Y	20	Statutory Requirement	0	0.00
Office of the Medicaid Inspector General Quarterly Report	A.C.A. 20 -77-2109 (a)	Y	Y	10	Statutory Requirement	20	4.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
M76 Enterprise Fraud Program	0	0	0	0	4,000,000	0	0	0	3,600,000	0	3,600,000	0	0	0	3,600,000	0	3,600,000	0
M96 OMIG - State Operations	939,727	16	1,182,917	16	1,194,376	17	1,182,740	16	1,251,833	17	1,251,833	17	1,183,391	16	1,252,684	17	1,252,684	17
M97 OMIG - Federal Operations	1,148,066	19	1,499,117	20	1,670,967	21	1,483,102	20	1,551,720	21	1,551,720	21	1,483,761	20	1,554,629	21	1,554,629	21
U32 OMIG - Cash Operations	36,851	2	0	0	0	0	0	0	172,065	2	172,065	2	0	0	174,060	2	174,060	2
V29 Enterprise Fraud Program - State	0	0	0	0	0	0	0	0	900,000	0	900,000	0	0	0	900,000	0	900,000	0
Total	2,124,644	37	2,682,034	35	6,865,343	37	2,665,842	36	7,475,618	39	7,475,618	39	2,667,152	36	7,481,373	39	7,481,373	39

Funding Sources		%		%		%		%		%		%		%		%	
General Revenue 4000010	939,727	44.2	1,182,917	44.1		1,182,740	44.4	1,251,833	42.1	1,182,740	40.7	1,183,391	44.4	2,152,684	28.8	1,183,391	18.2
Federal Revenue 4000020	1,184,917	55.8	1,499,117	55.9		1,483,102	55.6	1,637,753	55.0	1,637,753	56.3	1,483,761	55.6	5,241,659	70.1	5,241,659	80.5
Inter-agency Fund Transfer 4000316	0	0.0	0	0.0		0	0.0	86,032	2.9	86,032	3.0	0	0.0	87,030	1.2	87,030	1.3
Total Funds	2,124,644	100.0	2,682,034	100.0		2,665,842	100.0	2,975,618	100.0	2,906,525	100.0	2,667,152	100.0	7,481,373	100.0	6,512,080	100.0
Excess Appropriation/(Funding)	0		0			0		4,500,000		4,569,093		0		0		969,293	
Grand Total	2,124,644		2,682,034			2,665,842		7,475,618		7,475,618		2,667,152		7,481,373		7,481,373	

FCU32 was established in FY16 through a transfer from the Cash Fund Holding Account authorized in Act 1070 of 2015 (33).

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
36	22	0	22	14	38.89 %	36	33	2	35	1	8.33 %	37	33	2	35	2	10.81 %

Analysis of Budget Request

Appropriation: M76 - Enterprise Fraud Program

Funding Sources: FMG - OMIG Federal

The Enterprise Fraud Program was created by Act 259 of 2014 to require the Office of Medicaid Inspector General (OMIG) to establish a program focused on using state-of-the-art enterprise fraud detection technology to enhance the detection and prevention of fraud, waste, and abuse in the Arkansas Medicaid Program. The Act requires OMIG to procure, by competitive bid, an enterprise technology solution which uses current industry standards to provide: automated detection and alerting; continuous monitoring of program transactions; identification of fraud, noncompliance, and improper payments, both prospectively and retrospectively; detection of non-transactional fraud such as program eligibility issues and identity theft; use of state of the art analytical techniques; feedback and self-learning capability that allows the technology to adapt to changing schemes and trends; and demonstrated experience hosting sensitive and regulated state data.

This appropriation is funded through federal revenues and is contingent on the Center for Medicare and Medicaid Services (CMS) approving the funding. Federal revenue must comprise a minimum of 80% of the program funding.

The Agency Request is for \$3,600,000 each year of the biennium for the federal portion of the enterprise fraud technology purchase.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M76 - Enterprise Fraud Program

Funding Sources: FMG - OMIG Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Enterprise Fraud Program 5900046	0	0	4,000,000	0	3,600,000	3,600,000	0	3,600,000	3,600,000
Total	0	0	4,000,000	0	3,600,000	3,600,000	0	3,600,000	3,600,000
Funding Sources									
Federal Revenue 4000020	0	0		0	0	0	0	3,600,000	3,600,000
Total Funding	0	0		0	0	0	0	3,600,000	3,600,000
Excess Appropriation/(Funding)	0	0		0	3,600,000	3,600,000	0	0	0
Grand Total	0	0		0	3,600,000	3,600,000	0	3,600,000	3,600,000

Change Level by Appropriation

Appropriation: M76 - Enterprise Fraud Program
Funding Sources: FMG - OMIG Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	3,600,000	0	3,600,000	100.0	0	0	0	0.0
C08	Technology	0	0	3,600,000	100.0	3,600,000	0	3,600,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	3,600,000	0	3,600,000	100.0	0	0	0	0.0
C08	Technology	0	0	3,600,000	100.0	3,600,000	0	3,600,000	100.0

Justification

C05	This request is for appropriation to allow the Office of the Medicaid Inspector General to continue progress on the Enterprise Fraud Program.
C08	This request is for appropriation and funding to allow the Office of the Medicaid Inspector General to implement the Enterprise Fraud Program for SFY19. This program must be approved by CMS. CMS will provide funding of 80% and the state is liable for a maximum of 20% of the funding, not to exceed a total appropriation of \$4,500,000.

Analysis of Budget Request

Appropriation: M96 - OMIG - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Office of Medicaid Inspector General was established by Act 1499 of 2013. This act transferred the Program Integrity section from the Department of Human Services - Division of Medical Services. The Program Integrity section is federally mandated to comply with federal regulations outlined in 42 CFR Part 455 and 456. The goal of the Program Integrity section is to ensure payments are consistent with the quality of care being provided, verify that medical services are medically necessary and rendered as billed, payments for services are correct and funds identified for collection are pursued. Program Integrity performs on-site reviews to ensure providers are in compliance with Medicaid policy.

This appropriation is funded 100% through general revenue from the Miscellaneous Agencies Fund.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$1,182,740 in FY2018 and \$1,183,391 in FY2019 in appropriation and general revenue funding with sixteen (16) positions.

The Agency Request totals \$69,093 in FY2018 and \$69,293 in FY2019 in appropriation and new general revenue for the following:

- Regular Salaries and Personal Services Matching of \$16,229 each year of the biennium for the state portion of the restoration of one (1) position that was authorized but unbudgeted in FY2017.
- Operating Expenses of \$16,400 in FY2018 and \$21,500 in FY2019 to fulfill federal regulatory and state statute requirements of the Office.
- Conference & Travel Expenses of \$1,300 in FY2018 and \$1,400 in FY2019 to fulfill federal regulatory and state statute requirements of the Office.
- Professional Fees of \$1,665 each year to fulfill federal regulatory and state statute requirements of the Office.
- Capital Outlay of \$30,000 in FY2018 and \$25,000 in FY2019 to allow for equipment purchases needed to meet federal and state requirements.

The Executive Recommendation provides for the Agency Request in appropriation only.

Appropriation Summary

Appropriation: M96 - OMIG - State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	595,281	792,673	792,833	799,687	810,600	810,600	799,987	810,900	810,900
#Positions		16	16	17	16	17	17	16	17	17
Extra Help	5010001	3,593	1,500	6,097	1,500	4,999	4,999	1,500	4,999	4,999
#Extra Help		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	206,975	254,109	255,092	264,418	269,734	269,734	264,769	270,085	270,085
Operating Expenses	5020002	114,987	114,000	114,451	114,000	130,400	130,400	114,000	135,500	135,500
Conference & Travel Expenses	5050009	1,694	2,000	2,959	2,000	3,300	3,300	2,000	3,400	3,400
Professional Fees	5060010	286	1,135	2,315	1,135	2,800	2,800	1,135	2,800	2,800
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	16,911	17,500	20,629	0	30,000	30,000	0	25,000	25,000
Total		939,727	1,182,917	1,194,376	1,182,740	1,251,833	1,251,833	1,183,391	1,252,684	1,252,684
Funding Sources										
General Revenue	4000010	939,727	1,182,917		1,182,740	1,251,833	1,182,740	1,183,391	1,252,684	1,183,391
Total Funding		939,727	1,182,917		1,182,740	1,251,833	1,182,740	1,183,391	1,252,684	1,183,391
Excess Appropriation/(Funding)		0	0		0	0	69,093	0	0	69,293
Grand Total		939,727	1,182,917		1,182,740	1,251,833	1,251,833	1,183,391	1,252,684	1,252,684

Change Level by Appropriation

Appropriation: M96 - OMIG - State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,182,740	16	1,182,740	100.0	1,183,391	16	1,183,391	100.0
C01	Existing Program	53,145	0	1,235,885	104.5	53,345	0	1,236,736	104.5
C06	Restore Position/Approp	15,948	1	1,251,833	105.8	15,948	1	1,252,684	105.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,182,740	16	1,182,740	100.0	1,183,391	16	1,183,391	100.0
C01	Existing Program	53,145	0	1,235,885	104.5	53,345	0	1,236,736	104.5
C06	Restore Position/Approp	15,948	1	1,251,833	105.8	15,948	1	1,252,684	105.9

Justification

C01	The Office of the Medicaid Inspector General is requesting appropriation and funding to fulfill the federal regulatory requirements and state statute requirements for operating, conference and travel, and professional fees.
C06	Requesting to restore appropriation and funding for one position to allow the Office of Medicaid Inspector General to operate at full staff.

Analysis of Budget Request

Appropriation: M97 - OMIG - Federal Operations

Funding Sources: FMG - OMIG Federal Operations

The Office of Medicaid Inspector General was established by Act 1499 of 2013. This act transferred the Program Integrity section from the Department of Human Services - Division of Medical Services. The Program Integrity section is federally mandated to comply with federal regulations outlined in 42 CFR Part 455 and 456. The goal of the Program Integrity section is to ensure payments are consistent with the quality of care being provided, verify that medical services are medically necessary and rendered as billed, payments for services are correct and funds identified for collection are pursued. Program Integrity performs on-site reviews to ensure providers are in compliance with Medicaid policy.

This appropriation is funded 100% through Federal revenue provided by the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$1,483,102 in FY2018 and \$1,483,761 in FY2019 with twenty (20) positions.

The Agency Request totals \$68,618 in FY2018 and \$70,868 in FY2019 for the following:

- Regular Salaries and Personal Services Matching of \$16,235 each year of the biennium for the federal portion of the restoration of one (1) position that was authorized but unbudgeted in FY2017.
- Operating Expenses of \$16,400 in FY2018 and \$23,550 in FY2019 to fulfill federal regulatory and state statute requirements of the Office.
- Conference & Travel Expenses of \$1,300 in FY2018 and \$1,400 in FY2019 to fulfill federal regulatory and state statute requirements of the Office.
- Professional Fees of \$1,382 each year to fulfill federal regulatory and state statute requirements of the Office.
- Capital Outlay of \$30,000 in FY2018 and \$25,000 in FY2019 to allow for equipment purchases needed to meet federal and state requirements.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M97 - OMIG - Federal Operations

Funding Sources: FMG - OMIG Federal Operations

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	750,257	1,007,074	1,105,519	1,001,371	1,012,285	1,012,285	1,001,671	1,012,585	1,012,585
#Positions	19	20	21	20	21	21	20	21	21
Extra Help 5010001	3,593	1,500	8,681	1,500	5,001	5,001	1,500	5,001	5,001
#Extra Help	1	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	259,702	324,081	356,932	331,269	336,590	336,590	331,628	336,949	336,949
Operating Expenses 5020002	115,503	144,944	162,954	144,944	161,344	161,344	144,944	168,494	168,494
Conference & Travel Expenses 5050009	1,814	2,600	4,213	2,600	3,700	3,700	2,600	3,800	3,800
Professional Fees 5060010	286	1,418	3,297	1,418	2,800	2,800	1,418	2,800	2,800
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	16,911	17,500	29,371	0	30,000	30,000	0	25,000	25,000
Total	1,148,066	1,499,117	1,670,967	1,483,102	1,551,720	1,551,720	1,483,761	1,554,629	1,554,629
Funding Sources									
Federal Revenue 4000020	1,148,066	1,499,117		1,483,102	1,551,720	1,551,720	1,483,761	1,554,629	1,554,629
Total Funding	1,148,066	1,499,117		1,483,102	1,551,720	1,551,720	1,483,761	1,554,629	1,554,629
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,148,066	1,499,117		1,483,102	1,551,720	1,551,720	1,483,761	1,554,629	1,554,629

Change Level by Appropriation

Appropriation: M97 - OMIG - Federal Operations
Funding Sources: FMG - OMIG Federal Operations

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,483,102	20	1,483,102	100.0	1,483,761	20	1,483,761	100.0
C01	Existing Program	52,666	0	1,535,768	103.6	54,916	0	1,538,677	103.7
C06	Restore Position/Approp	15,952	1	1,551,720	104.6	15,952	1	1,554,629	104.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,483,102	20	1,483,102	100.0	1,483,761	20	1,483,761	100.0
C01	Existing Program	52,666	0	1,535,768	103.6	54,916	0	1,538,677	103.7
C06	Restore Position/Approp	15,952	1	1,551,720	104.6	15,952	1	1,554,629	104.8

Justification

C01	Requesting appropriation to fulfill the federal regulatory requirements and state statute requirements. Medicaid receives a minimum of 50% federal match for operating, conference and travel, and professional fees.
C06	Requesting to restore position and appropriation. This will provide the federal match.

Analysis of Budget Request

Appropriation: U32 - OMIG - Cash Operations

Funding Sources: NMI - OMIG Cash in Treasury

This appropriation was established in FY2016 through a cash fund appropriation request approved by Legislative Council for the operations of the OMIG Payment Integrity Unit.

Funding for this appropriation is derived from a transfer from the Department of Human Services.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for \$172,065 in FY2018 and \$174,060 in FY2019 to cover the operations of the Payment Integrity Unit within OMIG. The breakdown of the request is as follows:

- Regular Salaries and Personal Services Matching of \$150,475 each year of the biennium for one (1) OMIG Operations Manager C125 and one (1) Legal Services Specialist C117;
- Operating Expenses of \$15,000 each year of the biennium;
- Conference & Travel Fees of \$5,590 in FY2018 and \$6,710 in FY2019; and
- Professional Fees of \$1,000 in FY2018 and \$1,200 in FY2019.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U32 - OMIG - Cash Operations

Funding Sources: NMI - OMIG Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	30,170	0	0	0	114,086	114,086	0	114,086	114,086
#Positions	2	0	0	0	2	2	0	2	2
Personal Services Matching 5010003	6,681	0	0	0	36,389	36,389	0	36,389	36,389
Operating Expenses 5020002	0	0	0	0	15,000	15,000	0	15,675	15,675
Conference & Travel Expenses 5050009	0	0	0	0	5,590	5,590	0	6,710	6,710
Professional Fees 5060010	0	0	0	0	1,000	1,000	0	1,200	1,200
Total	36,851	0	0	0	172,065	172,065	0	174,060	174,060
Funding Sources									
Federal Revenue 4000020	36,851	0		0	86,033	86,033	0	87,030	87,030
Inter-agency Fund Transfer 4000316	0	0		0	86,032	86,032	0	87,030	87,030
Total Funding	36,851	0		0	172,065	172,065	0	174,060	174,060
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	36,851	0		0	172,065	172,065	0	174,060	174,060

Change Level by Appropriation

Appropriation: U32 - OMIG - Cash Operations
Funding Sources: NMI - OMIG Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C02	New Program	21,590	0	21,590	100.0	23,585	0	23,585	100.0
C06	Restore Position/Approp	150,475	2	172,065	797.0	150,475	2	174,060	738.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C02	New Program	21,590	0	21,590	100.0	23,585	0	23,585	100.0
C06	Restore Position/Approp	150,475	2	172,065	797.0	150,475	2	174,060	738.0

Justification

C02	This request is a cash fund appropriation request for the Payment Integrity Unit approved by PEER in SFY17. The Payment Integrity Unit was created by the Office of the Medicaid Inspector General and the Department of Human Services.
C06	Requesting to restore appropriation and funding for two positions to allow the Office of Medicaid Inspector General to operate the Payment Integrity Unit.

Analysis of Budget Request

Appropriation: V29 - Enterprise Fraud Program - State

Funding Sources: HUA - Miscellaneous Agencies Fund

The Enterprise Fraud Program was created by Act 259 of 2014 to require the Office of Medicaid Inspector General (OMIG) to establish a program focused on using state-of-the-art enterprise fraud detection technology to enhance the detection and prevention of fraud, waste, and abuse in the Arkansas Medicaid Program. The Act requires OMIG to procure, by competitive bid, an enterprise technology solution which uses current industry standards to provide: automated detection and alerting; continuous monitoring of program transactions; identification of fraud, noncompliance, and improper payments, both prospectively and retrospectively; detection of non-transactional fraud such as program eligibility issues and identity theft; use of state of the art analytical techniques; feedback and self-learning capability that allows the technology to adapt to changing schemes and trends; and demonstrated experience hosting sensitive and regulated state data.

This appropriation is requested to be funded through general revenue and is contingent on the Center for Medicare and Medicaid Services (CMS) approving the federal funding for the program. Federal revenue must comprise a minimum of 80% of the program funding.

The Agency Request is for \$900,000 in appropriation each year with \$900,000 in new general revenue in FY2019 to be used for the state matching portion of the enterprise fraud technology purchase.

The Executive Recommendation provides for the Agency Request in appropriation only.

Appropriation Summary

Appropriation: V29 - Enterprise Fraud Program - State

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Enterprise Fraud Program 5900046	0	0	0	0	900,000	900,000	0	900,000	900,000
Total	0	0	0	0	900,000	900,000	0	900,000	900,000
Funding Sources									
General Revenue 4000010	0	0		0	0	0	0	900,000	0
Total Funding	0	0		0	0	0	0	900,000	0
Excess Appropriation/(Funding)	0	0		0	900,000	900,000	0	0	900,000
Grand Total	0	0		0	900,000	900,000	0	900,000	900,000

Change Level by Appropriation

Appropriation: V29 - Enterprise Fraud Program - State
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	900,000	0	900,000	100.0	0	0	0	0.0
C08	Technology	0	0	900,000	100.0	900,000	0	900,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	900,000	0	900,000	100.0	0	0	0	0.0
C08	Technology	0	0	900,000	100.0	900,000	0	900,000	100.0

Justification

C05	This request is for appropriation to allow the Office of the Medicaid Inspector General to continue progress on the Enterprise Fraud Program.
C08	This request is for appropriation and funding to allow the Office of the Medicaid Inspector General to implement the Enterprise Fraud Program for SFY19. This program must be approved by CMS. CMS will provide funding of 80% and the state is liable for a maximum of 20% of the funding, not to exceed a total appropriation of \$4,500,000.